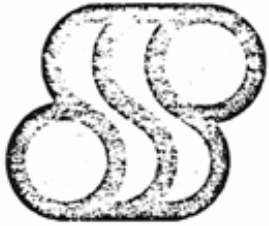


Shugart Technology



*Al Shugart
Concord 1986*

BUSINESS PLAN

FEBRUARY 6, 1980

COMPANY CONFIDENTIAL

COPY # 1

SUMMARY

Shugart Technology (the Company) was incorporated in the State of California in November, 1978, but remained inactive until October of 1979. At that time, Al Shugart and Finis Conner, both founders of Shugart Associates in 1973, began to put together a program to develop, manufacture, and market a 5¼" Winchester disc file; the ST500.

Three key professional people were recruited to participate in formation of the Company, facilities were located in Scotts Valley, California, the Dysan Corporation agreed to develop and manufacture the disc, and Dysan also agreed to provide financial support through the product development phase.

Office facilities were occupied in December, 1979, and the engineering laboratory was completed in January, 1980.

Plans call for formal announcement in April and demonstration of the product at the National Computer Conference in May, 1980, followed by production startup during the last half of 1980. In keeping with the Corporate strategy to obtain and keep market share through early high volume production, the Company plans to manufacture 1200 units in 1980 and 56,300 units in 1981. Reception by potential customers has been excellent, and the Company has already received one order for an excess of \$2 million over an 18 month period.

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PRODUCT

The ST500 is a Winchester technology fixed disc file, with the outside dimensions and mounting holes identical to the Shugart Associates Minifloppy file. The storage capacity is 5 million formatted bytes, stored on both surfaces of two discs approximately 5 inches in diameter (actual dimensions: 130mm OD; 40mm ID). The ST500 interface is nearly identical to the Shugart Associates SA1000 8" Winchester file, with power and physical connectors identical to the SA400 Minifloppy. The ST500 product specifications are included in the Attachments section of this plan.

MARKET

The major immediate market of the ST500 is related to the market for minifloppy files used in small business systems, word processing systems, personal computers, intelligent terminals, and micro/mini computer systems. The storage capacity provided by minifloppy files in these applications is nearly always marginal, and as systems manufacturers and users expand these applications, it becomes insufficient.

Available alternatives to solve this insufficient capacity problem have been: 8 inch floppy file (still insufficient capacity and physically too large); 8 inch hard disc (physically too large); 14 inch hard disc (physically too large and too expensive).

The only correct solution to this data storage problem is a fixed hard disc file, physically the same size as the minifloppy file, that will provide 14 times the minifloppy storage capacity at 3 times the cost; e.g. the ST500. Such a storage device will enjoy a 10 to 30 percent share of the minifloppy market.

Using the Creative Strategies minifloppy forecast, the market potential for the ST500 is depicted in chart 1 on the following page.

MINIFLOPPY MARKET
(units)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Creative Strategies				
minifloppy forecast	430,000	630,000	900,000	1,200,000
ST500 Market Potential				
High	129,000	189,000	270,000	360,000
Low	43,000	63,000	90,000	120,000

CHART 1

Other markets for the ST500, not as quantifiable are:

Add-On Market

Most of the installed systems using minifloppies are candidates for adding the ST500, such as the TRS 80, Apple, and Pet computers.

8" Hard Disc Market

There are applications where an 8 inch hard disc file was chosen for storage due to the small physical size compared with a 14 inch file. A portion of these applications would prefer an even smaller size like the ST500.

New Applications

Applications exist that require small physical size for disc storage, yet capacity and reliability beyond that of the minifloppy, such as cash registers and POS terminals. These new applications provide yet another market opportunity for the ST500.

COMPETITION

5" Hard Disc Files

At the present time, the Company is aware of only one announced product that would directly compete with the ST500, that being the recently announced 5½ inch file by IMI. Rumors persist that product development efforts are underway at several companies including Tandon Magnetics, Micropolis, and two new startup companies. The Company believes that most of the successful manufacturers of 8 inch hard disc files will eventually develop a 5 inch file.

Minifloppy Files

Minifloppy files will be used as a removable backup for the ST500. Technology increases in the capacity of minifloppies will enhance the backup capability but will always be insufficient as a practical solution to the total storage requirement.

8" Files

Eight inch files, both floppy and hard, will continue to enjoy a share of the total disc file market. However, the physical size of these devices will prohibit direct competition with the ST500 where size is a key parameter.

Bubble Memory

Bubble memory is not expected to be cost competitive with moving head disc files in the foreseeable future.

FACILITIES

All facilities are located in the Carbonero Creek Industrial Park in Scotts Valley California, owned by the Stekoll Development Corporation.

Building 01

2300 square feet---office space
700 square feet---laboratory space
\$1500/month
5 year lease; cancellable upon occupancy of Building 02.

Building 02A

16,000 square feet---office, lab, and manufacturing space
\$9,500/month
To be occupied upon completion (August, 1980)
5 year lease; cancellable upon occupancy of Building 03.

Building 02B

16,000 square feet
First right of refusal

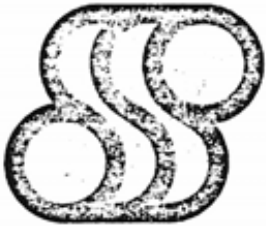
Building 03

32,000 square feet
First right of refusal

Building 04

32,000 square feet
First right of refusal

Shugart Technology



ST500

PRELIMINARY SPECIFICATIONS

Performance Specifications

ST503

ST506

Capacity

Unformatted

Per Drive	3.19 Mbytes	6.38 Mbytes
Per Surface	1.59 Mbytes	1.59 Mbytes
Per Track	10417 Bytes	10417 Bytes

Formatted

Per Drive	2.5 Mbytes	2.5 Mbytes
Per Surface	1.25 Mbytes	1.25 Mbytes
Per Track	8192 Bytes	8192 Bytes
Per Sector	256 Bytes	256 Bytes

Sectors/Track

32

32

Transfer Rate

5.0 Mbits/sec

5.0 Mbits/sec

Access Time

Track to Track

3 ms

3 ms

Average

170 ms

170 ms

Settling Time

15 ms

15 ms

Average Latency

8.33 ms

8.33 ms

Functional Specifications

Rotational Speed

3600 rpm

3600 rpm

Recording Density

7690 bpi

7690 bpi

Flux Density

7690 fci

7690 fci

Track Density

254 tpi

254 tpi

Cylinders

153

153

Tracks

306

612

R/W Heads

2

4

Index

1

1

Reliability Specifications

MTBF:

8000 POH typical usage

PM:

None

MTTR:

30 minutes

Component Life:

5 years

Error Rates:

Soft

$1/10^{10}$ bits read

Hard

$1/10^{12}$ bits read

Seek

$1/10^6$ seeks

Physical Specifications

Environmental Limits

Ambient Temperature 50 F to 115 F (10 C to 46 C)
Relative Humidity 8-80%
Maximum Wet Bulb .78 F non-condensing

AC Power Requirements - None

DC Power Requirements

+ 12VDC +/- 10% xx amps typical during stepping (xx amps typical)
+ 5VDC +/- 5% xx amps typical

Mecanical Dimensions

Height = 3.25 inches
Width = 5.75 inches
Depth = 8.00 inches
Weight = 3.5 lbs.

Heat Dissipation = 75 watts (250 BTU/HR)

PROFESSIONAL SERVICES

CORPORATE COUNSEL

John A. Wilson
Wilson, Sonsini, Goodrich & Rosati
Two Palo Alto Square
Palo Alto, CA 94304

PATENT COUNSEL

Aldo Test
Flehr, Hohbach, Test, Albritton, & Herbert
260 Sheridan Avenue
Palo Alto, CA 94306

AUDITORS

Ernst & Whinney
99 Almaden Boulevard
San Jose, CA 95113

BANK

Bank of America
Scotts Valley Branch
4525 Scotts Valley Drive
Scotts Valley, CA 95066

CAPITALIZATION & FUNDING

The five founders of the Company have invested \$131,000 in capital stock as follows:

	\$	# shares	%
Alan Shugart	\$42,258.07	1,000,000	32.26%
Finis Conner	42,258.07	1,000,000	32.26
Tom Mitchell	21,129.04	500,000	16.13
Syed Iftikar	12,677.41	300,000	9.68
Doug Mahon	12,677.41	300,000	9.68
	<hr/>		
	\$131,000.00	3,100,000	

The Company has entered into an R&D contract with Dysan Corporation which will provide the Company with \$437,640 through May, 1980.

Dysan Corporation has an option to purchase 48% of the Company (2,861,538 shares) at \$.01/share.

The Company has adopted a non-qualified stock option plan, reserving 310,000 shares of capital stock. No options have yet been awarded.

D. TOM MITCHELL

Personal

37 years old
Married
Resident of Saratoga, California

Education

BS in Business Management
Montana State University, 1964

Experience

1978-1979
Commodore Business Machines, Santa Clara, CA
General Manager

1977-1978
Bendix Corporation, San Francisco, CA
Corporate Director of Material
and Distribution

1976-1977
Casetel, Inc., Santa Ana, CA
President of company manufacturing
watch cases.

1973-1976
Fairchild Semiconductor, Mountain View, CA
Director, Material and Distribution
Manager, Central Logistics
Manager, Production Control

1970-1973
Memorex Corporation, Santa Clara, CA
Director, Manufacturing Planning
Manager of Distribution
Manager of Production and Inventory Control

1967-1970
Honeywell, Inc., Minneapolis, MN
Manager, Production Control
Manager, Interdivisional Sales

ALAN F. SHUGART

Personal

49 years old
Married
Resident of Aptos, California

Education

BS in Engineering/Physics
University of Redlands, 1951

Patents

US #2,913,456; Assigned to IBM
Computer logic design
US #2,956,789; Assigned to IBM
Computer logic design

Experience

1975-1979
Independent Consultant

1973-1974
Shugart Associates, Sunnyvale, CA
Founder, President, and CEO.

1969-1973
Memorex, Santa Clara, CA
Vice President, Product Development

1951-1969
IBM Corporation, Santa Monica, CA
Riverside, CA
San Jose, CA
Harrison, NY
Field Engineer
Design Engineer
Product Engineering Manager
Processing Systems Program Manager
1301 Disk Storage Program Manager
2321 Data Cell Drive Program Manager
Technical Manager, Random Access Memory Programs
Systems Manager, Education Systems
Systems Manager, Information Storage & Retrieval
Product Manager, Direct Access Storage
Director of Engineering, Systems Development Div.

FINIS F. CONNER

Personal

37 years old
Married
Resident of Scotts Valley, California

Education

B.S. in Industrial Management
San Jose State, 1969
Graduate studies at University of Santa Clara

Experience

1979
IMI, Cupertino, CA
Vice President of Marketing

1973-1979
Shugart Associates, Sunnyvale, CA
Founder and Western Regional Sales Manager.

1971-1979
Memorex, Santa Clara, CA
Disc file product planning.
Equipment OEM Marketing Manager.

1969-1971
Mastec Corporation, Cupertino, CA
President of integrated circuit artwork
company.

SYED H. IFTIKAR

Personal

36 years old
Married
Resident of Fremont, California

Education

BSME, University of Madras, India, 1967
MSME, University of California, Berkeley, 1970
MSEE, University of Santa Clara, 1979

Patents

US #3,805,290; Assigned to Memorex
Recording head flexure
US #4,030,132, Assigned to Memorex
Linear Motor Servo Control

Experience

1970-1979

Memorex, Santa Clara, CA

Various mechanical engineering assignments
in disc file development. (3660, 3670, 3675)

Mechanical Engineering Manager of several
disc file development programs. (3652, 3650,
3644, 3657)

Project Manager for a disc file development
program. (3690)

1967-1968

Buckingham & Carnatic Mills, Madras, India
Mechanical engineer responsible for
process equipment.

DOUGLAS K. MAHON

Personal

38 years old
Single
Resident of Boulder Creek, California

Education

18 months electronics schooling in US Marine Corps.
Taught circuit analysis one year in US Marine Corps.

Patents

Four patent applications while at Diablo Systems
related to track seeking and servo encoding.

Experience

1977-1979
Shugart Associates, Sunnyvale, CA
Manager of Electrical Engineering

1975-1976
Diablo Systems, Hayward, CA
Electrical Engineer responsible for
read/write circuitry.

1974-1975
Storage Technology, Louisville, CO
Read/write and servo design consultant.

1973-1974
Bright Industries, Sunnyvale, CA
Design Engineer; read/write and control
circuits for tape drives.

1972-1973
Century Data, Anaheim, CA
Member of Technical Staff; read/write
and servo design.

1969-1972
Babcock Electronics, Costa Mesa, CA
Circuit design for military use of
transmitters, receivers, encoders,
and decoders.

PROFORMA
INCOME STATEMENT
1980
(\$ x 1000)

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>YEAR</u>
SHIP SCHEDULE (UNITS)													
Model 503						50	75	75	100	200	300	400	1200
Model 506						50	75	75	100	200	300	400	1200
Total Units						50	75	75	100	200	300	400	1200
SALES													
Model 503						75	112	112	130	240	300	400	1369
Model 506						75	112	112	130	240	300	400	1369
Total Sales						75	112	112	130	240	300	400	1369
COST OF GOODS													
Materials						23	35	35	48	93	137	184	555
Direct Labor						2	3	3	4	5	7	8	32
Mfg. Overhead						27	30	39	57	63	68	68	352
Prod. Engr.						30	36	39	42	42	42	42	273
Depreciation						2	3	3	9	10	11	11	49
Warranty						1	1	1	1	1	1	2	8
Total						85	108	120	161	214	266	315	1269
GROSS PROFIT (LOSS)						(10)	4	(8)	(31)	26	34	85	100
PERIOD EXPENSES													
Marketing						33	33	35	45	45	45	45	281
R & D	51	118	115	109	131	8	9	10	11	11	11	11	595
G & A						19	20	22	22	24	24	24	155
OTHER EXPENSES													
(INCOME)	(57)	(95)	(94)	(110)	(113)	0	2	6	7	10	17	21	(406)
TOTAL EXPENSES	(6)	23	21	(1)	18	60	64	73	85	90	97	101	625
NET PROFIT (LOSS)													
BEFORE TAXES	6	(23)	(21)	1	(18)	(70)	(60)	(81)	(116)	(64)	(63)	(16)	(525)
TAXES													
NET PROFIT (LOSS)													
AFTER TAXES	6	(23)	(21)	1	(18)	(70)	(60)	(81)	(116)	(64)	(63)	(16)	(525)
RETAINED EARNINGS	(24)	(47)	(68)	(67)	(85)	(155)	(215)	(296)	(412)	(476)	(539)	(555)	

PROFORMA
BALANCE SHEET
1980
(\$ x 1000)

END OF ---	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
ASSETS												
Current Assets												
Cash	86	63	42	21	10	10	10	10	10	10	10	10
Accounts Receivable						75	187	224	242	370	540	700
Inventories				13	43	55	61	98	167	236	278	324
Other	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
Total Current Assets	<u>94</u>	<u>71</u>	<u>50</u>	<u>42</u>	<u>61</u>	<u>148</u>	<u>281</u>	<u>355</u>	<u>442</u>	<u>639</u>	<u>851</u>	<u>1057</u>
Furniture & Equipment												
At Cost	39	39	39	39	59	89	122	153	427	488	503	538
less depreciation	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(7)</u>	<u>(10)</u>	<u>(13)</u>	<u>(22)</u>	<u>(32)</u>	<u>(43)</u>	<u>(54)</u>
TOTAL ASSETS	<u><u>132</u></u>	<u><u>108</u></u>	<u><u>86</u></u>	<u><u>77</u></u>	<u><u>115</u></u>	<u><u>230</u></u>	<u><u>393</u></u>	<u><u>495</u></u>	<u><u>847</u></u>	<u><u>1095</u></u>	<u><u>1311</u></u>	<u><u>1541</u></u>
LIABILITIES												
Current Liabilities												
Accounts Payable	22	21	20	13	69	92	104	136	439	294	287	367
Taxes Payable												
Other	<u>3</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>8</u>
Total Current Liabilities	<u>25</u>	<u>24</u>	<u>23</u>	<u>13</u>	<u>69</u>	<u>93</u>	<u>106</u>	<u>139</u>	<u>443</u>	<u>299</u>	<u>293</u>	<u>375</u>
Long Term Debt						<u>161</u>	<u>371</u>	<u>492</u>	<u>656</u>	<u>1112</u>	<u>1397</u>	<u>1561</u>
TOTAL LIABILITIES	<u>25</u>	<u>24</u>	<u>23</u>	<u>13</u>	<u>69</u>	<u>254</u>	<u>477</u>	<u>631</u>	<u>1099</u>	<u>1411</u>	<u>1690</u>	<u>1936</u>
STOCKHOLDERS' EQUITY												
Common Stock	131	131	131	131	131	131	131	160	160	160	160	160
Retained Earnings	<u>(24)</u>	<u>(47)</u>	<u>(68)</u>	<u>(67)</u>	<u>(85)</u>	<u>(155)</u>	<u>(215)</u>	<u>(296)</u>	<u>(412)</u>	<u>(476)</u>	<u>(539)</u>	<u>(555)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>107</u>	<u>84</u>	<u>63</u>	<u>64</u>	<u>46</u>	<u>(24)</u>	<u>(84)</u>	<u>(136)</u>	<u>(252)</u>	<u>(316)</u>	<u>(379)</u>	<u>(395)</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u><u>132</u></u>	<u><u>108</u></u>	<u><u>86</u></u>	<u><u>77</u></u>	<u><u>115</u></u>	<u><u>230</u></u>	<u><u>393</u></u>	<u><u>495</u></u>	<u><u>847</u></u>	<u><u>1095</u></u>	<u><u>1311</u></u>	<u><u>1541</u></u>

PROFORMA
CASH FLOW
1980
(\$ x 1000)

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
BEGINNING CASH	57	86	63	42	21	10	10	10	10	10	10	10
COLLECTIONS	57	95	94	110	113	0	0	75	112	112	130	240
LOANS						161	210	121	164	456	285	164
EQUITY	45							29				
TOTAL AVAILABLE CASH	<u>159</u>	<u>181</u>	<u>157</u>	<u>152</u>	<u>134</u>	<u>171</u>	<u>220</u>	<u>235</u>	<u>286</u>	<u>578</u>	<u>425</u>	<u>414</u>
EXPENDITURES												
MATERIALS					6	22	32	38	57	94	140	170
DIRECT LABOR						2	3	3	4	5	7	8
MFG. OVERHEAD						27	30	39	57	63	68	68
MARKETING						33	33	35	45	45	45	45
ENGINEERING	73	118	115	131	118	38	45	49	53	53	53	53
G & A						19	20	22	22	24	24	24
CAPITAL EQUIPMENT						20	30	33	31	274	61	15
WARRANTY COSTS												
DEPOSITS							15					
TOTAL EXPENDITURES	<u>73</u>	<u>118</u>	<u>115</u>	<u>131</u>	<u>124</u>	<u>161</u>	<u>208</u>	<u>219</u>	<u>269</u>	<u>558</u>	<u>398</u>	<u>383</u>
INTEREST PAYMENT							2	6	7	10	17	21
LOAN REPAYMENT												
ENDING CASH	<u>86</u>	<u>63</u>	<u>42</u>	<u>21</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

PROFORMA
INCOME STATEMENT
1981
(\$ x 1000)

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>YEAR</u>
SHIP SCHEDULE (UNITS)													
Model 503	50	150	150	300	500	1000	1500	2000	2500	3000	3500	4000	18650
Model 506	450	650	850	1700	2500	3000	3500	4000	4500	5000	5500	6000	37650
Total Units	500	800	1000	2000	3000	4000	5000	6000	7000	8000	9000	10000	56300
SALES													
Model 503	60	150	120	210	350	700	900	1200	1500	1500	1750	2000	10440
Model 506	382	552	722	1445	2125	2550	2800	3200	3600	3750	4125	4500	29751
Total Sales	442	702	842	1655	2475	3250	3700	4400	5100	5250	5875	6500	40191
COST OF GOODS													
Materials	172	276	343	672	672	875	1077	1280	1483	1676	1883	2080	12489
Direct Labor	12	17	18	26	28	35	42	49	55	62	70	70	484
Mfg. Overhead	73	75	82	87	93	97	106	110	116	124	128	133	1224
Prod. Engr.	31	31	31	31	31	31	11	11	11	11	11	11	252
Depreciation	12	12	15	20	20	20	22	23	24	24	26	31	249
Warranty	2	3	4	7	7	9	11	13	15	17	20	22	130
Total	302	414	493	843	851	1067	1269	1486	1704	1914	2138	2347	14828
GROSS PROFIT (LOSS)	140	288	349	812	1624	2183	2431	2914	3396	3336	3737	4153	25363
PERIOD EXPENSES													
Marketing	47	53	60	96	130	131	153	173	164	168	183	195	1553
R & D	21	21	21	21	21	21	42	44	51	53	59	65	440
G & A	27	27	27	27	27	32	37	44	51	53	59	65	476
OTHER EXPENSES (INCOME)	23	26	28	32	38	44	39	25	4				259
TOTAL EXPENSES	118	127	136	176	216	228	271	286	270	274	301	325	2728
NET PROFIT BEFORE TAXES	22	161	213	636	1408	1955	2160	2628	3126	3062	3436	3828	22635
TAXES				238	704	977	1080	1314	1563	1531	1718	1914	11038
NET PROFIT AFTER TAXES	22	161	213	398	704	978	1080	1314	1563	1531	1718	1914	11597
RETAINED EARNINGS	(533)	(372)	(159)	239	943	1921	3001	4315	5878	7409	9127	11041	

PROFORMA
CASH FLOW
1981
(\$ x 1000)

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
BEGINNING CASH	10	10	10	10	10	10	10	10	10	1453	3608	6266
COLLECTIONS	300	400	442	702	842	1655	2475	3250	3700	4400	5100	5250
LOANS	174	155	271	353	436							
EQUITY												
TOTAL AVAILABLE CASH	<u>484</u>	<u>565</u>	<u>723</u>	<u>1065</u>	<u>1288</u>	<u>1665</u>	<u>2485</u>	<u>3260</u>	<u>3710</u>	<u>5853</u>	<u>8708</u>	<u>11516</u>
EXPENDITURES												
MATERIALS	205	268	425	584	704	887	1089	1293	1495	1699	1901	2042
DIRECT LABOR	12	17	18	26	28	35	42	49	55	62	70	70
MFG. OVERHEAD	73	75	82	87	93	97	106	110	116	124	128	133
MARKETING	47	53	60	96	130	131	153	173	164	168	183	195
ENGINEERING	52	52	52	52	52	52	53	55	62	64	70	76
G & A	27	27	27	27	27	32	37	44	51	52	59	65
CAPITAL EQUIPMENT	35	37	21	151	206	15	32	83	60	75	30	93
WARRANTY COSTS	.					1	1	1	1	1	1	2
DEPOSITS												
TOTAL EXPENDITURES	<u>451</u>	<u>529</u>	<u>685</u>	<u>1023</u>	<u>1240</u>	<u>1250</u>	<u>1513</u>	<u>1808</u>	<u>2004</u>	<u>2245</u>	<u>2442</u>	<u>2676</u>
INTEREST PAYMENT	23	26	28	32	38	44	39	25	4			
LOAN REPAYMENT						361	923	1417	249			
ENDING CASH	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>1453</u>	<u>3608</u>	<u>6266</u>	<u>8840</u>

PROFORMA
BALANCE SHEET
1981
(\$ x 1000)

END OF ---	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
ASSETS												
Current Assets									1453	3608	6266	8840
Cash	10	10	10	10	10	10	10	10	9500	10350	11125	12375
Accounts Receivable	842	1144	1544	2497	4130	5725	6950	8100	2703	3030	3227	3227
Inventories	458	726	1007	1120	1436	1752	2069	2386	20	20	20	20
Other	20	20	20	20	20	20	20	20	13676	17008	20638	24462
Total Current Assets	<u>1330</u>	<u>1900</u>	<u>2581</u>	<u>3647</u>	<u>5596</u>	<u>7507</u>	<u>9049</u>	<u>10516</u>				
Furniture & Equipment At Cost	575	596	747	953	968	1000	1083	1143	1218	1248	1341	1573
less depreciation	(66)	(78)	(93)	(113)	(133)	(153)	(175)	(198)	(222)	(246)	(272)	(303)
TOTAL ASSETS	<u>1839</u>	<u>2418</u>	<u>3235</u>	<u>4487</u>	<u>6431</u>	<u>8354</u>	<u>9957</u>	<u>11461</u>	<u>14672</u>	<u>18010</u>	<u>21707</u>	<u>25732</u>
LIABILITIES												
Current Liabilities									2683	2943	3185	3362
Accounts Payable	467	727	1056	1312	1405	1726	2082	2363	5876	7407	9125	11039
Taxes Payable				238	942	1919	2999	4313	75	91	110	130
Other	10	13	17	24	31	39	49	61	8634	10441	12420	14531
Total Current Liabilities	<u>477</u>	<u>740</u>	<u>1073</u>	<u>1574</u>	<u>2378</u>	<u>3684</u>	<u>5130</u>	<u>6737</u>				
Long Term Debt	<u>1735</u>	<u>1890</u>	<u>2161</u>	<u>2514</u>	<u>2950</u>	<u>2589</u>	<u>1666</u>	<u>249</u>				
TOTAL LIABILITIES	2212	2630	3234	4088	5328	6273	6796	6986	8634	10441	12420	14531
STOCKHOLDERS' EQUITY												
Common Stock	160	160	160	160	160	160	160	160	160	160	160	160
Retained Earnings	(533)	(372)	(159)	239	943	1921	3001	4315	5878	7409	9127	11041
TOTAL STOCKHOLDERS' EQUITY	(373)	(212)	1	399	1103	2081	3161	4475	6038	7569	9287	11201
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>1839</u>	<u>2418</u>	<u>3235</u>	<u>4487</u>	<u>6431</u>	<u>8354</u>	<u>9957</u>	<u>11461</u>	<u>14672</u>	<u>18010</u>	<u>21707</u>	<u>25732</u>