



*"Friendlier Products for a Safer Planet"*

Website: [www.alfakleen.com](http://www.alfakleen.com)

## ***Business Plan***

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***Catalog & Price Lists available on our website @ [www.alfakleen.com](http://www.alfakleen.com)***

## 1.0 Executive Summary

***When Proctor & Gamble needs a Powerful and Environmentally Safe product for cleaning its own facility, why do they purchase Orange Magic from AlfaKleen Chemical Laboratories?***

AlfaKleen's products are so well received, that even chemical companies such as Proctor & Gamble consistently buy them because of their cleaning power, fragrance, and pH balance.

***AlfaKleen Chemical Laboratories, Inc.***, a California Corporation was established in November of 1978 by Sylvia Evangelista, a chemist, who ran the business until her retirement in March of 2000. As the founder of the Company, she developed and successfully sold products to the U.S. Government. The business, during her ownership, had varied sales from a low of Fifty- Thousand dollars, to Hundreds of Thousands of dollars per annum, with most years making just a small profit. The company worked diligently to become a Government Supplier of Biodegradable Cleaning Products, specifically formulated as Non-Toxic and Environmentally Safe. Most had National Stock Numbers (NSN) assigned to them, while meeting tough Military Specifications (Mil-Specs). Years of Research and Development have resulted in over 40 products certified by such organizations as the FDA, USDA, EPA, GSA, Green Seal, and more.

In 1996, the *Government Procurement System* changed its format from the direct buyer relationship, which had been in place for several years, to a new *Computerized Internet System*, which opened outside purchase opportunities for more competitive bidding. Sylvia had resisted the upcoming changes and refused to allow the company to fully computerize its operation. This loss resulted in fewer Government Sales, which had been the only customer base for the business. Sylvia had never pursued the larger, more lucrative Commercial, Janitorial, or Retail Markets. She unfortunately had never run any Media Ads or attended any Trade Shows. The company was run as a two man, or in this case, two woman operation.

On April 1, 2000, because of the downturn in business, and also being in her late 70's ready to retire, she decided to transfer the business to her nephew John Calicchio. The existing business was located in a small Industrial building, in Brea, California, with only a few mixing tanks, no automated equipment, and very little inventory. The most significant assets were the formulas, which had been improved upon over the past twenty years.

Since April 1, 2000, the formulas have undergone additional refinements to improve performance results, while reducing costs, adding to the bottom-line profitability.

AlfaKleen's new infrastructure now includes newly advanced and updated biodegradable chemical formulas, our new in-house product filling, capping, and labeling machine, a completely computerized accounting system with automated chemical formula calculations, built-in credit-card authorization, shipping, invoicing, banking, internet access, and more. The modern furniture, fixtures and equipment include: 9 new desks, new electronic phone system, new Toyota forklift, new OSHA Safety chemical lockers, new shelving units, a new state-of-the-art, fully automatic 12-head filling, capping and labeling machine, capable of producing over 2 million bottles of finished product per month, plus, two 5000 gallon mixing tanks, a 1300-gallon mixing tank, and a 400-gallon mixing tank. With this new line in full operation, AlfaKleen has the capability of handling its large growth of sales.

## 1.1 The Plan

Since Sylvia, the original owner, had not furnished any of the prior financial statements, the Business Plan will be based on the starting date of April 1, 2000.

AlfaKleen requires an influx of capital to bring its products to market, based on two phases: Phase "I" spans from 2002 through 2004, with Phase "II" from 2005 through 2006. The required funding for Phase "I" is \$1,750,000, with additional funding for Phase "II" of \$1,750,000. Financial estimates and graphs included in this plan will be based on Phase "I" only, primarily because the expected growth of sales should exceed expectations, which would make AlfaKleen so profitable that further funding would not be required.

The exit strategy for investor profits will be based on this Five year plan.

The sales for chemical cleaning products in the United States for both Commercial Business and the Janitorial Market exceed Six Billion Dollars (\$6,000,000,000) per year. This figure does not include the Retail Consumer Market, which companies such as Simple Green and Orange Glo have become household names, making many Millions of Dollars profit. Our products, in laboratory tests, have out performed the cleaning results of both of these very successful competitors. Our pricing structure makes us extremely competitive, while still maintaining high profit margins. In Phase "I", we will insure our growth, with our aggressive Marketing and Promotional Plan of reaching out to the Commercial and Janitorial Market over the next three years through Trade Publications, and Trade Shows, and using a portion of the initial funds to strengthen our sales, marketing, and production staff. In Phase "II", the next two years, we shall expand our markets to the Retail Consumers, which is the biggest market for cleaning products, by way of TV infomercials and targeting the Mass Retailers with co-op advertising.

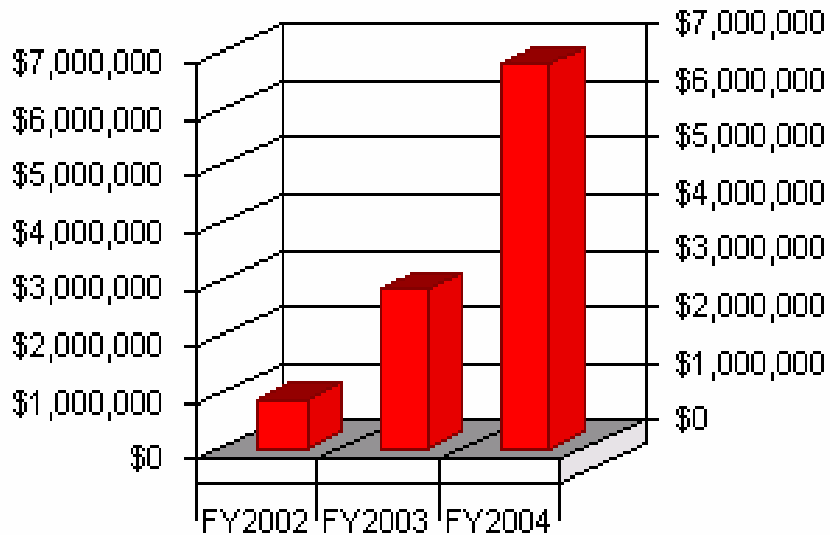
An additional market, which will automatically increase with the additional exposure, is the Private-Labeling and Contract-Filling. As the AlfaKleen name is promoted into the Market Place, businesses needing to expand their line of products; i.e. Shampoos, Soaps, Cleaners, and other products, will seek companies such as AlfaKleen, as their primary manufacturer/supplier.

With the increased sales volume, we will quickly out grow our current facility of 5000 Sq. Ft. Additional funds will be required to build a new 50,000 sq. ft. facility with enough land to build an additional 50,000 Sq. Ft. of manufacturing space designated for Phase II. This phase houses the entire operation including the business offices, warehouse, and a retail center with show room. This real estate investment will be listed on the Balance Sheet under assets, and appreciation of the property will increase the investor's return.

Additional funds will also allow AlfaKleen to purchase raw materials in substantially larger quantities, thereby reducing its costs, and increasing profits. Currently, due to limited space, products are made to order, and only a small inventory can be maintained. Additional inventory of raw goods and finished products will enable us to shorten our delivery schedule, while increasing our output, which equates to increased profits.

AlfaKleen's website, [www.alfakleen.com](http://www.alfakleen.com), is operating, with the number of visitors growing monthly. Sales from the Internet and requests by distributors, both overseas and domestic continuously grow. Further funding will allow AlfaKleen to invest in preferred search engine listing, with Yahoo, MSN, Google, and all other major Search Engine companies, increasing our WebSite exposure, which will increase profits.

## Sales by Year



### 1.2 Objectives

Sales goals of:

\$750,000 for 2002,

\$2,500,000 for 2003

\$6,500,000 for 2004

### Mission

AlfaKleen Chemical Labs, Inc. is sensitive to the environmental needs of the consumer, supplying cleaning products that outperform the competition. Quality, service and competitive pricing are AlfaKleen's primary goals. Nurturing a healthy and respectful work environment encourages creative new ideas from its employees. The primary goal is to generate enough profit to maintain a large return for their investors, while continuing business growth and development.

## 2.0 Market Analysis Summary

AlfaKleen's target market is an environmentally aware consumer, who desires quality cleaning products for household, industrial, commercial, and vehicle cleaning needs. AlfaKleen's products are the way of the future for all government agencies, as well as most private Institutions, Hospitals, Schools, and Households all over the world.

These products are being purchased by corporations such as Allied International for their private labeling requirements. Being earth friendly and non-toxic is a big plus to their advertising and marketing strategies.

AlfaKleen's products are also available via the Internet, making shopping for environmentally safe products simple. With our convenient ordering system, shipments are immediately delivered.

## 2.1 Market Segmentation

### Sales Marketing Analysis:

Potential Customers	2002	2003	2004
U.S. / State Government	75,000	185,000	360,000
Overseas / Domestic Dist.	130,000	300,000	570,000
QVC / Infomercials	0	0	0
Outside Rep Firms	50,000	275,000	725,000
Commercial Sales/Janitorial	310,000	1,200,000	3,098,000
Private Labeling	65,000	240,000	1,155,000
Retail Stores	88,000	210,000	422,000
Other	25,000	90,000	170,000
<b>Total</b>	<b>\$750K.</b>	<b>\$2.5mil</b>	<b>\$6.5mil</b>

## 2.2 Target Market Segment Strategy

**U.S. Government Sales:** The U.S. Government has requested that whenever possible, "Biodegradable" products are to be used. Currently, through the use of the online Websites, such as the office of General Services Administration (GSA), Fed-Biz Opps (The Department of the Interior), NECO (Navy Electronic Commerce Online), and Sales Opportunities Service (S.O.S.), individual agencies seeking biodegradable cleaning products will be solicited. The opportunities presented on these websites are many, and long-term opportunities are well into the millions of dollars.

Additionally, opportunities are available to advertise in reference guides used by these governmental agencies. There are also many commercial Trade Magazines and Reference Guides which are utilized by personnel who purchase for each of the respective government agencies.

Trade Shows will be an additional way to make contact with the primary buyers. Each division of the U.S. Military holds several expositions throughout the year. Having a larger sales staff will enable AlfaKleen the opportunity to present themselves and their products in person to the vast number of authorized buyers.

**Overseas Distributors:** Currently, for the year 2002, AlfaKleen has two distributors, Max Source Development in Hong Kong, with purchase intentions of \$200,000, and Clean-Tek, a distributor

in Seoul Korea, with purchase intentions of \$50,000.

In order for AlfaKleen to meet the quick delivery demands of these customers, it is essential to have its filling machinery in full operation, coupled with an expanded workforce and additional warehouse space.

**National Sales Reps/Firms:** Considerable revenues will be generated through this avenue of sales at a minimal commission of 10% to 15%.

Currently, AlfaKleen has one local outside sales representative in Southern California, but there is a need for additional Reps. Promotion through National Trade Shows, and printed media ads, will increase the sales brought in by its current Rep, and will bring in more Reps interested in carrying our line of products.

**Commercial Sales:** To increase the commercial sales, a two-tiered marketing approach will be used. First, AlfaKleen will attend several major Trade Shows, which will be followed by a Media Campaign exhibited in all major Trade Magazines. Targeted Industries include the Hotel/Motel, Restaurant/Food Services, Hospitals, Institutions, Manufactures, Retail, and Janitorial Markets.

Secondly, leads generated by the Trade Shows, or Media Ads, will be followed up by direct contact if a local representative is available, otherwise by an inside telemarketing sales staff.

Recently, AlfaKleen made contact with McCarthy Wholesale, a well known and respected auto dealership in San Luis Obispo. Mike Beardsley, the General Manager asked if AlfaKleen would sell him our *Auto Care* kits for delivery with each vehicle sale. AlfaKleen quickly responded by consistently delivering product since June of 2001, further promoting AlfaKleen's products, gaining additional public awareness by carving the way for more retail sales.



**Private Labeling and Contract Filling:** Currently, AlfaKleen offers its products with private labeling, which increases commercial sales which is profitable @ 18 cents to 20 cents per bottle. The customer incurs all product and delivery costs. Our new 12-head Automatic Industrial Bottle/Capper & Labeling machine will fill up to 2,000,000 bottles per month. If fully booked, that equates to over \$360,000 of monthly sales revenue.

**Retail Stores:** AlfaKleen is working with several small companies such as Carpet Retailers, and Hardware Stores. Current Marketing plans include attending *The National Hardware Show* in Chicago in August 2002, which is attended by most of the Major Chain and Mass-Discount Stores in the United States. The show has a major interest to the International Market, which will lead to further export relations.

**Restaurants/Food Services:** This Market has not been exposed to AlfaKleen's product line. However, under the previous owner's management, several of the products were certified by the FDA, and USDA, to meet their guidelines. Current Market plans include attending *The National Restaurant Hotel/Motel Show* in Chicago in May 2002.

***Current Planned Trade Shows:***

1. Private Label Expo, Las Vegas, NV	March 6-7, 2002
2. Facility Forum, San Diego, CA	April 21-24, 2002
3. National Restaurant Hotel/ Motel, Chicago, Il	May 18-21, 2002
4. Cleaning & Maintenance Show, Cleveland, OH	June 24-26, 2002
5. National Hardware Show, Chicago, Il	Aug 12-14, 2002
6. Western Car Wash Show, Las Vegas, NV	Sept 8-11, 2002
7. International Sanitary Supply Show, Las Vegas, NV	Oct 15-18, 2002

***Current Trade Magazines Ad Campaigns:***

1. Maintenance Supplies	Monthly Ads start January ----- 2002
2. CM Cleaning Magazine	Monthly Ads start January ----- 2002
3. Maintenance Sales News	Monthly Ads start February ----- 2002
4. Sanitary Maintenance	Monthly Ads start February ----- 2002
5. Professional Car Washing	Monthly Ads start February ----- 2002
6 Fleet Maintenance	Monthly Ads start February ----- 2002
7 National Floor Trends	Monthly Ads start February ----- 2002
8 ICS Cleaning Specialist	Monthly Ads start February ----- 2002

Once our advertising is established, AlfaKleen will become a household name. Our message will be conveyed using sources such as TV-infomercials, trade-magazines, buyers-guides (military & commercial), tradeshow, radio-commercials, local co-op newspaper ads, and best of all, word of mouth.

## 2.3 Industry Analysis

The cleaning product industry is frequently broken down by environment and economics:

**Environmentally** aware consumers are the customers of the future. Substantially more people are aware of earth friendly products and choose to purchase them. Biodegradable is the future of cleaning products, and future laws will mandate this.

**Economically** aware consumers are driven with the knowledge that the product should be priced within the industries fair market range. In many instances, AlfaKleen offers products at equal or below their competitor's pricing, due to its well-managed manufacturing costs. We do not out-source our manufacturing, but instead keep all production and chemical formulation in-house.

**Is AlfaKleen competitive?** Most Certainly Yes, compared to its competition, "SimpleGreen" and "Orange-Glo". In most instances, AlfaKleen's products are of a higher quality than most manufacturers, while competitively priced.

## 3.0 Strategies and Implementation Summary

The AlfaKleen strategy is based on serving the environmentally aware consumer. AlfaKleen intends to distribute its products World-Wide to all consumers aware of the benefits of keeping our Earth safe and protected against harsh byproducts. By maintaining quality and cost controls, as well as educating the consumer, AlfaKleen shall remain successful as the low cost leader in biodegradable products. We will make *AlfaKleen* a household word.

### 3.1 Competitive Edge

AlfaKleen manufactures quality, environmentally safe products. In a recent test, AlfaKleen's *Orange Magic*, far out performed all supermarket products, including *SimpleGreen* and *Orange-Glo*. "Fair Market" pricing, coupled with their 100% customer satisfaction guaranty, allows them to be firmly placed into the market.

### 3.2 Sales Strategy

AlfaKleen's sales strategy focuses on maintaining its identity with environmentally aware consumers, who demand quality biodegradable cleaning products, that surpass the competition in performance, while remaining price competitive.

### 3.2.1 Sales Forecast

AlfaKleen's sales forecast is based on a conservative estimate. Past sales have been low strictly due to the lack of marketing the product. No media advertising or trade shows have ever occurred.

The following forecast is based on delivering competitively priced AlfaKleen products to the marketplace, and to become known as the manufacturer of the finest Biodegradable Cleaning Products in the World.

*Investors are now able to receive free samples of our products to test, compare, and evaluate the quality and performance.*

Sales are expected to increase to over \$2,500,000 by the end of 2003. The growth factor is well over 2001 because of developing several new channels to market their products. AlfaKleen expects major growth in sales, with growths of 700% in 2002, 333% in 2003, and 260% in 2004.

<b>Sales Forecast:</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
Total Sales	\$750,000	\$2,500,000	\$6,500,000
Cost-of- Sales	\$258,000	\$ 750,000	\$1,750,000
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<b>Gross Profit</b>	<b>\$492,000</b>	<b>\$1750,000</b>	<b>\$4,750,000</b>

### 4.0 Management Summary

AlfaKleen Chemical Laboratories, Inc. is a California Corporation, with *John Calicchio* as its *President, & Chief Executive Officer*, and *Jerry "Buzz" Hill* as its *Chief Operations Officer and Director of Sales and Marketing*.

### 4.1 Personnel Plan

Due to growth, the office and warehouse staffs are hired as needed, with infrastructure costs increasing in 2002 through 2004. Current office staff includes an Office Manager, who is responsible for all office functions, a Warehouse/Plant Manager who is responsible for Inventory Control, Production, Purchasing and Shipping, and a Production Worker responsible for assisting the Plant Manager.

The personnel table assumes average employee growth based on company strategies, with 5% to 10% per annum pay increases. AlfaKleen will implement a strong benefits policy, with partial paid company medical, dental, and life insurance, plus profit sharing plans and a 401K-plan beginning in mid-year 2002.

Salaries are in line with the market pay in the San Luis Obispo area, which is one of the lowest paying areas in California. A real benefit for our company is in keeping payroll costs down and profits up. The employee benefits however, will be above the standard market level. AlfaKleen believes that offering great benefits will maintain a low turnover and develop a sound staff that will offer its customers superior service. We pride ourselves on creating and maintaining a friendly, but efficient work environment for our employees.

<b>PAYROLL</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
President & CEO	\$60,000	\$125,000	\$150,000
COO & Dir. of Sales/Marketing	\$48,000	\$85,000	\$100,000
Production/Warehouse Manager	\$32,500	\$35,000	\$40,000
Production/Warehouse Staff	\$40,000	\$132,000	\$145,000
Office Manager	\$32,500	\$35,000	\$40,000
Office Staff	\$15,000	\$30,000	\$45,000
Inside Sales Staff	\$30,000	\$65,000	\$90,000
<b>Total Payroll Expenditures</b>	<b>\$258,000</b>	<b>\$507,000</b>	<b>\$610,000</b>

## 5.0 Financial Plan

AlfaKleen has \$625,059 in liabilities, which would be satisfied where fiscally beneficial, with the balance restructured to maximize cash flow and profitability.

Phase “I” of the Business Plan will raise capital of \$1,750,000 for additional Marketing, Inventory, Staff, and the purchase of a new Industrial Building.

Phase “II” of the Business Plan will raise an additional \$1,750,000 in January of 2005 for expansion of Retail Marketing and Consumer end-users. The Exit Strategy will be an IPO offering in January 2007. This will allow investors to realize large gains on their investment, which will be detailed later in this Business Plan.

The funding above will allow AlfaKleen to maintain a Cash Reserve for financing Accounts Receivables, Inventory Adjustments, and enhancements to the Balance Sheet. The Financial Plan for the business is to position the company to realize the maximum return on investment, at the time of initiating the IPO offering.

## 5.1 Important Assumptions

The success of the financial plan depends on several assumptions, most of which are illustrated in the following table:

- AlfaKleen assumes a slow-growth economy without a major recession.
- AlfaKleen assumes access to financing, sufficient to maintain the financial plan as shown in the charts and tables.
- AlfaKleen assumes relations with current and future customers will remain strong and profitable.
- AlfaKleen assumes that new relations with customers will be profitable.
- AlfaKleen assumes that the long-term military relationship will increase.

<b>General Assumptions</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
Short-term Interest Rate %	12.00%	12.00%	12.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%
Payment Days Estimator	35	35	35
Collection Days Estimator	45	45	45
Inventory Turnover Estimator	12.00	12.00	12.00
Tax Rate %	40.00%	40.00%	40.00%
Sales on Credit %	95.00%	95.00%	95.00%
Personnel Burden %	25.00%	25.00%	25.00%

## 5.2 Projected Profit and Loss

*Chemical Cleaning Products are extremely profitable, because **Water** represents 70-95% of the finished product!*

AlfaKleen expects a significant increase in profitability in the immediate future. This will be due to increasing sales levels by selling through new management, new marketing, new sales channels, and new systems and procedures.

<b>Profit &amp; Loss Statement</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>
<b>Sales</b>	<b>\$750,000</b>	<b>\$2,500,000</b>	<b>\$6,500,000</b>	<b>\$12,000,000</b>	<b>\$28,000,000</b>
Direct Cost of Sales	\$258,000	\$750,000	\$1,755,000	\$3,240,000	\$7,560,000
<b>Gross Margin</b>	<b>\$492,000</b>	<b>\$1,750,000</b>	<b>\$4,745,000</b>	<b>\$8,760,000</b>	<b>\$20,440,000</b>
Gross Margin %	65.60%	70%	73%	73%	73%
Operating expenses:					
Advertising/Promotion	\$50,000	\$120,000	\$250,000	\$460,800	\$1,075,200
Travel	\$19,000	\$31,000	\$55,000	\$101,520	\$236,880
Rep's Commissions	\$10,000	\$30,000	\$150,000	\$276,923	\$646,154
Payroll Expense	\$259,000	\$581,000	\$710,000	\$1,310,400	\$3,057,600
Payroll Taxes & Ins.	\$44,030	\$98,770	\$120,700	\$222,768	\$519,792
Phone	\$3,600	\$7,200	\$10,600	\$19,568	\$45,662
Leased Equipment	\$50,400	\$76,000	\$94,235	\$172,800	\$403,200
Utilities	\$4,800	\$9,600	\$15,000	\$27,600	\$64,400
Insurance	\$7,000	\$14,000	\$21,000	\$38,400	\$89,600
Rent	\$36,000	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$470,230</b>	<b>\$930,370</b>	<b>\$1,265,935</b>	<b>\$2,630,779</b>	<b>\$6,138,488</b>
<b>Net Profit before Taxes</b>	<b>\$21,770</b>	<b>\$819,630</b>	<b>\$3,479,065</b>	<b>\$6,129,221</b>	<b>\$14,301,512</b>
Taxes Incurred	\$8708	\$327,852	\$1,391,626	\$2,451,688	\$5,720,604
<b>Net Profit</b>	<b>\$13,062</b>	<b>\$491,778</b>	<b>\$2,087,439</b>	<b>\$3,677,533</b>	<b>\$8,580,908</b>
Net Profit %	1.74%	19.67%	32.11%	30.64%	30.64%

## 5.3 Projected Cash Flow

AlfaKleen expects to manage its cash flow over the next five years, by re-investing profits into a cash reserve account earning additional interest, and with over \$3,500,000 dollars of working capital, originating from private investment. The proceeds will finance Accounts Receivable, required Inventory, and Payroll. Our Terms-of-Sale are 2%-10, Net-30 to qualified Customers, COD to questionable customers. The industry standard Receivables Cycle is 45 days.

## 6.0 Projected Investor Profits

The Projection is based on an initial AlfaKleen Investment of \$50,000 equaling ½ % equity. The expected investment return is based on the success of the Business Plan, with two possible scenarios, Plan "I" being the primary exit strategy.

Plan "I", the value of stock based on IPO offering in 2007.

Plan "II", the valuation of the Company if sold in the Year 2007.

## PLAN "I"

IPO or Initial Public Offering of Five Hundred Million Shares (500,000,000) of Common Stock, 250,000,000 shares in reserve, 250,000,000 divided between current equity owners of shares. Initial offer price of .25 cents per share traded OVER THE COUNTER.

Based on the above, an Investor with ½ % equity in AlfaKleen would own 1,250,000 shares of the newly issued stock.

1,250,000 shares, @ .25 cents each.	\$	312,500.00
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<b>PLAN "I" INVESTOR EQUITY</b>	<b>\$</b>	<b>312,500.00</b>
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## PLAN "II"

Standard Business Valuation is five (5-10) times the profits, plus Assets, plus Intangibles such as Proprietary Assets (Formulas), Trade Names, and Reputation. On that basis we project the following valuation of AlfaKleen if sold in the Year 2007.

Five Times the Profit in Year 2006	\$42,904,540.00
Real & Business Property Assets	2,500,000.00
Proprietary Assets	5,000,000.00
Trade Name & Reputation	5,000,000.00

<b>Total Value 2007</b>	<b>\$55,404,540.00</b>
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<b>PLAN "II": INVESTOR EQUITY</b>	<b>\$</b>	<b>277,023.00</b>
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## *Exhibits*

- \* **Fixed Assets**
- \* **Balance Sheet & Income Statement**
- \* **Company Profile**
- \* **Personal Backgrounds**
- \* **Competitors**

# *AlfaKleen, Assets* (As of 01/01/02)

Chemical Formulas, Infrastructure Management & Goodwill	\$1,000,000
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## **WAREHOUSE:**

Building Prep; Paint, Carpet, Tile, Repairs	\$ 25,000
Inventory, Chemicals, Drums, Bottles, Sprayers, Caps	\$ 19,000
Mixing Tanks w/3 stirring Motors	\$ 20,000
Bottling Machine: Filling, Capping & Labeling	\$ 120,000
Water Dispensing System w/Floor Drains	\$ 15,000
Semi-Automatic Bottle Capper	\$ 1,000
Laboratory Equipment	\$ 12,000
Label Printer, for Private Labeling	\$ 10,000
Pallet Racks	\$ 2,500
60-Gallon Air Compressor	\$ 500
Warehouse Furniture	\$ 3,500
Toyota Fork Lift	\$ 18,000
Work Bench, Carts, Tools, Equipment.	\$ 5,000

## **OFFICE:**

Computer System, 8 Workstations (Leased)	\$ 55,000
Computers & Printers Purchased	\$ 3,000
Toshiba Phone System w/11 extensions	\$ 8,500
Sharp Copier	\$ 2,000
Fax Machines	\$ 750
Desks, Bookshelves, Filing Cabinets	\$ 4,500
Conference Desk w/8 chairs	\$ 2,200
Reception Furniture	\$ 1,200
Company Signs	\$ 650
Misc. Office Supplies	\$ 2,000
Receivables & Cash-on-hand	\$ 40,586

<b>TOTAL ASSETS:</b>	<b>\$1,371,886</b>
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# *AlfaKleen, Balance Sheet* (As of 01/01/02)

<b>Assets</b>	
Bank of America (Cash on Hand)	\$ 23,034
Accounts Receivable	\$ 17,552
Inventory	\$ 19,000
Office Furniture & Supplies	\$ 10,550
Office Equipment	\$ 69,250
Warehouse Furniture	\$ 3,500
Warehouse Machinery & Equipment	\$ 204,500
Leasehold Improvements	\$ 25,000
Chemical Formulas, Infrastructure Management, Goodwill	\$1,000,000
<b>TOTAL ASSETS</b>	<b>\$1,371,886</b>

<b>Liabilities</b>	
Accounts Payable	\$ 3,712
Sales Tax Payable	\$ 2,854
Accrued Payroll Taxes	\$ 3,302
Notes Payable	\$ 435,000
Capitol Leases	\$ 180,191
<b>TOTAL LIABILITIES</b>	<b>\$ 625,059</b>

<b>NET WORTH</b>	<b>\$ 746,827</b>
<b>TOTAL LIABILITIES &amp; NET WORTH</b>	<b>\$1,371,886</b>

**ALFA KLEEN CHEMICAL LABORATORIES**  
**INCOME STATEMENT**  
Year Ending 12/31/2001

**INCOME**

Sales (Resale)	17,781.43
Sales (Out of State)	86,178.09
Sales (Taxable)	14,372.71
Sales (Labor)	50.00
Sales (US Government)	INCL.
Total Sales	<u>119,322.23</u>
Cost of Sales	<u>(31,451.20)</u>
GROSS INCOME	<u>87,871.03</u>

**EXPENSES**

Freight In Expense	5407.41
Wages	82293.18
Outside Labor	19,218.75
Rent	34298.12
Utilities	5,947.80
Supplies	14311.04
Maintenance & Repair	3500.21
Interest Expense	2906.25
Telephone	6282.87
Equipment Rentals	6258.60
Vehicle Expense	203.34
Freight out & Postage	27823.43
Lease Expense	2,937.07
Payroll tax expense	1,723.30
Bank Charges	1897.14
Credit Card Discount	1162.09
Penalties	722.83
Advertising	10,566.80
Office Supplies	11,933.45
Dues & Subscriptions	1749.64
Licenses	443.81
Legal & Accounting	5476.86
Insurance	5478.00
Miscellaneous	<u>2,912.78</u>
TOTAL EXPENSES	<u>255,454.77</u>

<b>PROFIT (LOSS)</b>	<u><u>(167,583.74)</u></u>
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# *Company Profile*

AlfaKleen Chemical Laboratories, Inc.

Phone: (800) 676-0059

Fax: (805) 541-3467

Email: [alfakleen@aol.com](mailto:alfakleen@aol.com)

Web: [www.alfakleen.com](http://www.alfakleen.com)

PRESIDENT, & C.E.O.

John Calicchio

BUSINESS STARTED: 11/01/78

CHIEF OPERATIONS OFFICER  
& DIRECTOR OF SALES

Jerry "Buzz" Hill

DUNS #:08-658-3333

OFFICE MANAGER

Julia Cucinella

FEDERAL ID#: 95-3384110

STATE ID#: 349-7634-0

SIC#: 2842

TPIN#: 1995L131651

CAGE CODE: 62639

BUSINESS LICENSE#: 26953

RESALE#: SREA-24-739478

WAREHOUSE MNGR

Jason Coffman

TRADE REFERENCES:

***VOPAK (Van Waters Rodgers)***

4465 E. Florence Ave. Fresno, CA 93725

(800) 659-5908 Acct#:452957

Contact: Karen Ashton

BANK REFERENCE:

***Bank of America***

1105 Higuera Street

San Luis Obispo, CA 93401

(805) 546-6219

Account#18202-00194

***EP Container Corp.***

9708 Jordan Circle

Santa Fe Springs, CA 90670

(800) 211-0311 Acct#: ALFAKLEEN

Contact: Rene Salgado

***Arroyo Packaging***

1150-F North Red Gum

Anaheim, CA 92806

(714) 632-7117

Contact: Jennifer O'Brian

## ***Background of John Calicchio***

*President, & CEO*

In 1975, John founded J.R.C. Engineering, becoming the largest national British Motorcycle parts manufacturer and distributor in the United States.

In 1976, J.R.C. designed, manufactured and marketed engine and frame components, including connecting rods, carburetor kits and various other hard-to-get items for British motorcycles.

In 1977, John purchased a computer (Cromemco Z-2), which he still owns to this day. The company he had purchased the computer from went out of business. Because virtually no one was available to write programs, John found himself doing the job, so as to operate his company.

In 1980, he purchased an 8,000 sq. ft. building in Fountain Valley, California and J.R.C. Engineering was on the move with a product line of over 6,000 items.

In 1981, Data Business Systems was founded. Purchasing hardware from a Multi-User Computer Manufacturer (Industrial Micro Systems), John became the local dealer selling computers bundled with his "Signature Series" software programs to other companies who had a similar need for computerization.

In 1983, he developed and marketed "ShipMaster", John's computerized based package which provides automatic Rate & Zone calculations producing Shipping Labels, COD Tags and a UPS approved manifest.

In 1984, John put together and managed a sales force which went on to win the top sales award for the largest systems integrator in the United States, selling "Industrial Micro Systems" computers and his own "Signature Series" software.

J.R.C. Engineering was appointed the Exclusive U.S. distributor for Triumph Motorcycles, which dominated the country as the Largest British Parts Distributor, earning annual net profits exceeding \$300K, 6 years running.

In 1987, John became involved in computer design and manufacturing.

In 1988, he successfully manufactured the world's first 286 multi-user computer slave card. Alloy Computer Products issued a purchase order and a five million dollar contract for the product.

In 1988, John was contacted by a marketing firm to design and manufacture a product called "MACnode" (a product that links Macintosh to the IBM world), he quickly went into production. The product was sold to some impressive companies: Lotus Designs, of Lotus 123 fame, the Federal Government, ARCO Oil, and Martin Marietta just to name a few.

In 1988, John sells 90% of J.R.C. Engineering and becomes an inactive partner.

In 1990, John concentrated on the design of a "PC-in-a-keyboard". In less than one year it was designed, packaged, tested and the first production run was delivered. With the second run virtually complete and minor kinks worked out, he was ready for full-scale production.

## ***Background of John Calicchio (Continued...)***

*President & CEO*

In 1991, John signed a local distributor, “Linksys”, an Irvine, California company, to market his Keyboard-PC.

In 1992, John signs Tech Power to market his Keyboard-PC.

In 1992, Contacted by “MOS Scale International”, (exclusive supplier to all 120,000 Post Offices in the USA) to write the software package for PC based shipping and mailing systems. This would be bundled with the hardware platform and sold throughout the USA.

In 1993, John completes his 16-year pet project, his “Signature Series” software package, with over 2 million bytes of structured code. This multi-user software package consists of comprehensive interactive modules including:

POINT-of-SALE Over-the-counter Invoicing, Inventory and Customer controlled product. ORDER-ENTRY wholesale batch processing of invoices, tracking of back-orders, Accounts Receivable, Sales, Serial Numbers, Shipping Labels, COD Tags and UPS Manifest are also included. PURCHASING generates Purchase Orders controlling and tracking inventory. ACCOUNTS PAYABLE, ACCOUNTS RECEIVABLE, BANKING, Computerized Check Book. PAYROLL generates Checks and Reports. CARDMASTER Automatic CREDIT CARD, Check Writing Authorization incorporated into POS & O.E.

In 1994 “Signature Series” goes nationwide with Test Sites.

In 1995, John opens a retail store in Costa Mesa, Calif., actively selling turnkey computer systems. Keyboard-PC is now selling into corrugated paper market place.

In 1997, Data Business wins contract to sell Keyboard-PC to Reno Air. Further improvements on the Keyboard-PC are accomplished, with the announcement of the Pentium Series, and the birth of the Keyboard-PC “Multi-media”.

In 1997, John develops the “**DiagMaster**” Diagnostic Computer Panel as part of the lineup of “Computer Care Products” which goes into full production.

In 1998, Data Business signs Global Computer products as the distributor for DiagMaster, expecting the 5 major distributor magazines to follow suit. Startup plans for the DiagMaster II are under way.

In 1999, Signature Series Software “ShipMaster” becomes 1 of only 20 authorized United Parcel Service Electronic Manifest providers in the USA.

In 2000, John assumes ownership of AlfaKleen Chemical Laboratories, Inc.

**Background of Jerry "Buzz" Hill**

*Chief Operations Officer & Director of Sales & Marketing*

**THE BAG COMPANY**

San Jose, CA

Dec 74 to Dec 94

**Position: Owner / Partner**

Description: Manufacturing and marketing of canvas and nylon sport bags, with company and team logos. Began the business at age 24, sold to all the major department stores, such as J.C. Penny's, Sears, Oshmans, Gemco, Macy's, plus over 1200 other accounts on a national basis. Jerry Acquired licenses for the company from Major League Baseball, National Basketball Association, National Hockey League, and the NFL Cheerleaders. The Company was listed as an official licensee. He was in charge of all our marketing and sales, and his partner was in charge of production. He traveled to all the major cities for trade shows, and called on major department and chain store accounts. He designed brochures from scratch, and placed display advertising on a national basis. The business was ultimately sold in 1994.

**SOURCE MASTER**

Paso Robles, CA

Jan 94 to June 95

**Position: Sales Representative**

Description: Distributor of advertising specialties, calling on account to sell promotional products for self-promotion, fundraisers, and events. Jerry opened over 100 new accounts in the local area. Sales were generated through telemarketing, and cold call sales. Due to the owners personal problems the business was closed.

**ROBLES FORD**

Paso Robles, CA

July 95 to Feb 97

**Position: Sales & Leasing Representative**

Description: A full-line dealership of all Ford, Lincoln, and Mercury cars and trucks, plus used vehicles. Jerry had become the top salesperson at the dealership and was awarded the Legend Diamond Leaders Award by Ford Corporation.

**Affiliate Marketing Associates**

Templeton, CA

March 97 to May 01

**Position: Owner**

Description: Internet Sales of Long Distance Phone service for OPEX communication, selling both residential and business long distance and 800 number services.

**EDUCATION**

LOS GATOS HIGH SCHOOL

MAJORS: Math, Science

Los Gatos, CA

1964-1968

WEST VALLEY COLLEGE

MAJORS: Business, Marketing, and Law

Saratoga, CA

1972-1974

**MILITARY SERVICE**

US NAVY

Vietnam Service: Honorable Discharge

1968-1972

## *The Simple Green Story...* (Unedited, AlfaKleen's Competitor)

The Simple Green story began over twenty years ago, when Bruce FaBrizio and his father developed a safer alternative to the toxic cleaners originally designed to remove Tannic acid, a by-product of coffee roasting, from machinery. It took three years to perfect the biodegradable, non-toxic, non-flammable, non-abrasive formula. After its initial success, Bruce began selling Simple Green to industrial customers in 55-gallon drums; which he delivered in his van, for use as a cleaner on equipment and floors.

In 1979, just as initial retail marketing efforts were beginning to pay off, Bruce's father died. Bruce managed to keep the business alive and in 1981 gave his company the name it continues to carry Sunshine Makers, Inc. Simple Green was then introduced nationally into several new markets including hardware/Do It Yourself, consumer grocery & drug, GSA (government) and industrial classes of trade. In the early 1990s, Bruce introduced the Environmental Technology Division, in an effort to define the cutting edge of today's cleaning solutions and high standards for environmental responsibility.

Today, over 3 million dollars have been spent to prove the safety and efficacy claims of Simple Green. Simple Green has its headquarters in Huntington Harbour, California, with satellite offices all over the world. Simple Green is manufactured in Garden Grove - California, Lawrenceville - Georgia, Auckland - New Zealand and Zurich - Switzerland. Simple Green has distribution centers in Honolulu - Hawaii, France and Australia and sales offices in Chicago - Illinois and Philadelphia - Pennsylvania. The Simple Green family of products has expanded to now include Crystal Simple Green; Simple Green Lime Scale Remover; Simple Green d disinfectant; Simple Green Foaming Wheel Cleaner; Simple Green BBQ, Grill & Microwave Cleaner; Simple Green Hand Cleaner Gel; the Simple Green Scrubbing Pad; Simple Green Professional Strength Automotive Formula; a complete line of Marine cleaning products; Simple Green Foaming Bike Cleaner; Simple Green Foaming Golf Cleaner; and most recently, Simple Green Carpet & Upholstery Cleaner. Original Simple Green and the entire family of Simple Green products are now a part of everyday life in millions of homes and industrial sites, not only in the United States but all over the world.

In 1989, Bruce FaBrizio and Simple Green founded the EGBAR Foundation. EGBAR is an acronym for: Everything's Gonna Be All Right. The foundation is funded by a percentage of all Simple Green net sales, which goes toward a national environmental education curriculum that teaches children about the environment and how to care for it. With the support of Simple Green, the Newspapers In Education program, as well as the generous donations from people all over the world, the EGBAR Foundation is making a difference by teaching everyone to "Think Globally, Act Locally."

# *The Oxiclean Story...*

*(Unedited, AlfaKleen's Competitor)*

June 26, 2001

By Martha Visser

**Web Exclusive**

## **How Max Appel turned his idea for an earth friendly cleaner into a \$200 Million Dollar Business.**

After a career fundraising for environmental organizations such as the National Wildlife Federation and the Sierra Club Foundation, Max Appel decided it was time to focus on his true calling: sales. What to sell, of course, was more of a question. As it turned out, the perfect product wound up being something he'd invented himself. Working in his garage, he came up with Orange Glo, an environmentally safe household cleaner made with a base of Valencia orange oil.

That was in 1982. This year, Appel's Orange Glo International, based in Greenwood, Co., is projected to bring in \$200 million from sales of his Orange Glo and Oxiclean lines. "I was appalled by the other cleaning products I saw on the market," says Appel, now 69. "I felt we could do a lot more to give customers something pleasant, safe and natural to use."

Appel's first stop in the selling world was peddling carpet sweepers and household wax during the late '70s and early '80s. It was while attending a trade show that he became interested in cleaning products. While touring the booths, he came upon an industrial product that was made with fragrant orange oil, but also included caustic chemicals. Appel got a brainstorm: create a similar cleaner that wasn't as hazardous. "I knew people had become more concerned that a product should be healthy for their families: he says.

Indeed, Appel's timing was right on the mark, tapping into a burgeoning consumer trend-and one that an increasing number of companies are including in their marketing plans. "Overall, businesses have become more sensitive to environmental concerns, because there's a growing consumer demand for it," says Brian Sansoni, vice president of communications for The Soap and Detergent Association in Washington, D.C. "It comes down to smart marketing."

Appel had the concept down. The next step was developing the product. He approached researchers at Hauser Laboratories, a Denver, Co. based chemical producer, and asked for help formulating the cleaner. Then, back in his garage, he experimented with the various ingredients they recommended until he got it just right. "I spent a whole summer ruining our kitchen cabinets at home," Appel says.

Then came the good part: selling. Naming the product Orange Glo, he began pushing it the old-fashioned way, demonstrating it at home-product shows and state fairs himself. To attract distributors, he relied on what he refers to as a "lowbrow tactic. "I'd call everybody around and say, 'Hey, look what I did today', and I'd pull out all the money I had," he says. "Then, I'd say, 'You can do this, too!'" Of the 15 distributors he brought on board in the early days, 13 are still with the company. Today, some 18 individual distributors still peddle the line at fairs and home shows.

By 1992, Appel figured he needed marketing help. So, he enlisted the aid of Joel Appel, his second eldest son. Now 36 and president and CEO of the company, Appel was working in marketing for the Quaker Oats Company in Chicago at the time. With his input, the Appels

decided on a new strategy: redesigning all the packaging and getting the products ready for prime time-distribution through stores and on TV. By then, the company also had started selling its next hot item, Oxiclean, and environmentally safe cleaner that incorporates the cleaning power of oxygen and is activated by water.

The effort paid off. Five years later, the two Appels met with representatives of the Home Shopping Network in Florida, demonstrated their products, and made a deal. That year, their first infomercial aired and, according to the Appels, demand shot up. We did our first million in sales that year,” Joel Appel says.

The company now produces some 60 products sold in grocery stores across the country and in discount giants, including Walmart, Costco and Sam’s. Plus, through subsidiaries, the products are also sold in Europe, Japan and the United Kingdom. While successful sales techniques have played a big part in that growth, Appel senior also attributes much of the company’s success to outsourcing. The business has 70 employees at its headquarters, but Protocol, an answering service company in the area, manages the call center. Two other outfits in Chicago handle manufacturing and fulfillment.

Over time, the company has attracted more of the Appel clan to its employ. Max Appel’s wife, Elaine Appel, has been involved all along. “I Call her the ‘vice president of doing everything,’” he says. Son David Appel, 41, left Accenture, then Andersen Consulting, in Paris a year ago to sign on as chief operating officer. Daughter Linda Appel, 31 whom Joel Appel refers to as “European sales manager,” has been squeezing in sales trips abroad while attending graduate school at New York University. She graduated this spring. (Another daughter, Amy Feldman, 37 is a chef in San Francisco).

In spite of the company’s nearly 200% boom in sales in the last four years, Max Appel remains quite modest. “We’re peddlers, still. To this day that’s what we are, we’re peddlers on TV,” he says. “If you start getting big-shot-it is, you’re out of business in no time.”



*Thank you for reading our business plan.*

***AlfaKleen is a Company with a Vision, Products that outperform the Industry Standard, and Key Personnel with Management and Marketing experience to capture that Vision. We hope you will join our team as we look toward the future to form a mutually profitable association.***