



RACING LIMOS AMERICA, INC.

April 2011

Business Plan



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BUSINESS PLAN

Vision / Mission

Introduction

James Albion founded Racing Limos America, Inc. (“RLA”) in October 2009 to separate his Racing Limos business from his marketing agency, ZMJ Enterprises, Inc. ZMJ was founded in 1992 in Florida as Jacob-Maxwell, Inc. (JMI). The name change took place when the Albions moved to New Hampshire and JMI was reincorporated as ZMJ in June 1998.

Racing Limos[®], established in 2002, is a franchise company with a worldwide patent and trademarks for racecar themed limousines. Albion’s Racing Limos America presently owns three franchise locations: Racing Limos of NH (eastern NH), Racing Limos of Florida (Lee County), and Racing Limos of Boston. Ownership of these franchises was sold from Albion’s ZMJ to RLA at the start of 2010 for \$52,000 (the total amount ZMJ paid for the territories).

In 2010 RLA also purchased Racing Limos[®] and is now the Franchisor. Racing Limos was rebranded as Racing Limos America and now operates out of Dover, NH.

Background

Though Albion is new to the limousine business (he started by buying into the east NH Racing Limos franchise in March 2009), he has been involved in marketing and advertising since 1978, owning ZMJ since 1992, then breaking off the ad agency into ZMJ dba ZMJ Advertising & Marketing in 2000 (www.zmjadvertising.com).

“Change of Plan.” The Racing Limos[®] business plan and training teach franchisees to run a conventional “paid-rides” transportation business. Training franchisees in the concept of advertising on the car was a secondary feature, and barter was encouraged. The weakness of this model is the franchise is dependent on external economic conditions. In



a “down” economy, as we are in at present, the “paid-rides” model has put many franchisees in financial distress. At its peak in 2005, Racing Limos[®] had 63 active franchisees; by the end of 2009, that number was a meager 14 including RLA’s 3 franchises.

Another issue with many of these franchisees has been the manner in which the franchise had been sold to them. With, in most cases, little business experience, a franchisee purchased the territory, but were then on their own to purchase or finance the limo, advertising, and other promotional merchandise. For most franchisees, the “setup” exhausted their initial capital making it nearly impossible, financially, to operate the business. Many limos were garaged more than 20 days per month because the franchisee could not support the needed operating expenses to run the franchise.

OUR BUSINESS MODEL moves the emphasis from the paid ride model to the marketing model, converting the limos to more recession-proof **“interactive mobile marketing centers.”** This makes the Racing Limos business not only more readily able to survive and thrive in the down times, but is also an exceptional fit for James Albion and his 30+ years of marketing experience.

In addition, the manner of investment in a franchise is now a “turn-key” approach. The Franchise Fee is dramatically higher than the original model, but the fee includes 1-4 limos (depending on size of franchise), paid insurance, computer hardware and software, and allowances for office space, internet, phones, merchandise, advertising, etc. This approach gives the franchisee a much stronger start, and eliminates the initial financial stress, thereby bettering his chances of success.

“Recession-proof???”

OK, nothing is completely recession-proof, but advertising, in many ways is obtainable regardless of the economy. In 2009, arguably the worst economic year in a century, Proctor & Gamble, the number one advertiser in the US since 2007, spent \$7.6 billion in the US alone, spent \$8.45 billion for 2010, and is estimating its spending in 2011 at \$8.9 billion (AdAge, 2010). Comcast spent \$2.2 billion in advertising in 2009, and spent \$2.66 billion for 2010 (Comcast, 2010). Even in the small business sector, regardless of economy, one can find the advertising if there is diligence and persistence with a strong service presentation. Show any interested business the value of your service, and they will invest in that service.

Reports also show that conventional marketing (Print, Radio, TV) is and has been in decline over the last several years. Yet both outdoor advertising and the internet (including social media) are growing at exceptional rates. Email marketing alone has grown 660% from 2006 to 2009 (eMarketer, 2010). Outdoor advertising (everything from billboards, to bus, train, subway advertising, vehicle wraps, etc) grew 47% between 2007 and 2009 (eMarketer, 2010), and Social Media has seen exponential growth in advertising in 2010. Facebook advertising revenues reached \$1.86 billion in 2010, and are expected to be upwards of \$4 billion in 2011 (eMarketer, 2011). Add estimated ad revenues from Twitter and LinkedIn, and we are seeing social media estimated advertising grow by more than 500%. This does not yet take mobile phone apps and media into consideration.

What a coincidence... As you will read here, we are all about outdoor advertising, interactive marketing, and the internet.

Why Racing Limos? Why not traditional limos? Focus group research showed placing advertising on traditional black or white limos for weddings, funerals, proms, etc. is unattractive



and ostentatious, creating an apprehension among major advertisers. Further research via survey found advertising or decoration on a traditional limo was a detriment in obtaining paid-ride revenues. Contrarily, placing advertising on a racecar is seen as “cool.” Racing, with its growing fan base across all demographics (presently, the fastest growing US sport), is universally recognized in our culture. Watch professional racing, and you’ll see ads & logos all over the racecars.

When Albion looked at the Racing Limo, he didn't see the comfortable rides, destinations, proms, etc. He saw, "WOW, look at all that space for ads!"

Demographics, Target Market. Although it is easy to align these limos primarily with auto racing, we seek to maximize our appeal by also participating with charities, community events, i.e. parades, fairs, etc., a diversity of sports on both professional and community levels, as well as the club scenes, hotels, casinos, ski resorts, and more. This makes us attractive to advertisers in, arguably, every industry and demographic across the board.

Market Analysis

Though these are difficult times, it is clear that major industry leaders in both retail and services are marketing aggressively. It is also clear there is a huge gap in marketing "outside the box" that many of the major advertising agencies representing billions of dollars in marketing funds are looking for, both within themselves, and (important to us) through vendors and outside sources.

At present, and projected over the next 3-5 years, the second fastest growing medium in the U.S. (behind internet advertising) is outdoor ad media (eMarketer, April 2009).

Traffic Audit Bureau, who has been running research on the new Eyes on Impressions (EOI) technology, states that over the past two years, research shows that on average, only 38-42% of passers-by on highways and roads actually look at billboards (AdAge, Sept. 2008). Further research shows that about 72-80 percent of passers-by will notice bus and car wraps. This shows a trend of the increasing ineffectiveness of conventional outdoor advertising, and a move toward moving, on the ground, "in front of their face" advertising placement.

There is considerable research that shows the effectiveness of "face-to-face" interactive marketing as an extremely powerful vehicle. We are combining the commanding presence of a stretch limousine with the face-to-face interaction of collateral material distribution and promotions, plus personal consumer interaction on behalf of our advertisers, along with the value added incentive of making "rides" available for their representatives at events, promotions, and other destinations.

Last, the internet is an ever-growing, powerful marketing tool. We are updating the national site and franchisee sites. In addition, we are requiring wi-fi in every racing limo across the country by June 30, 2011, thereby giving us the power of the internet as well. We are shifting from a "fun" experience to a fun, user-friendly, almost executive-like ride experience. *This is the ultimate multidimensional interactive marketing experience.*

As our public funding becomes available to us, we will aggressively design and place mobile apps into the iPhone system, and will run an aggressive social media communication and advertising campaign. This, in combination with charity events and additional PR should prove immensely effective and valuable for our marketing partners, and is an extraordinary method for advertisers large and small to consider regardless of external economic conditions.

EXAMPLES

Here are five marketing partner proposals presently on the table with prospective clients (there are more details than below, but this is the gist).

1. BOSTON RED SOX (Boston, MA). Full limo wrap, vehicle used sparingly by the ballclub for personal appearances, autograph signings, etc. Primary use to support the Red Sox Foundation and its charities.
2. MIAMI DOLPHINS (Miami, FL). Full limo wrap to be utilized in SW Florida (a present target market) to help develop the Executive Fan Club, as well as utilize the limo to assist with raising money for the Dolphins Foundation and its charities.
3. LIBERTY MUTUAL INSURANCE (BOSTON, MA). Limo wraps or limo hood advertising including airport and other transportation services for executives.
4. PRINGLES® POTATO CHIPS (Proctor & Gamble, Starcom, Chicago, Grey's Alliance, New York). Full limo wraps that either look like Pringles cans, or Pringles ads. Every car receives inventory of sample-size cans of Pringles to be supplied, along with coupons for event, promotion giveaways. Each limo to give away up to 10,000 sample cans monthly.
5. SEMINOLE GAMING (Hollywood, FL). Full limo wrap of multiple cars, put modular slot machines into vehicle, transport VIP's to and from casino, airports, etc. All ride revenues to Advertiser**.

** As part of our sales model, any advertiser who pays full price for a limo wrap, \$35,000 per month, is given exclusive use of the limo, and receives all ride revenues the limo produces. Why pay \$35,000 per month? Several reasons:

- Ad Agreement includes that advertiser is only that, and is held harmless regarding any limo incidences, i.e. accident. (This is the BEST reason of all)
- All ride revenues reverting to the advertiser helps the advertiser trim their ad cost.
- "exclusive use" allows the advertiser to have the car in any area they want to target.
- Advertiser has the right to "sub-lease" space on their limo wrap to curtail cost.

OUR ADVANTAGE

Albion's contacts as an ad agency over the past 20 years includes not only regional and national businesses, but also the ad agency industry, from the small and midsize agencies up to the "Madison Avenue" agencies. This allows us introduction to all sized agencies with billings in the thousands, up into the BILLIONS of dollars.

The beauty of this business model is, because we are based primarily on marketing partnerships, gasoline can be \$10.00 per gallon, and it has little effect on our bottom line. Marketing, as stated above, is an essential business investment regardless of economic conditions. Yes, the limos are still on the road, but because we are not dependent on the ride revenue, we can operate and thrive in **EVERY** economic environment.

Competition

There are many companies competing in the traditional paid-ride limousine business, and there are trucks and cars that place advertising on their vehicles, but after about six months of research, we are unable to find another like business as the one we are developing. Through deeper research, we have yet to find a business that has attempted to utilize limousines or any vehicle-type marketing as interactive mobile marketing centers.

This is not to say that what we are doing hasn't been tested before, but that we have yet to find documentation of any business attempting to utilize limousines or any moving vehicles in this constant multi-marketing manner.

Objectives

Convert the limos from conventional paid-ride limousines to primary "interactive mobile marketing centers," geared towards advertising and marketing those advertisers on the vehicles. This includes attending promotional events, community events, sports promotions, family oriented events like fairs, parades, sporting events, etc., and other sales promotions that put the limos on the road regularly, and put them in front of thousands of people every week. The package would also include distributing advertiser's collateral materials (i.e. coupons, cards, brochures), an email marketing package, links on our websites to the advertiser sites, social media activity, and more.

A full vehicle wrap is presently priced at \$35,000 per month. WHY would an advertiser do this when they could buy their own limo, wrap it, pay a driver, etc.?

- Client is our advertiser, therefore by ad contract, they have NO LIABILITY in the case of a car incident or accident. This could save the advertiser, especially a large advertiser (casino, major name, sports team, etc) millions of dollars in liability lawsuits.

- No overhead regarding the car. No repairs or maintenance, driver / employee costs, payroll taxes, worker's compensation, healthcare costs, gas costs – NOTHING.

- Advertising is 100% tax deductible.

- The money back program. All ride revenues of any vehicle with a paid full advertising wrap are given to the advertiser. This could arguably give the Client the abovementioned incentives for a net cost of close to what they would spend if they bought the cars, hired the drivers, etc. For similar money, why accept the liability, costs, etc. of the program?

WHY would RLA do this?

- This program gives the advertiser the incentive to market the limo rides with their own resources, thereby giving us greater exposure to the public, while minimizing RLA's out of pocket marketing dollars.

- By continuing to lease the limos, we not only limit the asset exposure, but we allow ourselves to continue developing infrastructure and expanding the business without expending more capital than necessary.

For RLA, it's all about the advertising. Let me repeat: **for RLA, it's all about the advertising.**

EXAMPLE: A casino wraps a vehicle for \$35,000 per month. They not only have the benefit of millions of impressions monthly as the limo rides the roads, they have full access to the vehicle at least 25 days per month. They can use it for VIP's, contest winners, promotional activities, etc. and/or they can make money on it.

“ROUND-TRIP BY LIMO \$100 PER PERSON, and we'll give you \$100 in chips and a \$50 food voucher upon your arrival.” The food and gambling chips cost the casino nearly nothing (and in most cases, the casino will win that money back), yet for a consumer, it's a FREE round trip stretch limo ride with food. If we transport 8 people 15 days per month, that's 120 people @\$100 per person, or \$12,000 per month, all going to the Casino, offsetting their ad costs by just over one-third. They can offset costs further by sub-leasing some limo body space to other sponsors (maybe Corona, Jack Daniels, TicketMaster, etc). In the meantime, our drivers get gratuities, and our business cards and collateral materials are available to all those people for future ride revenues (albeit to the advertiser, but keeping our cars on the road), but more importantly, the networking power to other businesses that may then show interest in advertising or wrapping more of our limos.

I know what you're thinking... Why not keep a portion of ride revenues? Let's not get too greedy here. Remember, our money comes in the form of advertising revenues, and this program encourages an advertiser to go from thinking about it, or just taking a partial space on the vehicle, to seeing the value in a full wrap. In addition, why should we spend marketing money to solicit paid rides when we can encourage the advertiser to do so through this program, and to their benefit?

Infrastructure and Expansion

Our original short-term expansion plan was to purchase distressed territories, thereby obtaining more area and limos. This would have given us multi-regional presence to assist in larger advertising buys from nationwide advertisers. Ultimately, our long-term goal was to own a dominant majority of the active territories, then use this leverage to buy out the Franchisor by mid 2012.

This “long-term” strategy became reality in mid 2010 when RLA purchased the company and is now the Franchisor.

At present, there are 8 active franchises. Our new turnkey franchise structure is made to encourage new entrepreneurs to purchase franchises, and be on the road operating within 30 days of the sale.

We are creating the schematic to build a new national website aimed at franchise prospects and prospective marketing partners. The site will include tentacles of all the franchise websites, and will also encourage the paid ride model, but for the purpose of attracting marketing partnerships.

EXAMPLE: We might promote birthday parties for kids 12 and under for HALF-PRICE, less because of the birthday parties, more because it would be a way to attract marketing partners like Toys R US, Hood, Oakhurst, McDonald's, Disney, etc.

Post-Purchase of Franchisor. As we continue to raise capital, our cash flow improves, and our debt is reduced, we will put more of the full management in place.

We are developing our sales presentation for selling franchises, including creating a more turnkey system for the franchisee (see below under “Franchises”). We will look to help new franchisees duplicate our marketing strategy to assist in their success. A more singular, system-wide marketing program will also give us a national voice when speaking with large companies looking for national marketing exposure.

EXAMPLE: We are presently speaking to Proctor & Gamble’s agency Starcom (Chicago) about their 2011 \$356 million Pringles® campaign. We proposed wrapping limos to look like cans of Pringles® while having our people distribute up to 10,000 sample-size cans of Pringles® to the public monthly. Once we could approach them with, “how many limos and in which DMA’s would you like to utilize our presence?” we have found them receptive to a program. Discussions of our proposal are in progress.

Our goal is to have franchise availability in about 500 direct marketing areas (DMA) in the U.S., of which we project selling our first 5-10 franchises by the end of 2012. Many of these franchise locations will start as company operated locations, making these locations more attractive to potential franchisees, as they will already have a revenue stream started. We are also considering RLA-financing of the franchise fee to make it easier to open more franchises more quickly. Owner financing of franchises, and possibly limos will give RLA several additional revenue streams.

Why DMA’s instead of strictly by population?

First, as a predominantly marketing service, working by DMA is a superior formula for both the advertising client and the franchisee. This also allows the franchisee more geographic territory so as to grow instead of being restricted to an area because of population. Fewer territories, meaning a larger average territory, gives franchisees the ability to add limos and grow, increasing revenues and bringing far better return on investment. Also, as a marketing service, it is easier for ad agencies to discuss territory by DMA. We want agencies to be as comfortable as possible that we are in sync with their needs for their clients.

Our Franchise Fees are currently as follows:

PRIME DMA (i.e. Atlanta, NYC, Dallas, LA); includes 4 limos to start, largest promotional and branding packages, etc.	\$1,000,000
SECONDARY DMA (i.e. Dayton, Oakland, South Bend IN); includes 3 limos to start, mid-size promo package, etc.	\$ 675,000
TERTIARY DMA (i.e. Biloxi MS, Laredo TX, Erie PA); Includes 2 limo to start, mid-size promo package, etc.	\$ 350,000
OTHER DMA (more suburban and rural areas, below top 300); Includes 1 limo to start, starter promo package, etc.	\$ 200,000

Our formula is to utilize 40-50% of the fee for complete set up and first year training and support (typically, first year costs are the highest). We project another 15-20% of that fee will be marked for further support, like cooperative advertising, national branding, and corporate support costs. The Franchise Fee is NOT an “entry fee” adding set up on top of the fee.

Real Estate Investing

With funding money and increasing revenues comes the capital and cash flow for increased infrastructure and expansion of hard assets. In 2011, RLA will be purchasing acreage that will eventually house the campus of the national headquarters and training center. In addition, each franchise location will have purchased real estate to include either our own building or the renovation of a building to fit the franchise needs. RLA will maintain ownership of all properties and lease them to the franchisee (we are considering a lease to own option upon renewal of the Franchise Agreement). This allows all locations to remain permanent, even if franchisee ownership changes hands from time to time.

The building model is being designed at present, as is the decision on the type of land, location, etc. for each franchise location.

Management Team

Board of Directors: rules, authority, and personnel to be decided and chosen at a later date. The below positions will be filled as finances accommodate. "Immediate hire" is a position necessary as soon as possible.

In-House Management

- CEO: James Albion (**immediate hire**)
Oversees the RLA operation, steers the company's vision and future.
- President: Tyler Libby (**immediate hire**)
Oversees the RLA operations and future expansion.
- Vice President in Charge of Operations
This position will be filled as the company grows so the President can focus on his primary functions.
- Director, National Sales & Marketing: James Albion (**immediate hire**)
This position oversees and develops the network and presentation to potential advertisers nationwide.
- Director, Investor Relations, Communications
This position is the liaison between investors and prospective investors, and RLA. In addition, this position will handle news, press releases, etc.
- Director, Hispanic Marketing
As the Hispanic market continues to grow at the fastest rate for minorities in the U.S., this important position becomes a factor as we develop the Hispanic markets nationwide, i.e. NY, southern CA, southeast FL, TX, NM, and AZ.
- Director of Administration (**immediate hire**):
Executes and manages all administrative activity, including compliance issues, registrations, paperwork, billing, etc.
- Director of Community Relations: Kenneth Kelley (**immediate hire**)
Researches and pursues all community oriented events and activities for RLA. These include community events such as parades, "Touch-A-Truck," charities, promotional events, business expos, fairs, other special events. Director also trains and stays in communication with Franchise Managers to help franchises with this position on a local level.

- Comptroller
This position will be added in Q4 2011.
- Director of Web Operations & Social Media: Zachary Taylor (**immediate hire**)
This position will oversee the website development, updates, and upgrades for RLA and franchisees, as well as develop a strong social media campaign.
- Director of “Pit Crew” Development (description below)
This person will recruit and develop the Pit Crew brand and crews in each area.
- Director of Franchisee Sales, Relations & Development
Once a franchisee settles in, this position will lead in helping our franchisees develop and expand their businesses. This position will fill the initial needs of Franchise Management for passive franchise owners who choose to have their territories run by RLA. This position will also, to start, be the person who trains the hired Managers to operate those franchises.
- Director, Franchise Management
To be filled when the franchise count is high enough that the Director of Franchisee Relations can no longer properly focus appropriate effort to fulfill his primary obligations. This position will concentrate on RLA-supervised and managed franchises.

Outside Management Support [hourly / project basis]

Accounting: Pink Accounting, Boston, MA.

Corporate Attorney: Brian Schnell, Faegre & Benson, Minneapolis, MN.

Securities Attorney: Michael Drooff, Esq. of Sheehan, Phinney, Bass & Green, Manchester, NH.

Intellectual Rights Attorney (copyrights & trademarks): Jean S. Perwin, Esq., Miami, FL

Project Building Director: Fred Stockton. This vendor position is to supervise all building and renovation of franchise locations.

PIT CREW

These individuals will represent our brand as well as our marketing partners. They will be riding to events and promotions to draw crowds to our mobile marketing centers. They will also be distributing advertiser’s materials, and be spokespeople for Racing Limos America for conventional and online mediums, and (eventually) collateral materials, i.e. calendars, posters, etc. Branding is 2011 development, but these people will have a media impact in every active territory.



The Pit Crew will consist of people between the ages of 22-40 and will be in uniforms that represent the Racing Limos America brand as well as our partners.

MARKETING PARTNERSHIPS

This is the heart of the RLA strategy for both the national company and the franchisees. Our business plan is built around creating this system as a marketing service utilizing the limos as our “delivery medium.”

- Short run promotions for smaller businesses, like Race Week promotions, Spring Break Week promotions, business expos, charity events, parades, fairs, holiday season, etc. These smaller priced promotions allow franchisees to work with community and small businesses when space on a limo is available. [Example promotion: 20 12” x 12” ad cells per car side for a 2-week promotion at \\$250 each.](#)

- Long term marketing partnerships. These are long term ads on the limos, to include materials distribution, rides that benefit advertisers, events, hot links on our websites, links in all email marketing, etc. These programs are typically 1-year agreements with 6-month “out” clauses. RLA has a recommended rate card, with ads running from \$300 per month for banner ads, up to the full wrap at \$35,000 per month. Independent franchisees are welcome to make adjustments to their rates. All company owned and operated franchises will run on our RLA rates.

- Full website interconnection and interaction. Our websites will include advertiser’s link to their site(s), opportunities to advertise on our site gratis or at discounted rates, 30-second video ad spots on some of our pages, internet and banner marketing, social media interaction, etc. We can be as much of an active marketing partner as the advertiser will authorize, in some cases at no additional cost. In addition, we can allow web advertisers who are not our limo advertisers at substantially higher ad rates, creating yet another income stream at both the franchise and national levels.



- Use of the limo by advertisers for VIP’s, contests, charities, etc. as part of their advertiser agreement.

- Use of Albion’s ZMJ Advertising Agency’s vendor and affiliate programs, like discounted email marketing, conventional bulk marketing media placement schedules, search engine optimization (SEO) programs, travel

packages, discounted conventional advertising like radio and TV, etc. A commission will be paid to RLA on these revenues.

RLA Management Offer

- For investors interested in franchise investment, but not operating a franchise, we have an option for RLA to take on the role of “General Manager,” put management and staff in place, and oversee the operations of the franchise. This will be done on a month-to-month agreement with either a flat monthly management fee of \$2,500 or 4% of gross revenues (whichever is more) until franchisee ownership wants to relieve RLA of this duty.

Franchises

Contrary to the way the previous owner of Racing Limos sold franchises (see above), RLA will offer a turnkey franchise, including, but not limited to:

- exclusivity of territory

- allowance for office location, computer, limo storage (however franchisee chooses to utilize it). NOTE: this allowance will not be handed to Franchisee in cash – it must be spent to set up the business.
- choice of stretch limo(s) (from RLA inventory and availability) or a \$50,000 allowance per limo toward the purchase of a Franchisor-approved limousine purchased by Franchisee.
- first 12 months insurance premium on the limo(s).
- set up and installation of two (2) phone lines and broadband internet access.
- allowance toward purchase of business cards, letterhead, thank-you cards, and other collateral materials (must be approved by RLA).
- merchant account setup (including applicable hardware, both in office and in limos) to accept Visa, MasterCard, Discover, Amex (fees not included)
- basic website, including paid domain name and hosting for first year, including ability to accept credit cards on the website.
- franchise manual, USDOT, insurance contact info, complete franchisee support
- generous allowance for starting inventory of promotional products
- assist in developing Pit Crew.

Franchise Royalty Fees. Monthly fees are calculated between 4 and 10% of gross receipts (minus applicable sales tax and driver gratuities), or a \$1,000 fee per month, whichever amount is greater. The stronger the revenues, the royalty fee percentage drops. Monitoring of franchises will be enforced to prevent fraudulent calculations when determining monthly franchise royalty fee.

National Advertising. Any national limo advertising generated for 3 or more franchise locations, the franchisee(s) of the applicable location(s) will receive 65% of those revenues; 10% goes to the individual who closed the sale as commission; RLA keeps the remaining 25%. RLA receives 90% of the revenues on any company owned and operated locations, separating 65% to the budget of the given franchise. The remaining 10% goes to commission on the sale.

Cooperative Advertising Program. RLA offers each franchise cooperative advertising. The amount of such advertising is based on revenues of the franchise. This program is still being developed, and will be implemented by Q4 2011.

Company Owned Franchise Locations

As our cash flow, branding, and opportunity for national advertising improves, we will begin opening company locations. Our locations will open in areas where national advertising wants to be located, as well as in attractive DMA markets where we believe a franchise can be made more attractive for a sale. RLA will staff and manage these locations until they are sold.

EXAMPLE #1: Because the Miami Dolphins come on board with our proposal (see above), the Tampa Bay Buccaneers also want to participate. We don't have a franchisee in Tampa, FL so RLA opens a company owned location, then RLA puts that location on the market as an opportunity to purchase an active, profitable location.

EXAMPLE #2: Proctor & Gamble wants 11 different locations for the Pringles® Racing Limos campaign. We may only have a few franchised locations. With a contract for full limo wraps, RLA will open locations to satisfy the P&G contract, then actively push for franchisees in those locations, or turn to investors with an excellent investment opportunity in company managed locations operating with the P&G campaign.

Marketing Plan

Our plan to attract advertisers is simple “hand to hand combat”: networking, phones, and email. I will personally make the rounds with the agencies in NY, Chicago, Dallas, and LA. By early 2012, we will start introducing our services to the Hispanic Marketing agencies as we prepare to pursue the national Hispanic advertising sector. Our targets include ad agencies, media buying agencies, large companies directly, etc. With capital funding, we will complement our efforts by utilizing major agency trade publications both conventional and online (i.e. Advertising Age, SmartBrief, etc), building our brand with decision makers nationally.

Our plan for marketing to prospective franchisees is still being tweaked. We have already started working with franchise brokers, and will start advertising with online services, and we estimate we will begin attending Franchise Expos starting in Q3 2011. Clearly, raising capital can move our advertising to prospective franchisees and national advertising clients more aggressively.



Since having the limos on the road and at events and promotions is essential to our success, we will continue to create relationships and get limos into fairs, parades, sporting events (not just races) both major and local, charities like Make A Wish, with whom we currently work, as well as static display locations. Our biggest branding attempts to date: we are attempting to be included in the Macy's Thanksgiving Day Parade, and are reaching out to be involved in next year's Super Bowl.

Additional public relations work will come in the form of press releases, soliciting editorial, and TV and radio coverage of our charity work, promotions, and other events for which Racing Limos can participate.

Our “paid ride” marketing will be centered on partnerships we can create with groups like Sea World, Disney, pro sports teams, ski resorts, casinos, etc., creating more of a “destination-only” structure. Our paid-rides goal is to brand the limos to generative, specific destinations, and staying, for the most part, away from the “night on the town” or bachelor party type rides.

By Q4 2011 we plan to offer a fleet of airport shuttle services supported by restaurant and hotel advertising campaigns. These programs will integrate their services with ours, including incentive programs to keep riders loyal using our airport shuttling services nationwide. We are negotiating with major international hotel chains at present in pursuit of this program.

THE NUMBERS

A basic explanation of the numbers in the spreadsheet that follows is below.

- **PAID RIDES.** Research shows average paid limo ride runs about \$300. Revenue projection is based on each limo being hired for an average ride, 1-2 times per week.

- **SHORT-TERM PROMOTIONS.** These are designed to be 2-week promotions, for which we offer up to forty (20 each side) 12" x 12" ad cells at \$250 per cell, plus \$750 per window (max. 6 windows), \$2,500 for the trunk, and \$3,500 for the hood. Assuming a conservative 1/3 success rate means about \$5,200 in ad revenues per promotion per car. For 2011, four of these promotions would mean just over \$20,000 in revenues.

- **LONG-TERM ADVERTISING CONTRACTS.** Our pricing is set as follows:

- 6" x 6" space, 2" x 18" banner space: \$300 per month

- 12" x 12" space, 6" x 24" space: \$750 per month

- 18" x 18" ads, 1 fender (4 total fenders): \$1,800 per month

- 1 Side window (3 per side): \$2,500 per month

- 1 Body side (3 per side): \$3,500 per month

- 1 quarter panel space (4 quarter panels): \$5,000 per month

- Trunk/back: \$7,500 per month

- Full body space (back of front door to front of back door): \$10,000 per month

- Hood: \$10,000 per month

- Full limo wrap: \$35,000 per month

Ad space on the cars is available for 12-month contracts, with a 6-month out at a cost of a half-month fee if we receive 30 days written notice of termination. Building the brand will help with these sales as we progress.

- **Static Display, special appearances, other marketing programs.** The limo is available for special promotions at an hourly rate. Once we start attracting more advertising, we will be looking at doing more static displays in more high traffic locations, whether paid or not. In addition, RLA will offer mass marketing programs to advertisers, like discounted email marketing programs, SEO programs, cooperative merchandising, etc.

- **FRANCHISE SALES AND FEES.** 2011 is based on selling and have operating 4 new franchises. 2012 is based on having 10 new franchises sold and operating, then another 15 in 2013. We hope to grow faster than this, but we're keeping the numbers conservative over the next couple of years as we develop our brand. Our 5-year goal is to have at least 65 franchises operating by end of 2016. Growth will have a lot to do with our ability to brand aggressively and nationwide, plus build financing into these franchise sales, whether direct through RLA, or with capital funding.



• **WEBSITE ADVERTISING.** Every website we build for RLA and its franchisees will be equipped with advertising modules in strategic locations in order to invite advertising on the websites. RLA will recommend a pricing structure, but the franchisees will be permitted to restructure the rate card to their discretion. While no advertising exists in these locations, we will place RLA ads, also known as “house ads” in these spots, including our own advertising to encourage paid advertising, franchises, rides, etc.

• **MERCHANDISING.** We will start designing new merchandise in 2011, staying on a relatively local scale to start. As we develop our brand and widen our product lines, 2012 will be our year to reach out to retailers, catalogs, and national online advertising, pushing our merchandise to the masses (if we accomplish this in 2012, it is possible this will more than quadruple projected revenues). We are also looking into licensing Racing Limos merchandise to widen



distribution. Not only will this increase RLA’s revenues, but this will help franchisees sell merchandising for their franchises as well. We will, in cooperation with franchisees, help design and develop custom merchandising for individual franchises. All franchise products MUST be produced through RLA, where a license fee will be included in all production of developed merchandise.

• **EXPENSES.** Expenses will vary. There are many ways to reduce expenses during the start-up. Such recommendations will be in the franchise manual, training, etc.

INVESTMENT OPPORTUNITIES

1. Own shares of RLA. RLA is publicly traded, presently under the symbol ATYG.

2. Franchise Investment. Opportunities to invest in part, or in total, in one or more franchises are available. There are several investment choices here:

a. Invest in a RLA location. This would be a company operating location at the time of your investment. Minimum investment is 10%. **Example: The presently operating Boston franchise is open for equity investment. Because Boston is a secondary DMA, the Franchise Fee is \$675,000. A \$67,500 investment gets an investor a 10% equity stake in the franchise.** Once the franchise has non-company ownership of 50%, it is no longer considered an RLA franchise: equity partners become the franchisees, of which RLA holds the outstanding equity position until purchased. At the point of 50% ownership, the franchise can be run by RLA for their Management Fee or the owners can manage it. If another group wants to buy Boston, you can either transfer your 10% ownership into another company operated franchise, or try to work with the group wanting to purchase.



b. Invest in a new franchise location. An investor may have RLA open ANY available location for a minimum equity investment of 25% of the Franchise Fee. This would then be considered a RLA franchise until equity of 50% has been purchased.



RLA has the right to market the investment opportunity to the public, and accept investment money from any investor at its discretion, until 50% of the equity has been sold, at which time a new investor must be approved by the other investors.

Why consider multiple investment options? To build multiple income streams.

Example: Investor X has \$250,000 to invest. Investor X might invest \$25,000 in stock, and the remaining \$225,000 divided equally among 2 Tertiary DMA franchises (say, Lancaster PA and North Shore MA) and a secondary DMA franchise (say, Waco, TX) at \$75,000 each. Investor X now owns a 30% position in 2 franchises, a 15% position in a third franchise, plus substantial stock in RLA.

Exit Strategy

The company exit strategy is to build a stable infrastructure, franchise system, superb branding, and VERY profitable revenue stream, offer it up for sale at the appropriate time. Should a sale of the business be proposed, voting members and stockholders will get final say on approval of the sale.

After studying the projected numbers, which we believe to be conservative, then projecting out an average growth of 15% (net) annually, we feel the value of the company by 2017, including the purchase of all the real estate and intellectual rights, could be upwards of \$100 million.

Conclusion

Though ZMJ/James Albion is new to the Racing Limos franchise, and to limousines in general, we are very experienced in the business of marketing and advertising. This plan offers very attainable goals, even in an adverse economic environment, and can only flourish dramatically as the economy returns in the coming years. By maximizing our strategy over the next several years, we will create a sound, stable business regardless of external economic conditions, viable for expansion or acquisition.

Now is THAT exciting, or what???

