



On a bride's wedding day, there isn't much she won't do to capture every moment of her special event. Nearly every one hires a professional photographer, paying an average rate of \$2,740 for the day. Many spend an additional \$2,000 for a videographer's services or to rent a party photobooth and get photos of their friends in staged poses. Since last April, Boston area brides have had an exciting third choice – *to see their wedding from dozens and dozens of perspectives for less than 20% of the cost of either of these choices.*

These photographers are, of course, the host's friends and family who willingly use their own digital cameras to capture the event's special and unexpected moments. Their photos are often the most natural, compelling, and spontaneous "keepers" a party host could ever hope to collect -- except that most of these photos never make it back to the bride or her family. The consequence: Each week, millions of "keeper" photos taken at weddings, bar/bat mitzvah and other celebration are stored away on distant hard drives never to be seen by the people who would appreciate them most.

Canditto is a small electronic device that copies guests' digital photos at the reception, before they walk out the door. Collecting photos onsite provides three distinct advantages over existing methods. First, it keeps the task from ever being relegated to a to-do list, or forgotten altogether. Stationed near the the reception hall's exit, it's nearly impossible to forget to use Canditto. Second, and in contrast to most photo sharing websites, it delivers *high resolution* files that can be enjoyed in their highest quality forever. Lastly, because it is designed for this single purpose, it's the fastest, easiest way to copy digital photos. With its proprietary algorithm filed with the USPTO in December of 2007, Canditto is the simplest and easiest way to make sure that all the event photos (and none of the guests' private ones) are copied for the hosts' immediate and forever enjoyment.

Based on our experience renting and test marketing our prototype unit since April, 2008, we've determined that direct rentals is the most effective method of deploying this technology. As of this writing, the prototype unit is booked and secured with cash deposits for every weekend in September, and six of in the following seven weekends. With each rental generating an average \$325 in revenue, this venture has already a modest financial success in its first year.

Future production units will be small enough to be express mailed nationwide inside protective cases. Each will ship with an externally-accessible "memory stick" that will hold all the collected photos and serve as the clients' primary keepsake. Duplicate files will also be stored in the unit's internal memory and later archived at Canditto's secure data warehouse should a client misplace his or her memory stick.

We expect Canditto's success to track the current photobooth rental industry, currently demonstrating an estimated 5% share of the US wedding market. As an early-mover, if Canditto achieves a similar share it will be a \$49M revenue company in year four. With a price 80% below than the photobooth, and delivering nearly four times the images to its clients, Canditto can very likely beat this conservative estimate.

While the business will focus on the rental of Canditto units, additional revenues -- or a successful business exit -- may be realized through partnerships with photo hosting websites, such as Shutterfly, oFoto, Snapfish, Kodak and other third party photo and album processing firms. Units may also be leased to event professionals. However, only the core rental operations are addressed in the business model forecast attached on page 3.

To realize this revenue, we will build on Canditto's existing patent to make the form of Canditto as unique as its function and create an intellectual property barrier between it and any would-be copycat devices. We are seeking capital to fund the product development, manufacturing and marketing for a summer 2009 launch of our first 100 rental units.

Fig. 1

Selected Achievements as of 8/15/08	Selected Specifications
<ul style="list-style-type: none"> <input type="checkbox"/> <u>Relevant Client Close Rate:</u> 16% of all web inquiries eventually rent the prototype unit <input type="checkbox"/> <u>Photos Collected To Date</u> > 20,000 (six formal events, two sleep-away summer camps and an outdoor public event) <input type="checkbox"/> <u>Media Exposure:</u> Significant. See Canditto.com for details. 	<ul style="list-style-type: none"> <input type="checkbox"/> <u>Average usage time per guest:</u> 28 seconds <input type="checkbox"/> <u>Average number of photos collected at a wedding:</u> 857 <input type="checkbox"/> <u>Current Prototype unit dimensions:</u> 30"W, 28"D, 34"T <input type="checkbox"/> <u>Projected Production unit dimensions:</u> 7"W, 3"D, 4"T

Fig 2.

Competitor Analysis						
	Canditto	Photo Booth	Dispos-able Cameras	Online Photo Sharing Websites	Email Attach-ments	Burn & Mail CD
Costs	\$400 + dep.	\$2,000 + dep.	\$260	\$0 to view Pay to print & save	\$0	\$2.50 + Labor
Typical Photos/Event	850	220 (All taken in booth)	120	200	25	45
Cost/Photo	\$0.47	\$9.09	\$2.16	--	--	\$0.05
Resolution	High	High	Low	Low	Varies	High
Same Day Delivery?	Y	N	N	N	N	N

See next page for our basic business model forecast, including margin and market share data

PRO FORMA INCOME STATEMENT

	Year 1	Year 2	Year 3	Year 4
Number of Events	2,100	9,900	35,700	119,300
<i>Wedding Mkt. Penetration</i>	<i>0.08%</i>	<i>0.38%</i>	<i>1.39%</i>	<i>4.67%</i>
<i>Bar Mitzvah Mkt. Penetration</i>	<i>0.12%</i>	<i>0.58%</i>	<i>2.09%</i>	<i>7.00%</i>
Price Per event	\$ 412	\$ 412	\$ 412	\$ 412
Revenues	\$ 865,200	\$ 4,078,800	\$ 14,708,400	\$ 49,151,600
Expenses (Variable)				
Labor	\$ 72,126	\$ 338,994	\$ 1,229,032	\$ 4,113,219
Thumb Drives	\$ 25,200	\$ 118,800	\$ 428,400	\$ 1,431,600
Shipping (Round Trip)	\$ 30	\$ 30	\$ 30	\$ 30
<i>Subtotal</i>	<i>\$ 97,356</i>	<i>\$ 457,824</i>	<i>\$ 1,657,462</i>	<i>\$ 5,544,849</i>
<i>Contribution Margin</i>	<i>89%</i>	<i>89%</i>	<i>89%</i>	<i>89%</i>
Expenses (Fixed)				
SGA	\$ 943,703	\$ 1,438,791	\$ 3,432,026	\$ 9,647,668
Total Expenses	\$ 1,041,059	\$ 1,896,615	\$ 5,089,489	\$ 15,192,517
EBITDA	\$ (175,859)	\$ 2,182,185	\$ 9,618,911	\$ 33,959,083
<i>Tax Rate</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Taxes (benefit)	\$ (52,758)	\$ 654,656	\$ 2,885,673	\$ 10,187,725
Net Income (Loss)	\$ (123,101)	\$ 1,527,530	\$ 6,733,238	\$ 23,771,358