

## TRANSPARENCY & ACCOUNTABILITY

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INVESTMENT &  
**Avalon** SECURITIES  
GROUP, INC.

**AvalonShare** is an open-book program. All Stakeholders will have access to the production and profit-sharing activities of AISG. The password-protected AvalonShare website provides detailed breakdowns of a Stakeholder's ShareValue, their percentage of profit for the month and who generated what and how much.

For the **AvalonShare** program to truly be ethical, those responsible for generating profit must also have real influence in how that profit is determined. This is what the **AvalonShare Leadership Council** (Council) is for. It is comprised of the top producing RR's at AISG. They are **THE VOICE** for all Stakeholders. The Council works with company management to determine the budget for the entire upcoming fiscal year.

All known and expected expenditures are reviewed and budgeted for. Training, insurance, salaries, fees and the like are estimated and agreed upon. Policies and procedures are also reviewed and evaluated by the Council. By giving this oversight to the Council, a verifiable benchmark is established by the Stakeholders for determining what corporate expenditures will be. This ensures monthly profits (and the amount placed in the profit-sharing pool) will not be reduced by indiscriminate or inappropriate spending by the Company.

For the first year of **AvalonShare**, the Leadership Council will be comprised of the top five producers at AISG for the 2008 fiscal year. (After this first year, the number of members of the Council may be adjusted upward as the situation dictates.) Each month, a Stakeholder may request a copy of the corporate financials for review.



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# AvalonShare

TRUE PROFIT SHARING

From literally the beginning of creation, men have sought their own personal gain at the expense of others. In most instances, this results in a few particular people (owners) receiving much reward from the labors of others (employees). While there is nothing intrinsically wrong with this, history has proven that most people will work with energy, zeal and integrity if their reward is tied to their performance, or the performance of the group they are a part of.

By the same token, when people have a real voice in the decisions of the company they work for, their support and care of the company is much greater. However, in most businesses, there are only a few who decide on how the company is run, what is purchased, how policies are enacted, etc. The same few people make and enforce policies that benefit themselves more than the people who work for them.

What if everyone working for a company had a stake in its success or failure? How would this change the climate of the company, the attitude of the people, and the profitability of everyone involved? We believe this to be the optimal environment for people to succeed in. We are creating that environment at Avalon Investment & Securities Group, Inc (AISG).

We call it **AvalonShare** and believe it to be the most ethical and motivating business model we've ever seen. It is a profit-sharing program for Stakeholders of AISG, enabling them to enjoy the financial benefits of ownership without the headaches and responsibilities of running the business. For our purposes, a Stakeholder is: 1) a Registered Representative listed under the Broker/Dealer of AISG, and/or 2) an affiliated person who recruits an RR to AISG. (A Recruiter is anyone in the **AvalonShare** system chosen by the recruit as the person who referred him or her to AISG.)

## HOW IT WORKS

Each month, the company puts a percentage of net profits into the profit-sharing pool to be distributed to Stakeholders. 30% of the first \$8,000 of company profits goes into the pool, and 50% of the profits over \$8,000 goes into the pool. (This disbursement of profit is in addition to any RR's commissions.)

Profits in the pool are distributed monthly based on each Stakeholder's ShareValue (SV)\*. A Stakeholder will receive profit based on SV\* down to seven recruit layers (i.e. - you recruit RR1, who recruits RR2, who recruits RR3, and so on).

You can recruit as many people to AvalonShare as you would like. Stakeholders will continue to share in profits as long as they have ShareValue (even after retirement or leaving AISG\*). Your AvalonShare program can also be placed in a will to be passed down to others in your family.

*\* Leaving AISG to join a different B/D will void your participation in AvalonShare.*

## THE POTENTIAL

<b>Direct Recruits</b>	50% of their profit-share* goes to you
<b>2nd Layer Recruits</b>	10% of their profit-share* goes to you
<b>3rd Layer Recruits</b>	5% of their profit-share* goes to you
<b>4th Layer Recruits</b>	5% of their profit-share* goes to you
<b>5th Layer Recruits</b>	7% of their profit-share* goes to you
<b>6th Layer Recruits</b>	10% of their profit-share* goes to you
<b>7th Layer Recruits</b>	13% of their profit-share* goes to you

*\*Profit-share is the portion of the profit pool generated by the Stakeholder's recruit(s)*

## THREE THINGS MUST BE PRESENT TO SHARE IN THE PROFITS:

1. The company must be profitable.
2. You must have recruited one or more recruits (making you a Stakeholder).
3. You must have a ShareValue.\*

*\* ShareValue is the portion of the profit pool generated by the Stakeholder's recruit(s).*

