



C O M P A N Y P R O F I L E 2 0 0 7



Erikson COMMERCIAL

Erikson PRO

Erikson
CONSUMER
A DIVISION OF JAM INDUSTRIES, LTD.

Erikson
AUDIO

american
music & sound
AM & S

Coastmusic

Erikson

KORG

Martin
MUSIC SYSTEMS

A Strong Foundation

Founded in 1972, Jam Industries Ltd. began operating in Montreal under the trade name of Erikson Music. In the 1980s Jam Industries widened its scope with the formation of Korg Canada and Erikson Pro Audio, allowing greater focus on important marketing areas. In April, 1986 Jam Industries purchased Coast Wholesale Music Ltd. and proceeded to transform this Western Canadian company from a regional distributor into a full-fledged national sales and marketing force. In the 1990s the company further expanded its Pro presence by creating two divisions; Erikson Pro and Erikson Audio, each with specific expertise addressing lighting, contractors, installed sound, touring sound, broadcast, recording etc. Jam also ventured into the consumer electronics industry in the early 90's, with a newly founded division - Erikson Consumer. American Music & Sound, the most recently added division, has enabled Jam Industries to emulate their business strategies in the United States with the cooperation of a sister company NAPA, which manages sales and marketing in the US.

Today, Jam Industries is made up of 8 divisions, each division led by a Vice-President, reporting directly to the Chairman and President. Each division acts as an individual profit centre and combined, they distribute over one hundred leading brands.



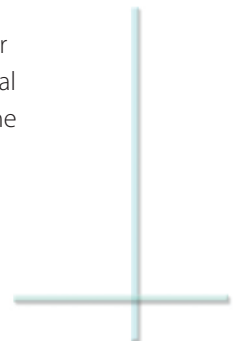
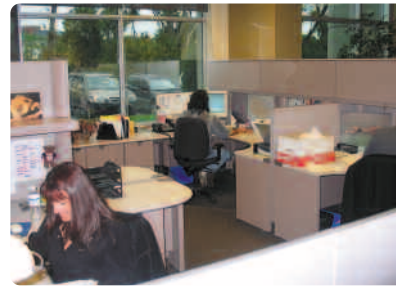
Philosophy

Over the past 34 years, Jam management has developed several simple but powerful distribution concepts. We have learned that the margin added in the supply chain must always be equal to the value added, and we fully understand the need for expertise and specialization in every segment we occupy. In sum, we have to be both cost efficient and specialized – our model solution is the “store in store” concept. We use the economy of operation within the larger Jam structure, and the expertise developed through specialized smaller divisional teams. To accomplish this we focus every day on our most important activities:

Efficiency: We have to be efficient and cost effective, allowing us to operate at industry leading margins. To this end we have established operational abilities that maximize the economy of scale possible through the total activity of the combined divisions. Our 250,000 sq. ft. of warehousing is constantly being updated with the latest methods and distribution technologies; high speed conveyor packing lines, RF bar code reading, our own dispatched trucks, etc. Jam’s IT systems and integrated accounting process are cutting edge, and are continuously under review. We work constantly at upgrading capabilities with key software partners like J.D. Edwards, People Soft and Cognos. Capital invested in these areas has always paid back doubly: we generally provide higher levels of customer service than our competitors in terms of speed, accuracy, and minimal back orders; and we do it for less.

Specialization: We understand that each market segment demands expert knowledge in every way. Each division is managed and staffed by the best people from that industry. We pride ourselves on our product expertise in each market, and wherever possible we incorporate brand specialists. Structured laterally, each division is a team led by a vice-president answering directly to the Chairman, President and Senior Vice-President, while working hand in hand with regional managers in day to day operations. Supported by dedicated professionals who coordinate clinics, promotions, and special events, each division has its own captured sales force for focused market penetration.

Jam Industries Ltd. combines the best of two worlds; truly boutiques tucked in a larger store. On one hand there is the financial strength and cost effectiveness of a substantial enterprise, on the other, the ability to react quickly, effectively, and personally - with the expertise expected.



Key Jam Industries Profiles

Martin Golden, Chairman

Our founder; a musician, music store owner, and manufacturer of power amplifiers, Martin founded Jam Industries in 1972 as an importer and distributor of musical instruments. He built the company from its humble beginnings to become one of the largest independent distributors of musical instruments, sound and lighting equipment, as well as consumer audio products in Canada.

Eddy Shenker, President

After graduating from Concordia University with a commerce degree, Eddy went on to McGill University while articling with Ernst & Young to become a Chartered Accountant (CPA in U.S.). After four years with E & Y, he went into industry in 1967 to become Vice-President, Administration and Finance of a large manufacturing company with over 500 employees. Eddy joined Jam Industries at the beginning of 1974 as Vice-President and full partner.

Marty Szpiro, Senior Vice-President, Erikson Consumer Division Manager

Since 1980 Martin has been in a management role in the CE distribution segment in Canada. He has been the driving force over this period in establishing and building many key audio brands in Canada. He is an industry leader, with an MBA in marketing. Joining Jam Industries in 1992, Martin spear-headed the new Consumer Electronics division at Jam Industries. Sales for this division over the past 10 years have gone from \$5m to \$36m. As the Senior Vice-President, Martin's role at Jam Industries has broadened, involving him with every aspect of the business.





The Divisions

Erikson Commercial

Erikson Commercial provides solutions for distributed audio, video, system control and automation, catering specifically contractors and integrators. Specializing in media distribution systems including multimedia solutions, markets include store casting, background and foreground music systems, voice paging and evacuation, dynamic digital signage distribution and system automation. In-house customer service representatives and product specialists are factory trained to assist high-tech customers, and a dedicated sales rep force calls on professional sound contractors, installers, and multimedia system integrators across Canada.

Erikson Pro, Martin Canada

Erikson Pro truly reflects its name, pursuing distribution to audio and lighting professionals in every category: contracting, touring, install, etc. Acting as a partner and consultant for many of its suppliers, Erikson Pro has built a strong relationship with all major rental and install companies across the country based on expertise and service know-how, understanding that first, the show must go on! Professional equipment distributed includes renowned brands such as Martin Professional Lighting, Compulite, Doughty, JEM. Allen & Heath, Mach, SLS, Aphex, KV2, Pulsar, Swefog and Omnimount.

Erikson Audio

Erikson Audio specializes in distributing pro audio equipment to multiple segments: recording, sound reinforcement, commercial audio and DJ. This division caters to pro audio outlets, broadcast supply houses, music stores, sound contractors, DJ shops, night club installers, studios, industrial and residential contractors. Brands include Audio-Technica, Antares, Ashly, Cerwin-Vega, Focusrite, Fostex, Horizon, KRK, NetCIRA, Novation, PreSonus, Quad Industrial, Stanton, SurgeX, Vestax and Wharfedale Pro.

Erikson Music

Musical instrument distributor of major international brand products, catering to music stores. Products include guitars, guitar amplifiers, pickups, synthesizers, pianos, drums, percussion, effect pedals, and mixers. This division boasts brands such as Marshall, Pearl, Digitech, DOD, Washburn, Phonic, Wharfedale, Vox, Hagstrom, Gator, Floyd Rose, Mark Bass, Protechtor, Quick Lok, Oscar Schmidt, Head Hunter, Dtar.

American Music & Sound

Jam's entry in the US several years ago has developed in two natural directions; Pro Audio and Music. The operations are completed in Canada under the Jam umbrella and a sister company NAPA (North American Light and Sound) in Los Angeles takes care of all marketing and sales management in the US. Lines represented include renowned brands such as Allen & Heath, KV2, NetCIRA, Focusrite, Novation, Hagstrom, Walden Guitars and Mark Bass.

Coast Music

Distributors of all music accessories, catering to music stores, mass merchants, and catalogue houses. Products include guitars, amplifiers, mixers, drums, percussion, drum sticks, cymbals, harmonicas, accordions, stringed instruments, brass, picks, strings, stands, tuners, metronomes, educational products, instrument parts, novelties, and a wide variety of musical accessories. Brands include Jupiter, Sonor Drums, Sabian Cymbals and Vic Firth.

Korg Canada

Operating as a self standing sales division with its focus exclusively on Korg and that brand's vast array of products, this division reports to the management of Erikson Music.

Erikson Consumer

Erikson Consumer distributes a select group of audio products including home theater, mobile audio/video, custom, and multimedia products which can be found in national and regional CE chains, department stores, furniture and appliance chains, and specialized independents. Products distributed include home theater receivers, speakers, CD and DVD players, custom electronics and computer speakers. Renowned brands include Harmon/Kardon, JBL, Infinity, Audio Access, Synthesis, Nuvo Technologies, Quest, Precision Acoustics, Metra, Nakamichi (mobile), Accele Video, Bassworx, Ultimate, Memphis, Dynamat, and Crimestopper.

Facilities

Truly national in scope, Jam Industries has established a comprehensive distribution network throughout Canada. Jam's Montreal head office provides prompt, efficient bi-lingual service for Quebec, Ontario and the Maritimes, while our location in Vancouver services the Western provinces. A new state-of-the-art distribution centre (215,000 sq. ft., with a 28ft clear racking horizon), the Montreal head office facility punctuates our on-going investment in technology. This is in addition to our custom-built (35,000 sq. ft.) office/warehouse complex in Vancouver. Full RF bar coding enhances our customer service software, while built-to-spec construction has allowed us to incorporate excellent show room and demonstration facilities for cutting edge sales training and product clinics. Toll-free "800" numbers and extensive telemarketing staff at each location maximize market communication and sales.



Service & Quality Control

Jam Industries has built its reputation and business on service. Nowhere is this more important than in the service department. Service departments are maintained in Montreal and Vancouver, staffed by over 50 expert technicians and equipped with the latest, leading-edge testing and analysis equipment, and supported by nationally networked parts computer inventory and ordering systems.

Teamwork

Jam now employs over 250 people at their state of the art offices and distribution centres in Montreal and Vancouver with 250,000 sq. ft of warehouse space, and remains the largest privately owned distributor of its kind in Canada. The key to Jam's success is its people who are carefully selected for their professional skills and are committed to the efficient and productive administration of the company in all areas, including:

Sales

- Over 50 outside sales reps (working exclusively for Jam Industries Ltd.) and 18 inside sales people
- Technical support
- Telemarketing support

Service & Repair

- 60 people in total
- In-house facilities
- Full stock parts
- Selected service centers
- Qualified technicians

Inventory Support

- Extensive warehouse space
- Full stocking across Canada

Quality Control

- Complete inspection and test processes prior to delivery

Technical Support

- Product specialists

Marketing

- Promotion
- Advertising
- In-house graphic department including full desktop publishing (6 full-time designers). In-house print shop staffed by 3.
- Marketing team for each division and product group



Executive Summary

With over thirty years of experience, Jam Industries first began as an importer/distributor of musical instruments and accessories, with sales of less than \$1 million. Today, with its unique distribution network, comprised of 8 divisions, serving markets from musical instruments to pro audio to professional lighting, and sales approaching \$150 million, Jam Industries is uniquely positioned to effectively distribute and expand market share for an extremely wide range of quality products.

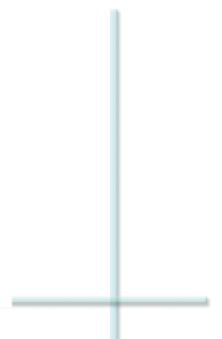
Advantages

- Jam can reduce handling expenses
- Jam assumes all marketing/service responsibilities
- Jam prepares annual forecast and budgets and accepts scheduled orders
- Jam's strength in marketing, training, and sales will guarantee more dealers and larger market share
- Jam's relationship with installers, spec writers and studio/broadcast ensure full coverage of the Pro Audio market
- Jam's market strength in the Consumer segment, including National CE chains, and Regionals translates to more dealers and larger market share
- Jam's geographic strength guarantees more dealers - as every city and town has Jam dealers
- Jam will invest in building the brands through advertising, trade shows, training etc.

Success

The keys to Jam's success are its people and its structure.

- People
 - Open lines of communication to inspire initiative, self-motivation, achievement
 - Careful selection, low turn-over, career-oriented staff
- Lateral Structure
 - All can interact freely, for better sharing of ideas and work experience
 - Team-oriented approach
- Best of Both Worlds
 - Financial strength of a large company - high equity
 - Millions of dollars in long-term financing, over and above standard terms
 - Ability of a small company to react and manoeuvre quickly - fast and nimble
 - 8 semi-autonomous divisions pursuing their own objectives





***Head Office & Warehouse
Montreal***

21000 TransCanada
Baie D'Urfé, Quebec
H9X 4B7
Tel.: 514.457.2555
Fax: 514.457.0055

***Branch Office & Warehouse
Vancouver***

580 Ebury Place
Delta, B.C.
V3M 6M8
Tel.: 604.520.0568
Fax: 604.520.6352

www.jamindustries.com
email: info@jamindustries.com

