

Business Overview of Company, Inc.

Company, Inc. (the “Company” or “Company”) develops applications that deliver valuable, localized content and information to travelers and consumers via portable, hand-held devices, known as personal digital assistants (PDAs). This content includes images and descriptions of local restaurants, current entertainment events, places to shop, as well as maps and editorial commentary. The Company markets its applications as a service to businesses and others that in turn service travelers and mobile consumers. The Company anticipates generating revenue through the sale of advertising space to businesses.

Market Opportunity

Industry analysts project that within the next three years the sale of PDAs will exceed the sales of desktop computers, with a projected 38 million units being sold annually by 2003¹. Industry research shows shipments of PDA units nearly doubled to 9.4 million units in 2000 compared to 5.1 million in the previous year². The Company believes that it will be able to generate revenue from advertisers eager to target traveling PDA users. Through the use of the Company's software applications, advertisers will have the opportunity to present more informative, current, localized, targeted and cost-effective advertising to the traveler as compared to traditional traveler targeted advertising mediums such as in hotel rack brochures, in-room publications, yellow-page directories, radio, television or newspapers. In Orange County, California alone, where the Company has launched its service, there are approximately 23,000 businesses that sell to the nearly 40 million travelers who visit Orange County each year, spending approximately \$6 billion for consumer-related products and services³. These businesses currently spend an estimated \$100 million in localized advertising, including an estimated \$10 million for in hotel advertising publications.⁴

Company Services

The Company currently delivers its services utilizing standard PDA devices configured with the Company's software applications, which we refer to as “PDAs.” The PDAs are battery-operated, hand-held devices, with a graphical display screen, are small enough to fit in a shirt-pocket and run on Microsoft's Windows CE operating system. The Company also plans to port its software applications to the popular Palm Pilot operating system. The Company allows users who have their own PDA to preview and download the Company's content and software applications from the Company's web site.

The Company's software applications, as currently configured for delivery via the *Company*, allow the Company to deliver several pages of customized graphical content on 300 merchants in each device, including a business' logo, a “call-to-action” description, a freeway map and a street-level map. The traveler is provided with the pertinent details on local establishments and points of interest, in an eye-catching manner that both captures the traveler's attention and empowers him to make a purchasing decision.

Company Advantage

Company offers advertisers a number of important advantages. First, the *Company* user, who fits the well-established traveler profile, is virtually assured to buy something within hours or even minutes of viewing *Company* content. Second, the *Company* audience completely turns over approximately every three days, which is the average visitor stay as reported by the Anaheim/Orange County Visitor & Convention Bureau. This equates to about 120 potential users per *Company* per year – a 120-fold increase in effective advertiser exposure. Third, the traveler has affirmatively decided to use the Company's service for the express purposes of viewing advertising. Fourth, because of the Company's localized content, every *Company* user is in the immediate vicinity of the advertiser and is therefore a

¹ According to Forrester Research as reported in *The Industry Standard*, “The Future Is at Hand” July 9, 1999.

² According to Gartner Group as reported on ZDNET.COM, “2000: The year PDAs grew up” December 31, 2000

³ As reported in “The Economic Impact of the Visitor Industry in Orange County”, published by the Anaheim/Orange County Visitor & Convention Bureau in 1999.

⁴ Estimated by Company Management using data published by the US Census Bureau and McCann-Erickson Worldwide

potential patron. Finally, the Company is able to control advertising content in nearly real-time, making it possible to update advertising to accurately reflect daily events, something that is much more difficult, if not impossible, to accomplish with traditional advertising mediums.

Company Market Penetration Strategy

The Company has implemented a seeding strategy in order to gain early market share and establish a sufficient audience base to generate revenue. Beginning in March 2000 the Company started deployment of approximately 1,000 PDAs in hotel and lodging facilities in Orange County, California, primarily around the Disneyland theme park. PDAs are provided free-of-charge to lodging establishments and their guests who are free to carry and use the *Company* throughout their stay in Orange County. The Company's technical team supports the hotel concierge and front desk staff that will be distributing PDAs to travelers. The response has been quite positive. During the seven months ending December 2000: The number of PDAs available to guests grew from 130 to nearly 1,000; there were over 6,600 guests that checked out a *Company* for use during their stay; the Company contracted with 91 advertisers; and the Company contracted with 31 properties to serve as *Company* distribution sites. In the short time that PDAs have been available the Company has already received unsolicited requests from hotels, advertisers, and guests for the *Company* service.

The Company also plans to approach major hotel chains, such as Marriott, Hilton, Starwood, and Hyatt, at the corporate level in order to solicit their participation in placing PDAs directly into the rooms of many of their properties. In effect, the Company would contract to rent a small space in each room of several of a chain's properties in which to place a *Company*. This master hotel strategy has the added advantage of reducing the Company's distribution costs and allowing accelerated market penetration enabling it to approach larger national advertisers sooner.

Strategic Alliances

In June 2000, the Company entered into a Content Licensing Agreement with [REDACTED] that permits the Company to utilize and display certain content from [REDACTED] Orange County publications on *Company* devices, (subject to the terms and conditions of such agreement). [REDACTED] reports that its travel books are distributed in more than 2,000 fine hotels in over 30 major markets across the nation, reaching over 40 million business and leisure travelers. Obtaining quality content from [REDACTED] will enable the Company's management and sales force to focus on building the base of hotels distributing PDAs devices which, in turn, will drive revenue from larger advertisers willing to spend increasing amounts for exposure on the devices.

The Company currently has contracts with over 30 Orange County area properties to distribute PDAs. Some of the most well known hotel chains are among the list, such as Best Western, Courtyard by Marriott, Doubletree, Embassy Suites, Fairfield Inn, Hilton Garden, La Quinta, Marriott, Radisson Inn, Residence Inn, and Wyndham. Several independent properties and car rental agencies are also included.

The Offering

Through this Offering, the Company is seeking to raise up to **Error! Reference source not found.**, which it currently plans to use to expand its services and content to include many of the top travel destinations in California and the US. The Company also intends to expand its marketing and sales force in order to become a dominant information service and content provider for PDA devices, first, in the Orange County travel industry, and then rapidly throughout regions where there are significant concentrations of traveling consumers. Proceeds from the Offering will also be utilized to complete development of other Company PDA software applications – all designed to provide the consumer with free, easily accessible, and current information wherever he or she may be, while providing businesses with a highly cost-effective alternative to traditional print advertising.