

Confidential Private Placement Memorandum Number: V28

Offeree: _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM



\$12 MILLION PREFERRED STOCK

January 2001

WACHOVIA SECURITIES, INC.



Company has retained Foley & Lardner to shepherd its patent development and procurement. In addition, the Company has retained Kenneth Rubenstein of Proskauer Rose, LLP to oversee its entire patent portfolio – Mr. Rubenstein is the head of the MPEG-2 patent pool.

iviewit has assembled a complementary and seasoned, management team with executive rank, Fortune 100 and early-stage, entrepreneurial experience. The Company has retained Korn / Ferry to assist in the identification and recruitment of a high impact Chief Executive Officer (preferably from the media or entertainment industry) and an experienced Chief Technical Officer.

Since its June 1999 inception, the Company has raised over \$4.3 million of venture capital from Crossbow Ventures, Huizenga Holdings, and individual investors.

Technology Overview

iviewit’s suite of video and imaging technology processes work across all industry platforms.

Imaging:

iviewit’s imaging process is an enabling technology that creates an unparalleled, content-rich, viewing experience. Significant advantages of iviewit’s imaging process include the following:

- Photo-quality Internet images
- Resistance to pixelation even at 30+:1 magnification (note: depending upon the material and the desired magnification)
- Full-screen and panoramic viewing up to 360°
- Consistent quality regardless of the end-user’s Internet connection
- File sizes of 30Kb to 700 Kb for full panorama

Video:

The Company’s video technologies allow high quality video streaming in the 150-300 Kbps range, providing better product and price performance for the product delivered and a significantly improved results in the 28-150 Kbps range. Below is a chart comparing iviewit’s video capability to current industry levels:

<u>Bandwidth Range</u>	<u>iviewit Frame Rate</u>	<u>Industry Typical Frame Rate</u>
28-56 Kbps	8-15 frames/sec.	4-8 frames/sec.
56-150 Kbps	15-30 fps	12-20 fps
150-300 Kbps	30 fps	12-24 fps

The iviewit video technology is a highly scalable process costing approximately \$1.50/min of encoded video. The resulting files are ~25% less than comparable quality files. iviewit’s 220Kps streams are equivalent to competition 300Kbps streams.

Business Strategy

iviewit intends to serve as an end-to-end applications solutions provider incorporating iviewit’s proprietary imaging and or video technologies as well as a full-service image and video encoding, hosting and serving provider. iviewit licenses its imaging solutions to B2B and B2C clients in the auction, collectibles, and retail space with subsequent marketing into the healthcare and medical markets. iviewit is also structuring OEM and re-seller relationships to bundle the imaging software and processes with existing hardware including: digital cameras, scanners, and PCs. iviewit is structuring video license agreements with major content and broadband access providers to incorporate the iviewit process into video encoding solutions for direct internet streaming.

iviewit technologies are “process technologies” with pending patents based on efficiency equations, and many of the applications for these technologies are just now being recognized.

II. INVESTMENT HIGHLIGHTS

- ◆ ***Unique processing technologies for video and imaging***

iviewit's patent pending processing technologies can create high-definition images with "scan, pan, and zoom" capabilities, high-fidelity audio streams, and full-screen, full-frame rate video for streaming over the Internet. The iviewit video technology is a highly scalable process. The resulting files are approximately 25% less than comparable quality files. iviewit 220Kbps streams are equivalent to competitive 300Kbps streams. The Company's imaging process delivers images that are photo-quality, resistant to pixelation even at magnification levels of 30+:1. Images produced by iviewit's proprietary process are identical in quality regardless of the end-user's Internet connection speed. File size options are tailored to minimize download times and optimize the end-user's experience.

- ◆ ***Complementary and Seasoned Fortune 100 and Entrepreneurial Management Team***

iviewit has assembled a complementary and seasoned management team with Fortune 100 and early-stage, entrepreneurial experience. Management consists of former IBM operations executives who have experience in building video delivery capabilities and of marketing talent from successful venture-backed technology companies. The Company recognizes its strength in operations and product development and recognizes the need to attract a capable, experienced CEO and CTO to accelerate the Company's development. iviewit has retained Korn / Ferry to assist in the identification and recruitment of this talent.

- ◆ ***Strong and Experienced Board of Directors and Advisory Board***

iviewit's Board of Directors and Advisors consist of several well-established individuals from the technology, entertainment, and financial community. Directors have extensive backgrounds with top-tier firms such as Goldman Sachs, Kidder Peabody, and McKinsey & Co. Crossbow Ventures has provided \$3.0 million in funding and sits on the Board. Technology and entertainment guidance comes from a partner at Armstrong Hirsch Jackoway & Wertheimer and from Kenneth Rubenstein, the head of the MPEG-2 patent pool.

- ◆ ***Significant Intellectual Property Position and Strategy***

iviewit has protected its enabling technologies by filing 6 patent pending applications in both the United States and abroad for its video streaming and imaging capabilities, covering a wide array of enabling technologies. The Company also has two remaining provisional patent pending applications that will be converted to patent pending status within the allowable period. The Company has retained Foley & Lardner to shepherd its patent development and procurement. In addition, the Company has retained Kenneth Rubenstein of Proskauer Rose, LLP to oversee its entire patent portfolio. The Company's strategy is to establish market precedence through licensing of trade secrets and know-how.

- ◆ ***Substantial Market Penetration and Growing Customer Acceptance***

The Company commercialized its products in May 2000. In just 5 months, iviewit has experienced a 75% success rate in obtaining service and licensing customers, securing 17 customers to date – primarily in the entertainment, advertising, and hotel markets. The Company expects to realize approximately \$400,000 in revenues by year-end from these customers. High profile customers include Ellen DeGeneres, Z.com (Alanis Morissette), Hyatt Hotels, Gear Magazine, and Hollywood.com. Highly probable for closing by year-end 2000 include Warner Brothers and Greg Manning Collectibles.

- ◆ ***Focused on Media Rich Target Markets – Unlocking the Value of Content***

The Company's business strategy is to first target high-profile content owners and distributors as clients to process video and images and to brand those images with iviewit's logo. Secondly, iviewit plans to co-brand with famous celebrities and

Investment Management, both based in London. Among his primary areas of expertise are technology research and economic research, including electronics, telecommunications and computer software. Most recently, he was Senior Technology Analyst and Vice President of Southeast Research Partners, Inc. where he worked with leading technology companies. He earned a bachelor of arts degree at Yale University and a master of business administration degree at Stanford University.

Advisors

Alan J. Epstein

Partner, Armstrong Hirsch Jackoway Tyerman & Wertheimer, P.C.

Mr. Epstein's law practice consists of advising Internet companies on various issues pertaining to the entertainment and sports industries, including the creation, licensing and acquisition of content, the introduction and negotiation of strategic partner relationships, and various other matters relating to the convergence of technology and content. Mr. Epstein also advises his firm's numerous celebrity clients on the exploitation and protection of their name and likeness rights and content on the Internet, as well as merchandising, endorsement and sponsorship deals. Prior to entering the UCLA School of Law, Mr. Epstein was a certified public accountant at Deloitte Haskins & Sells in Dallas, Texas.

Kenneth Rubenstein

Partner, Proskauer Rose LLP

Mr. Rubenstein is a partner at Proskauer Rose LLP law firm and is the patent attorney for iViewit. He is a registered patent attorney before the U.S. Patent & Trademark Office. Mr. Rubenstein counsels his clients with respect to the validity and infringement of competitors' patents, as well as prosecutes patent applications. For the past several years he has worked on the formation of a patent pool, for MPEG-2 technology, involving large consumer electronics and entertainment companies. He is also a former member of the legal staff at Bell Laboratories. Mr. Rubenstein received his law degree, cum laude, from New York Law School, and his Ph.D. in physics from the Massachusetts Institute of Technology where he also graduated with a B.S. Degree.

Christopher C. Wheeler

Partner, Proskauer Rose LLP

Mr. Wheeler is a member of Proskauer Rose LLP's Corporate Department and as a partner in the Florida office has a versatile transactional practice. He has had extensive experience in real estate and corporate law, institutional lending and workonts, administrative law and industrial revenue bond financing. Moreover, he serves as a strategist and counselor to many clients in handling their other legal and business matters. Mr. Wheeler is well-versed in general corporate law as well as mergers and acquisitions and securities matters. He has guided companies from startup through initial private placements to public offerings. A graduate of Hamilton College and Cornell Law School, Mr. Wheeler was a member of the managing Board of Editor of the Cornell Law Review.

*Legal &
Accounting
Counsel*

Arthur Andersen, LLP

Arthur Andersen's vision is to be the partner for success in the New Economy. The firm helps clients find new ways to create, manage and measure value in the rapidly changing global economy. With world-class skills in assurance, tax, consulting and corporate finance, Arthur Andersen has more than 70,000 people in 83 countries that are united by a single worldwide operating structure that fosters inventiveness, knowledge sharing and a focus on client success. Since its beginning in 1913, Arthur Andersen has realized 86 years of uninterrupted growth, with 1999 revenues over \$7 billion. Arthur Andersen is a business unit of Andersen Worldwide.

Proskauer Rose, LLP

This law firm is one of the nation's largest law firms, providing a wide variety of legal services to major corporations and other clients through the United States and around the