Two Year Expansion Plan

This Plan is the confidential proprietary information of Arthur R. Hair and Scott C. Sander. The recipient of this Business Plan is required to keep all non-public information contained herein in confidence.

HIGHLY CONFIDENTIAL
ATTORNEYS' EYES ONLY
FINANCIAL INFORMATION

98-0118
000595A

CONFIDENTIAL

Table of Contents

HIGHLY CONFIDENTIAL
ATTORNEYS' EYES ONLY
FINANCIAL INFORMATION

I. Executive Summary

Patented Technology — In the mid 1980s, Arthur R. Hair conceived an new method to electronically sell and distribute movies and music in digital form. On March 2, 1993, Mr. Hair received United States Patent 5,191,573 protecting a method to sell movies [digital video recordings] and prerecorded music [digital audio recordings] over telecommunications lines. More specifically, and without limitation, Mr. Hair's patent protects the electronic sale and transmission of digital video and digital audio recordings over telecommunications lines and corresponding charges [i.e. to a telephone bill, credit card, or other billing means] for the purchase or rental of the digital recordings.

Parsec Sight/Sound, Inc. — [ownership/control of the patented technology] Mr. Hair and Mr. Scott C. Sander, joint owners of the patented technology, transferred ownership of United States Patent 5,191,573 to Parsec Sight/Sound, Inc. Parsec Sight/Sound licensed Mr. Hair's invention to Digital Sight/Sound, Inc.

Digital Sight/Sound, Inc. — [control of the distribution system] Mr. Hair and Mr. Sander established Digital Sight/Sound, Inc. for the purpose of electronically selling digital video and digital audio recordings via the Internet, which is protected by the method set forth in USP 5,191,573. Digital Sight/Sound entered into an exclusive licensing agreement with Parsec Sight/Sound authorizing Digital Sight/Sound to electronically sell and distribute prerecorded movies and music in digital form via the Internet. Initially, Digital Sight/Sound is concentrating only on the electronic sale of recorded music.

Virtual Records, Inc. — [control of music recordings] Mr. Hair and Mr. Sander established a new and virtual record label marketing music recordings in cyberspace called Virtual Records, Inc. Virtual Records represents xx bands and expects to represent hundreds of other "up and coming" bands on the Internet which have not yet contracted with a traditional recording label. Virtual Records will seek out and sign these previously unsigned bands for the express purpose of selling their music electronically via the Internet. Digital Sight/Sound entered into a favorable contract with Virtual Records, Inc. whereby Digital Sight/Sound would electronically sell and distribute music controlled by Virtual Records. Virtual Records will approach "unsigned" bands via global advertising on the Virtual Records Web Site, trade magazine advertising, and direct solicitation of managers and agents. With only one copy of the band's digital recording [either CD or DAT], Virtual Records can sell an infinite number of electronic copies of that recording, world wide via Digital Sight/Sound's *virtual record store* on the Internet. Additionally, Virtual Records will offer each band a page on the Virtual Records "home page" on the Internet for global promotion of the band.

II. The Internet

Initial Objective of the Internet — The Internet owes its existence to the Pentagon and the Cold War. If an atomic war were to break out, telephones would be the first victim. So, the U.S. Government wanted to bomb-proof the communications linking the U.S. Government with institutions performing defense research, defense contractors, and other defense related entities. In 1964, the concept of a "center-less" network was developed by the Rand Corporation. This would mean that no single computer connected to the communications network could be a weak link if destroyed by a well placed bomb. The government "think tank" anticipated hundreds and eventually thousands of computers connected in parallel with plenty of communication line redundancy built in, the way the human brain is wired, so that the loss of a few key "neurons" would not result in the loss of key bodily functions.

History of the Internet — The result of Rand's efforts was called ARPAnet after the Pentagon's *Advanced Research Projects Agency*, the sponsor of the project. ARPAnet came into existence in 1969, and since its inception the Internet has grown from 4 computers networked together to over 16,000 interconnected networks, each network containing multiple individual computers. As the number of universities and other organizations on the original ARPAnet increased, it became clear that making communication easier between colleagues around the country had benefits that went well beyond military research. In 1985, with the goal of connecting five supercomputer sites around the country, the National Science Foundation [NSF] created regional networks using TCP/IP protocols from the ARPAnet. In 1989, the ARPAnet was decommissioned. The greatest measure of the stability of the Internet lies in the fact that when the ARPAnet was shut down, Internet users didn't even notice. Conversely, with the proliferation of free enterprise on the Internet, level of service has increased and the number of Internet users began to grow and is still growing today — at a rate of 20% per month by many estimates. In 1992, the Swiss high-energy physics research organization, CERN, unveiled the World Wide Web [a user friendly feature of the Internet], with support of fonts, graphics, sounds, and video. The resulting World Wide Web made the Internet user friendly and Web browsers such as NCSA Mosaic were created to further assist the "computer illiterate" in their ventures on the Internet. The 1993 release of this first Web browser, NCSA Mosaic rocketed the rapid growth of the Internet. The World Wide Web is a menu system which gathers Internet resources from all over the world into a series of menu pages, or screens for graphical view by the user. The World Wide Web is also a distributed system which stores data and information on many computers. Currently, with innovations provided by Netscape and Silicon Graphics, new standards and file formats are being added, bringing the World Wide Web to a true "media-rich" environment.

The Internet's Future — Currently, it is estimated that 20 to 40 million people use the Internet worldwide, with one million new users per month. Opening up the Internet to the "general" public will virtually guarantee its continued exponential growth through 1996, when the Internet will experience a step function increase in both bandwidth and users. A new company called *@home*, recently formed by the Menlo Park venture capital firm Kleiner Perkins Caufield & Byers and Tele-Communications Inc., the nation's largest cable company, will provide high-speed Internet access through cable television systems. *@home* will begin to offer Internet access in the first quarter of 1996, to TCI cable TV customers, as well as, to customers of various other cable TV systems. Pricing is expected to be $30 to $40 a month for unlimited use at the astounding speed of 10 megabits per second. With over 11.7 million TCI cable TV customers, this high-speed cable service could quickly make TCI the single largest Internet Provider. Once operational, millions of cable TV customers could "down load" an entire *virtual album* [digitally compressed] from Digital Sight/Sound in about 87 seconds.

III. The Digital Sight/Sound Distribution System

Virtual Record Store — Digital Sight/Sound operates a Web Site on the Internet's World Wide Web which acts as a *virtual record store* on the Internet. Digital Sight/Sound's Web Site address is *http://www.sightsound.com*. The Web Site operates on a Silicon Graphics' Web server computer system and running software provided by Netscape Communications Corporation. Digital Sight/Sound currently practices the invention protected by Mr. Hair's patent, "down loading" digital audio recordings to customers upon payment via credit card. The equipment comprising Digital Sight/Sound's *virtual record store* is located at 610 Smithfield Street, Suite 405, Pittsburgh, PA 15222. Hardware: Silicon Graphics WebFORCE Indy 200MHz R4400SC Web Server; Kentrox DSU/CSU; Cisco 2500 series router; and ethernet network. Software: Netscape Commerce Server software; Netscape Navigator; WebMagic authoring software; MPEG Encoder software; and master copies of digital audio recordings available for purchase. Internet Access: MCI Telecommunications Corporation provides Digital Sight/Sound's dedicated fiber optic connection to the Internet. The connection utilizes a T-1 fiber optic line offering 1.544 megabits per second service. Increased capacity to a DS-3 line offering 45 megabits per second service is available as necessary. As the Digital Sight/Sound customer base grows, multiple "web servers" will be added and linked in parallel to accommodate the growing demand and "web servers" will be placed major markets throughout the United States and in key international locations.

Customers — The initial customers of Digital Sight/Sound are the Internet *early adopters*. The prototypical *early adopter* has high bandwidth access to the Internet via their association with universities or corporations and possesses the hardware and software necessary to fully utilize Digital Sight/Sound's *virtual record store*. Hardware: multi-media PC or Macintosh; available data storage device in excess of 700 Mb; random access memory in excess of 8 Mb; 386 microprocessor or equivalent or better. Software: Netscape Navigator v1.1 or equivalent. Netscape Communications Corporation, as previously mentioned, produces the popular Netscape Navigator which is a direct descendant of NCSA Mosaic [created by the National Center for Supercomputing Applications in 1993]. First shipped in December 1994, the Netscape Navigator is already used by over 80% of Web users. Internet Access: ISDN access [128 kilobit per second] to the Internet or better. In mid 1996, a new type of customer will be catered to, the *residential customer*. Through the *@home* offering, *residential customers* across the country will have more than enough bandwidth to take advantage of Digital Sight/Sound's *virtual record store* on the Internet. As point of reference, *@home* will offer the *residential customer* bandwidth 78 times greater than today's very affluent Internet user connected to the Internet via an ISDN line.

Ease of Electronic Purchase — The customer uses with their *Personal Computer* [as configured above] to access the Internet through Netscape Navigator and accesses Digital Sight/Sound's *virtual record store*. As mentioned above, Digital Sight/Sound's *virtual record store* on the Internet is structured under the Netscape Commerce Server software which is designed for seamless interaction with the Netscape Navigator software. Using the Netscape Navigator software, the customer instantly visits Digital Sight/Sound's *virtual record store* on the Internet, browses through the menu of recording titles that can be indexed and cross referenced, selects a recording, enters their credit card information for verification and payment, and "down loads" the selected recording to their own *Personal Computer*. Various "freeware" software programs are currently available which permit the user to playback the audio recordings on various computer platforms [i.e. PC, Mac, UNIX, etc.]. In 1996, Digital Sight/Sound plans to offer an Entertainment Operating System which will permit the customer to manipulate their purchased recordings with ease.

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.