

Book Number: _____

SWIFTSURE CAPITAL LLC

AdMission

Confidential Information Memorandum

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ALL INQUIRIES AND REQUESTS FOR FURTHER INFORMATION SHOULD BE DIRECTED TO ONE OF THE FOLLOWING:

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I. Executive Summary

Objective. Management buyout of business unit from a publicly-held parent company.

Funding. \$3.5 million in equity funding

Business.

- Web-based enhanced ad creation and display tools that enable publishers to accelerate and monetize the migration of individual & small business advertisers online
- Client licenses its technology as an ASP service to content aggregators, newspaper classifieds, yellow pages and local search publishers
- Publishers generate incremental revenue with 70-85% gross margins by up-selling Client's products as a premium advertisement enhancement, online and in print
- Recurring revenue streams of monthly transaction fees based on # ads sold, Client retains 15-30% of transaction value
- 75% of 2005 revenues expected to be generated from customers under contract today
- First to market with significant barriers to entry for competition
- Dominant channel position in newspapers and early entry into yellow page market

Market Opportunity.

- **Market Trend.** Local SME advertising is migrating from print to online; online U.S. revenues will grow 2.5 times from \$8.4 billion in 2004 to \$21.3 billion in 2008, print will remain flat
- **New Competition.** New online entrants (eBay, Google, Yahoo) are placing traditional print publishers (newspaper classifieds, yellow pages) under attack for local SME advertising dollars
- **Defense.** Traditional publishers need to offer better, easier tools for SME's to create and display ads online, but lack expertise to do so
- **Solution.** Client sees an opportunity to provide traditional publishers with a world-class online ad creation & display capability today
- **Addressable Market.** Client estimates its addressable market will grow from \$1.2 million in 2004 to \$45.6 million in 2008
- **Market Share.** Client expects to achieve over 40% market share by 2008

Intellectual Property. Client owns broad-based patents on technology and processes related to the collection, transformation and distribution of media on the Internet.

[REDACTED]

[REDACTED]

Exit Strategy. Strategic sale to a newspaper group, yellow pages or local search provider

The Transaction: Swiftsure is sponsoring a management buyout of the IPIX AdMission assets and on November 24, 2004 Swiftsure and IPIX signed a letter of intent outlining the terms of the proposed transaction, which the parties intend to close prior to December 31, 2004. A new company, AdMission, Inc., has been formed and all related IPIX AdMission assets will be transferred or licensed to the new entity,

including customer contracts, employees, equipment, facilities, vendor relationships and intellectual property.



Summary Pro Forma Financial Information

Figure 1 - Income Statement

	Annual					
	2003	2004	2005	2006	2007	2008
	<i>Projected</i>					
<i>(\$US)</i>						
Revenues						
Newspapers	\$ 72,579	\$ 323,156	\$ 1,554,810	\$ 3,452,152	\$ 5,471,572	\$ 7,961,214
Directories & Yellow Pages	230,899	38,536	575,696	3,003,567	6,731,450	11,257,400
Aggregators	660,529	543,162	775,800	823,800	823,800	823,800
Directional Advertising	964,007	904,855	2,906,306	7,279,519	13,026,822	20,042,414
Other	25,372,826	257,612	181,108	181,108	181,108	181,108
Total Revenues	26,336,833	1,162,467	3,087,414	7,460,627	13,207,929	20,223,522
Cost of Revenues	6,698,944	2,307,365	1,185,945	1,492,125	2,641,586	4,044,704
Gross Profit	19,637,889	(1,144,899)	1,901,469	5,968,501	10,566,344	16,178,817
Gross Profit	75%	-98%	62%	80%	80%	80%
Operating Expenses						
Sales & Marketing	3,985,000	2,058,551	1,962,967	2,618,379	3,283,564	4,853,645
Research & Development	3,157,000	1,837,232	1,250,197	1,625,062	2,361,238	3,499,257
General & Administrative	-	-	447,971	596,114	755,576	1,213,411
Total Operating Expenses	7,142,000	3,895,783	3,661,135	4,839,554	6,400,379	9,566,313
Operating Profit	12,495,889	(5,040,681)	(1,759,666)	1,128,947	4,165,964	6,612,504
Interest Expenses	-	-	-	-	-	-
Pre-tax Income	12,495,889	(5,040,681)	(1,759,666)	1,128,947	4,165,964	6,612,504
Income Taxes @40%						
Net Income	12,495,889	(5,040,681)	(1,759,666)	1,128,947	4,165,964	6,612,504
Depreciation & Amortization	2,971,038	674,474	488,200	77,478	64,353	69,978
EBITDA (Cash Flow)	15,466,927	(4,366,208)	(1,271,466)	1,206,425	4,230,317	6,682,482

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