



XCINEXTM

Global Cinema Platform



Global Cinema Platform Overview

- ▶ State-of-the-art patent pending technology.
- ▶ XCINEX works directly with the movie studios to bring members the latest movies through the internet via broadband connection.
- ▶ Membership is free but there is a one-time charge of approximately \$100-\$150 to purchase the XCINEX Global Cinema Platform hardware. Additionally, to watch a movie, each person in the room (audience) is required to purchase a movie ticket at \$10.00 to \$12.00 each.
- ▶ Each week, when a new movie is released in theatres, that same movie will release on the XCINEX Global Cinema Platform.

Movie Industry Overview

- ▶ Global box office for all films released in each country around the world reached \$34.7 billion in 2012, up 6% over 2011's total.
- ▶ Average cinema ticket prices reached \$7.96 in 2012, up 32% from a price of \$6.03 in 2003.
- ▶ According to the MPAA, of the U. S. and Canada population ages 2+, 68% or 225 million are moviegoers. The average moviegoer purchases six tickets annually representing 1.36 billion tickets in 2012, up 6% from 2011.
- ▶ In 2012, there were 677 films released domestically, an increase of 11% over 2011.
- ▶ Driven by strong increases in emerging markets, global consumer spending on movies is expected to rise for six consecutive years, expanding from \$61.4 billion in 2010 to \$68.9 billion in 2015.
- ▶ Movie studios are increasingly distributing proprietary content themselves, eroding deals that were historically managed by movie distribution companies.

Broadband & Movie Streaming

- ▶ In 2012, the world population was estimated at 7 billion. Of that total, 2.4 billion are internet users for a penetration rate of 34.3%.
- ▶ For 2013 there are an estimated 696 million wired broadband subscriptions in the world. Of the total number of subscriptions, 48.9% are in developed countries. For active mobile broadband, there are an estimated 2.1 billion subscriptions in the world with 44.6% in developed countries.
- ▶ With only 2.8 million broadband connections in 1999, the number of connections in the U.S. has increased to 278.1 million in 2013. By 2018, it is forecast that there will be 354.9 million broadband connections, residential and business.
- ▶ Consumers are embracing the streaming of movies. Online viewing of movies annually totaled over 1 billion more movies than are consumed on DVD and Blu-ray combined, discrediting the old idea that consumers won't accept premium content distributed online.

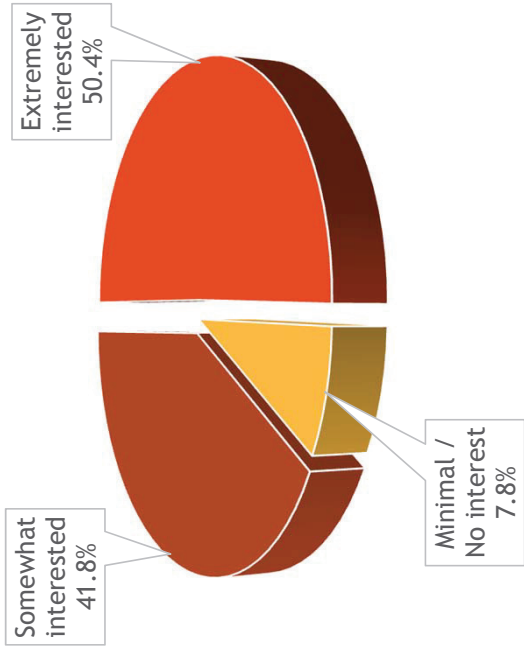
XCINEX Market Survey

- ▶ A total of 1,031 respondents completed a market survey regarding their movie viewing preferences and interest in the XCINEX Global Cinema Platform.
- ▶ After describing the XCINEX Global Cinema Platform and associated costs, interest in the XCINEX system is extremely high by consumers.
- ▶ The majority of respondents are willing to pay \$10.00 or more per ticket for the convenience of viewing a first run movie in the comfort of their home.
- ▶ With the XCINEX Global Cinema Platform, over one-half of respondents indicated that they will definitely increase their viewing frequency of new movie releases.
- ▶ Over 95% of respondents have a hi-speed broadband connection at home, a key requirement for streaming movies and using the XCINEX Cinema Platform.

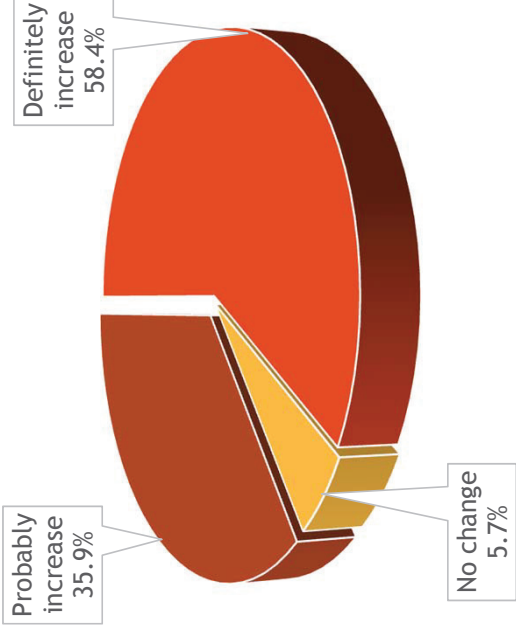
XCINEX Market Survey

Based on 1,031 survey respondents

Interest in XCINEX Global Cinema Platform



Change in New Movie Viewing Frequency



Benefits to Movie Studios

- ▶ Increased viewership of studios' first run movies.
- ▶ Increased revenues to studios - 90% of ticket sales rather than sliding scale decreasing to 40% to 50%.
- ▶ Increased sales of DVD's, Blu-ray, and movie soundtracks.
- ▶ Eliminates piracy by utilizing various technologies, saving the industry billions of dollars in losses.
- ▶ Immediate demographic and analytic data of viewing audiences.

Benefits to Investors

- ▶ Participation in an industry growing at 6% annually with global box office revenues of \$34.7 billion in 2012.
- ▶ Payback of investment in months, not years.
- ▶ Patented technology minimizes risk and competition.
- ▶ Continued sharing of profits as XCINEX expands on a global basis.