Neda Communications, Inc.

BUSINESS PLAN
Executive Summary

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1 Executive Summary

In less than a decade the use of e-mail and wireless devices has grown spectacularly. These two technologies are now about to give rise to a third: the combination of e-mail and wireless technology, or **Mobile Messaging**.

Neda Communications, Inc. intends to play a leadership role in the creation of an entirely new industry based on this technology: the open Mobile Messaging industry. We have designed a set of protocols for Mobile Messaging called the **Lightweight & Efficient Application Protocols**, or **LEAP**. These protocols will become the industry standard as a result of two powerful forces: (i) the protocols are open and patent-free, and (ii) they will be distributed as Open-Source Software.

Several Mobile Messaging products and services have already been developed, but in all cases these are based on protocols which are closed, or at best pseudo-open. A good example is the BlackBerry messaging system from Research in Motion (RIM), which is based on entirely closed and proprietary protocols. Meanwhile, a crude attempt to launch the messaging industry on the basis of a set of protocols has been made in the form of an entirely inadequate set of specifications called the Wireless Application Protocol, or WAP. The tremendous amount of hyberbole, controversy, and dissatisfaction surrounding WAP is a clear indication of the industry's need and readiness for the right set of protocols. As the basis for creation of the Mobile Messaging industry, LEAP is superior to non-open solutions such as BlackBerry and WAP in every respect.

The success of the LEAP protocols will catalyze enormous industry growth. Neda's name recognition and first mover advantage will place it in prime position to capitalize on this growth.

This business plan is about an industry-building opportunity. Initially Neda will generate revenue from multiple segments of this expanding industry. In the long term, however, the major, strategic revenue-generating opportunity is the Subscriber Services business. Neda will position itself to target this segment of the industry as the industry matures.

Since 1994 Neda has been actively developing all the assets required to create this new industry and profit from its growth. All these assets are now complete, and we are ready to execute our plans immediately. This business plan includes no vaporware.

1.1 The Opportunity

Rudimentary forms of mobile messaging technology exist already; several products and services are available which provide end-users with basic messaging capability. However, major development of the Mobile Messaging industry is currently being blocked by the lack of an adequate industry-standard messaging protocol. The adoption by the industry of a standard protocol will cause this logjam to be broken, resulting in enormous industry growth.

The business opportunities represented by this are gigantic, as has been made abundantly clear by numerous market forecasts providing growth projections for wireless devices, services and networks. For an industry overview, including some sample data, see the article *The Mobile Messaging Industry* [4].

By virtue of our leadership role in their development and distribution, the success of the LEAP protocols will create incomparable mindshare and name recognition for Neda Communications. At the outset, this mindshare will far exceed that enjoyed by any competing LEAP software solution provider. Initially, we will capitalize fully on this mindshare by generating software and services revenues from *every* relevant industry segment, including the message center software and systems market, the device software market, and the LEAP technology market. We will leave no significant profit-making opportunity unexploited.

Though they provide a major revenue source, software products do not represent the really big opportunity in the Mobile Messaging industry. The ultimate, truly spectacular opportunity in this arena consists of the Wireless Application Service Provider (WASP) market, and it is this market that represents Neda's business target in the long term.

The success of the LEAP protocols provides the key entry point for this, by placing Neda at the absolute dead center of the wireless application arena. In the short term, the resulting mindshare puts Neda first in line to profit from the wireless software market. And in the long term, this gives Neda a unique entry ticket into the Subscriber Services market. The company that leads the way by defining the industry standard is in a uniquely advantageous position to participate in, profit from, and potentially dominate, the WASP market. It is our intention to position Neda to profit fully from this market as the LEAP-based wireless industry comes to maturity.

This leadership/participation/domination role is both a major opportunity and a major challenge. This challenge need not be met by Neda acting alone – this could equally well be accomplished by an appropriate industry partnership in which Neda plays a central role.

1.2 WAP: A Fraudulent Solution

WAP is claimed by its proponents to be the solution to the industry's need for a unifying protocol, and is being aggressively marketed as such. In April 2000, however, we published our article entitled *The WAP Trap: An Exposé of the Wireless Application* [8], in which we state the truth of the matter. In that article we demonstrate that the WAP protocols are entirely unfit for their claimed purpose – they are the result of a closed design process, are tightly controlled by the WAP Forum, are crippled with patents, and are riddled with technical design errors. We concluded that WAP is a fraudulent marketing construct rather than a genuine engineering one.

Eighteen months after initial publication of *The WAP Trap*, our analysis and predictions have been convincingly validated, and WAP has been widely discredited within the wireless industry [6], [9]. At this point WAP is intensely disliked by developers, and is becoming increasingly so by the entire communications industry. Neda's solution is superior to WAP in every respect, and it will succeed where WAP will fail.

All of this provides Neda with a ready-made public relations opportunity. We intend to go publicly toe-to-toe with WAP, positioning our solution as an open, patent-free and viable alternative to WAP. As part of this positioning strategy we recently published a follow-on article to *The WAP Trap* entitled *WAP Scraps* [5]. In that article we point out how recent wireless protocol developments have now rendered WAP completely irrelevant, and we discuss whether anything useful can be salvaged from WAP.

1.3 LEAP: A Genuine Solution

The key component of Neda's plans is a set of mobile messaging protocols called **LEAP**. LEAP is a set of high-performance, efficient protocols which are ideal for mobile and wireless applications.

LEAP originated in 1994 as part of the research and development initiatives of McCaw Cellular's wireless data group (now AT&T Wireless Services). The development work that would eventually lead to LEAP was initially undertaken in the context of the CDPD (Cellular Digital Packet Data) network; its scope was later expanded to include the Narrowband PCS network also.

By 1996 McCaw Cellular was fully committed to paging, had recently purchased two nationwide narrowband wireless PCS licenses, and wished to develop an efficient wireless messaging system. Neda Communications, Inc., working under contract to McCaw Cellular, played a key role in the development of the required system.

In 1997 however, soon after the purchase of McCaw Cellular by AT&T Wireless, the latter company abandoned the wireless messaging project. Prior to this event, Neda had secured from AT&T the necessary rights to continue independent development of the protocols. Therefore, recognizing the eventual future need for these protocols, Neda then undertook to continue development of them independently of AT&T. They were eventually completed by Neda, published as RFCs [2] [1], and now form the basis of the LEAP protocols.

Prior to abandoning wireless messaging, AT&T Wireless Services invested several million dollars in related development work. In creating LEAP, therefore, Neda was able to build upon a large abandoned investment by AT&T Wireless.

Over the past five years, Neda has independently developed complete software implementations of the LEAP protocols for major device PDAs and message centers, so as to create a complete end-to-end messaging solution. All this software is now distributed by Neda as free, open-source software under the terms of the Gnu General Public License (GPL).

The LEAP protocols have been designed from the outset as a genuine enabling technology for the benefit of the industry and the consumer. They are a sound engineering construction based on true openness and patent-freedom.

Mobile applications demand both power and bandwidth efficiency, and existing Internet protocols do not provide this efficiency. LEAP is a mainstream native Internet protocol that is up to five times more efficient than the ubiquitous SMTP messaging protocols. LEAP is a general-purpose solution to the problem of efficient message transfer, and is not restricted to any particular device or network. In particular, LEAP is compatible with all wireless-IP networks. Examples of wireless networks which provide native support for LEAP are: CDPD, GSM, packet CDMA, and PCS.

The LEAP protocols are layered. The lower layer, called Efficient Short Remote Operations (ESRO), provides reliable connectionless transport services which can be used for a variety of applications. Built on top of ESRO is EMSD (Efficient Mail Submission & Delivery). EMSD is a messaging protocol that is highly optimized for the submission and delivery of short internet mail messages. Efficient Hyper Text Delivery (EHTD) is a hypertext transfer protocol which is optimized for transfer efficiency of short markup pages. EHTD is the member of the LEAP protocols which facilitates web browsing; it also benefits from the reliable efficient services of ESRO. A multiplicity of efficient markup languages can be used in conjunction with EHTD. Development of the EHTD protocol is in progress.

1.4 Our Business Model: A Dichotomy

Our business model includes the answers to two fundamental questions:

1. How will we ensure that the LEAP protocols become the industry standard?
2. How will we profit from this?

The answers to these two questions are very different, and this represents the basic dichotomy of our business model.

The answer to the first question is that we will promote the adoption of our protocols by the completely open and free nature of the protocols themselves, and by the Open-Source Software (OSS) model. In the OSS model, adoption of a software system is encouraged by providing it in the form of patent-free, open-source software, at no cost to the user. Since the software is free, it has an enormous advantage over traditional for-profit commercial software. The OSS model has been proven to be an effective and powerful mechanism for promoting software usage.

The question that the OSS model leaves unanswered is: how does the originator of the OSS system profit from its success? It would seem that giving away free software is an unbeatable way of ensuring its market acceptance, but an extremely poor way of making money.

Neda's business plan represents the marriage of two things: (1) the use of the Open-Source Software model to catalyze the growth of an industry, and (2) an explicit business plan for profiting from this growth. Not only are these two things not traditionally thought of as going together, they are traditionally considered to be fundamentally incompatible. In this plan, however, we are setting forth a blueprint for combining these two things successfully.

1.5 Making LEAP Widespread (First Half of Business Model)

The first half of our business model consists of a strategy to ensure that the LEAP protocols become the Mobile Messaging industry standard.

This half of our business model contains no profit motivation whatsoever. Instead, we are motivated by only a single consideration: to promote the widespread usage of LEAP throughout every segment of the Mobile Messaging industry. In a nutshell, we do this by making LEAP a good solution, making it a complete solution, then giving it away for free.

1.5.1 LEAP: A Truly Open & Free Protocol

The first element of this strategy is that LEAP is an open and free protocol. The LEAP protocols are patent-free, so that any company, organization, or individual may implement and use the protocols without incurring licensing fees or any other financial obligation.

In addition to being patent-free, the LEAP protocols are truly open. They have been published as Internet RFCs, thus ensuring that they remain freely and permanently available. Furthermore, they are supported by public maintenance organizations, so that anyone may participate in their further enhancement and development.

All of this serves to ensure that there are no financial, administrative, or other hindrances to the free usage, implementation, and evolution of the protocols. Note that this is in very sharp contrast to WAP, which is hobbled by patent restrictions, not RFC published, and closely controlled by the WAP Forum.

1.5.2 Open-Source Software Implementations

The next element of our strategy is that Neda has created software implementations of the LEAP protocols for a variety of devices and message-center platforms, and is making these available in the form of open-source software. Neda has created a complete and comprehensive set of LEAP-based Mobile Messaging software products, including message center software, protocol engines software, and device software for a variety of handheld devices.

These software products address the needs of all the major segments of the Mobile Messaging industry, and are ready for immediate deployment to ISPs and wireless data carriers, intranet messaging system operators, device manufacturers and systems integrators, and personal desktop messaging users. These products are available as open-source software, free of charge, to anyone who wishes to use them.

1.5.3 Free Subscriber Services

The availability of open-source implementations of the LEAP protocols is still not sufficient to ensure their adoption. In addition, Neda must also solve the chicken-and-egg problem of encouraging implementation of the LEAP protocols in both message center systems *and* end-user devices, each of which requires implementation of LEAP in the other.

Therefore a further element of our strategy is that Neda will provide subscriber services to support the initial implementation of our protocols and software, and to assist in bootstrapping them into widespread usage.

Neda provides subscriber services which accommodate various methods of accessing and using mobile messaging services. All of these subscriber services are provided by Neda free of charge.

1.5.4 The LEAP Manifesto: The Whole Story in Writing

The technological and software elements described above are supported by a comprehensive set of written assets. First and foremost among these is *The LEAP Manifesto* [7], a collection of over 20 individual articles which collectively describe every aspect of the LEAP protocols.

Our models for promoting and profiting from the LEAP protocols are different in many ways from conventional engineering and business models, and for this reason we have chosen to refer to our description of these models as a "manifesto." This term is interpreted by many to carry a negative connotation – it may be considered to imply an extreme or fanatical viewpoint. However, no such connotation should be inferred here. While the Manifesto may indeed be considered radical by many, it is entirely well-founded and logical.

The LEAP Manifesto and our other written assets provide the final, vital component of our strategy for making LEAP widespread. These assets include articles and other documentation tools for communicating our message to every relevant segment of the wireless industry, including the engineering community, the business community, our customers, strategic partners, the media, the academic community, and the investment community.

1.5.5 Result: Success of LEAP

All of this is a complete recipe for the success of the LEAP protocols. In summary, the LEAP protocols will become the Mobile Messaging industry standard because:

- There is a clear need for such protocols within the industry
- They correctly address the technical requirements of the industry
- There are no credible competing protocols
- They are patent-free and without usage restrictions
- Open-source software implementations of the protocols are freely available
- Free subscriber services are available to support initial deployment of the protocols
- A comprehensive set of written materials exists to communicate the LEAP message to every industry segment

For these reasons, we expect the LEAP protocols to take off like wildfire within the Mobile Messaging industry. A set of protocols which satisfy a desperate industry need, have no competition, are completely free, and are skillfully promoted, cannot help but succeed – it is in the nature of such a creation to propagate extremely rapidly.

The LEAP protocols will have a unifying and catalyzing effect on the Mobile Messaging industry. They will provide an open and fertile environment in which businesses can market competing products and services. The best products and services will succeed, to the ultimate benefit of the consumer. And the Mobile Messaging industry will grow.

1.5.6 All Assets Complete and Ready To Go

All the technological, software and documentation assets required to implement the first half of our business model are complete, in place, and ready to go. These assets consist of:

The Protocols Themselves. The protocols are well-designed, meet all the technical requirements of the industry, and are published as RFC-2188 [2] and RFC-2524 [1]. The complete text of these RFCs is available at:

`http://www.rfc-editor.org`

Freedom from Patents. The protocols are permanently patent-free, and have been declared as such to the Free Protocols Foundation. For details see:

`http://www.FreeProtocols.org`

Open Maintenance Organizations. The protocols are maintained by open and public organizations at:

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http://www.esro.org
http://www.emsd.org
http://www.LeapForum.org
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Open-Source Software Implementations. Open-source implementations of the protocols are ready and available for all major platforms and end-user devices. For details see:

`http://www.MailMeAnywhere.org`

Subscriber Services. Free subscriber services are ready and available to support initial deployment of the protocols in end-user devices. For details see:

`http://www.ByName.net`; `http://www.my.ByName.net`
`http://www.ByNumber.net`; `http://www.my.ByNumber.net`

The LEAP Manifesto. A comprehensive set of articles and other documentation exists to support rapid and aggressive promotion of the LEAP protocols. For details see:

`http://www.LeapForum.org/LEAP/Manifesto/roadMap/index.html`

Collectively, these assets represent a complete recipe for the success of the LEAP protocols. All the pieces of the puzzle are complete and in place, and there are no missing pieces. Prospective investors are encouraged to visit the above websites and verify for themselves that everything we have described is real and available *now*. This business plan includes no vaporware.

1.5.7 Marketing Opportunity

As a result of its aggressive promotion by the WAP Forum, WAP has now achieved widespread name recognition throughout the wireless industry. This has had two major effects. First, WAP has become strongly disliked among the technical community who understand its shortcomings; and second, the resulting controversy has drawn attention to the need for a viable alternative to WAP. We will take full advantage of this current industry climate to market LEAP as the viable alternative to WAP.

1.6 Operation WhiteBerry: The Strategic Spearhead

This Business Plan is about the creation of the open Mobile Messaging industry. Since the scope of the plan is so large, we tend to speak about this industry in very general, abstract terms.

However, a crucial step in the execution of our plan is the deployment of an actual, tangible LEAP-based Mobile Messaging solution. We have created such a solution; we call it the **WhiteBerry** solution. WhiteBerry is a truly open messaging solution that can be implemented immediately based entirely on existing open-source software implementations of the LEAP protocols, and other existing technologies. WhiteBerry thus represents an immediate, concrete embodiment of the open Mobile Messaging paradigm.

The WhiteBerry solution provides equivalent functionality to existing closed messaging solutions such as the BlackBerry system, and will therefore displace these closed solutions entirely. We refer to the implementation of the open WhiteBerry model as **Operation WhiteBerry**.

Operation WhiteBerry forms the strategic spearhead of our campaign to promote the LEAP protocols. Complete details of Operation WhiteBerry are provided in an article entitled, appropriately enough, *Operation WhiteBerry* [3].

1.7 Profiting from LEAP (Second Half of Business Model)

Neda will acquire priceless name recognition from the success of the LEAP protocols, and from its central role in the creation of the Mobile Messaging industry. Because of this unrivaled name recognition and our first-mover advantage, Neda will be uniquely positioned to profit from the growth of the industry.

The Mobile Messaging industry can be viewed as four distinct and independent markets, each of which will generate a revenue stream for Neda. These four market segments, and the corresponding revenue streams, are:

1. **LEAP Message Center Software and Systems**. Neda's revenue streams will consist of sales of message center software and systems licenses to (i) ISPs and Wireless Data Carriers; (ii) Intranet Messaging System Operators, and (iii) Personal Desktop Messaging Users. The operating systems which are initially supported include Sun Solaris, Linux, and Windows NT.

2. **LEAP Device Software**. Neda's revenue stream will consist of sales of LEAP technology licenses to manufacturers of end-user devices such as cell phones, wireless data modems, two-way pagers and PDAs. The general-purpose device operating systems which are initially supported include Windows CE, Palm OS, and EPOC. Cell phones are supported by means of readily portable software written in the C language.

3. **LEAP Protocol Engines Software**. Neda's revenue stream will consist primarily of sales of LEAP technology licenses to Systems Integrators.

4. **LEAP Subscriber Services**. Neda will gain revenue as a result of rapidly increasing returns from virtual community building, eyeball capture, and advertising.

The proportions of revenues deriving from each of these sources will shift radically as the industry matures. Initially, the majority of Neda's revenues will be provided by sales of software, systems and technology licenses; i.e. from items 1 - 3 above. Though we will provide support for Subscriber Services (item 4) from the beginning, we do not expect this to be a significant revenue source at the outset.

However, as the industry matures, support for Subscriber Services will emerge as the dominant revenue stream, and will eventually eclipse all others. The Subscriber Services segment of the industry represents the ultimate, major, profit-making opportunity for Neda.

1.7.1 All Assets Complete and Ready To Go

An initial basis for all the technological and software assets required to implement the second half of our business model are also complete, in place, and ready to go. These assets consist of:

Subscriber Services. An initial set of free subscriber services is ready and in place. This will form the foundation for our long-term subscriber services and virtual community building plans. For details see:

`http://www.ByName.net`; `http://www.my.ByName.net`
`http://www.ByNumber.net`; `http://www.my.ByNumber.net`

Supported & Commercial Software & Solutions. Message center and device software is ready and available for a variety of platforms. For details see:

`http://www.neda.com`

1.8 The Company

Neda Communications, Inc. is a well-established company with a proven track record of technical proficiency and profitability. Neda was founded in 1991, and between 1991 and 1997 operated as a successful data communications consulting company, with an average income from 1993 to 1997 of over $1 million annually. To date Neda has received no external financing.

Neda has been actively involved in the wireless data industry since 1992. From 1992 through 1994 Neda acted as the lead designer and primary architect of the Cellular Digital Packet Data (CDPD) System Specifications. From 1994 through early 1997, Neda designed and implemented much of AT&T Wireless Services mobile messaging prototype software and systems, for use over Narrowband PCS and CDPD wireless networks.

In 1997, Neda substantially curtailed its consulting activities, and since then has been actively developing the assets required to implement this business plan.

In 1999 Neda was re-incorporated as a new legal entity, appropriately structured to undergo external financing.

Despite the fact that we have made very little investment in sales and marketing activities, we have already sold a number of LEAP-related licenses. Our most recent licensees are: Xypoint Corporation, INETCO Systems, AT&T Wireless Services Messaging Division, and Sema Group UK.

1.9 The Team

Neda has a core team of technical and management personnel with extensive experience in the wireless data communications field, and a track record of technical accomplishment and business success. Among the team there are relationships going back almost twenty years, reflecting a long history of productive cooperation. Every member of the team fully understands and is committed to the execution of this business plan.

The team is led by Mohsen Banan, who has been running Neda since 1991. Mohsen was the primary architect of the network structure of the CDPD specification; he is also the primary author of the LEAP RFCs and of the LEAP software implementations.

Other team members have a similarly high level of technical and business expertise. Complete biographical data for each team member is provided in Appendix A of this business plan.

1.10 Maximizing Profits

All the assets required for the first half of our plan are complete and ready to go. No external financing is required for this part of our plan, and we expect to succeed in our goal of promoting the LEAP protocols as the industry standard with or without financing.

We also have the assets and ability to make partial execution of the second half of our plan. We have the personnel, technical expertise, and business experience necessary to capitalize immediately on the success of the LEAP protocols, and we have complete confidence in our ability to generate a highly profitable revenue stream on this basis. The propagation of LEAP and the resulting name recognition of Neda will present us with abundant opportunity – our success and revenues will be limited only by the limits of our ability to grow rapidly and take advantage of it.

Indeed, the opportunity is so large that it is far beyond our ability to take full advantage of it. In order to do this, we need external financing. With an appropriate level of external investment, the scale of our success can be multiplied many times over, resulting in a huge win for both Neda and her investors.

Neda is in the process of creating an enormous industry, with a correspondingly large profit-making opportunity. The ability of Neda to capitalize on this opportunity will be increased tremendously by means of a suitable level of investment. We are seeking funding to *increase dramatically the scale of our success*.

Initially, the majority of Neda's revenues will be generated by sales of software, systems and technology licenses. However, these revenue sources represent only a small fraction of the Mobile Messaging industry. It is the Subscriber Services segment of the industry that represents the truly gigantic, long-term, strategic opportunity. Neda is seeking funding in order to target this huge market.

1.10.1 Broad-Based Subscriber Services

The key to maximizing profits consists of aggressive pursuit of the Subscriber Services business. And the ultimate in profit maximization consists of the successful domination of this market. To achieve this goal, the necessary Subscriber Services must be appropriately structured. Among other things, they must have the following key characteristics:

- Free to users; supported by advertising and content providers
- Highly oriented towards urgent and important interpersonal messaging, in addition to traditional broad-based unified messaging capability
- Highly personalized buddy list, news, stocks, weather etc.
- For data devices: based on LEAP and mainstream Internet protocols
- For voice devices: speech recognition, text-to-speech, IVR
- A fully integrated virtual community for wired and wireless environments

A set of Subscriber Services structured along these lines allows its owner to develop a continuously increasing revenue stream based on virtual community building, data mining, eyeball capture, advertising revenues, and content provider charges.

The LEAP protocols provide Neda with a unique opportunity to do exactly that. We will take advantage of Neda's central role and spotlight position within the wireless industry as the basis for a comprehensive, sustained and credible campaign to claim the Subscriber Services market.

1.11 Schedule, Financing, Use of Proceeds, and Exit

The implementation of Neda's business plans consists of two very different phases of operation:

Phase I consists of the implementation of the first half of our business model, i.e. the active promotion of the LEAP protocols. Neda has begun implementing this phase already, and expects this to take approximately 9 months to complete.

Phase II refers to the phase of operations that follows the successful completion of Phase I. There are several shapes that this phase could take. One such shape would be the profit maximization strategy described above, i.e. an aggressive campaign to target the Subscriber Services market.

It can be seen that these two phases of operation are very different in nature. Phase I is extremely well characterized – the required assets, execution steps and schedule are all defined precisely. We know that Phase I can be fully accomplished on the basis of our existing assets and resources, requires very little financing, and can be self-financed as necessary. We are already executing this phase, will continue to do so, and expect to bring this phase to successful completion regardless of any external financing.

The expected state of affairs at the conclusion of Phase I is also very well characterized. At this point the LEAP protocols are in widespread use, the WhiteBerry model is widely implemented, Neda is generating a major revenue stream on the basis of software licenses, and the LEAP-based open Mobile Messaging industry is experiencing strong and rapid growth. But most important of all: *Neda is sitting at the epicenter of this growing industry, and is sitting there alone*.

It is this latter characteristic that is the key to Neda's enormous business opportunities in Phase II – and a principal reason for writing this Business Plan. Since Neda is occupying this unique position, there are many ways in which it can profit from the rapid and early growth of the industry. At the smallest end of the opportunity spectrum, Neda can do no more than active development of the software licensing business. At the largest end, it can target the ultimate in profit maximization: domination of the WASP market. And anything in between.

A consequence of this abundance of opportunity is that Phase II cannot and should not be defined with precision at this point. Phase I can be characterized in concrete and deterministic terms: *execution of a plan to make LEAP widespread*. No such deterministic characterization can be made for Phase II. Rather, we think of it in general abstract terms: *contingent exploitation of available opportunity*.

If we assume that Neda will target the ultimate opportunity – domination of the Subscriber Services market – then Phase II would begin as Phase I reaches completion, with approximately 3 months of overlap with Phase I. Neda would require $15 million in financing to implement this top-end strategy.

But Phase II is by nature very flexible in terms of scale and timing. It can consist of exploitation of any opportunity from the smallest up to the largest. Within broad limits, its implementation can be advanced or delayed. What this means is that the Phase II opportunity can accommodate a wide range of financing amounts and timing. The most profitable approach to this opportunity is to hit it as hard and fast as possible, and that means $15 million, immediately. But the Phase II operations can be readily adapted to any amount and timing of financing. Therefore we are not allowing a specific definition of Phase II to dictate a specific amount of financing; rather the other way around. In other words, we will adapt the Phase II operations to amount of financing available, and the prevailing industry conditions at the time.

Therefore our formal financing solicitation statement as follows: **Neda is seeking up to $15 million in financing, at any point over the next 12 months**.

This is an unconventional financing model, but it is the right one for this plan. To accommodate this model, we have put in place a well-defined, clearly structured and flexible framework for investment participation. This framework allows investors to participate to the extent and timing of their choosing.

Note that snapshots taken of Neda now, and at the conclusion of Phase I, will look very different. A snapshot today shows Neda with all the assets required to implement Phase I, and in the process of doing so. A snapshot taken at the end of Phase I will show the LEAP protocols in wide and increasing usage, Neda generating healthy and increasing software license revenues, and experiencing widespread and increasing name recognition. Clearly, investment at that time can no longer be characterized as "Early Stage," and the opportunity to invest on those terms will no longer be available.

Investors who think of themselves as early stage participants should get involved now.

Financing proceeds will be used to:

- Expedite and accelerate Phase I operations
- Continue protocol development leadership
- Execute an aggressive and orchestrated promotion of LEAP in the wireless market
- Put in place a highly scalable business structure
- Execute contingent exploitation of the Phase II opportunites. In its most aggressive and ambitious incarnation, this will consist of major, long-term development of the Subscriber Services business

The complete business plan including detailed financial projections is available on request to serious investors and development partners.

All the development work necessary to execute our plans has been completed, and all the assets required for immediate and rapid implementation are fully in place. Also, our timing could hardly be better: the current technological climate is perfectly ripe for the introduction of the LEAP protocols; and a clumsy fake solution exists as a foil for our genuine one. For these reasons we expect that execution of our plans will proceed extremely quickly, and investors will experience a large return on their investment within a very short timeframe.

Exit will be by means of any of the conventional mechanisms.

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