



PI BOOK

Investing in the
new generation
of all in one
communication

THE ELEVATOR™

The Magazine for a Wealth of Opportunity

KNIGHT DIAMONDS

Read about European online
diamonds retail

AXTON URANIUM CORP

Capitalize on the energy frenzy

THE-ELEVATOR.NET

New dynamic, online portal for
The Elevator launches.

PI BOOK

Company Profile

Pi Microsystem Corporation is a privately held technology company, incorporated in Delaware and in France as Pi Microsystem SARL with offices in Naperville (Chicago) Illinois and Paris France. The company is developing, in collaboration with IBM Engineering and Technology Services, innovative digital media convergence products (patent pending) which will redefine the world of newspapers, magazines, blogs and digital media in general.

Market Opportunity

The world of digital media and information has seen the introduction of recent innovations which have redefined separately the world of music with the iPod, the world of email with the Blackberry, the world of gaming with Playstation.

Currently newspapers and magazines represent more than 24 billion copies sold yearly on a worldwide basis and over \$30 billion in advertising revenues in the US alone. The publishing industry has been suffering from steep competition in their advertising revenues from internet giants such as Google. Only 15% of the total circulation is currently distributed electronically. The industry is in need for new tools and strategies to better compete with its electronic content. Pi BOOK brings this electronic content to the consumer "on-the-go", addressing many segments of readers from the professional to the younger generation.

Close to 100 million blogs exist today, 30,000 new blogs are created every day. Pi BOOK brings to blogging and social networking a new dimension with true portability and on-the-go interactivity.

The market is ready for a digital device that will give the consumer the "reader friendly experience" of a traditional newspaper or magazine and at the same time offer true portability, social networking and digital media capabilities. The market for this product is worldwide and is addressing the widest consumer market from age 18 to 65.

Product

The company's first product, called Pi BOOK is an innovative handheld wireless device which will give consumers and professionals, ubiquitous access to any digitally published media, on a worldwide basis. Pi BOOK is an unique convergence device for digital media encompassing a digital reader, MP3 & Video player, Cell Phone and Blog communicator. Digital information is downloaded via a wireless connection (HSDPA, WiFi, WiMax etc.) or a USB connection as simply as a SMS message is received on a cell phone. Utilizing a proprietary search engine, a secure html or xhtml content, and a powerful media management software, the user is able to archive, search, access, and manage digital information anytime, anywhere in the world on a "reader friendly" dual touch screen portable format no bigger than a DVD case.



Business Model and Financial Projections

Pi Microsystem business model is defined along three areas of revenues:

1) Product (Hardware) revenues with Pi BOOK and Pi BLOG (low cost version)

2) Advertising services: Pi Microsystem will provide powerful analytical tools and data for advertisers in exchange for a percentage of the advertising revenue generated by the content providers through the use of Pi BOOK and Pi BLOG

3) Web business with content selling (news paper & magazine subscriptions, video, music) These three areas of the business are synergistic. The company's products and technology enable both the publishing industry/ music labels and wireless providers to deliver respectively content and service in a powerful digital media convergence device with powerful advertising and marketing tracking tools.

Pi Microsystem conservative plan is to sell in excess of 3 million units within the first three years of operations.

Marketing Strategy

Pi Microsystem will leverage established brand recognition, large established retail networks, and joint-marketing power of its strategic partners through strong partnerships with content providers in the publishing and music industries as well as with wireless providers, creating a link between content and delivery.

Pi BOOK has attracted the support and interest of major publishing groups in Europe such as the number one publishing group Axel Springer in Germany, Prisma Presse (20 magazines), the Wall Street Journal in the US as well as major music labels.

Competitive Landscape

No digital device currently on the market has advanced features as the ones offered by Pi BOOK. Current single function digital reader for books in digital format are all based on low performance back and white display technology called E-Ink. The readers can only display PDF file with no interactivity or search functionality. Other competing devices are recent cell phone



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PI BOOK

Key Facts & Figures:

Sector:	Consumer Electronics
Current Status:	Operating company (Pre-production)
Current Capital:	EUR 300'000
Investment:	EUR 4 million
1st round :	EUR 1 million
Min. Investment:	EUR 400'000

Est. Return:	Equity %
Exit:	24 Months

RISK SCALE ECHELLE DU RISQUE



/ PDA type devices offering other digital media such as Video and web browser, but all fail to provide the consumer with a device format conducive to a user friendly viewer / reader experience.

Value Proposition

To the Consumer:

- Reader friendly experience
- Pocket book dual screen format.
- Touch Screen user friendly Interactivity
- On-the-go access with real time wireless update.
- Powerful digital media management tool
- Digital media convergence; News, music & video
- Blog and Cell Communication tool

To the Publishing Industry and

Wireless Providers

- True electronic content portability
- Interactivity / real time update of content
- Powerfull advertising analysis tools
- New services
- New and expanded audience

Development Status

A first prototype (hardware and software) of Pi BOOK has been built and is fully functional. The digital editions of current strategic partners

have been successfully tested on the PiBook prototype. The next phase of development has been started with IBM Engineering and Technology services which will lead to the full industrialization of the first Pi BOOK product. Initial product release is scheduled for the second quarter of 2008. Volume manufacturing will be outsourced to contract manufacturers in Asia.

Strategic Partnerships

Content distribution agreement are in various stages of negotiation within publishing group in Europe and the US as well as , with several music labels. Current partnerships include:

Publishing group:

- GRUNER & JAHR AG & Co, No 1 publishing group in Europe
- AXEL SPRINGER AG, No 1 publishing group in Germany
- LE MONDE, part of Press Group
- FIGARO, part of Dassaut Group
- LIBERATION, owned by Rothchild Family
- LE POINT, part of Group Le Point (weekly news magazine)
- L'EXPRESS, part of Express / Expansion group (weekly news magazine)
- TELE POCHE, part of Mondadori Group
- LES INROCKUPTIBLES, independent publication (weekly art magazine)
- MARIE CLAIRE, part of Marie Claire Group
- L'EQUIPE, part of group Equipe Presse (Sport Journal)

- 20 MINUTES, part of Ouest France Group
- ELLE magazine & PREMIERE, part of Hachette Filipacchi
- TRIBUNE, part of Investir Group (LVMH)
- WALLSTREET JOURNAL part of Dow Jones & CO, 2nd daily circulation in US

Music Labels:

- UNIVERSAL Music Group
- WARNER Music Group
- EMI Capital Record

Negotiations are also underway with wireless service providers Vodafone, Orange, Bouygues telecom in Europe and Verizon in the US.

Investment Needs

Pi Microsystem is seeking 1 Million € in venture capital funding in order to take its prototype to a full product release in the next 12 months. The funds will be used for product development (hardware and software), marketing and manufacturing ramp up. Total funds previously invested 300,000 €.

