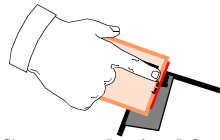


1.0 Executive Summary

1.1 Venture Concept

The GrocerEase Retail Solution utilizes existing electronics and software technologies along with numerous patents¹ to offer consumers, supermarkets and consumer product manufacturers simplified coupon use. The venture concept is for a coupon to be transferred to digital form when a consumer scans it onto either an electronic data card or a smart phone, and for the coupon to remain digital for the duration of the couponing process.



Coupons obtained from any media onto electronic Coupon Card by scanning bar code onto card.



Smart phone App will also be offered.



Coupon Card placed into retail periphery or data sent by WiFi from smart phone to redeem coupons

1.2 Products

Five products comprise the GrocerEase Retail Solution:

- The Coupon Card, which scans coupons into its memory and displays them (sold/leased to consumers)
- The iCoupon App for smart phones, which photographs coupon bar codes into its memory and displays them²
- The GrocerEase Periphery, which allows the supermarket to accept Coupon Cards creating coupon processing volume and transaction fees
- GrocerEase Paperless Clearing Services (GPCS), which electronically process redeemed coupon data (paid for by consumer product manufacturers)
- Consumer Micromarketing Data (CMD), a synthesis of the identities and buying habits of Coupon Card owners (sold to manufacturers and other entities).



Redeemed coupons electronically cleared, data generated

1.3 Markets

Three markets have been identified in the venture.

- Consumers: Coupon Cards and iCoupon Apps will appeal to heavy coupon users, and to occasional and even non-coupon users due to the ease they create in

couponing. This defines a market of up to 104 million potential domestic users.

- Supermarket Industry: GrocerEase's initial niche targets the 30,000 supermarkets that redeem the majority of the nation's coupons with retail scanners.³
- Consumer Product Manufacturers: This market will pay coupon processing fees at up to a 66% reduction in cost. CMD, generated by the GrocerEase Retail Solution, will also be sold to this market per each manufacturer's marketing objectives.

1.3.1 Market Segments/Sizes

The following market segments are penetrable.

- Coupon Card sales: \$3.66 billion segment⁴
- Supermarket periphery deployments: No revenue segment⁵
- Coupon processing fees: \$52.6 million annual segment⁶
- Transaction fees: \$2.06 billion annual segment⁷
- CMD: \$1.04 billion annual segment⁸
- **Total Market Size (all segments): \$6.81 billion.**

1.3.2 Market Opportunities/Penetration

The following penetration into the market segments above represent initial (five year) market opportunities.

Penetration Percentages for Market Segments

Product	Y3	Y4	Y5
Coupon Cards:	0.14 %	1.13%	6.56%
Supermarkets:	0.22 %	1.88%	11.88%
Coupons Cleared:	0.21 %	1.78%	11.49%
Transaction Fees:	0.04 %	0.29%	1.71%
CMD:	0.00 %	0.07%	0.39%
Total Avg. Penetration:	0.12 %	1.03%	6.41%
Avg. Penetration of Non-Supermarket Segments:	0.10 %	0.82%	5.04%
Revenues (in Millions):	\$4.8	\$44.4	\$240.9

1.4 Revenues

Within this \$6.81 billion initial venture market, GrocerEase expects 11.88% penetration of our supermarket niche segment and an average 5.04% penetration (Year Five)⁹ of other market segments to yield Year Five gross revenues of

1. U.S. Patents #5,905,246, #6,932,270 & #7,367,500, Mexican Patent #218,834, Canadian Patent #2,269,624 and European Patent #EP 0,948,767 are all available for GrocerEase's exclusive use.
2. The GrocerEase Business Plan contains no revenue for this product.

3. Only 30,000 of the nation's supermarkets are likely deployable
4. 104 million cards at \$35.18 (wholesale/bulk/direct/lease composite). Retail Coupon Card price point is \$40.00 per unit.
5. It is standard in the supermarket industry that all solution providers provide all systems at no upfront charge to the supermarket.
6. \$10/thousand on an avg. 5.26 billion coupons redeemed annually.
7. 104 million Coupon Cards used once a week at 13 cents per use
8. 104 million Coupon Cards each creating \$10.00 worth of data
9. See Business Plan, Section 4.4 on Pg. 12.

over \$240.9 million.

1.5 Product Interrelation

GrocerEase's unique family of products, with couponing simplification as their competitive *foundation*, offers complementary product interrelation: Coupon Cards and are purchased or leased by the public and used with GrocerEase's supermarket peripheries, creating transaction fees (iCoupon-enabled smart phones also create transaction fees). Once Coupon Card-carried coupons are redeemed, they can only be cleared for manufacturers via GPCS. Clearing compiles CMD for sale to manufacturers, supermarkets and other business entities.

1.5.1 Product-Revenue Relationships

The relationships between products and revenues follow:

- Coupon Cards and iCoupon Apps generate direct sales, bulk sales, wholesale Coupon Card sales, Coupon Card leasing fees, and transaction fees at redemption.
- GrocerEase Peripheries create redeemed coupons and transaction fees (from supermarket and consumer).
- GPCS generates coupon clearing processing fees.
- The process of clearing coupons, coupled with purchase and personal data, creates CMD data for sale.

1.6 GrocerEase's Short-Term Objectives

By the end of Year Three of operations:

1. Enter the consumer coupon organizer market to quickly become the de-facto industry standard via bulk sales, direct sales, wholesaling and leasing.
2. Aggressively enter the supermarket niche market
3. Create cash flow for expansion through operations

1.7 GrocerEase's Long-Term Objectives

By the end of Year Five of operations:

1. Thwart competition by executing niche market penetration, superior customer service, patent defense, interrelated product offerings and by erecting anticipatory technological obstacles.
2. Broaden domestic product offerings and profit margins via Coupon Card leasing proliferation and CMD sales to consumer product manufacturers.
3. Prepare to launch future products: Electronic coupons, Coupon Card upgrades, instant rebating and internet-based and pager coupon distribution.

1.8 GrocerEase's Major Customer Benefits

GrocerEase will offer its three venture markets the following benefits as a strong competitive advantage.

1.8.1 Consumers: Simplified Couponing

1. Ease in obtaining coupons (scan/pager/preloaded)
2. Easily carried, credit card-sized coupon storage
3. Reduction in coupon expiration prior to redemption
4. Ease in coupon viewing, access and organization
5. Augmented household savings

1.8.2 Supermarkets: Customer Attraction & Loyalty Development

1. Powerful promotability accepting Coupon Card
2. Minimization of cashier coupon functions
3. Highly accelerated checkout speed
4. Rapid coupon accommodation payback
5. Reduced back-office labor requirements/costs
6. Automated coupon consolidation and reports
7. CMD through personal/sales data synthesis

1.8.3 Product Manufacturers: Efficiencies

1. Rapid & real time statistics on coupon effectiveness
2. Practical elimination of coupon redemption fraud
3. Reduced labor requirements/costs
4. CMD through personal/sales data synthesis
5. Increased coupon efficiency
6. Processing fee savings (up to \$20 per thousand)
7. Free advertising via Coupon Card pre-loading
8. Possible reductions in supermarket handling fees

1.9 Returns and Exits

The following are venture returns and exit strategies for seed (Stage One) and capital (Stage Two) investors.

1.9.1 Return on Investment

The multiple revenue streams created by GrocerEase will allow the venture to reward investors handsomely. GrocerEase's Expected Scenario estimates Stage One and Stage Two investors Internal Rates of Return of 134.6% and 230,000¹ compounding for five years, respectively.

1.9.2 Exits

Stage Two investor equity will be tendered with the condition of a buyback of 8.3% of Stage Two investor shares (5,000 shares or 5% of the Company) by the end of Year Four of operations, with a guaranteed IRR on investment of 60.0% from certification of funds. An IPO in Year Five followed by possible preparation for merger or acquisition would offer additional, lucrative exit opportunities for total liquidity.

1. Formulas for these numbers are in the Business Plan, Section 19.0.