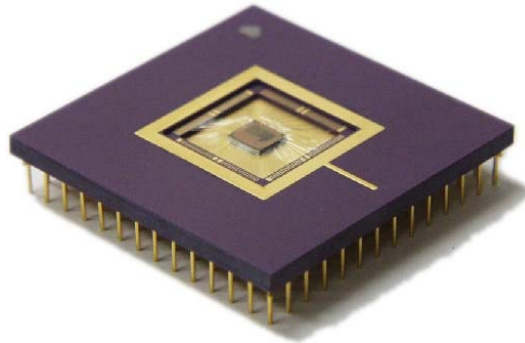


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Mobius

Microsystems

Mixed-Signal Technology Solutions



Executive Summary

This executive summary is intended solely for informational purposes. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are of course not guaranteed. The contents of this plan are confidential and are not to be reproduced without express written consent of *Mobius Microsystems Inc.*

The Mobius Executive Overview

The world today is a mix of digital, analog, and mechanical technologies. System engineers typically design and assemble discrete components to meet the requirements of this mixed-signal world. *Mobius Microsystems Inc. (Mobius)* will commercialize and market several patent-pending, mixed-signal-microsystems technology based solutions. These solutions will facilitate the delivery of today's industry wide mixed signal development efforts on silicon based devices that finally provide high-performance, low-noise designs that utilize combined analog, digital, and MEMS technologies in one product.

Mobius' initial mixed-signal solution will be delivered in the form of proven and patented designs of a digital monolithic oscillator (DMO), commonly called an "On-Chip Clock". The DMO product has been designed to eliminate current discrete part solutions by enabling customers to add this critical component as part of the silicon for microprocessors or microcontrollers. The pervasive advantages of the *Mobius* DMO is an average two times product cost reduction, application elimination of a complete electronic circuit, and a minimum eight times power consumption decrease for clock generation. Follow-on products will include additional "On-Chip Clock" products with both higher and lower clock speeds, a series of mixed-signal products including an analog front-end (AFE) for sensing applications, and eventually a complete library of support frameworks for mixed-signal, system-on-chip designs.

The Problem

Printed circuit board systems require a number of core technologies to be assembled. To manufacture a chemical sensing system, a number of analog circuits for interpretation of a chemical signal are integrated with other mixed-signal circuits that convert the data from an analog to digital format. This design becomes a section of a complex circuit that collects the data and communicates the information via another interface to other electronics that display the information. This multifaceted printed circuit board example is typically an expensive, high power system that is physically large and exemplifies why the electronics industry constantly seeks cost reductions, elimination of complexity, and reduction of power dissipation.

The Value Proposition

Mobius mixed-signal-microsystems products will be an instrumental force in the semiconductor industries paradigm shift from separate digital and analog products to truly mixed-signal products. *Mobius'* semiconductor deliverable products are intellectual property macros that provide mixed-signal-microsystems technology that eliminates numerous components from the today's state of the art electronic circuit design. A specific example of the *Mobius* value proposition incorporated on a *Compaq* iPAQ-3600 is described in the table below:

Example Device-PDA	Using Current Technology	Using Mobius Technology
Total Continuous Use Time of PDA	~10 hrs	~11 hrs
Oscillator Power Consumption	32mW	4mW
Circuit Board Space Requirements	6.5 mm ²	No additional space
Hardware costs (Clock Circuits Only)	~ \$1.00	~ \$0.39

Table 1: *Mobius' PDA value proposition*

The Mobius Team

Mobius has organized a core team of industry knowledge, entrepreneurial business/financial management, and semiconductor research skill sets for this venture. Michael S. McCorquodale, University of Michigan Ph.D. Candidate, working together with veteran entrepreneur Richard J. Goldstein founded *Mobius Microsystems Inc.* using technology that was developed in cooperation with University of Michigan. The core team has recently recruited Jim Vincke, a veteran CFO and entrepreneur to fill this critical management role.

The Market, Competition, Customers and Milestone Targets

Mobius has identified the system-on-chip market as the market within the semiconductor industry with the most low hanging fruit. The market opportunity for *Mobius* is truly immense. Table 2 below offers a brief look at the industry research used to identify this specific market.

Market	Dollars in 2001	Units in 2001	Project Growth Rate
Programmable Logic, Microcontrollers, & Microprocessors	\$47.4 Billion	11.88 Billion	8% CAGR
Frequency Control (Crystal/Oscillator Market)	\$3.0 Billion	4 Billion	8% CAGR
Semiconductor IP Market	\$1.0 Billion	NA	58% CAGR

Table 2: Market Research

The initial competition for *Mobius* is the current frequency control suppliers of crystals and oscillators. As shown above, this market of an est. 4 billion units per year is sustained on commodity products, which leaves it very susceptible to a strategic marketing effort of the On Chip Clock by *Mobius*.

Mobius will use a Push/Pull marketing attack to reach it market penetration goals. The market push is aimed at 4 specific manufacturing facilities of semiconductors, as these companies sub contract manufacture more than 50% of the system-on-chip products available today. The market pull is aimed at system-on-chip design houses and other semiconductor IP suppliers that will benefit from the unique features of the On-Chip Clock.

The first major milestone of this marketing effort would be successful targeting of the system-on-chip market. This embedded market which could have an end use for cell phones, hand held gaming, or personal digital assistants is dominated by semiconductor IP suppliers for CPU products like *ARM* and *MIPS*. Partnering with *ARM* and *MIPS* would create a value proposition for each customer that the frequency suppliers cannot attack. Therefore leaving the system-on-chip market currently estimated at \$20 billion of the total \$47.5 billion semiconductor market vulnerable for *Mobius* to capture.

The Business & Revenue Model

Mobius' revenue comes from two sources, licensing either the design and/or manufacturing of DMO products and from manufacturing royalties of delivered DMO products. License and royalty business models are well accepted within the semiconductor intellectual property (IP) business. This model is ideal for the commercialized delivery of *Mobius'* macros. The following table shows the preliminary estimates for revenue and expenses forecasted to 2005.

Pro forma Financials In Thousands	Fiscal Year Ending June 30			
	2003	2004	2005	2006
Total Revenue	1430	10,274	28,698	66,626
Total Operating Expense	2,503	5,063	11,585	24,960
Income Before Taxes	(1,202)	4,582	15,460	39,217
Tax Provisions	0	1,346	6,256	15,687
Net Income	(1,202)	3,237	9,384	23,530
Equity Proceeds	5,000	-----	-----	-----
Cash Flow	2,936	(756)	176	8,195

Table 3: *Mobius'* revenue forecast to 2005

The Preliminary Funding Requirements, Use of Funds, and Exit Strategy

Mobius is currently seeking \$5,000,000 in start-up capital. The equity funding process will be staged in two offerings, an angel investor round of \$1.5 million and an institutional round of \$3.5 million. *Mobius* will use these funds for:

- Hard assets such as computers, servers, purchased software, furniture, and general office equipment
- Locating and hiring of the strategic engineering resources required to commercialize the initial DMO product for manufacture at the four targeted facilities
- Operating cash
- Expanded commercialization efforts required to reach up to 4 different manufactures
- Development of new and expansion of existing design tools

Mobius Microsystems Inc. will position the company to offer its investors a strategic acquisition or IPO equity exit by 2006.