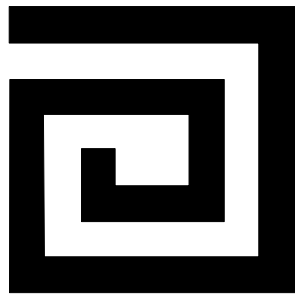


HALO

Executive Summary

HALO has developed a new product that enables customers to find lost or misplaced items. HALO will use a new generation of tiny computer chips called “RFIDs,” which stands for “Radio Frequency Identification.”

Many retailers now use an older form of RFID devices to discourage shoplifting. These older devices contain flat metal coils that can be attached to merchandise. When these RFID coils pass through a detector placed at the exit of a retail store, they reflect a small portion of the radio waves emitted by the detector, and set off an alarm.

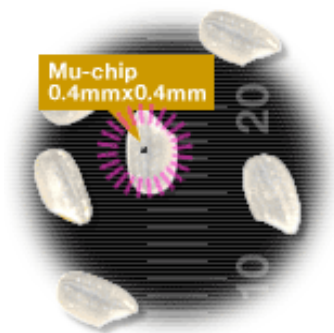


A Conventional RFID Coil

Companies like Hitachi and Philips have recently developed new RFID devices that utilize computer chips instead of flat metal coils. Like the metal coil RFIDs, these new computer chip RFIDs reflect radio waves. But, unlike their older and much larger cousins, these new chips are smaller than most grains of sand. These new RFID chips do not require a power supply. Because these new computer chip RFIDs are so small, they can be embedded in a piece of paper.

These new computer chip RFIDs act just like the old metal coil devices, but also are designed to store information. Hitachi's mu-chip can store 128 digital bits of data. This is an extremely powerful feature, since each computer RFID can be given a unique serial number when it is produced at the factory. Unlike old RFID devices, which are all the same, and can simply indicate when an RFID is sensed, these new RFID devices can detect a particular RFID that has a unique identification.

**New Computer RFID Chips
are smaller than grains of sand.**



HALO will use computer chip RFIDs that are incorporated into familiar self-adhesive labels. Customers will be able to apply these labels to any item which may need to be located or tracked.

HALO's first product line, the FindMe! File Finding System, will comprise a handheld reader, software and a supply of RFID labels.



The customer first installs the FindMe! Software, which is stored on a standard CD-ROM, on his or her computer. This software is a specialized database that associates the serial numbers stored in the memory of an RFID with a description of the item to which RFIDs have been attached.

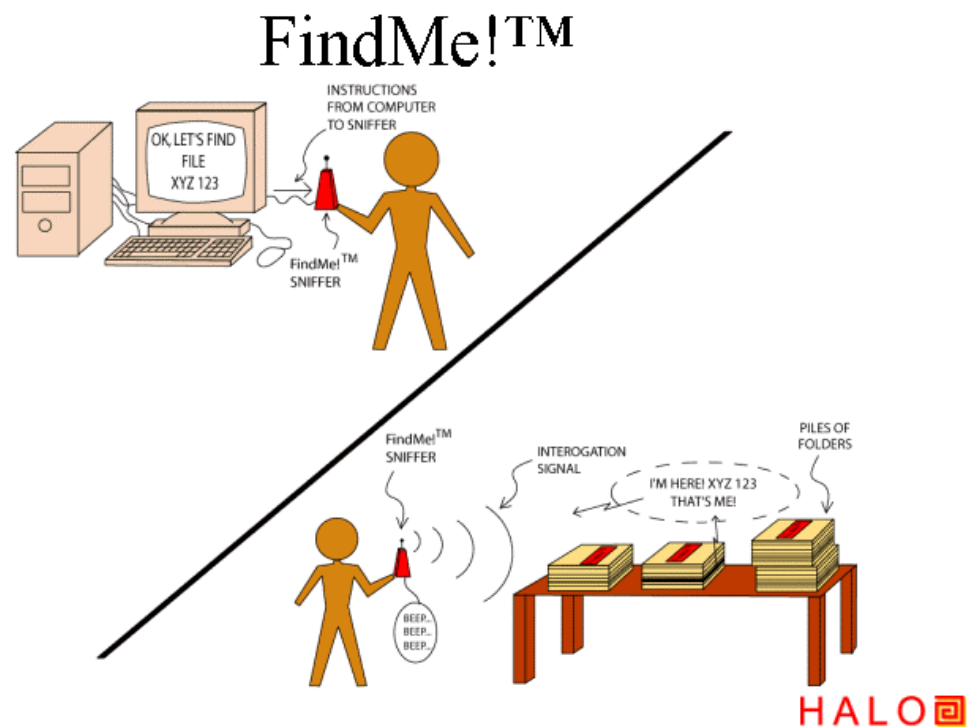
The customer then applies an adhesive label, which already contains an RFID, to an object that needs to be tracked.

FindMe!™



HALO 

When the customer needs to locate a missing or misplaced file, he or she simply types some brief identification information into his or her computer, and then walks around a room where the file may be located with the handheld reader. The reader beeps when the file is found.



In HALO's first business implementations, the customer will be a Court Clerk who needs to keep track of thousands of legal files.

Court personnel can use HALO's FindMe! System to keep track of files



The size of the market for tracking files in courts is enormous. About ten million new court cases are filed in California State Trial Courts each year. This figure does not include proceedings in federal or bankruptcy courts, or other specialized forums like small claims, traffic and family courts.

The combined number of new files generated each year across the country in federal, state, county and municipal courts, as well as arbitration and mediation proceedings, probably exceeds one hundred million.

If the number of legal and business files generated by private companies like law firms, banks, accountants, insurance companies, hospitals and health care offices and manufacturing concerns are included in this number, the total market comprises billions of new files each year.

In the near term, HALO's management expects to realize annual sales exceeding \$100,000,000 within three years after product launch. A spreadsheet presenting sales and profit projections follows.

HALO

Financial Projections

FindMe! Systems

Year	1	2	3	4	5	10
Sales Price	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$300.00
Mark Up	400%	400%	400%	400%	400%	600%
Manufacturing Cost	\$200.00	\$200.00	\$200.00	\$150.00	\$100.00	\$50.00
Units Sold	5,000	10,000	20,000	50,000	100,000	1,000,000
Units Sold Annual Growth Rate		100%	100%	150%	100%	
Gross Revenue	\$4,000,000	\$8,000,000	\$16,000,000	\$40,000,000	\$80,000,000	\$300,000,000
Less Manufacturing Cost	\$1,000,000	\$2,000,000	\$4,000,000	\$7,500,000	\$10,000,000	\$50,000,000
Profit	\$3,000,000	\$6,000,000	\$12,000,000	\$32,500,000	\$70,000,000	\$250,000,000

FindMe! Labels

Manufacturing Cost per Label	\$0.20	\$0.20	\$0.18	\$0.16	\$0.10	\$0.05
Sales Price per Label	\$0.50					\$0.20
Profit per Label	\$0.30					\$0.15
Mark Up	250%					400%
Labels Sold per Reader	10,000					
Cost per 10,000 Labels	\$2,000					
Sales Price for 10,000 Labels	\$5,000					
Profit per 10,000 Labels Sold	\$3,000					
Units Sold (FindMe System)	5,000	10,000	20,000	50,000	100,000	1,000,000
Cumulative Units Sold	5,000	15,000	35,000	85,000	185,000	
Units Sold (Labels)	50,000,000	100,000,000	200,000,000	500,000,000	1,000,000,000	10,000,000,000
Units Sold Annual Growth Rate		100%	100%	250%	100%	
Gross Revenue-- Labels	\$25,000,000	\$50,000,000	\$100,000,000	\$250,000,000	\$500,000,000	\$2,000,000,000
Less Manufacturing Cost	\$10,000,000	\$20,000,000	\$36,000,000	\$80,000,000	\$100,000,000	\$500,000,000
Profit	\$15,000,000					\$1,500,000,000

Combined Projections

Systems & Labels

Combined Gross Revenue	\$29,000,000	\$58,000,000	\$116,000,000	\$290,000,000	\$580,000,000	\$1,800,000,000
Combined Manufacturing Costs	\$11,000,000	\$22,000,000	\$40,000,000	\$87,500,000	\$110,000,000	\$550,000,000
Annual Profit	\$18,000,000	\$36,000,000	\$76,000,000	\$202,500,000	\$470,000,000	\$1,250,000,000
Cumulative Profit	\$18,000,000	\$54,000,000	\$130,000,000	\$332,500,000	\$802,500,000	

The market for FindMe! Systems and Labels will grow even larger in the long term as the company enters the retail market. Retail sales for home and office use could exceed several million FindMe! Systems within ten years.

HALO's management has already identified and met with prospective customers. HALO's technology is protected by a Portfolio of U.S. and International Patent Applications. We are ready to begin final circuit design and manufacturing efforts.

If you are an investor who would like to participate in the growth and success of HALO, please contact:

Tom Giaccherini
Carmel Valley, California
831.659.5300
tom@haloinc.us