

MP4Player & MP4Tunes

Executive Summary

Introduction

In an age and a global society that has gone well beyond mere convenience where personal data devices, personal communicators, and personal digital music libraries have become so very prevalent, Hitman Records, Inc. continues its Music Industry methodology of relevant diversification.

A trend which is not so much new, as it is consistent continues to impact brick and mortar sales in the Music Industry. It is the personal digital music library.

Whether it is the ability to digitally synch one's entire music collection to a portable/handheld device, or the ever popular music download, music patrons at large are creating their own play lists and "take-along" libraries. The appeal, even to non-tech savvy individuals is enormous; e.g. carry a couple of your favorite CD's for enjoyment on a portable disc player, or in your car, or carry your entire music collection on a portable device no bigger than a pocket calculator. This is a device which can establish connectivity in the car, at work on your desktop computer, or simply be enjoyed in public.

Whether considered a positive or a negative, the indisputable fact is that the retail end of the Music Industry (*the tail that wags the dog*), is undoubtedly directed by the consumers' preferred choice of delivery. One need only look at the record player, the eight track, the cassette player, even the compact disc player to evidence this. Each progression in this evolution is due to technological advancement born of consumer preference/demand, as well as obsolescence.

Hitman Records, Inc. has very diligently taken note of all of the above and carefully positioned itself to innovatively benefit and even drive this industry segment. In this regard, Hitman Records, Inc. has penned an exclusive arrangement with an overseas manufacturing, and research and development ("R&D") company which develops and offers various high-tech digital players and peripherals. This partnership includes production capabilities in R&D, engineering, producing and selling digital and high-tech USB products of this firm with exclusivity in the United States of America and surrounding territories.

Application / Segmentation

As an immediate and direct result of this relationship, Hitman is proposing the national launch of the Hitman Media Play Program ("*Media Player Program*"). The Media Player Program incorporates the MP4 Player™, a digital, portable handheld for the enjoyment of digital music, movies, photographs and even FM radio. A supplementary part of the Media Player Program is the content. Specific and exclusive agreements are in place for the digital provision of music content from multiple well known digital download providers via Hitman's MP4 Tunes™ destination web site. Agreements currently in place facilitate an MP4 Tunes™ music library of well over five hundred thousand songs thus far. Additional agreements, possibly even direct affiliations with major record label outfits promise to not only double or triple the current library, but also promote and brand MP4 Tunes™ as well as the MP4 Player™ in the minds of consumers nationwide.

The retail launch of the sale of the MP4 Player™ for use by individual consumers and the MP4 Tunes™ download delivery model represent the next generation in the field.

Superior to the MP3 player in output quality, the MP4 Player™ is state-of-the-art. Special offers for corporate entities and other high volume end users provide a potential B2B application segment which is just as promising.

With over ten years in relevant market development, Hitman has diligently established a highly efficient sales channel and strategic relations in the Asian and Southeast Asian markets, add to that a modern administration, new principles of management and a superior customer service delivery system. In order to provide direct, complete and multiple services to our clients, Hitman's Partners have created the Overseas Market Services Department (OMSD) and also created an Import-Export Department (IED) in order to support Hitman's clientele in relation to the MP4™ program. Hitman's CEO, C. Michael Brae states that *"our mission is to provide high quality products at a competitive price to a worldwide consumer base and contribute superior customer care to achieve customer satisfaction; the MP4™ program clearly serves the objective."*

Technological Overview

The MP4 Player™, unlike many other digital media delivery systems on the market today, affords individual consumers the ability to purchase a unit with non-pod earphones for better and safer listening pleasure, and the ability to download online media products, such as tunes, movies, photos and text files. Other devices available today provide comparably in this regard; however, the MP4 Player™ offers unique features not available in comparable units such as a built-in FM radio FM transmitter for listening over car or home stereo systems, karaoke functionality and much more. The unit can store over 4,000 song titles and greater than 40,000 digital photographs.

Additional features and functionality include a multiple band equalizer system, digital voice recorder, eGames, eBook, and line-in capability for authorized use with CD, VCD, or DVD players. The unit supports Macro-Media FLASH play, file/text storage, and much more, all with over ten (10) hours of battery life.

The MP4 Player™ is available in 4GB, 5GB, 6GB, and 8GB versions and through that range also offers a variety of contemporary, fresh colors at an SRP beginning at just \$49.

B2B Opportunities

Hitman's MP4 Player™ affords B2B clients the opportunity to mix and design unique, or corporate identity colors to compliment their marketing strategies. The additional ability exists for certain entities to be granted an opportunity to create an exclusive color selection that will not be available to any other corporate end users. Also, Hitman will provide the unique service of downloading pre-authorized audio and video materials at the request of an entity (i.e. message to shareholders or employees, promotional videos for new or established artists or certain new established product lines, photos from company Christmas parties and/or other memorable events, just to name a few). A Marketing Executive's imagination and conceptual creativity is the only limit on the use of the MP4 Player™. Just imagine an MP4 Player™ colored in your company or school colors in the hand of a client, employee, student or customer that "powers-up" the business, school or any type of logo or photo, with a video message from the President of that entity and two or three advertisements pointing end users to further products for sale by such entity. For the business executive or student, the MP4 Player™ is also a voice recorder that may be used to record several hours of multiple lectures, notes from a sales meeting or simply allowing a musician to record a tune that just popped in his or her mind.

The MP4 Player™ has the ability to create, name and rename files for all recordings for easy recall and access to electronic files.

In addition, the MP4 Player™ provides unique B2B opportunities that no current media player in the marketplace desires or is willing to offer. The MP4 Player™ provides business entities and other high volume end users the ability to personalize one of its 4GB to 8GB units so that company logos and marketing materials will flash across the MP4 Player™ screen when the unit "powers-up". In addition, the MP4 Player™ allows that logos may be in motion and have an attached audio track to play along with the logo display during the power-up sequence for a period of 7-9 seconds.

For more information on the MP4 Player™ and accessories, please visit our website at www.MP4Player.us. We can provide a special service pricing sheet for high volume and B2B opportunities.

Launch Overview

The Media Player Program requires a dual phased launch plan. MP4 Tunes™ and MP4 Player™ are to be launched essentially simultaneously, yet via separate vehicles. Such segmentation affords greater likelihood of substantial saturation, co-op structuring with key strategic partners, as well as a separation that appropriately addresses industry and market segmentation.

MP4 Player™ is clearly the hardware of the program. Its successful launch is key. Retail price points have been thoughtfully planned and determined. Either a phased regional marketing campaign designed to achieve national recognition, or an all out national launch via multiple media sources to develop nationwide consumer appeal in the shortest probable period.

Such a plan requires point of sale. Hitman proposes a strategic partnering with a recognized national brand retailer, (i.e. Toys R Us, Circuit City, Good Guys, Transworld Entertainment, Wal-Mart). The terms of such an agreement would grant point of sale exclusivity to the retailer in exchange for nationwide prominent product placement and a marketing structure committing co-op dollars toward the above mentioned national media launch. The caveat here (and a requisite) would be a firm written commitment for advance purchase of substantial volume.

MP4 Tunes™ will be the natural symbiotic online arm of the Hitman media player program. The branded web site (URL), perhaps MP4Tunes.com, is the delivery point of the compiled MP4 Tunes™ music library. Well over five hundred thousand song titles, and movies available for download on a pay per download basis with a national media push to establish this destination web site in the minds of consumers. To this end Hitman looks to establish a strategic partnering with a major record label outfit stipulating the provision of that firm's music library, ready for download at the branded URL.

The appeal to the major label is the exclusivity of content at the co-branded web site, as well as the national media launch campaign associated with the MP4 Player™ with a nationally recognized brand retailer. Naturally, Hitman looks to have the major label partner commit substantial resources to promote and advertise the co-branded web site; including a statement of availability in print on each packaged music product released for brick and mortar distribution by the label.

Existing agreements are already in place or pending for content provision with such online music visionary firms as CD-Baby.com, Audio Lunchbox, Inc (*contract is in place*) and Burn Lounge.com. The agreements put the current ready library at well

over one million titles. An agreement stipulating exclusivity with a major recording label would not be in conflict. Current content can be downloaded from alternate branded sites directly linked to the primary site if executed agreements necessitate such.

Press Info

Where Is MP4?

By Joe "Zonker" Brockmeier

November 19, 2002 4:00AM

Although MP4 does not get the kind of press that prior standards have received, it is Alive and well. Apple's QuickTime supports it, and several other products also use the standard.

It is a rare day when MP3s are not mentioned in a major newspaper. The format is not only a technical success, but also the center of a firestorm of political activity as intellectual property guardians square off against file-sharing advocates. Is there a follow-up to this audio format that has taken the world by storm?

As a matter of fact, there is. It is called MPEG-4 -- MP4 for short -- and a number of companies and projects are already using it.

What Is MPEG-4?

MP3 -- the format of the compressed audio files that give RIAA chair Hilary Rosen nightmares -- is actually part of MPEG-1 audio layer 3 standard. There is no "MPEG-3" standard, though its assumed existence is a common misconception. The MPEG-4 standard is the direct successor to MPEG-2.

MPEG derives its name from the Moving Picture Experts Group, the working group that is responsible for developing coded representations of digital audio and video. In other words, the MPEG members dream up ways to efficiently deliver audio and video in digital formats that you can play on your computer or other electronic appliances.

Rob Koenen, president of the MPEG-4 Industry Forum, which aims to increase adoption of the format, told NewsFactor that MPEG-4 is really "a toolbox that may be extended as need be," not a static format.

Modular Format

Specifically, the standard consists of eight parts, some of which are still in development. Each part handles different tasks, such as video and audio representation, file format selection and format transfer. Implementation of the standard is left to companies and groups that want to create software or hardware that uses digital video and audio.

"The major parts of the standard were [established] a couple of years ago," Koenen said. "Some stuff is still being added ... but there are chips available right now, [and] a number of players already." According to the MPEG-4 Industry Forum's Web site, the standard became usable in 1999, and the parts that have been added since that time do not break the standard.

Is It Done Yet?

So, although MP4 does not get the kind of press that prior standards have received, it is alive and well. Apple's QuickTime 6, probably the most popular software media player, supports the MP4 file format, and many other companies also are delivering software and hardware products that use the standard.

However, some patent and licensing issues remain to be ironed out before the specification is finalized. Indeed, the process of identifying and dealing with patent issues has taken longer than defining the standard itself. But Paul Ritchie, executive director of the MPEG-4 Industry Forum, said there is light at the end of the tunnel. "Much of that has been cleared up to everyone's working satisfaction," Ritchie told NewsFactor. "Most of the issues, if not 99.9 percent of the issues, have been addressed."

Is There an MPEG-5?

Once MPEG-4 takes off, and all the patent snags have been dealt with, will the MPEG wizards start conjuring MPEG-5? Koenen said that is unlikely because MPEG-4 is extensible and therefore can grow along with technology in general. When asked how long the MPEG-4 standard might be around, he seemed confident that it could survive over the long haul.

"Twenty years is quite a good estimate," he said. "I'd be confident it'll still be alive then. The framework will still stand."

Resources

A great deal more information is available online at www.MP4Player.us and additional information on Hitman Records, Inc. is available at www.HitmanRecords.com.



Hitman Records, Inc. – MP4Player

One Embarcadero Center
Suite 4100 (41st floor)
San Francisco, CA 94111
415-869-5307