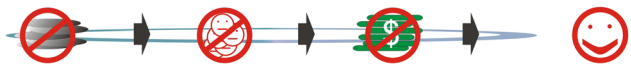


# FlixStix™

## A Revolutionary Approach to Video Rental

No DVD Inventory   No Waiting   No Return Trips   One Stop Shopping



The core of the FlixStix™ concept is a patented method for video content distribution and rental. The FlixStix™ method complements existing online direct-to-consumer movie rental methods in that consumers without broadband connectivity can have access to a vast selection at FlixStix™ enabled locations in retail and high traffic venues. This deep selection video catalog can be managed remotely. Titles can automatically be stocked through a secure internet connection, and content replacement can be managed based on predetermined content expiration. The flexible FlixStix™ method also provides for dynamic content modification (for localized advertising and opt-in promotions).

Consumers can acquire content and industry standard USB media by purchasing from FlixStix™ enabled locations, by phone or by mail. Customers can select titles from an access point such as a kiosk, and their selections can then be played on set top boxes, portable media players, TVs and computers. The FlixStix™ concept is scalable, utilizes proven industry standards, and is well suited for publicly accessible locations with broadband connectivity.



The FlixStix™ method differs from other content distribution arrangements in several ways. Consumers currently rent DVDs: at “brick and mortar” stores, via mail, downloading from the Internet, from an automated DVD kiosk, or by using a cable or satellite television service for “pay-per-view”. The FlixStix™ concept integrates the best features of these existing video rental systems with greater ease for consumers.

- Brick and mortar movie rental stores require the overhead of employees, large storefronts, have limited inventory, with selection limited to in-stock items. Consumers spend time & travel, wait in line at checkout (often just to purchase a single item) and must then return the DVD. Additionally, store employees spend time managing SKUs and assisting customers in finding selections. The FlixStix™ concept targets consumers who enjoy the simplicity of physical media and provides them the opportunity to rent videos at the same location where they purchase other goods & services. A user driven video catalog reduces the need for customer assistance, and the high durability of media sticks means fewer complaints and product returns due to damaged media. Automatic content expiration saves the customer time & travel as there is no need for a return trip.
- Video rental by mail requires cost of shipping, transit time, and loss or damage in transit can occur. Sensitive title selections by mail also lack privacy. The FlixStix™ method supports impulse buyers and offers fast point of sale. USB media sticks (that are used as transfer vehicles) can remain privately in the possession of the primary customer.
- Popular internet movie rental services such as Netflix® and Apple TV™ require broadband internet access, a fast computer or the purchase of a digital media player. Also, internet movie rental services may not satisfy a consumer’s desire for physical media. The FlixStix™ method does not require the consumer to have a broadband connection or special hardware, provides for a standard interface at all FlixStix™ enabled locations, and utilizes standard media.
- Automated DVD rental kiosks are limited to the stock on hand and require a return trip. The FlixStix™ method does not require a return trip. As innovations in high quality playback from small digital file size continue, the FlixStix™ method will offer higher quality content. Advancements in solid state media density provides that the FlixStix™ method can offer multiple titles per device.
- “Pay per view” services require subscription fees, and selections resident on a person’s TV or set top box are not playable on other devices. The FlixStix™ method offers consumers the satisfaction of physical media, has no subscription fees, and title selections will play on a variety of industry standard devices.

