

etoy. BUSINESS-PLAN

etoy.CORPORATION-INVESTMENT (real audio)

"unlike most internet stocks, etoy.SHARES have actually paid massive dividends in the form of art and fun. i feel i've already received a return on my principle and everything else is pure upshot. etoy continues to beat analysts expectations on reach and retention. solid products, strong marketing and first mover advantage in the hype management sector have put etoy in the lead. i would rate etoy.SHARES a strong BUY"

Joichi Ito, CEO of NEOTENY JAPAN and major etoy.INVESTOR

what is this business plan about?

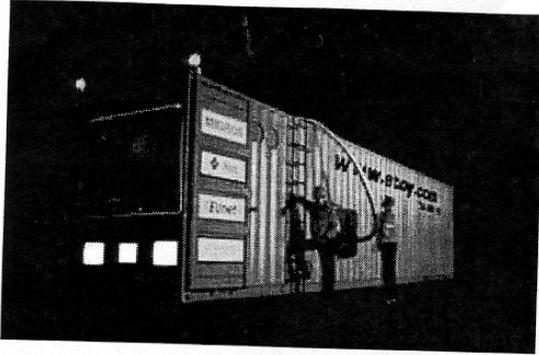
the etoy.BUSINESS-PLAN has been prepared to obtain financing in the amount of 102'400'000 japanese YEN (= \$ 800'000 / currency exchange rate on the day of the etoy.ART-MARKET-IPO / 23.01.98) to cover expenses for the development of the etoy.VIRUS, the implementation of an aggressive marketing program, to protect the trademarks etoy, etoy.com, digital hijack, TOYWAR, TOYWAR.lullaby etc. from aggressive attacks of competitors and authorities and to protect the market leader position of all etoy.SERVICES. further cost factors: transportation, storage and maintenance of 4 etoy.CARGO-TANKS to support local etoy.TOYTROOPS, etoy.LAWYERS, etoy.MANAGERS and RESEARCH / CODING-TEAMS worldwide.

the only goal of the etoy.CORPORATION is to increase the etoy.SHARE-VALUE through revolutionary incubations in the field of action entertainment design, special effects coding, music production, cultural logistics, social engineering/interaction, and art.

etoy: leaving reality behind...

what is etoy?

etoy is an experimental corporation officially incorporated in 1994. the venture is an internet startup owned by international art collectors, etoy.EMPLOYEES, the etoy.MANAGEMENT, the founders of etoy and TOYWAR.resistance-activists (the total number of etoy.SHAREHOLDERS is about 2000). the etoy.CORPORATION is a typical early mover (online since 1994) and developed rapidly into a controversial market leader in the field of internet art in 1996 (digital hijack: 1.5 million hostages on the internet). the etoy.IPO (international art market) happened in january 1998. initial prize per share unit: 160 YEN (about \$1.25 at the day of market introduction). etoy won several international art awards (like the golden nica in the net category of the prix ars electronica 1996). etoy: always online - sometimes lost.



what is the business strategy of the etoy.CORPORATION?

etoy blurs the line between art, corporate identity, technology and business to create massive impact. it creates action in all kinds of systems with the power of electronic media: reality twisting, market design, artistic confusion and mind extension. etoy travels between 500 million internet users, the real world, nasdaq and the absurd reality of its own existence. to reach its goals etoy uses the internet, the most powerful instrument: very flexible: low cost – fast feed - high impact! etoy: the popstar is the coder is the designer is the lawyer is the architect is the renderman is the virus is etoy.

what does etoy produce?

the etoy.VIRUS is infecting the world: etoy infiltrates systems and creates cultural memes using various tools on all media platforms. etoy leaves its marks and occupies platforms for self representation and research purposes in the field of media technology and art. etoy.OUTPUT is digital and emotional data displayed on the highly frequented internet site www.etoy.com. products and services provided by etoy include: the etoy.CORPORATE-IDENTITY (1994), the etoy.TANK-SYSTEM (1995), the multi awarded "digital hijack" (1996), "protected by etoy" (1997/98) / including a show at the museum of modern art in san francisco ans a spectacular helicopter stunt in the swiss alps, 4 etoy.CARGO-TANKS #14-#17 (1998), etoy.TIMEZONE (1998), etoy.SHARE (1998/99) and TOYWAR (1999/2000).

what does etoy sell?

the etoy.CORPORATION will never sell products. etoy sells itself: all available etoy.SHARE-UNITS on the market equal 100% of the etoy.BRAND-VALUE and represent the etoy.GESAMTKUNSTWERK (total shares outstanding: 640.000 etoy.SHARE-UNITS). etoy.SHARE-CERTIFICATES and etoy.SHARE-CARDS guarantee the strict limitation of etoy.SHARES and certify ownership. the art collector becomes an investor and co-owner of an art corporation that generates and increases cultural value. every investment involves participation and voting power.



etoy.SHARE-CARD for micro investments: minimal amount: \$ 100



etoy.CERTIFICATE for high amount investments : minimal \$ 3000

are the etoy.SHARES illegal?

NO. "etoy.SHARE" was an illegal ART PRODUCT in the united states of america between november 28, 1999 and february 16, 2000: due to an order issued by a californian state court in the eToys, Inc. vs. etoy.CORPORATION case, people on american territory were not allowed to offer, purchase or trade THE ART PRODUCT "etoy.SHARE". over a period of 81 days american venture capitalists were forced to make investments trough offshore@etoy.com. special offshore investment bankers helped customers to find solutions and to realize art investment plans. the etoy.LEGAL-AFFAIRS-DEPT. in san diego solved this problem: etoy.SHARES can be purchased again without fear of prosecution in any country of this world.

etoy.DISCLAIMER: "etoy.SHARE" is a revolutionary art product of the etoy.CORPORATION. this product does not follow the rules of ordinary financial markets. investing in etoy is a high risk art operation. every etoy.SHAREHOLDER is aware of the exclusive nature of the etoy.SHARES. experts do not recommend the etoy.SHARE as safe investment for retirement pensions.

what is the value of the etoy.CORPORATION?

the etoy.VALUE is of a cultural nature. the etoy.CODE affects people`s brains and behavior. this virtually creates a market of many billions. recently eToys Inc., a california based online toy retailer offered 7000 eToys shares and 50.000 in cash (total amount on november 26, 1999: 516'375 \$) to take over the etoy.BRAND and the core services of the etoy.CORPORATION. the etoy.MANAGEMENT rejected this offer in the name of the etoy.SHAREHOLDERS who voted against selling the successfull venture and global art brand etoy for a ridiculous amount of cash and stock of a struggling e-commerce company.

What is the etoy.VALUE on the art market?

www.etoy.com/VALUE(updated every 15 minutes)... due to the preliminary injunction against etoy in the US this customer service is still unavailable.

what determines the actual value?

the etoy.SHARE-VALUE is rendered in real-time by an etoy.SCRIPT. the software considers real-time stock and art-market data, the etoy.CASHFLOW and daily currency exchange rates (the etoy.SHARE is traded in japanese yen, so the rates of this currency have a high impact on the value of etoy.SHARE).

will there be profit / are there any revenues?

the profit will be a cultural one: the etoy.CORPORATION completely refuses to generate old fashioned revenue. the etoy.SHAREHOLDERS speculate on the increase of the etoy.BRAND-VALUE on the art market as well as on the DOT-COM marketplace, on the increase of the etoy.SHARE-VALUE and on cultural profit (lifestyle & excitement). the etoy.CORPORATION is prepared to offer equity in return for investment in etoy in cultural values such as borderline information, excitement, vip lifestyle and avant garde groove.

what is the market ?

an extensive market survey has revealed that no other corporation presently on the art and entertainment market compares with the etoy.PRODUCTS and etoy.SERVICES in terms of impact, excitement and cultural value. the primary customers in the commercial and industrial sector are multinational companies in the field of technology and entertainment, etoy.FANS and avant garde art collectors worldwide. the target markets are easily accessible and identifiable.

considerable interest in the etoy.VIRUS has already been expressed by the following:

- Joichi Ito (venture capitalist and media art expert, etoy.INVESTOR)
- WIRED and WIRED DIGITAL (more than 15 articles about the etoy.STORY)
- New York Times (articles by Matthew Mirapaul & Douglas Rushkoff)
- Walter Ruegg (venture capitalist and advertisement expert)
- MIGROS (sponsoring contract signed)
- Art Collection BKA Vienna (6000 etoy.SHARE UNITS purchased)
- Sun Microsystems (sponsoring contract signed)
- Swiss Government (supports the etoy.ACTIVITIES)
- blasthaus San Francisco (cooperation)
- Art Center College of Design (cooperation)
- QWEST / EUNET Internet Provider (sponsoring contract signed)
- CRCA / Center for research in computing and the arts / University of California of San Diego (cooperation)
- Ars Electronica Festival (awarded the golden nica 96 to the etoy.CORPORATION)
- DJ Spooky (dj, editor artbyte, cultural pioneer, etoy.INVESTOR)
- Silicon Alley Conf. and Silicon Alley Reporter (invitations/coverage)
- Alan Gershenfeld (movie writer and producer, former senior vice president ACTIVISION STUDIOS)
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all of the above feel that there will be a growing demand for etoy.SHARES because of the valuable etoy.INCUBATIONS and etoy.SERVICES, and because there is no other art corporation currently available which provides lifestyle and impact comparable to that of

the etoy.CORPORATION.

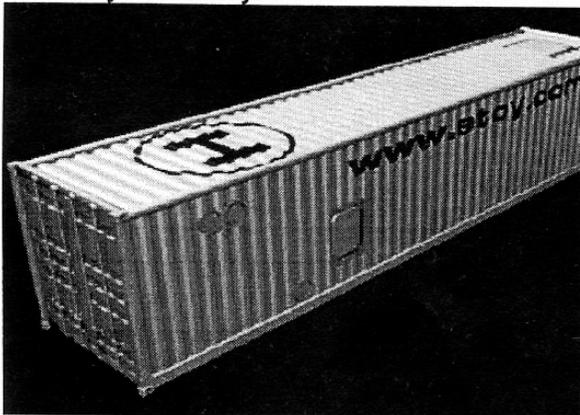
which awards did etoy win?

in the past five years etoy was recognized by some of the most highly regarded electronic arts festivals and centers, such as ars electronica, who awarded etoy the "golden nica" in the internet art category, the most prestigious prize offered (the 1999 winner is linux). etoy was also invited to complete a residency at c3, or center for communication and culture in budapest by suzy meszoly (c3 is a non-profit arts foundation that was originally founded by the george soros foundation) or the center for research in computing and the arts CRCA at the university of california of san diego. international awards and partnerships had a strong impact on the etoy.VALUE and helped the etoy.SHARE to become a strong BUY.

where is the etoy.CORPORATION located?

etoy does not have a headquarter. etoy is a net based corporation. the etoy.SERVERS (etoy.com) provide the infrastructure for a non centralized mobil-working and experimental entertainment environment. in the past years etoy.BRANCHES opened and closed in vienna, zurich, manchester, monza, geneva, budapest, san diego, san francisco and new york to coordinate projects in the real world. etoy constantly moves its physical presence: the etoy.CARGO-TANKS (corporate environments) allow the transfer of an entire etoy.BRANCH within two weeks from (for example) san francisco/usa to zurich/switzerland.

what exactly is an etoy.TANK?



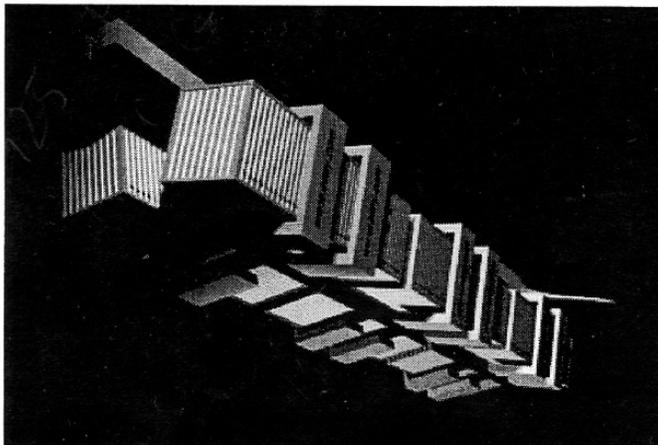
the etoy.TANKS are TCP/IP-PACKAGES travelling real space - a re-transformation of the etoy.INTERNET-TANK-SYSTEM (developed between 1994 and 1996) into the real world and therefore the showcase for the etoy.EXPERIMENT in the vibrant zone dividing the concrete and the digital. the etoy.CARGO-TANK is a vehicle which will physically convey the discoveries of the etoy.JOURNEYS into a new world - a movable, hyperphysical LEGO piece at the service of etoy.STRATEGY. a package to host, hide, protect and transport etoy.AGENTS and etoy.INFRASTRUCTURE worldwide. since 1998 the 40 feet long standard freight containers serve as mobile etoy.BRANCHES, etoy.OFFICES, etoy.SOUND-STUDIOS, etoy.STORAGE-SPACES, etoy.TEST-AREAS,

etoy.SLEEPING-TANKS and WALK-IN-NET-SERVERS. every etoy.TANK is outfitted to provide electricity, oxygen and a stable temperature even in the worst conditions for more than 72 hours. a special protection mechanism prevents enemy infiltration (authorities, competitors, sabotage etc.)

the etoy.TANKS are modular office bricks that travel both the real and the digital world in order to increase the etoy.SHARE-VALUE and guarantee maximum mobility, insanity and cost optimization for the etoy.CORPORATION.

where are the etoy.CARGO-TANKS now?

for security reasons etoy cannot provide the actual tank locations. subscribers of the etoy.ALERT service and etoy.SHAREHOLDERS get information about etoy.BRANCH transfers by email. in the past, etoy.TANKS were located in san diego, san francisco, new york, vienna, budapest and zurich. etoy.TANKS - questioning the line between the digital and the physical.



MANAGEMENT / CREW:

who are the etoy.AGENTS?

from 1994 till 1997 seven etoy.HUMAN-AGENTS represented etoy in real life. the etoy.CORPORATION licensed the copyrights of every AGENT's face (the etoy.CONTRACT). all members signed a document which certifies the secrecy of individual data and personal opinions. in 1997, the first etoy.AGENT was killed during an operation in eastern europe. between 97 and 99 four further etoy.AGENTS were deleted and two new members of the crew were recruited. In july 1999 the etoy.BOARD decided and announced to delete all former etoy.AGENTS. since july 1999 etoy is represented by authorized etoy.REPRESENTATIVES. the day to day business operations are in the hands of the etoy.MANAGEMENT (voted by the etoy.SHAREHOLDERS).

who is in the etoy.MANAGEMENT?

at the moment the etoy.MANAGEMENT includes: agent zai (CEO / vienna and zurich), agent gramazio (monza / italy and zurich) and agent kubli (geneva). the etoy.MANAGEMENT reports business activities to the etoy.SHAREHOLDERS. according to the etoy.CONTRACTS the etoy.MANAGEMENT can be replaced by online SHAREHOLDER-MEETINGS.

who is in the etoy.ADVISORY-BOARD?

members of the etoy.ADVISORY-BOARD are joichi ito (ceo of neoteny tokyo and former ceo of infoseek japan, first advisor of BEOS), suzy meszoly (curator new york), douglas rushkoff (writer new york), william linn (ceo blasthaus san francisco), reinhold grether (scientist konstanz / germany) and john perry barlow (new york).

what do celebrities think about etoy?

Andrew Leonhard (Hotwired Magazine) «...etoy may be an indicator of the things to come... a catchy Euro-technopop melody that emanates a distinct digital telephone-beeping, postmodem-coupling, coital glow...»

Douglas Rushkoff (New York Times / Author of «Media Virus») «etoy is much more than your typical group of artist hackers. It is an organism, a virus; an entity of human/silicon origin yet with no known biological or technological predecessor. The boys who have volunteered for etoy have quite literally surrendered their lives to technosphere. Those of us lucky enough to have interacted with them or their mediations will never experience the man-machine-network interface in quite the same way again.»

Björk (Popstar, Iceland) «yes!...and all our children will be playing in their garden of joy surrounded by glamour and perverted disco tunes... etoy, immature priests from another world...»

Suzanne Meszoly (Curator, Melbourne - Budapest) «...etoy crosses disciplines with the ease of a remote control surfing endless TV channels, developing a new scanned lifestyle. ...adapting to the internationalization accessed by the web, creating a unique virtual space, attracting a massive public, developing a social sculpture in the tradition of Joseph Beuys, David Bowie...»

Tapio Mäkelä (SIKSI, the Nordic Art Magazine) «A combination of band and corporate identity is a rush within arts & the net, both idealized realms of apparent non-commerce.»

Ars Electronica Festival Jury (Golden Nica 96 for «the digital hijack») «etoy might be just a hype - but it is a very well designed one!»

Joichi Ito (Wired Magazine, CEO NEOTENY, Tokyo) «...etoy is a very good example for the direction that art and the internet should take in the future... they capture the spirit of the internet but the same time they are well educated and very intelligent artists...»

John Perry Barlow (in a HOTWIRED interview december 1999) «...John Perry Barlow, former Grateful Dead lyricist and co-founder of the Electronic Frontier Foundation, is calling on the entire Internet community to rally behind the Zurich-based artists of etoy in their potentially historic domain-name battle with www.eToys.com ...»

Cristina Ruiz (THEARTNEWSPAPER.com march 2000) «...much web-based art is an uninspiring combination of text, flashy images and video clips that crashes your computer and leaves you bored, frustrated and bleary-eyed. but a group of european internet artists known as etoy stands miles ahead of the pack...»

how can fans and potential investors get updates on etoy ?

to get frequent updates on the etoy.ACTIVITIES, the etoy.SHARE- VALUE and other company related information submit your email address via email to the following address: subscribe@etoy.com (the sender address will be subscribed)

FORECAST / COMPETITION:

some more or less outstanding competitors that have products that are in part similar to the proposed etoy.PRODUCTS:

- **www.RTMark.com** is one of the leading organizations in the impact management sector since 1997. this investment group is probably the most dangerous competitor for the etoy.CORPORATION in terms of market confusion, trade mark dilution and acquisitions. close cooperation, frequent etoy.INVESTMENTS into the RTMark mutual funds and strict cartels protect each company from aggressive takeover and market war. over the last two years RTMark covered the political activism market while the etoy.CORPORATION protected its leader position in the surreal e-commerce incubation sector. etoy invests massive amounts of venture capital into experiments, innovation, dot-com-brands and styling to neutralize the speed and release power of this competitor. 8 etoy.TANKS and the etoy.CORPORATE-IDENTITY make sure that the two competitors and their services can be distinguished by common customers and venture capitalists.
- the band negativland breeds memes similar to some etoy.VIRUSES (spectacular trademark disputes, copyright lawsuits) and is very successful in the field of BRAND- and STORY-HACKING. negativland gets a lot of media attention in the usa and its sound engineering dept. produces tracks that beat the quality of the etoy.TRACKS by far. but the cost of etoy.SERVICES will be substantially lower than negativland records and cds because of etoy's use of more advanced and lower cost technology. as long as negativland does not go public, there will be no danger from this music group.
- **hell.com** has approximately 20% of the market share and is another serious competitor in the experimental web entertainment sector. high quality design,

subversive content and experimental access strategies make competition with hell.com a real challenge for the etoy.MANAGEMENT.

- heath bunting is a manufacturer of very simple, old fashioned community services. because of a massive lack of entertainment quality and dogmatic strategies, bunting is not considered to be a serious threat to the marketability of any etoy.PRODUCT. the etoy.MARKETING-FORECAST predicts a loss of his market share of 36% within the next 12 months. this company will run out of cash and will go out of business by the end of 2003.
- the sound artist scanner is located in london but active on a global market. his marketing strategy is highly impressive. he travels the planet with a very simple idea: scanning the city's electronic envelope / transforming sound and signals - excellent entertainment and story hacking for the electronic age. the sound releases and live performances of scanner are hard to compete with. fortunately scanner was not able yet to employ as many high tech researchers and investment bankers to come along with the fast growing market of the digital entertainment industry. the etoy.CORPORATION will fight skills and sympathy with strategy and a massive amount of venture capital.
- www.jodi.org is an excellent small manufacturer of digital code madness based in the netherlands (with a branch in spain) which sells primarily to funding organizations and media art festivals in europe and in the united states. the product is essentially visual and is also very powerful, but not easily adaptable to common applications and mainstream business. jodi.org does have very strong experimental entertainment research laboratories but generates low impact in the world of power & politics. they sell directly to the end user (art & design fans) via the website www.jodi.org. the organization currently has a very strong presence in the media art world. jodi.org is a typical early mover and has successfully protected its market share since 1994. the jodi management earns a lot of respect from the etoy.SHAREHOLDERS.

what was the latest etoy.OPERATION?

the latest etoy.PROJECT (winter 1999/2000) was the successful fight against an extraordinary lawsuit filed by eToys INC. to take over the etoy.DOMAIN name and the etoy.TRADE-MARK. on november 30, 1999 the etoy.CORPORATION launched TOYWAR.com - the advanced brand protection system which coordinated resistance activities worldwide and led to more than 300 articles in the press. more than 1700 active TOYWAR.soldiers and resistance activists let the eToys share value crash from \$67 to \$15 at the end of the public battle (total damage: 6,2 billion dollars).

what will be the next etoy.OPERATION?

etoy will continue to evolve, to morph, grow and expand. as with any successful corporation, etoy.com will continue to develop, will meet the demands of the marketplace, will strive to meet the shareholders stipulations, and continue to reflect the complex matrix which is the essence and dynamism of the current economic, social, and cultural climate. etoy will continue to disrupt, disturb and destroy old fashioned perception. art

will never be the same again.

- **etoy.DISCLAIMER: the etoy.CORPORATION is traded on the international art market (not to be confused with eToys Inc. / symbol ETYS traded on NASDAQ.)**
- **etoy.DISCLAIMER: no guarantees are expressed or implied regarding the success of the venture described in this business plan.**