



Harmony
CHANNELSM

Investor Briefing

August 2006

Beautiful Music. Beautiful Visuals. Beautiful Mind.



Harmony
CHANNELSM

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Harmony Channel Is...

Visual Music Television Network

Partnered with Comcast – largest cable operator

Launched June 2006 in 9.2 million VOD households and on broadband website

Mood-Elevating “Wellness Experience”

“MTV for the Soul”

Digital Media Delivery

We are increasingly surrounded by digital media...



*LCD and CRT
Televisions and
Computer Screens*



*LED
Outdoor Digital Signs*



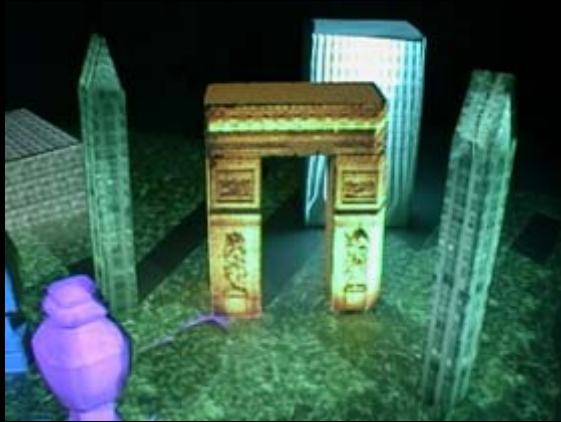
*Digital Ink
Billboards*



*Plasma and LCD
Digital Signs*

Digital Media Delivery

Future display technologies promise to immerse us in pixels



Raskar's Augmented Reality



UNC's Office of the Future



Flexible Displays with Organic LEDs



Arizona State's Flexible Display Program



Spielberg's Minority Report

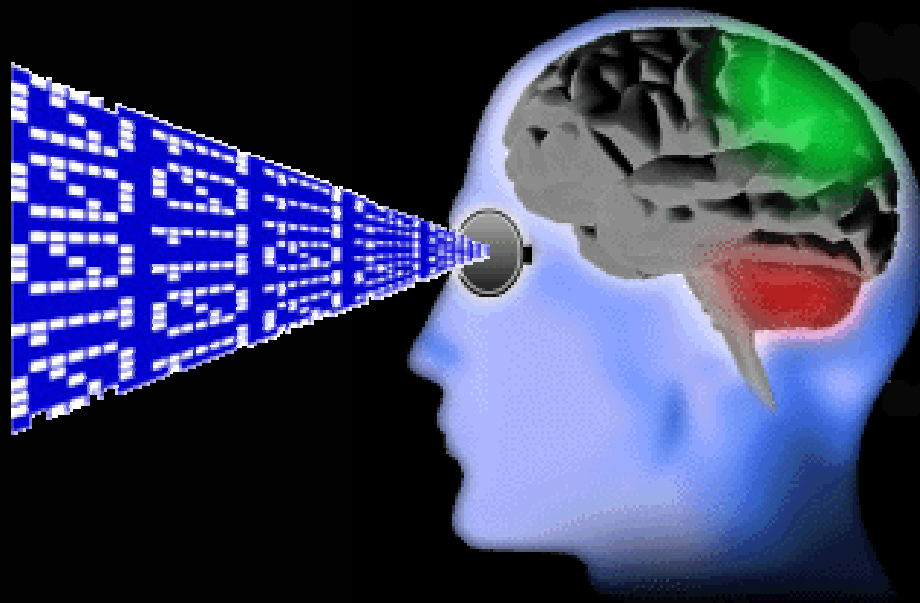
Digital Media Creation

We can now capture, create and deliver digital worlds, real or imagined...

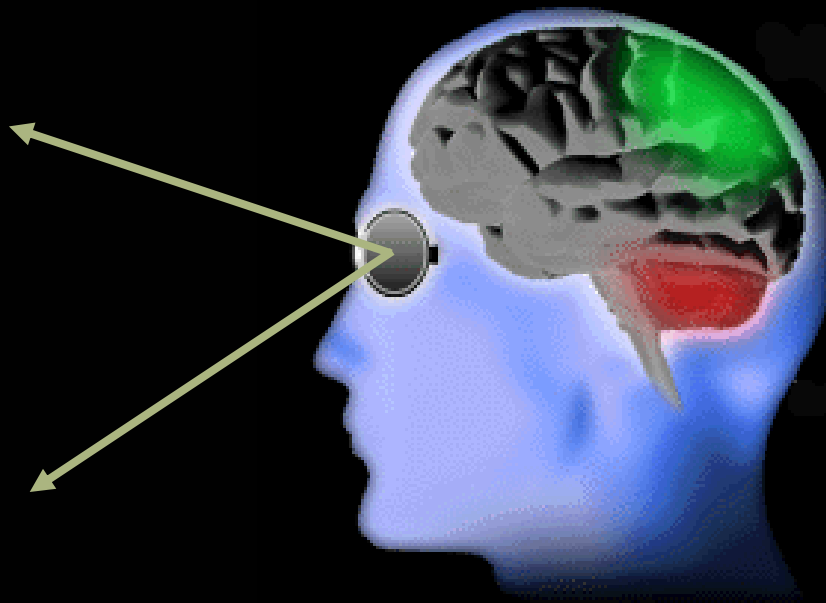
...so what are we imagining?



The Eyes and Ears are a Wideband Interface to the Brain!



**So... What Images and Stories do we
Want to Feed Ourselves With???**



It's our choice...

The Media Convergence is Here...



We Live in Stressful Times...

- Mental stress is widespread and growing¹
 - 80% of Americans report problems with stress
 - 58% have trouble getting enough sleep
 - 63% claim that their stress levels are increasing
- Stress can lead to serious health problems^{2,3}
- Stress is costly
 - 40% of job turnover is attributable to stress
 - Job stress costs U.S. industry \$300 billion/year

1) National Consumer's League 2003 Survey "Dealing with Stress"

2) Harrison Wein, "Stress and Disease: New Perspectives," NIH - <http://www.nih.gov/news/WordonHealth/oct2000/story01.htm#TOP>

3) Life Sciences Institute of Mind-Body Health - <http://www.cjnetworks.com/~lifesci/strsdis.htm>

People are Seeking Relief

And opening their pocketbooks...

- Lifestyles of health & sustainability: \$227 billion
- Health spa visits: \$11 billion, 25% growth
- Yoga products and services: \$3 billion

How can digital media tap this market???

Intentional Use of Media for Enhancing Wellness

“Music has well established psychological effects, including the induction and modification of cognitive states, moods and emotions.”

- Dr. Norman M. Weinberger, MuSICA Research Notes, vIV #2, F97



"Visual exposure to natural settings has produced significant recovery from stress, as indicated by changes in physiological measures such as blood pressure and muscle tension."

—Felf, D. (ed.) 1992, The Role of Horticulture in Human Well-Being and Social Development, Portland, OR; Timber Press

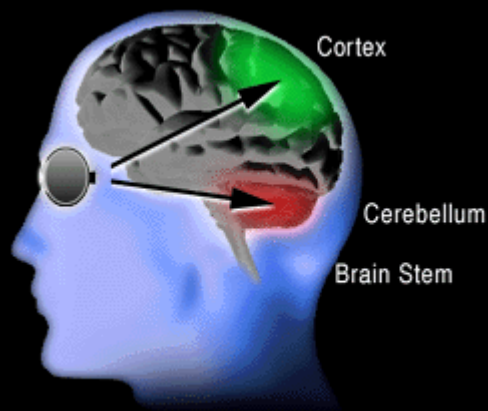
Music: Powerful Mood-Altering Agent

- Music has a major effect on psychological mood¹
- Music alters our attention, perception, and memory¹
- Music is now being used to heal in healthcare systems²
 - Promotes wellness
 - Stress and pain management
 - Enhance memory, express feelings, improve communication
 - Promotes physical rehabilitation

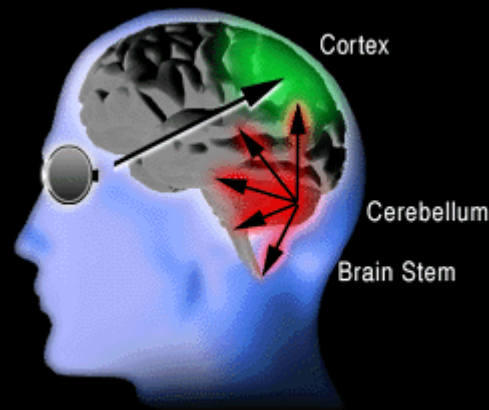
1) " The Coloring of Life: Music and Mood ", MRN, Spring 1996 III (1); "Understanding Music's Emotional Power", MRN, Spring 1998, (2)
<http://www.musica.uci.edu/mrn/V3I1S96.html#coloring>

2) www.musictherapy.org website

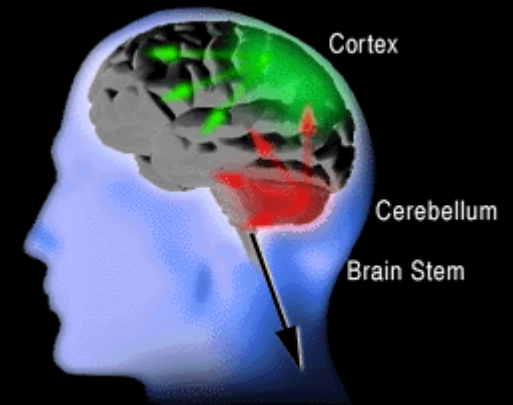
Anatomy of Emotions



*Sensory stimulus arrives
first at Base Brain, the seat of
our emotions*



*Base brain reacts, feeds
neocortex*



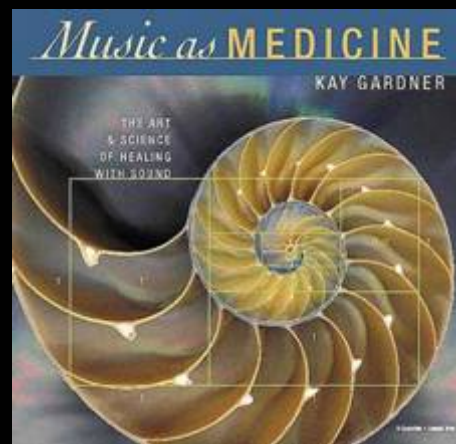
*Gestalt occurs in higher
cortical thought-processing
area*

We Feel Before We Think

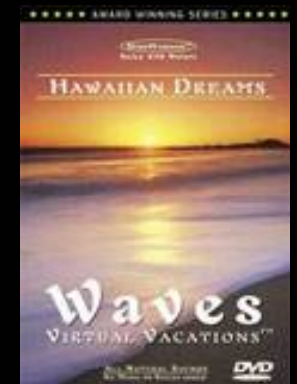
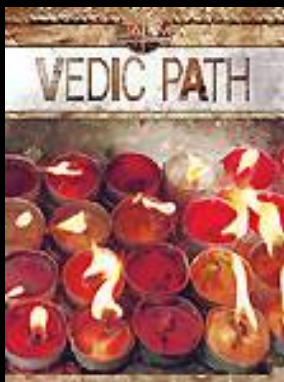
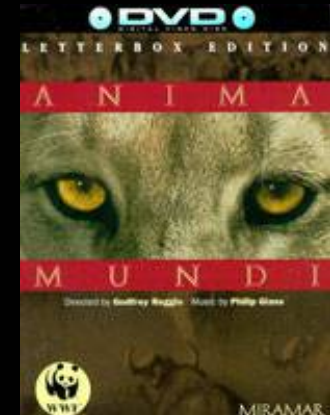
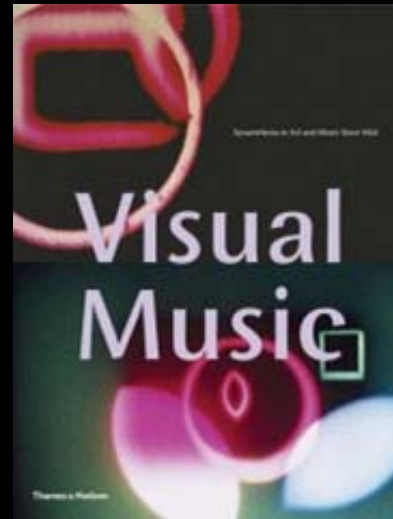
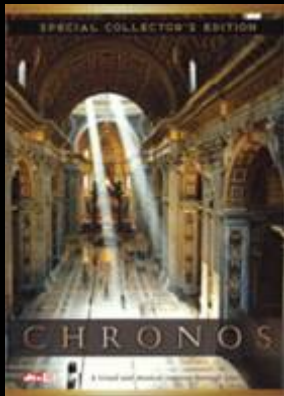
The Science of Media-Induced Wellness and Stress-Reduction

- Reduce cognitive overload
 - Less information, less distractions, less cuts
- Reduce emotional overload
 - Less emotional stimulation (drama, controversy)
- Focus on the viewer experience
 - Interface with the root brain, not neocortex

Healing Music is a Fast Growing Category...



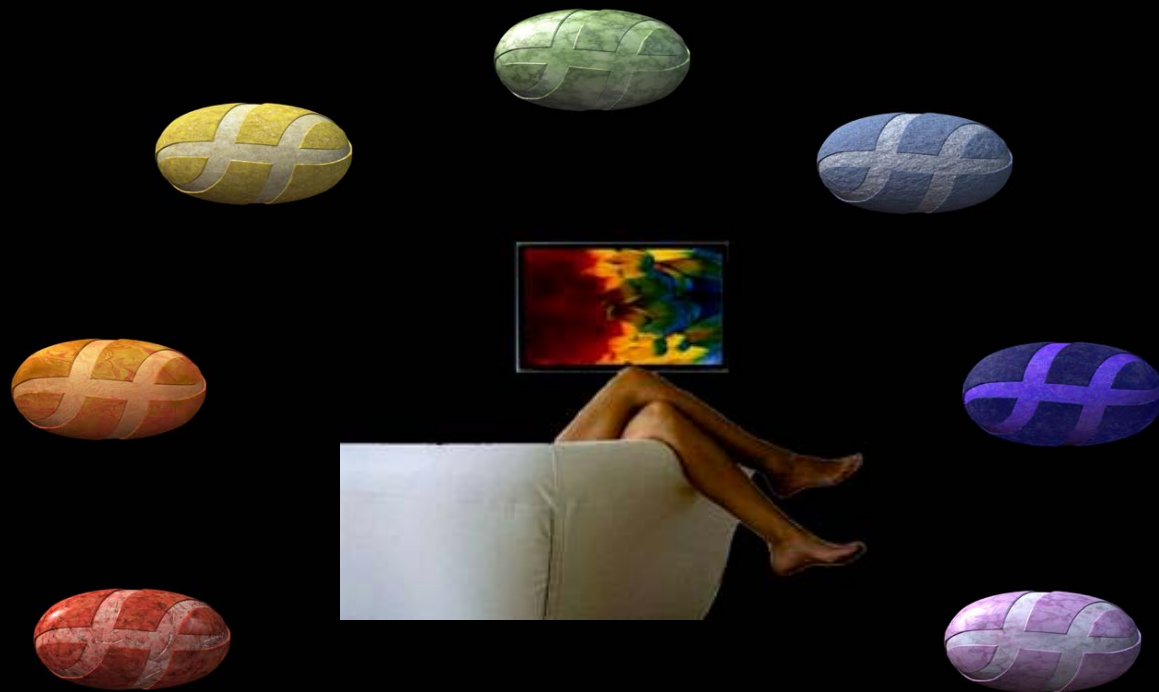
Visual Music Content is Also Multiplying ...



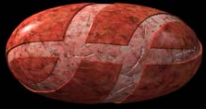
...yet is without a unifying brand

Harmony Channelsm Brand

Health food for the eyes and ears...



Soothing, relaxing, inspiring, meditative, contemplative,
beautiful, energizing, invigorating, awe-inspiring



Love Zone

Romantic and sensual moods, both modern and classical



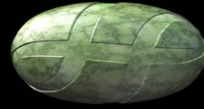
Energy Zone

Bright and energetic, like a virtual cup of coffee in the morning



Play Zone

"Primetime" programming with a variety of moods and themes



Harmony Zone

Uplifting music set to images of nature and other pleasing visuals



Chill Zone

Classy, trendy and cool with downtempo, lounge and trip hop



Dream Zone

Dreamy ambience with meditative and hypnotic soundscapes



Spirit Zone

The best in inspirational themes from all cultures and faiths

Harmony Channel's MoodZones™

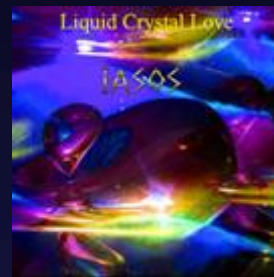
Visual Music Categorized by Mood

Designed to reduce cognitive and emotional overload

Digital Spa Experience

Programming

Acquired and Original Programming



lasos



CineMuse



John Banks



Ilya Nikkolai

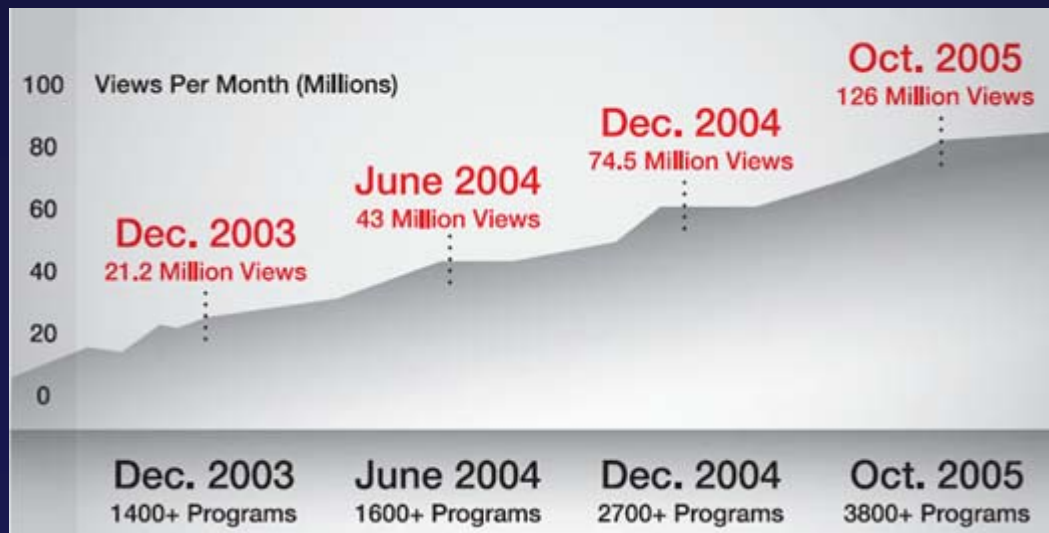
David Fortney





Comcast Partnership

- Comcast “Select on Demand” partner
- Comcast On Demand receiving 1 billion views/year
 - Music is largest category
- Total of 22 million households – 9.2 million are digital
- Comcast provides promotion and distribution



Comcast
On Demand
Growth

Comcast On Demand Electronic Programming Guide Simulation

On Demand Entry Screen

11:33pm

on On Demand

Movies



Movies	Network Primetime
Free Movies!	Events & Specials
Sports & Fitness	TV/Entertainment
Premium Channels	Kids
News & World	Get Local

▼

Scrolling Down to Select Music Category

11:33pm

on On Demand

Music



Life & Home	Music
HDTV On Demand	Spotlight
The Cutting Edge	Urban Beat
Help & Services	Saved Programs
Channel Comcast	



comcast.

11:33pm

on On Demand

Music

Life & Home

Music

HDTV On Demand

Spotlight

The Cutting Edge


Urban Beat

Help & Services

Saved Programs


Channel Comcast

Selecting Harmony Channel within Music Category

 11:33pm

on Music

Harmony Channel



Music Choice	MTV2
Concert	GAC
Havoc	Karaoke
Guitar Lessons	Piano Lessons
Bon Jovi	Harmony Channel

▼

Selecting Harmony Channel's Harmony Zone

comcast.

11:33pm

on Harmony Channel

Harmony Zone



Love Zone

Chill Zone

Energy Zone

Dream Zone

Play Zone

Spirit Zone

Harmony Zone

Selecting from List of Titles Within Harmony Zone

comcast.

11:33pm

Nocturne Light

8 mins

John Banks, (2005), Journey through...



on Harmony Zone

HZ Sampler June 06

Timeless

Desert Light 1

Desert Light 2

NEW

Nocturne Light

Title is Selected to Play



11:33pm

Nocturne Light

8 mins

Available Until: 07/01/2006

Complimentary



(2005)

John Banks, Fritz Heede

Journey through visionary landscapes with this incredible piece from the Illuminated Manuscripts DVD. Available at www.harmonychannel.com.



Title Begins





Boradband Video Website

- “Contextural merchandising” retail e-commerce store
 - DVDs and CDs from Harmony Channel artists
 - Related wellness products and services
- Artist promotion & forums
 - Artist showcasing provides incentive for low license fees (i.e. MTV, VH1, BET...)
- User created, user evaluated video uploads and community site (i.e. YouTube.com)
 - Rotating competitions for best video in each MoodZone
 - Highest rated videos are considered for broadcast
 - Unique incentive to participate in website
 - Generates website traffic – content changes daily



The Markets

- **Lifestyles of health & sustainability: \$227 billion**
- **Cable television advertising: \$17 billion**
- **E-Commerce (online purchases): \$52 billion**
- **Music industry**
 - \$32 billion – global market
 - \$12 billion – U.S. market



Diversified Revenue Model

Advertising/Sponsorships

- Per-view model for VOD, broadband video ads
- Targeted advertising with full metrics = high CPM's

Contextual Merchandising

- DVDs, CDs and digital downloads from Harmony Channel artists
- Wellness products
- Harmony branded HD/SD compilation DVDs for home, B2B

Broadband Video Website

- User generated, user evaluated content and forums
 - Generates repeat website traffic
- Web advertising (banners, streaming video)

Subscription and Pay-per-View Fees

- HDTV, hotels, digital spas, café's, healthcare waiting rooms, lobbies



Management Team

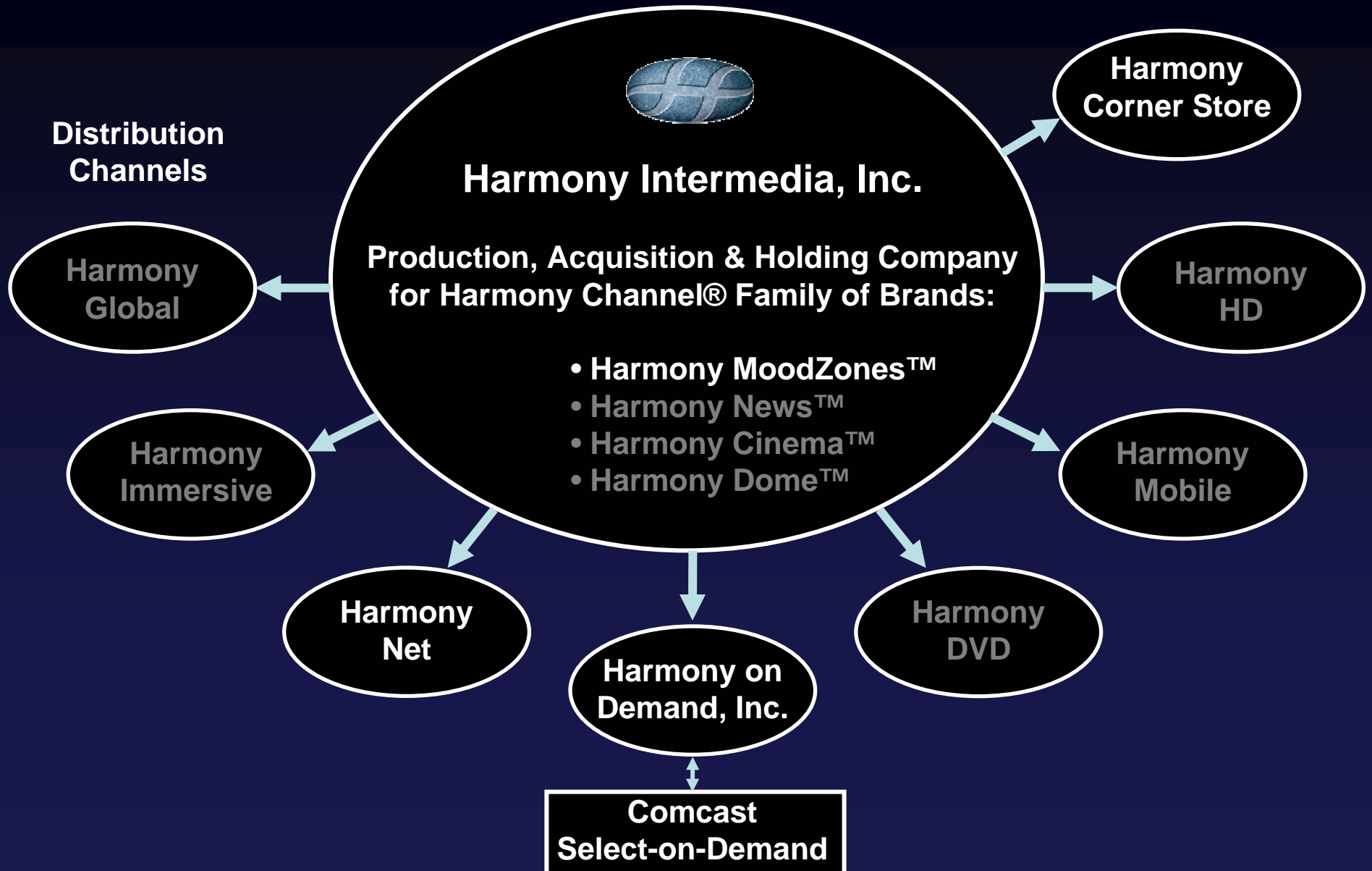
- Ed Lantz, CEO/President – Entrepreneur, manager, engineer and producer with 15 years pioneering large-format film, video, planetariums and themed entertainment. Developed ElectricSky® and ImmersaVision® brands at Spitz, Inc.
- Laura Vattilana, CFO – Over 20 years experience in the combined fields of corporate administration and accounting, including Systems Administrator for Weingartner Enterprises, Accounting Manager at Madison Construction Co., and Controller for Bridgeview, Inc.
- Kate McCallum, VP Programming & Development – Hollywood producer with 20 years experience in television and film productions.
- Jan Lange – IT Director - Over 10 years experience leading the development of advanced enterprise, e-commerce, image processing and video production software for clients including Chatham Financial Corp., eCal Corp., First USA Bank, Chemical Leaman Tank Lines, CGI Systems, Inc. and the Center for Innovation in Community Development.



Market Differentiation

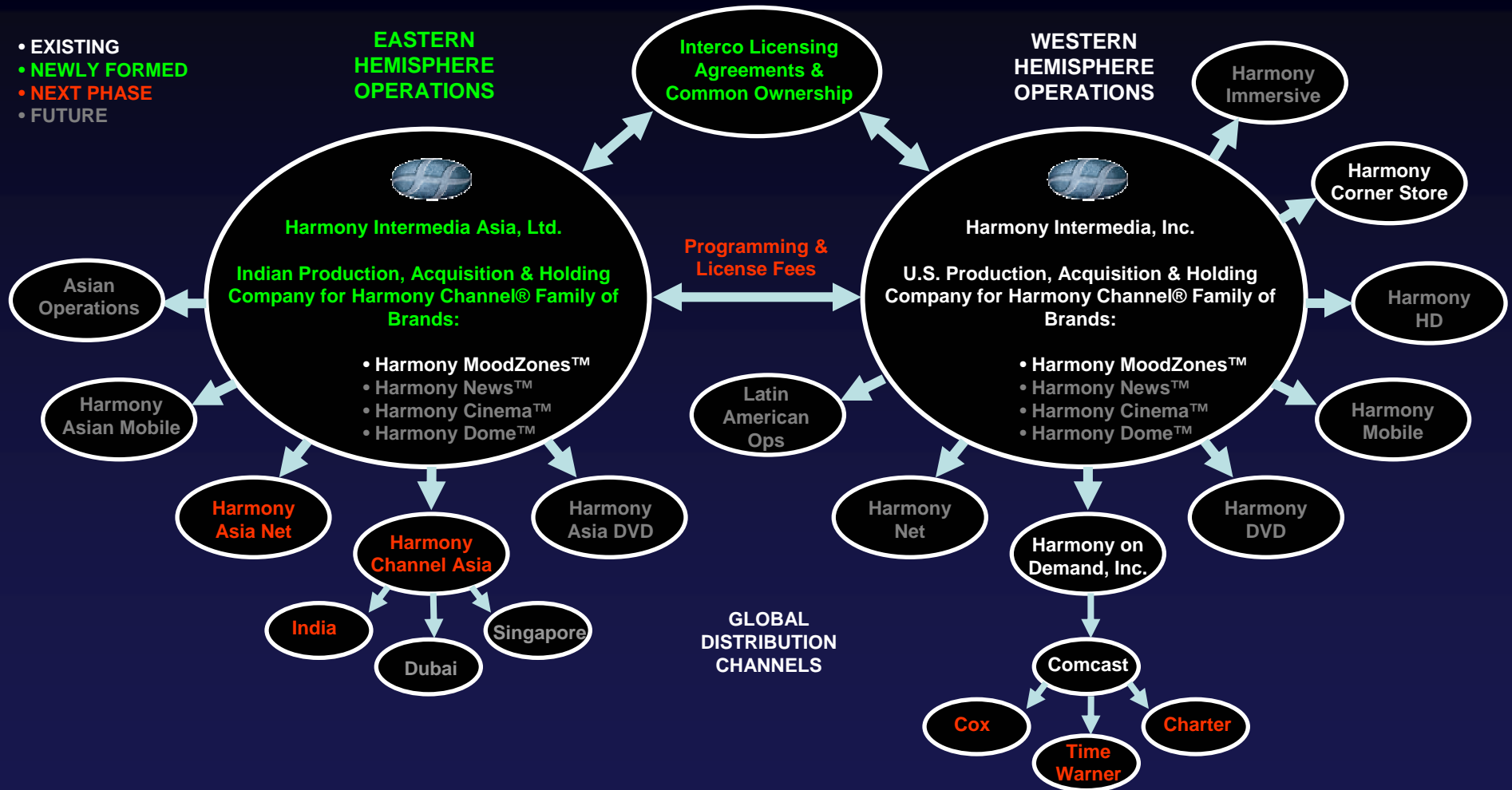
- Not a traditional network... digital spa experience
 - The only mood-based, wellness-experience network
 - First-to-market with “MTV of the Soul” category
- Optimized for digital On Demand delivery
- Optimized for new generation of displays
 - HDTV, plasma screens, projection, etc.
- Global accessibility
 - Visual music is universal language
 - Transcends cultural and language boundaries

Corporate Roadmap



Global Development Roadmap

- EXISTING
- NEWLY FORMED
- NEXT PHASE
- FUTURE



CONFIDENTIAL



Harmony Cash Flow

Financial Projections (\$mm)

	2006	2007	2008	2009	2010
Total Revenue	1.4	3.8	10.7	20.9	39.1
Programming & Op. Costs	4.8	4.9	5.5	6.4	7.9
EBITDA	(3.0)	(1.0)	5.3	14.6	31.3

IRR = 110%

Projections based on Round A1 VOD network operations only



Harmony Capitalization

- Round A - \$5mm
- Break-even within 3 years
- Exit strategy
 - Acquisition
 - Round B cap raise for HD library expansion and global rollout
- Brand is highly extensible, allowing series of planned expansion phases and M&A activities



Harmony Channel

Formula for Success

- Launched June 12th in 9.2 million Comcast households
- Comcast Partnership
 - Promotional support
 - Representing Harmony to other cable systems
 - Another 3mm Cox Cable households expected soon
- Seasoned Core Management Team
- Unique, Affordable Content
- Large, Underserved Market



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