

EQUITIES

ON THE MOVE CORPORATE PROFILES

IElement Corporation

OTC BB: IELM



17194 Preston Road, Suite 102
 Dallas, TX 75248
 Phone: 888 832-9422
 www.ielement.com
 Contact:
 investor@ielement.com

Company Mission:

To deliver state-of-the-art telecommunications solutions through a consultative approach with immediate, personalized customer service.

TOP INVESTMENT HIGHLIGHTS

- ☑ Company has a secure, low-risk and profitable customer base with which to support explosive growth.
- ☑ All of its 300+ business customers are under long-term contracts for 1-3 years, providing a stable revenue stream.
- ☑ Company stays on top of market trends by offering a variety of next generation telecommunications services, including Voice over Internet Protocol (VoIP).
- ☑ Projected fiscal revenue of \$22.6M in 2007.
- ☑ Company is currently using less than 25% of its network capacity.
- ☑ Company's minimal long-term debt will absorb only 12.5% of its revenue.
- ☑ \$2.2 million in equity will be closed from calling of warrants issued in the placement- Q1 2007.
- ☑ Dual-listed in U.S. (IELM.OB) and Frankfurt (SZQ1.F).
- ☑ Company weathered the telecom/dotcom downturn and came out stronger.

Corporate Overview

IElement provides local, long-distance, Internet, VoIP and other next generation telecommunications services to business customers in the continental United States. IElement is a facilities-based, revenue-driven Communications Service Provider (CSP) and Voice over Internet Protocol (VoIP) provider that has experienced consistent growth since its inception in 1998. The company's primary business consists of VoIP solutions, T1s, Dynamic Integrated Access Service (DIAS) T1s for voice, data and internet access, and Layer2 Private Network (L2PNTM) solutions that are a cost effective and more

secure wide-area network alternative to Virtual Private Networks (VPNs). These solutions provide Small and Medium-sized Businesses (SMBs) with dedicated internet access, customizable business solutions for voice, data, wireless, internet, and secure communications channels between offices, partners, vendors, customers and employees without the use of firewalls or encryption devices. IElement has access to Competitive Local Exchange Carrier (CLEC) licenses in Texas, California, Illinois, New York, and Massachusetts. The company has plans for further expansion, with certification pending in Arizona, Nevada and Florida.

Market Opportunity

As a broadband internet provider for SMBs, IElement has access to one of the most significant markets in the country. Neilson Research estimates that residential broadband users account for nearly 73% of active internet users (2006), and that number is even higher for businesses. As of June 2006, 89.8% of U.S. workers were using broadband, with only 10% of those users connecting at 56K or less. IElement offers multiple choices for internet bandwidth, including the highest standards in T1 access.

Internet markets have evolved to allow for horizontal integration, as telecommunications companies move towards combining telephone and internet services in a technology known as Voice over Internet Protocol (VoIP). IElement began offering VoIP in early 2006, as this service has gained recent popularity over traditional telephone lines. VoIP technology converts the user's voice into a digital signal that travels over the Internet, and allows users to make calls directly from a computer, a special VoIP phone, or a traditional phone connected to a special adapter. VoIP services have many advantages for business customers, including the ability to manage personal distribution groups or conferences and enable call center options for multiple locations, call forward and notification, simultaneous ring, redirected phone numbers and html messaging. Hosted VoIP utilizes IElement's backbone network to ensure indistinguishable and often better call quality than providers that do not control their network. With the majority of U.S. telecommunications leaders targeting residential customers, IElement is able to take advantage of a business VoIP market that is fragmented. The business use of VoIP technology is profitable because the packaging of higher traffic cuts costs and the applications provided alongside VoIP are high-margin. Through its strategic partnerships with some of the industry's most inno-

vative pioneers, the company is able to offer its customers highly customizable VoIP solutions branded as its own.

In the business world, security is often at the forefront of corporate concerns. IElement targets this market with its L2PN™ Solution, a technology that uses Permanent Virtual Circuits (PVCs) to deliver information from one location to another without the use of firewall or encryption devices. This avoids the use of the public Internet for the transferring of information so that a customer's information travels on IElement's private and secure network. L2PN™ is more cost-effective than traditional frame relay methods and integrates easily into an already established phone system.

In addition, the company aims to use its traditional services to become the leading regional Communications Service Provider from California to Florida. As a smaller, more agile company, IElement can sell add-on products and services to its SMB clients. IElement's added value, managed service strategy includes subscription model services such as Managed Microsoft Exchange, prepaid and postpaid cellular services, email and network security, storage and disaster recovery and residential and business-based wireless. The company also offers Managed BlackBerry™ services (the popular device has already acquired 3.2 million users in the United States). These services will allow SMBs to have access to enterprise type applications with little or no software purchase, hardware investment, upgrade worries or full-time administration hassles. The sell-through services will increase IElement's Average Revenue Per Customer (ARPC), and will also improve customer retention. By offering additional services during a customer's renewal process, IElement is able to combat market forces (decreased renewal prices are an industry standard) and stimulate revenue to counteract these decreases. Becoming experts in identifying and selling added-value products and services to its customer base will solidify IElement's business model since it has margin-rich services paired with commodity-type core products such as voice, Internet access and bandwidth that very few SME competitors can provide in one place.

Business Model

- Leverage the cash flow from traditional business to spur VoIP growth.
- Devote resources to adding customers in the Dallas, Los Angeles and Chicago markets while extending its sales reach into target markets.
- Build the necessary infrastructure to sell IElement broadband services (wireless or wireline), as well as resell voice services over the same T1 or wireless equivalent.
- Employ un-utilized capacity. The company currently uses less than 25% of its network capacity. Existing infrastructure can serve multiple new markets, as they are brought online, before the company would need to make any capital expenditures or additional software licenses.
- Acquire wireless internet service providers (WISPs) or other CLECs in secondary and tertiary markets with minimum recurring revenue requirements that can be layered onto current national backbone to immediately cut significant overhead, thus creating economies of scale and operating efficiencies that would allow positive profit gains for the company.

Financial Strategy

IElement is poised to make strategic acquisitions of several WISPs, a cellular reseller and other complimentary companies that are ideal targets to add to its existing platform.

Based on IElement's history, financial forecasts show the ability for a large accumulation of cash in a short period of time, giving the company a tremendous advantage to choose its own course through a variety of options. These options include the acquisition of other synergistic companies, a "self-financed" future of internal IElement growth, and the ability to pay out dividends to shareholders in order to maximize the ROI for all of its investors.

Having already demonstrated a successful business model in Dallas, Los Angeles and Chicago, the company believes it will be able to generate substantial amounts of recurring revenue once the optimum headcount is

reached in each new market. Sales headcount increase, VoIP capability and strategic acquisitions are the drivers for IElement's future rapid, responsible growth.

MANAGEMENT

Ivan Zweig, CEO

Before founding IElement in 1998, Mr. Zweig was the Western Region Dedicated Internet Sales Manager for NET-tel and the Sales Manager at Midcom. His other accomplishments include successfully purchasing and selling the rights to build 18 Smoothie King Franchises, playing baseball for Team USA and starting a lifestyle magazine in Dallas. Mr. Zweig holds a degree in Sports Management from Tulane University.

Alex Ponnath, CTO

Mr. Ponnath graduated from the University of Munich with a degree in Communication, and went on to co-found a sports marketing firm in Germany. He was previously the CTO of NKOB Networks and the Senior Network Engineer for Nextcom. He is the architect of IElement's Smart Build network expansion strategy.

Lance Stovall, COO

With 15 years of experience in the starting, running and developing of businesses, Mr. Stovall now directs business development, operations and sales for IElement. He holds a B.S. in Neuroscience from Texas Christian University.

This corporate profile is based upon information provided by management of IElement Corporation. The information is not intended to be and shall not constitute, an offer to sell or solicitation of any offer to buy any security. It is intended for information only and to increase awareness of IElement Corporation's services. Safe Harbor Statement: The statements in this document relating to future product availability, collaboration and partnership and positive direction are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some or all of the aspects anticipated by these forward-looking statements may not, in fact, occur. Factors that could cause or contribute to such differences include, but are not limited to, contractual difficulties, demand for IElement Corporation's products, the future market price of IElement Corporation common stock and the Company's ability to obtain necessary future financing. EQUITIES Magazine was paid \$7,500 by IElement Corporation to write and print this profile in the Winter issue of EQUITIES Magazine. Before investing in any security, you are strongly advised to review all public filings of the issuer of such security, which can be found at www.sec.gov, as well as the warnings published by the Securities and Exchange Commission at <http://www.sec.gov/investor.shtml>.