

eMerge Interactive

The foremost e-commerce resource for beef industry professionals, who use it to access comprehensive product and service offerings — from cattle management content to commodities pricing — and through CyberStockyard™, to buy and sell live cattle.

ICG partner since 1999; 22%-owned; vertical market maker; livestock industry

NASDAQ:EMRG



eMerge Interactive

eMerge Interactive™, Inc. is an innovative B2B market maker focused on the \$34 billion U.S. beef production industry. The company enhances beef quality, quantity, and safety through value-chain integration, and efficiently connects buyers and sellers through its e-commerce platform.

eMerge Interactive empowers its customers to capitalize on previously unrealized product value by providing them with unique information management systems and databases, proprietary technical solutions, and product differentiation through cattle certification and branding.

Industry Challenges

The cattle market is a vertical marketplace with over one million businesses dispersed among 50 states, resulting in inefficient distribution methods, little control of product information, loss of quality, and unnecessary costs.

Each day sellers and brokers spend many hours arranging transactions, which are followed by ranchers transporting cattle to auction, auctions remarketing cattle to order buyers, and order buyers networking via phone, then transporting cattle to feedyards.

This process adds no value. It results in unnecessary handling and transportation costs, and decreased cattle value as a result of stress because of extra handling (a documented biological effect): animal weight loss, health issues due to depressed immune response, and meat quality degradation.

In addition, the information loss causes the following problems:

- Producers lack feedback on performance and quality of their animals, which is needed for profitable management of production variables such as genetics and health.
- Feedlots lack animal histories, resulting in unnecessary costs such as duplicate medication and increased management processes.
- Packers lack historical data needed for premium branding strategies for improved pricing, thus breaking the link between information and commerce.

Partner Solutions

eMerge Interactive provides solutions to each industry challenge through its first-generation national e-marketplace, which directly connects buyers and sellers through the Internet.

eMerge Interactive connects producers, feedlots, and packers in minutes via clicks instead of hours spent on the phone and transporting animals. These connections are made through:

- CattleInfoNet, the industry's comprehensive, one-stop source of critical operational information, including data collection and certification.
- CyberStockyard™, the first and most well-established online auctioning and brokering service.
- The management information portfolio, including Feedyard Management System, Feedyard Performance System, and specialized database services.



eMerge Interactive also provides the cattle industry with:

- Unique products such as Nutri-Charge™, a patented pre-harvest conditioner designed to help cattle reach their full-carcass quality potential.

- Infrared health monitoring used to track and identify sick animals.
- Fecal contamination detection, a patented system that reduces waste and labor, integrates data feedback, and provides a control point.



Why eMerge Interactive?

Internet Capital Group (ICG) knows that using Internet-based tools and e-commerce solutions to reduce inefficiencies within the cattle industry is revolutionary. eMerge Interactive is focused on the largest vertical segment of the agriculture industry and, like ICG, recognizes that e-commerce is the key to success in a highly fragmented market.

In November 1999, ICG acquired a \$50 million stake in eMerge Interactive. It continues to hold a significant interest in the company, and expects to remain actively involved in the partner company's management and operations.

The Power of the ICG Network

As a market maker within the ICG network, eMerge Interactive has access to cutting-edge technology and operational support as well as strategic expertise.

For example, eMerge Interactive products and services already are being used by more than 50 percent of the nation's top 200 feedyards, which control 65 percent of the U.S. cattle market. The increased power that was needed to accommodate eMerge Interactive's growth was obtained through the ICG network via a licensing agreement with partner company RightWorks.

The licensing agreement gives eMerge Interactive the opportunity to direct individual customers to the products and services they use every day, as well as to others that might make their businesses more profitable — all from a single Web site, CattleinfoNet.com.

This licensing agreement underscores the value of ICG's uniquely collaborative network of B2B e-commerce companies.

Partner Highlights

In 2000, eMerge Interactive has announced the following:

- Revenue for the first quarter of 2000 of \$38.6 million, which was propelled by a 180 percent increase in customer base over fourth quarter 1999.
- Completion of a successful initial public offering in February 2000 with pricing above the previously set range of \$10–12 per share, at \$15 per share and resulting in approximately \$107 million raised.
- Revenue for the fourth quarter of 1999 and full year increased 3,609 percent and 2,343 percent, respectively.
- 49,700 head of cattle were sold on CyberStockyard in the fourth quarter of 1999 and a total of 82,100 for the entire year.

Contact

Janice Kuntz/Mandy Haagenson
Fleishman-Hillard, Inc.
Harris Tower, Suite 400
Atlanta, GA 30303
Phone: 404-659-4446
Fax: 404-659-4452
E-mail: kuntzj@fleishman.com

Michael Janney, CFO
eMerge Interactive, Inc.
10315 102nd Terrace
Sebastian, FL 32958
Phone: 561-581-6035
Fax: 561-581-7130
E-mail: mjanney@emergeinteractive.com