

PopMail.Com, Inc.

NASDAQ-POPM - \$0.88

www.popmail.com

www.fanasyllum.com

September 1, 2000

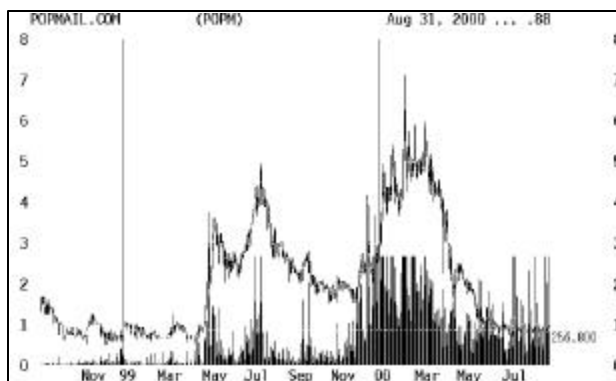
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2Q00 Preliminary Thoughts: Company Remains in Development Stage, but there were some Interesting Events...

Current Data		EPS		P/E
Fiscal Year End:	Dec	1999	\$ (2.05)	-0.4
Current Price	\$ 0.88	2000E	\$ (1.32)	-0.7
52-Week Range	8-0	2001E	\$ (1.52)	-0.6
Shares Out (Mill)	45.2	Valuation		Current
Ave Volume LTM	433,844	P/E (Next FY)	-0.67	NM-NM
Market Capitalization	\$ 39.6	P/B	0.90	7.8-0.6
LTD/Tot Cap	0.6%	Price/Sales	3.21	26.13-2.29
Institutional Holdings	0.8%	Operating Data		This Qtr
Insiders Holdings	20.0%	Sales Growth	21.5%	51.0%
Book Value	\$ 0.92	EBITDA Margin	-103.1%	-52.7%
10Yr Bond	5.72%	Net Inc. Growth	-635%	-3304%

Source: Baseline, except for Insider Hldgs and EPS estimates.



Key Investment Points

- Restaurant sales lower than expected.
- Internet revenues more than doubled.
- Company continues to be able to find additional capital to fund operations.
- It appears that restaurant operations will be spun off.

Company Description

Based in Dallas, Texas, PopMail.com (POPM) is an Internet marketing firm that specializes in email-based permission and affinity marketing services in Broadcast, Media, Sports, Technology, and Entertainment sectors. POPM's technologies allow businesses to more effectively and efficiently communicate with their constituents via targeted messaging that are created by affinity and permission opt-in email lists. The Company's three email divisions consist of; PopMail Network (opt-in email); IZ.com (digital publishing); and Fan Asylum, Inc. (fan club sites for musicians). The Company also runs Café Odyssey, a two-unit chain of themed restaurants.

Preliminary Comments on 2Q00 Results

Operating income was in-line with our expectations, but EPS was lower than we forecast due to financial advisor fees. Here is a brief summary of our observations:

- Restaurant sales were lower than we expected. The Mall of America location unit sales dropped 14% as it came off its “honeymoon” period (an 18-month period where new restaurants experience exceptionally high activity). However, operating income was in-line with our expectation (a \$10 million loss), as restaurant operating expenses were also lower than we expected.
- Internet business remains in a start-up mode. Revenues in 2Q00 more than doubled to \$809,000, but expenses outpaced this growth. Expense growth was attributed to relocation costs, continued investment in infrastructure and software development, and financial advisory fees.
- Financial leverage was relatively constant as \$6.7 million in private placements financed negative operating cash flows. Management has a track record of being able to continually raise equity when necessary, but investors must be aware of the dilutive impact of these financings. In addition, our outlook for continued negative operating cash flows means that interest expense costs will also need to be funded by new capital flows.
- POPM has signed what amounts to a development agreement with ex-executives to develop the Café Odyssey concept. Messrs. Ron Fuller and Tom Orr resigned from POPM to focus on building the restaurant operation. The operating agreement allows them to use the trademarks and concept under a royalty arrangement. We view this as a definite positive because it allows POPM management to focus on its Internet strategy while potentially generating cash from the expansion of the restaurant concept.
- The Company continues to sign new clients. After the quarter, POPM signed contracts with ACSSports and the St. Louis Symphony. POPM also formed a strategic relationship with NC, Inc. (formerly known as NetCalendar, Inc.) by investing \$1.0 million in that firm.

We are currently in the process of reviewing our EPS model and hope to will post a full report within the next two weeks.

INVESTMENT RISKS

In addition to the risks posed by the challenges of operating in the restaurant and Internet arenas, there are additional risks that must consider when evaluating a potential investment in these shares:

Operations have not been profitable to date and we expect operating losses to continue at least until 2001. The conversion of the company from a restaurant operator to an Internet operator has resulted in significant operating expenses. We expect SG&A expenses to outpace revenue growth as POPM expands staff to accommodate future growth. We also assume that debt will be used to fund operations and this causes interest expense to increase significantly in 2001.

Significant dilution potential from future acquisitions and the need to fund operations. The Company has issued a significant number of shares, options and warrants to fund

acquisitions and operations. While we do not assume any acquisitions in our forecast, it is reasonable to expect that the Company may make additional acquisitions in the future. In addition, our model indicates that the Company will need to fund operating losses or risk becoming overly leveraged. In both cases, the issuance of additional equity would dilute existing shareholders.

Internet stocks are subject to extreme market volatility. Despite the decline in dotcom stocks since April, valuations remain high by traditional measures and are thus still vulnerable to significant fluctuations in share price.

The Company may not be able to access the market for future funding needs. The market appears to be increasingly concerned about cash-burn rates and real earnings potential. As a result, many Internet shares have not been able to go back to the market to get needed funding. The same may occur to POPM.

The Company may be forced to reprice options in the future. Because POPM relies heavily on options to both raise funds and reward employees, the risk of future repricings will increase if the stock price remains at current levels. POPM repriced options in 1999 and 2Q00 that resulted in charges of \$3.5 million and \$750,000 (our estimate), respectively.

One individual controls a substantial amount of the common stock and may influence the future direction of the Company. James L. Anderson, who resigned from the Board, has effective control of 31.6% of the outstanding common stock.

The common shares could be delisted from the Nasdaq Smallcap market, which would adversely impact share liquidity and the ability to get price quotes. The following are the events that could cause POPM to be delisted:

1. Bid below \$1.00.
2. Net tangible assets below \$2 million.
3. Reduction to one market maker.
4. Reduction in the market value of the public float to less than \$ 1 million.
5. At the discretion of the NASDAQ SmallCap Market.

The Company is not followed by many analysts. We think the market is largely unaware of POPM because the company was not widely followed to begin with and is still classified as a restaurant stock in several databases.

This report contains "forward looking" statements within the meaning of U.S. federal securities laws. Forward-looking statements regarding the Company's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence upon third party vendors; year 2000 issues; and other risks discussed in the Company's periodic report filings, including interim reports, with the Securities and Exchange Commission. By making these forward looking statements, researchstock.com, Inc. undertakes no obligation to update these statements for revisions or changes after the date of this report.

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