

WRAPMAIL, INC.

The Email Branding Pioneer

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WRAPMAIL, INC. (OTC:PK - WRAP - \$0.0251)

Price Target: \$0.60

Rating: Speculative Buy

COMPANY SNAPSHOT

WRAPMail, Inc. is a pioneer in the email branding and marketing solutions arena. The Company's proprietary cloud-based technology platform enables users to transform their emails into branding and marketing tools. WRAPmail's solutions offer a rich email letterhead solution that includes graphics, text, and animation that promote brand awareness, showcase or market a website, products, and services. The innovative approach, which appears to have no direct competition, has garnered thousands of users, and is based on a one-to-one email communication rather than mass email campaigns.

KEY STATISTICS

Price as of 9/24/12	\$0.0251
52 Wk High – Low	\$0.205 – 0.016
Est. Shares Outstanding	171.4M
Market Capitalization	\$4.3M
3 Mo Avg Vol	970,100
Exchange	OTC:PK

COMPANY INFORMATION

WRAPmail, Inc.
 445 NE 12th Avenue
 Fort Lauderdale FL 33301
 954-591-8742
www.wrapmail.com
info@wrapmail.com

INVESTMENT HIGHLIGHTS

WRAPMail, Inc. is transforming our traditional, blank slate emails into branding and marketing tools, thereby increasing brand awareness and sales. The innovative platform is tailored to enterprises, small businesses and individuals.

The size of WrapMail's addressable market is in the billions. Separately, The Radicati Group estimates that by 2013 there will be nearly 1.9 billion email users sending over 500 billion emails per day.

Users wrap their existing outgoing emails with images and links that promote the sender's brand, product or services. The rich letterhead solution can be customized and include graphics, animation, text, video, and audio.

WRAPmail, which boasts over 6,200 clients, including Verizon, Re/Max and Toshiba, generates revenue from license fees and their own advertising network. Users can also earn fees as an affiliate, which we believe is a potentially lucrative aspect of the service. *We were so impressed with the effectiveness that Goldman Small Cap Research now counts itself as a client.*

Given the viral nature of the service, WRAP could generate as many as 500,000 new users in the next 2-3 years.

WRAP's CEO recently purchased 700,000 shares in the open market, reducing an already small 41.4 million share float.

As WRAP gains critical mass, it could emerge as an M&A candidate. Thus, our price target of \$0.60 reflects the future value of WRAP's revenue and users. We rate WRAP Speculative Buy.

WRAPMAIL, INC. (OTC:PK - WRAP)

COMPANY OVERVIEW

Founded in Florida in 2005, WRAPmail combines its proprietary technology with custom marketing content and provides a next generation marketing e-mail platform for organizations and individuals. The Company provides a "rich" e-mail letterhead solution to organizations and individuals allowing e-mail correspondence to be written on letterhead as opposed to a blank sheet of paper, which is today's current practice. The Company refers to a "rich" e-mail message as one that includes one or more of the following: graphics, pictures, text, audio, video, animation and links. WRAPmail has developed a platform of rich e-mail software features based on industry standards packaged as an integrated, turnkey server-centric product that resides in the cloud. **WRAPmail's focus is the one-on-one email** although email-campaigns may also be accommodated.

The genesis behind the innovative WRAPmail platform is to leverage the ubiquitous yet untapped power of user's current email and the insatiable desire for traffic to one's corporate and/or social network site. If used properly, emails, which are sent daily on a person-to-person basis, or a very small group, can become complete and/or complementary marketing tools that promote, brand, sell and cross-sell products and services, and drive traffic to the designated website.

In essence, WRAPmail offers the most cost-effective marketing solution on the market by simply turning every regular one-on-one email into a marketing tool.

The screenshot shows an email interface with a header for RE/MAX Cayman Islands. The header includes contact information: Tel: +345 949 9742, Fax: + 345 949 9753, 215B West Bay Road, 7 Mile Shops, website: www.remax.ky, email: info@remax.ky. The email body contains a message from George to John, discussing a meeting and future steps. A sidebar on the left lists navigation options like 'Articles', 'Development', 'Property Search', and 'Hot Properties'. A table on the right shows RE/MAX Inc. statistics: 7,006 Offices, 116,811 Associates, and 65 Countries. Below the table are logos for various sponsors including CIREBA, Cayman Islands Soccer Society, Cayman Islands Golf Association, Cayman Islands Little League, and Cayman Islands Humane Society. A disclaimer at the bottom states that the email and any files transmitted are confidential and intended solely for the use of the individual or entity to which they are addressed.

RE/MAX Cayman Islands
Tel: +345 949 9742
Fax: + 345 949 9753
215B West Bay Road, 7 Mile Shops
website: www.remax.ky email: info@remax.ky

Articles
Development
About RE/MAX
Find an Agent
Maps & Areas
Find Us
Request Info

Property Search

Development
Affordable
Housing Project
Nears

CIREBA
CIREBA
Will Address
CFATF

RE/MAX
Cayman Islands
Hot Properties

George,
Great meeting yesterday. I really think our companies are going to do great things together.
Looking forward to the next steps. Feel free to click on my Wrap to learn more about us.

Best,
John

**CIREBA
MLS**
Member of CIREBA
RE/MAX Inc.

# Offices	7,006
# Associates	116,811
# Countries	65

Proud Sponsors:

CAYMAN ISLANDS
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Each Office Independently Owned and Operated

Image I. Re/Max "WRAPmail Sample"
Source: www.WRAPmail.com

Company Report

As of mid-3Q12, over 6,200 clients have been launched. WRAPmail clients span virtually every industry and include household names such as Verizon (NYSE – VZ), Toshiba (OTC – TOSSY), RE/MAX, and others. In our view, while WRAPmail can be used in any line of business, it is particularly suited to Real Estate, Electronics, Copier Dealers, Automotive and Boat Dealers, TV/Radio, Restaurants, MLM/Network Marketing, Hotels, Cruise, Sports, Attorneys, Newspapers, Builders/Contractors, Financial Services, Travel, Furniture, Education, and Manufacturing.

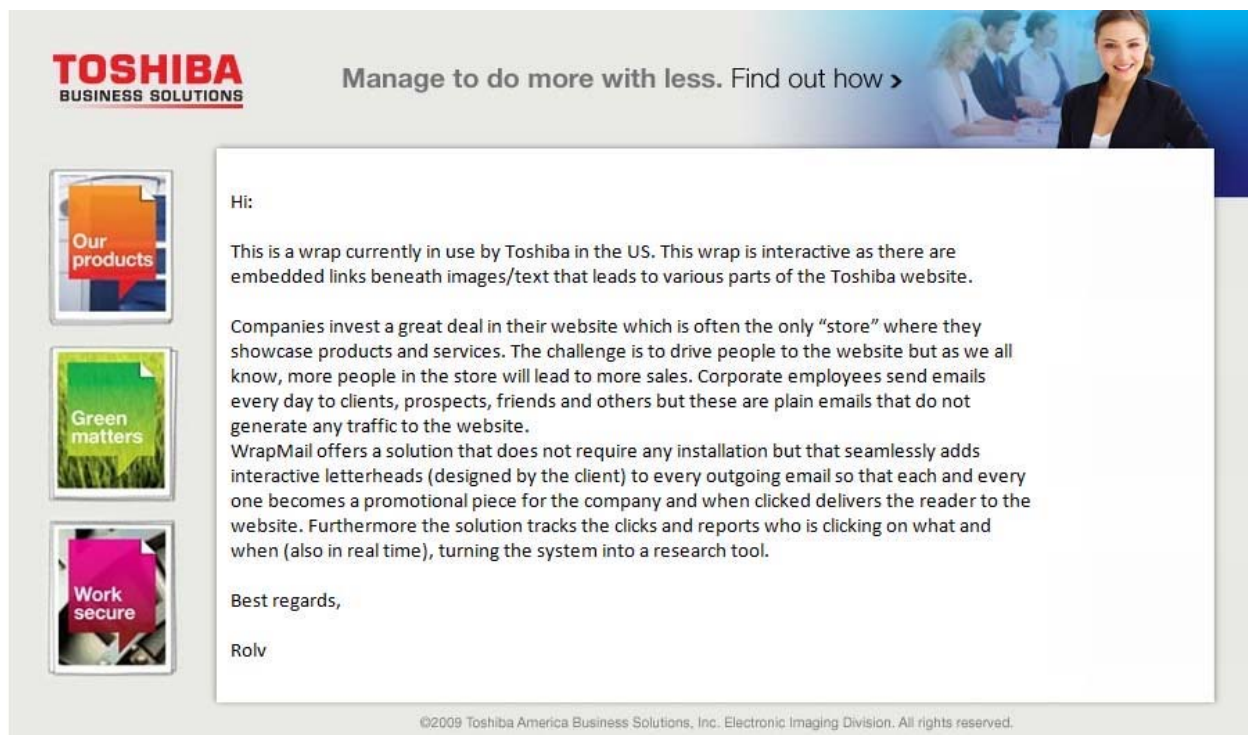


Image II. Toshiba Business Solutions “WRAPmail Sample”
Source: WRAPmail, Inc. Website

WRAPmail Solutions

WRAPmail PRO is tailored for small and medium organizations and individuals. The revenue model is based upon 3rd party advertising as part of the WRAP or above/below the WRAP. Users receive up to 25% of the ad revenue generated which is a very similar model to Google (NASDAQ – GOOG) AdSense.

WRAPmail PRO+ is an ad-free solution where there are no 3rd party ads present (unless the organization/user elects to participate in the ad-share program) and instead elects to pay \$50/user/year.

WRAPmail Enterprise is a dedicated server solution which includes full webmail, WRAPmaker, Reporting, Repeater emails and a Campaign module. Enterprise is either hosted by WRAPmail or on clients’ own server. The Campaign module features the ability to send email blasts/newsletters using the same proprietary WRAPmail technology with everything embedded so images display without download. Cost: \$3,500/year + \$40/user/year. Campaign module: \$0.005/email. Hosting is an additional cost.

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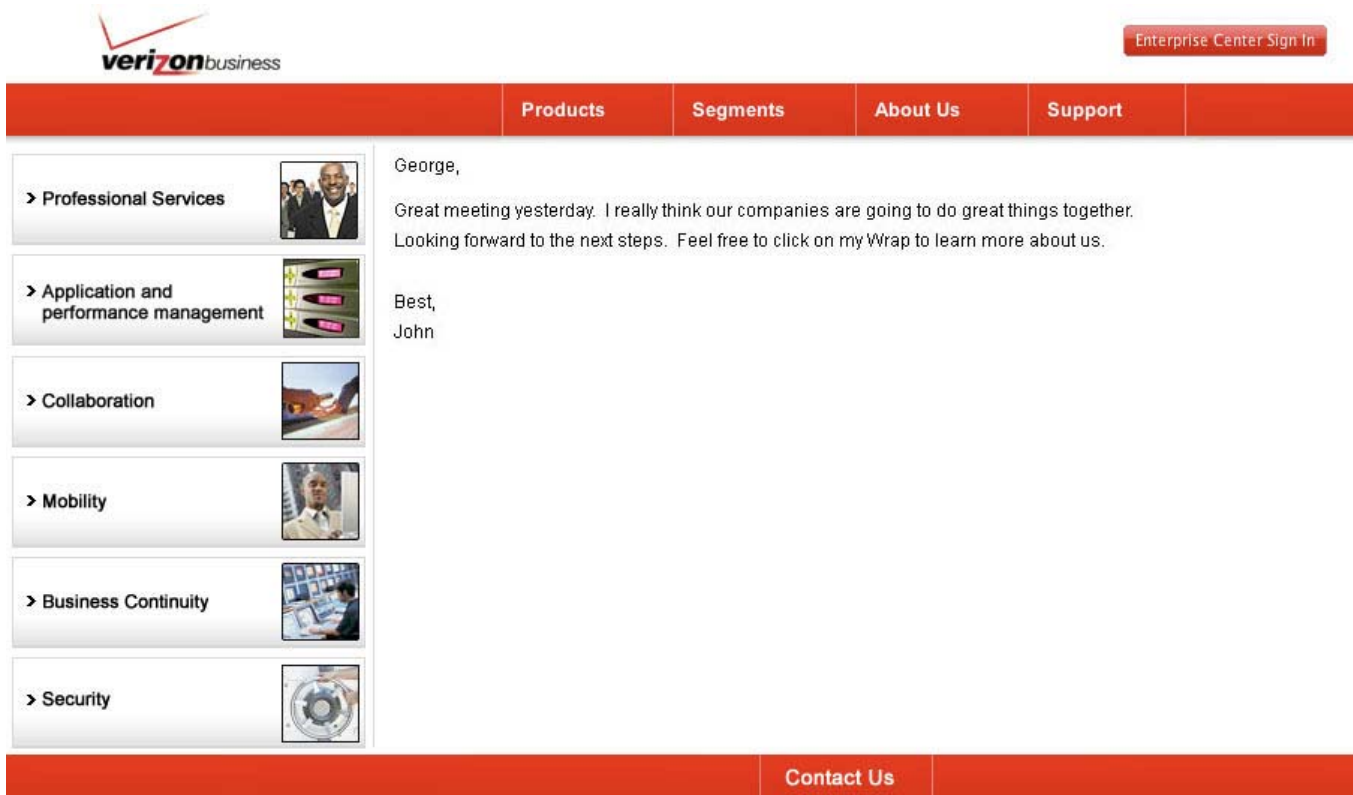


Image III. Verizon Business "WRAPmail Sample"
Source: www.WRAPmail.com

WRAPmail Customization:

Each user has access to a dashboard whereby elements of the wrap can be modified (e.g. personalized with a picture and contact information.) This solution is especially suited for the MLM/Networking Marketing and real estate businesses. The Company also offers dynamic links based upon the sender so that tracking from email to order from a website is possible. Plus, email and/or automated delivery of SMS (text message) based upon clicks/website actions is available.

Some of the most popular features include WRAPmaker, a tool which creates WRAPs, and the ability to engage real-time tracking reports and modify settings found on the dashboard.

Over the past few years as the economy has struggled, affiliate programs have thrived as they enable users to generate fees from ad revenue sharing or fee sharing. We believe that the WRAPmail program is robust and very attractive, especially to individuals or sole proprietors, which could drive a real viral engagement.

Affiliate programs

Free Affiliate program:

All users can sign up for the free affiliate program and receive 10% commission on:

- Ad revenue from ads displayed in their emails
- Any new PRO+ signups (\$5/user/year)
- Any Enterprise signups (\$350/year plus \$4/user/year)

Super affiliate program:

\$60 to join gets super affiliates up to 25% commission on:

- Ad revenue from ads displayed in their emails
- Any new PRO+ signups (\$12.50/user/year)
- Any Enterprise signups (\$875/year + \$10/user/year)
- 10% of Ad revenue from ads displayed in the emails from users signed up with the super affiliate code

BROWARD COLLEGE
Define yourself.

[Define yourself]
Pursue your passion. Define your goals.

George,

Great meeting yesterday. I really think our companies are going to do great things together. Looking forward to the next steps. Feel free to click on my Wrap to learn more about us.

Best,
John

Register for Summer Classes

Apply Today!

Financial Aid

For more information call 954.201.7200 or visit www.broward.edu

Image IV. Broward College "WRAPmail Sample"
Source: www.WRAPmail.com

WRAPMAIL, INC. (OTC:PK - WRAP)

BEHIND THE SCENES

WRAPmail is a server/cloud- based solution. Users create emails just as they always have, and do not see the rich content. Users are not required to change their e-mail address and the administrator can “construct” with or without the help of the WRAPmail Production & Design team, multiple e-mail letterheads using the included WRAPmaker that allow for including different graphics, links, promotions, surveys and/or audio. With some WRAP solutions, the email makes a “stop” after leaving the user’s desktop and that “stop” is where the email gets wrapped. WRAPmail will either reside on a dedicated WRAPServer or a shared WRAPServer located in WRAPmail’s secure hosting facility. Installation in a client’s data center is also possible.

Webmail users can enjoy the easy-to-use toolbars for Gmail, AOL (NYSE – AOL), Microsoft LIVE/Hotmail (NASDAQ – MSFT), Yahoo! (NASDAQ – YHOO). The toolbar now lets users stay in their familiar webmail interface and when composing an email the WRAP appears in the text area and the user simply types inside it and hits send.

WRAPmail has nearly unmatched delivery capability. Emails that have been sent are always delivered and they show up **without** red x’s where there are pictures and links (unless delivered to a non-standard email client), as opposed to most mass-email programs. WRAPmail has completely tested Microsoft Outlook, Lotus Notes, Mac Mail, Entourage, Gmail, Yahoo!, AOL, Hotmail, MSN among others and the solutions are 100% compatible. The innovations continue and some of the latest solutions are:

- RSS Feeds inside a Wrap - currently being used by WRAPmail featuring missing kids via the Center for Missing and Exploited Children (Amber Alert).
- Pre-made templates for major Real Estate firms, MLM organizations and General themes.
- Webmail functionality so users can send and receive emails from/to the WRAPmail Dashboard using their existing email address.
- WRAPmaker where users can make unlimited WRAPS based on their own images, the available image library or directly from a website.

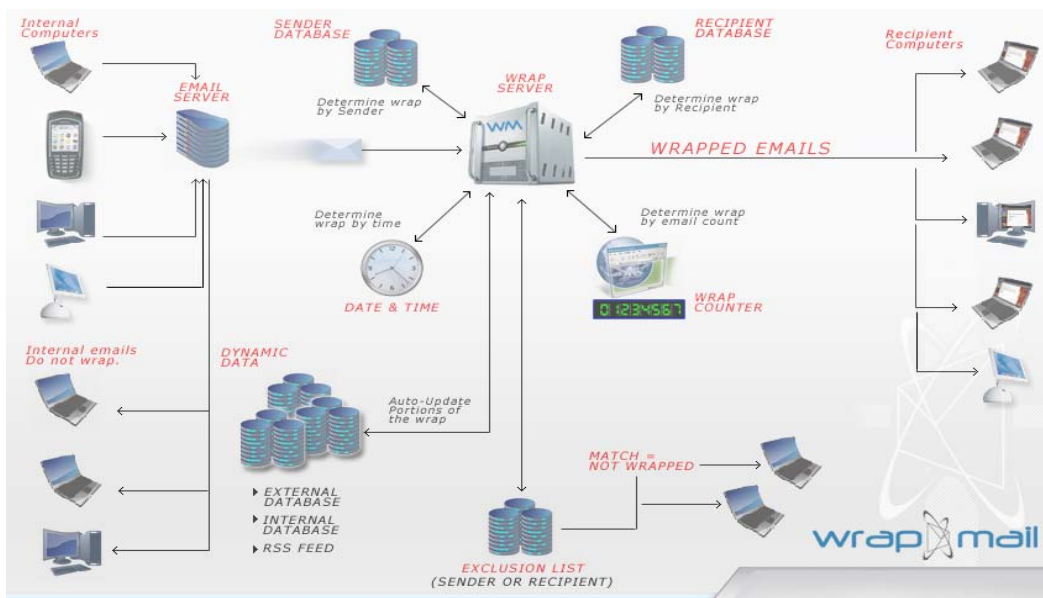


Image V. WRAPmail Platform Schematic
Source: www.WRAPmail.com

Company Report

MARKET OPPORTUNITY

The size of WRAPmail's addressable market is enormous. The Radicati Group estimates that by 2013 there will be nearly 1.9 billion email users sending over 500 billion emails---per day. With hundreds of billions of email messages estimated to be sent daily by the end of 2013, if the Company were to only capture 0.05% of all emails in which a revenue share opportunity was generated through a click-through, plus limited penetration on the enterprise and WRAPmail Pro+ offerings, the Company could generate tens of millions in revenue, with high operating profitability.

As noted in the figure below, according to industry experts IAB, Internet advertising revenues in the United States totaled \$31.7 billion for the full year of 2011, a 22% increase over 2010. What we find interesting is that email comprises the smallest portion of all ad spending. However, given the crossover of the WRAPmail offering, we believe that it would fall under both email and display-related revenue, thus demonstrating a huge revenue opportunity that represents tens of billions.

Revenue (Ad Formats)

	Full Year 2010 *		Full Year 2011	
	%	\$	%	\$
Search	44.8%	\$11,661	46.5%	\$14,768
Classifieds and Directories	10.0%	\$2,597	8.1%	\$2,580
Lead Generation	5.1%	\$1,323	4.8%	\$1,522
E-mail	0.7%	\$195	0.7%	\$213
Mobile*	2.5%	\$641	5.0%	\$1,596
Display-related				
-Digital Video Commercials	5.4%	\$1,404	5.7%	\$1,809
-Ad banners / display ads	22.9%	\$5,963	21.5%	\$6,811
-Sponsorships	2.8%	\$718	3.5%	\$1,121
-Rich media	5.9%	\$1,539	4.1%	\$1,315
Total display-related	37.0%	\$9,624	34.8%	\$11,056

Figure I. The IAB Internet Advertising 2011 Revenue Report
Source: www.iab.net

Regardless of the market size, WRAP's business opportunity is two-fold: 1) Be the first vendor to broadly offer rich one-on-one email wrapping to organizations and individuals and 2) Create a brand new advertising revenue stream by incorporating 3rd party ads inside personal one-on-one emails. As new distributors are brought on and a new sales team built, investors can expect a full court press for the sign-up of new clients.

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EXECUTIVE MANAGEMENT

Rolv E. Heggenhougen, CEO

Mr. Heggenhougen has founded and managed technology organizations in Norway, Sweden, Denmark, Latvia, Switzerland, Germany, China, Australia, and the US. His first company; iGroup ASA (OSE: IGR) went public in 2001. From 1989 to present, he has served as Founder & Chairman of McKenzie Webster Limited, a technology investment and consulting company and etechnologycorp, a Connecticut- based technology company. Mr. Heggenhougen holds and has held several BOD-positions in private and public companies in Europe, Australia and the US.

Greg Partin, CTO

Over 15 years in the field of software development of enterprise systems. Fluent in multiple technologies such as .NET, HTML 5, Ajax, MVC, WCF, SQL, Web services and cloud-based architecture and design. Bachelor's degree in Computer Science from Bowling Green State University, Master's degree in Computer Information Systems from Nova Southeastern University

Mr. Partin has held numerous different leadership positions in several different internet-based companies.

COMPETITIVE ADVANTAGES

In our view, WRAP, as the only offering of this type in the market, has significant advantages over traditional branding and marketing tools and strategies.

- WRAP transforms bland blank slate emails into a dynamic letterhead that promotes branding and leads to increased website traffic that can be converted into business leads or product sales and/or service revenue.
- The innovative WRAP approach allows unique customization features and is based upon a direct, person-to-person contact from a trusted source rather than an opt-in or mass email campaign which may never reach its intended recipient, since it is viewed as spam.
- The multi-tiered solution offering and revenue share model, along with cloud-based platform and integration with all email clients make for a seamless, “always-on” marketing tool that is a great complement to other, short-term, heavy marketing campaigns.
- Emails often arrive with a red x where there is a picture and are sent from one machine. The WRAP platform eliminates that problem.
- At the end of the day, efficacy of the product will determine its success. Given its functionality and feature-set, we believe that WRAP could enjoy higher than average CTR (click-through-rates.)
- Broad-based enterprise usage, affiliate programs, and ease-of-use are some of the features that could prompt a viral effect on signups, making the platform an attractive M&A target by email client and social media marketing providers.
- A key feature of the WRAPmail solution is link tracking which is also available in real time. Reports are also available on users' Dashboard in various forms to show important statistical data of who is clicking on what link and when.
- The WRAPmail solutions enable webmail functionality so users can use their existing email addresses.

RISK FACTORS

In our view, WRAP's biggest risks are the timing and scale of new user sign-ups, particularly in the enterprise space. A secondary concern would be the typical balance between the advertiser-supported level of service and the fee-based solutions. Furthermore, it is a bit early to gauge CPM (impressions) or CPC (cost-per-click) rates that will be used in revenue generation and revenue sharing until a critical mass of users is in the WRAP ranks. Execution risks in sales and the management of marketing and distributors could push meaningful revenue generation out to a later date, or in a smaller ramp, thus impacting the Company's revenue ramp or time to significant profitability. Competition from larger firms or even from newer entrants is a typical concern and is also consistent with firms of WRAP's size and standing.

CONCLUSION

We believe that WRAPmail's unique and innovative email branding platform could represent the next phase of broad-based website and organizational branding and marketing. Moreover, as the Company gains critical mass, it is likely that the service is used as an "always-on" marketing tool in conjunction with mass marketing campaigns. With hundreds of billions of email messages estimated to be sent daily by the end of 2013, if the Company were to only capture 0.05% of all emails in which a revenue share opportunity was generated through a click-through, plus limited penetration on the enterprise and WRAPmail Pro+ offerings, the Company could generate tens of millions in revenue, with high operating profitability.

In the near term, aside from new major sign-ups, there are a number of milestones ahead. These include new distributorships abroad, sales and marketing hires in the U.S. and prospective strategic partnerships in the CRM, Hosting and Lead generation space.

As noted above, given the viral nature of the service, WRAP could generate as many as 500,000 new users in the next 2-3 years and one of the secondary drivers could be the affiliate revenue potential, along with its positioning as a solid corporate citizen in the community with its promotion of the optional RSS feed from the Center for Missing and Exploited Children.

Separately, the recently announced open market purchase of 700,000 of WRAP stock by the Company's founder should provide a great deal of confidence in WRAPmail's future prospects.

As WRAP gains critical mass, it could be considered as an M&A candidate by external email client providers, or other players in the email marketing arena. Thus, our price target of \$0.60 reflects the future value of WRAP's revenue and users. We rate WRAP Speculative Buy.

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Recent Trading History For WRAP

(Source: Stockta.com)



Company Report

Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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