MICRO INVASIVE TECHNOLOGY, INC.

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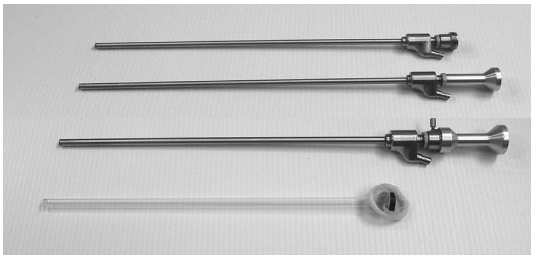
We have completed development of our first ***DirectView*™** laparoscope and have made our submission to the FDA for a 510(k) aurthorization to market the instrument. FDA approval is necessary to initiate commercialization of our instrument and to begin marketing and selling. Under normal conditions, the submission will require a 60 to 90 day approval cycle, although this may be extended should the FDA choose to take more time for their investigation.

In concert with our submission, we have also begun planning for production. We are partnering with GEOTEC Inc. of Rhode Island, a medical contract manufacturing company, that we have worked with as a strategic partner. GEOTEC is an FDA approved manufacturer of medical products and they are excited about the potential of producing our product platform. They have already produced all of our pre-production prototype instruments and light guides and have assisted us with packaging and sterilization.

We have developed our instrument to be modular, thereby, offering different configurations that physicians will be comfortable with. For example: The elimination of the eyepiece with a direct medical camera connection may be of interest for a physcian's office, where saving thousands of dollars in equipment cost is important. In other cases a physician in a operating room or clinic may feel more confortable with a conventional eyepiece and camera use.

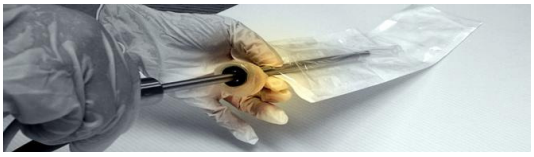
The following photos show the different configurations and the application of the light guide.



- Laparoscope with direct camera connection with "C" mount thread
- Laparoscope with conventional eyepiece
- Laparoscope with combined direct and conventional camera interface
- Disposable *LightGuide,* compatible with all configurations

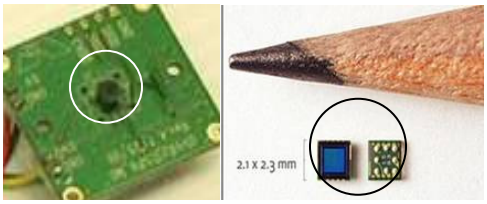
The use of the laparoscope light guide is central to the device. Pre-sterilized and pre-packaged light guides keep the critical optical components from contacting the patient and reduce or eliminate much of the cleaning and sterilization cost associated with conventional instruments.

The light guide and laparoscope are sold separately and integrated directly before use in the operating room reducing the potential of pathogen contamination.

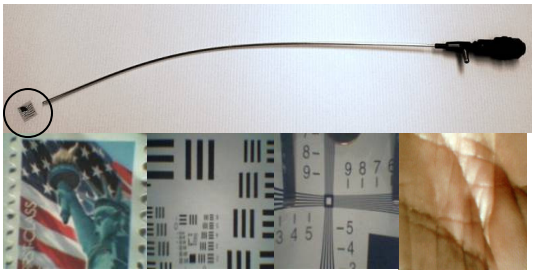


Progress is being made in developing the interchangeable angle accessories for the MITI laparoscope. Our optical designer, Harry McKinley has designed a prismatic means of integrating different angles into our instrument with interchangeable light guides. Conventional angular instruments require a complete instrument for each angle and represent a significant increase in cost over our interchangeable technology. Parts are on order for fabricating proto types at GEOTEC. The interchangeable light guides will require a simplified FDA submission.

We are also evaluating a new camera system that we plan to use on a Gastro-Intestinal instrument. This technology is called "chip-on-a-stick" technology where the camera itself enters the body cavity and extracts an electronic video image. The total device is approximately 3 millimeters in diameter, although the camera itself is the size of a pin head. The photo below shows our new camera and the images generated from it. The black area in the circle is the actual camera and shows the size in relation to a pencil. This instrument would also use our disposable light guide to create a low cost office based unit that is less intimidating than current colonoscopes. This technology could also be used in a new concept of minimally invasive surgery call Natural Opening Therapeutic Endoscopic Surgery (NOTES) where access to the site of surgery is accomplished through natural body openings.



The photographs below show actual images from the camera and a design concept for a disposable, flexible and articulated Gastro-Intestestinal endoscope.



FUNDING

The ambitious plans and creative ideas being developed at MITI have been and continue to be limited by insufficient capitalization. To date we have used the money you have invested in us to develop and produce proto types, pursue patent filings of our ideas, biological testing, presentations and investor expositions. We continue to seek institutional funding to accelerate the commercialization of our products. Although we have attracted considerable interest, we have not as yet achieved the funding necessary to continue our product development and to move into production. We are working in the following areas:

Investment Banking. We have made presentations to senior executives at a major investment bank in New York City. They were impressed with the depth and breadth of our products and strategy and have requested additional information that they are distributing to qualified investors. They are exploring alternatve means of securing capital such as loans or stock offerings.

Fundraising Specialist. We are working with a financial advisor in New York City who is introducing us to potential investors and has made contact with international sources which may be interested in manufacturing and marketing our products. We are continuing to pursue these contacts.

State Grants

We are pursuing a strategy of State sponsored grants and loans with Connecticut, New Jersey and Texas. We were recently visited by Connecticut State Senate President Donald Williams and asked for his support in gaining bridge funding for the Company while we are commercializing our products.

We are considering establishing an incubator site in New Jersey at NJIT, the location of Dr. Kreiswirth and to work with the NJ Economic Development Dept. for funding grants and loans. We would have to change our Company location to gain the significant benefits that New Jersey has to offer.

Mike Baca is investigating similar grant and loan potential in Texas.

We continue to seek grants from the National Institutes of Health.