



Letter to the Shareholders
January 2012

Dear Shareholders,

As most of you know, the past year has been a roller coaster for all of us connected to WatchIt Technologies; shareholders, staff and board included. We enjoyed some major successes but also some impediments. We had all hoped for more progress but in these economic times everything seems to take longer and we are confronted with new and unforeseen issues. Our goal here is to bring our shareholders up to date.

To refresh folks' memories, the company completed a series of testing on the gas version of the fuel reformer in December of 2010. The results of the independent lab in Aurora Colorado exceeded all expectations. ETC, an EPA recognized lab, reported in excess of 25%% increase in highway fuel economy over the EPA estimates on our 1999 Ford Expedition. To top that, ETC recorded up to a 65% reduction in tail pipe emissions. Those numbers still stand!

We began some very informal discussions with high-level management of two of the big three automakers in Detroit. Without exception, they were very skeptical of our results. They said for us to be received positively in the auto manufacturing world, we would need to have our device evaluated and tested in a leading Detroit-based fuel systems lab. With the help of several engineers and auto consultants, a viable testing plan was put together. We are currently working with the fuel lab to finalize a testing schedule.

Simultaneous to getting the plan developed, a Chicago-based auto parts manufacturing concern approached us about a joint venture. A trip to Chicago to meet and discuss a potential venture occurred. After nearly four months, nothing material had developed. Part of the joint venture was that they were going to fund the very expensive testing regimen that was proposed. We still consider them a potential vendor for the manufacturing of our final product, but at that time we needed to move on to find a funding source for the development of the fuel reformer.

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All of the above is really connected to the gas version of the Fuel Reformer. More recently, inquiries from military contractors created a lot of buzz on the diesel version of the Fuel Reformer. About mid-year, a group of investors said they would sponsor, at least in part, the development of the diesel version. More recently, they have doubled their commitment and the diesel version will begin the initial testing phase within the next couple of weeks. A diesel truck has been purchased and was delivered to the Colorado engineering staff in mid December. The truck is currently being prepared for the first phase of testing.

The first step in our testing and evaluation is to obtain a baseline reading of emissions and fuel economy. This will be accomplished in two steps. A real-time road test, similar to the ones we conducted on the gas version, will take place to establish one baseline indicator. We will also conduct a controlled dyno test to further establish a baseline reading in both fuel economy and emissions. Colorado, where the initial testing will take place, does not require emission testing on gasoline engines, but does on diesels. This will make evaluating the reduction in emissions a fairly straightforward task.

All the necessary components have been manufactured and are awaiting installation. The engineers have proposed a small revision in the diesel version and it is currently being evaluated. Once installed and tested, we are allowing for some time to revise and tweak the device so we can assure maximum performance. At that time we will repeat the same tests we used to establish a baseline. Based on those results, we believe that we will be ready to move to the next stage in the process.

We have used a version of the gas fuel reformer's testing and evaluation plan for the diesel. Our development and testing to this point will have been on a 7.3 liter diesel engine. The fuel lab in Detroit uses a 12.7-liter engine. To ensure our consistent results in Detroit, we are going to install the fuel reformer on a similar sized engine and run it in the field. Wearing a belt and suspenders always helps when you are approaching this kind of testing.

One thing that all who are reading this should know is that we will not proceed from one step to the next until we are confident that we have it right. This is a developmental process. We are in virgin territory with the diesel version. Theoretically it is sound. The engineering and scientific staff has not been able to come up with any reason that it won't work. As in any experimental device, there will be unforeseen hurdles and complications to deal with.

So, the long and short of it is, when we take it from developmental testing to the fuel lab in Detroit, we will have confidence that we can make a

difference. The numbers and results we collect in Colorado will only be indicators of our future success. The final numbers from the fuel lab will be what we bank on.

A question in many shareholders minds is; "what happened to the gas version of the fuel reformer?" The simple answer is nothing has happened to the gas version. Our potential Chicago based partner was seen as a solid financier. Since the testing program for the gas version was so expensive and the financing did not materialize, we had to look for additional resources.

A long time follower and early supporter of developing the Fuel Reformer, Dbar Leasing contacted the company in June of 2011. They had actually been involved with the early development of the fuel reformer and now, recognizing the potential of the fuel reformer, wanted to become re-engaged. This transaction had a closing date of November 30, 2011. However, the negotiations have become far more comprehensive and complex and are still on-going. As of this writing, the latest version of the agreement is in their hands awaiting final disposition. The agreement as written takes into account not only the funding for development and production but also utilizing complicated historic tax circumstances held by WatchIt and usable by Dbar. .

As discussed, Dbar is one of those resources. Funding of that type allow us to move ahead on the gas version testing. As an alternate plan, the unexpected interest in the diesel version and the commitment from an investment group has allowed us to move forward in that arena. With positive results occurring from the diesel version from the independent fuel lab, those results will spill over to the gas version. Although a different fuel type, assumptions will be able to be drawn. We believe that the diesel version of the fuel reformer has a much higher chance of producing significant revenue for the company and its shareholders than the gas version.

To manufacture the gas version as an aftermarket product will require multiple versions and sizes due to the multitude of vehicles produced in the World. We believe that the most efficient road to marketing the gas version is through the assembly line. That takes time, which we will definitely do, but we are in need of a method to produce immediate income. That's where we believe the diesel version has its advantages.

There are far fewer diesel engine types, especially in the US market. The military sub-contractors are already interested and we can potentially go to market much faster. What we are able to produce for those types of vehicles is directly transferable to the diesel truck market.

As some of you may know, Depository Trust Corporation (DTC) took an

unexpected action on November 18th which made our stock non- DTC eligible. The Transfer Agent (TA) being out of balance with DTC caused this situation. It was not caused by any action of or by the company. We assisted the TA in supplying all necessary backup to DTC concerning the problem. The "global lock" was lifted shortly before Christmas. Again, as a result of the errors of the TA, DTC also issued a "chill" on the stock. That basically means that any new issuances of stock will face increased difficulty with clearing, but will not prevent shares that are already in the system from trading normally. At this point we are working diligently to have DTC lift the "chill", but have not been successful thus far.

DTC has done an exhaustive audit of stock issuance and has stated on numerous occasions it has found no problems with the actions of the company. To date, the Company has never received any explanation or communication for the reasons DTC has taken this action. Management has taken multiple and varied approaches and attempts to clarify and rectify this situation. To date no errors or mistakes by the Company have ever been identified so we have never been given an opportunity to correct anything. It has been a major disruption to deal with, but we have excellent records and are able to assist the TA in answering DTC's questions.

We have received many comments from "doubters" about the fuel reformer. To all that are investors in WTCT, please review the "White Paper" that is posted on our web site. Management is committed to increasing shareholder value and is reviewing numerous proposals to accomplish that goal. Also please note that the company has multiple assets beyond the fuel reformer. The company owns 6 patents and two other companies.

In closing, we want to thank all of our shareholders for their continued support. I know many of you are frustrated, as is the board of directors for lack of progress towards our goals. We are exploring all options available to us that will allow the company to move forward and meet its goals for the upcoming year.

Respectively;

The Board of Directors
WatchIt Technologies, Inc.

STATEMENTS IN THIS LETTER THAT ARE FORWARD-LOOKING INVOLVE NUMEROUS RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM EXPECTED RESULTS AND ARE BASED ON OUR CURRENT BELIEFS AND ASSUMPTIONS REGARDING A LARGE NUMBER OF FACTORS AFFECTING OUR BUSINESS. OTHER EVENTS, WHICH WERE NOT TAKEN

INTO ACCOUNT, MIGHT OCCUR AND MIGHT SIGNIFICANTLY AFFECT OUR PERFORMANCE. ACTUAL RESULTS MIGHT DIFFER MATERIALLY FROM EXPECTED RESULTS. THERE CAN BE NO ASSURANCE THAT (I) WE HAVE CORRECTLY MEASURED OR IDENTIFIED ALL OF THE FACTORS AFFECTING OUR COMPANY OR THE EXTENT OF THEIR LIKELY IMPACT, (II) THE PUBLICLY AVAILABLE INFORMATION WITH RESPECT TO THESE FACTORS ON WHICH OUR ANALYSIS IS BASED IS COMPLETE OR ACCURATE, (III) OUR ANALYSIS IS CORRECT OR (IV) OUR STRATEGY, WHICH IS BASED IN PART ON THIS ANALYSIS, WILL BE SUCCESSFUL. ACTUAL EVENTS ARE DIFFICULT TO PREDICT AND MIGHT DEPEND UPON FACTORS THAT ARE BEYOND OUR CONTROL. THERE CAN BE NO ASSURANCE THAT TARGETED RETURNS OR PROJECTIONS CAN BE REALIZED OR THAT ACTUAL RETURNS OR RESULTS WILL NOT BE MATERIALLY LOWER OR INFERIOR THAN THOSE TARGETED HEREIN. INVESTORS SHOULD CONDUCT THEIR OWN ANALYSIS, USING SUCH ASSUMPTIONS AS THEY DEEM APPROPRIATE, AND SHOULD FULLY CONSIDER OTHER AVAILABLE INFORMATION, INCLUDING THE INFORMATION DESCRIBED.

Although our management believes that the expectations reflected in the forward-looking statements are reasonable as of the date of this letter, future results, levels of activity, performance or achievements cannot be guaranteed. Moreover, we assume no responsibility for the accuracy and completeness of these forward-looking statements. We are not under any duty to update any of the forward-looking statements after the date of this letter to conform prior statements to actual