

Executive Summary

"Some aspect of SolarAttic's alternative energy technologies can be applied to every building structure worldwide and can be used year around. The markets are massive!" Ed Palmer, CEO

Business: SolarAttic, Inc. is the first to market with a new alternative energy technology that makes use of solar energy in the form of hot attic air. Energy saving appliances are placed inside the attic, which absorb and transfer this free heat energy placing it into productive use. The roof functions as a large solar collector. The attic as a convenient storage container. Proven heat exchange technology is coupled with patented and proprietary temperature, humidity and duct technology. The result is low cost, environmentally friendly heating systems for homes, water & pools and a method of controlling attic ventilation that eliminates the structural damage caused from ice-dams. SolarAttic products have immediate residential and commercial applications, are extremely competitive and provide a definable rapid payback. SolarAttic products have proven themselves with installations in 40 states. The company now seeks expansion capital to launch its Business Plan. Until then, it is in bootstrapped operations.

Management: Before founding SolarAttic, Mr. Palmer was Director of Quality for a \$70 Million computer head manufacturer. His entrepreneurial background developed over 35 years and he is the current president of The Minnesota Entrepreneurs. He is skilled in stretching limited resources and has developed a relationship with several heat transfer specialists and world-class heat transfer experts. This includes Professor Ephraim Sparrow of the U of M, who is a co-inventor of the company's new duct technology. The rest of the management team was let go in the first quarter of 2002 as SolarAttic was forced to retreat after 9/11. When expansion funding is obtained, a new COO & President will be hired. He will reassemble a new management team and be responsible for all expansion operations.

Directors: Mr. Palmer serves as the Chairman and sole board member at this time awaiting a capital or corporate partner.

Markets: SolarAttic estimates the pool heating market to be \$195-400 Million in size. Manufacturing USA (92') states U.S. manufacturers of hot water heaters ship \$393 Million worth of electric hot water heaters annually.

MANAGEMENT:

Ed Palmer, CEO

INDUSTRY:

Energy & Environment

DIFFERENTIATION:

Patented technology uses attic heat to significantly reduce consumer energy costs in a way beneficial to environment.

- Saves burning fossil fuels
- Saves electricity capacity
- Controlled attic ventilation
- Four US Patents
- Two Foreign Patents
- Guaranteed Energy Savings!
- Solar Without Panels!

PRODUCT:

Energy saving appliances are placed inside attics to reduce costs of heating pools, homes, water & ventilation.

TARGET MARKET:

Over \$11.0 Billion End User Value (Worldwide)

ENVIRONMENTAL IMPACT:

Pollution free space, home & pool heat and ventilation. Utility free when powered by PV cells.

BANK:

Wells Fargo Bank
Minneapolis, Minnesota

LAW FIRM:

Messerli & Kramer P.A.
(Last law firm used)

AUDITORS:

Leininger & Leininger LLC,
(Last auditor used)

EQUITY:

Common Shares
Authorized – 100 Million
Issued – 10.3 Million

FINANCING SOUGHT: \$5.0 MILLION
Expansion Round - Series A

According to Manufacturing U.S.A. (1996), U.S. manufacturers of "Blowers and Fans" shipped \$3,514 million worth of product during 1996. Total market size in the USA for SolarAttic's technology and products is then estimated at \$4.1 to \$4.5 Billion! Worldwide markets are estimated to be in excess of \$11 Billion. Medical markets exist for SolarAttic's new duct technology. Forecasts for electrical energy needs in third world countries indicate that demands can only be fulfilled by energy efficient and renewable energy technologies. Major macro market forces are now in play. These include: a) extreme shortages of electricity capacity; b) high costs of energy; c) the environment & global warming issue; and, d) the heat-island effect producing excessive heat & pollution in cities.

Technology: SolarAttic has four US Patents and three International. Australia, New Zealand and Israel have issued patents on the company's new duct technology. Application for a Canadian patent was withdrawn. SolarAttic's technology provides free solar energy without the aesthetic issues associated with roof mounted solar panels [PARADIGM SHIFT]. SolarAttic's duct technology allows air to be collected or discharged evenly along the length of a flexible duct. This new technology provides for controlled ventilation of the attic [BREAKTHROUGH]. It can eliminate the need for both roof and eave vents [PARADIGM SHIFT]. SolarAttic technologies can produce low cost heating and ventilation products that consume small amounts of electricity and can be powered by photovoltaic cells. Therefore, low cost products providing free [no monthly utility bill] home heating, water heating and ventilation are practical with attic or other structural cavities that get warm or hot [BREAKTHROUGH].

Products: SolarAttic has a focused product strategy: Ventilation of the attic; space heating; water heating; and, pool heating. A year round product can provide controlled attic ventilation during the winter and summer and free solar space heating during the spring and fall. This space heating has already been demonstrated to save up to 30% in annual heating costs in Ohio and West Virginia. SolarAttic can heat hot water or swimming pools in Minnesota for 5-7 months/year. SolarAttic's space heating, water heating and ventilation applications are even more expansive in warmer climates. Its electronic and duct technologies eliminate the problem of roof ice-dams. SolarAttic offers consumers these benefits:

- Saving an average up to 25% of home air conditioning costs nationwide.
- Saving an average up to 30% of home heating costs nationwide.
- Saving an average up to 50% of electric hot water costs nationwide.
- Saving an average up to 95% of swimming pool heating costs nationwide.
- Eliminating the need for roof and eave vents on homes.
- Eliminating ice-dams from forming and causing structural damage to homes.
- Preheating fresh air intake to heat recovery ventilators in new energy homes.
- Reducing urban heat-island pollution in cities by using the excess heat energy.

Competition: OM Solar [see www.omsolar.net/en/ for details] is the closest related technology and a validation of the company's energy technology. However, it requires a new home to be built and SolarAttic offers a modular technology that can be retrofitted to existing homes and business. The primary competition is from other technology choices such as solar panels and fossil fuel product offerings. A focused differentiation strategy will emphasize the cost disadvantages in those competitive products. In order to penetrate markets, SolarAttic needs to increase its visibility to consumers, distributors & dealers. National distribution is a primary goal.

Financial: SolarAttic's Expansion Plan foresees revenues of \$34.5 Million within 5 years from the date its Business Plan is funded. The company believes revenues will grow to \$200 Million per year in 10 years with the full funding it seeks. A new management team, board of directors and President will be hired at the time the Business Plan is funded. Mr. Palmer will assist the new management team as he transitions to retirement. Until then, Mr. Palmer will continue to bootstrap the business and refine the company's plans.

Contact Ed for passwords to the investor files found on solarattic.com.

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Last Updated – July 29, 2013