Solar Electric Light Company

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WHY IS SELCO ATTRACTIVE?

- Market leader – first into new market with global strategy to serve new customers
- We have the right product to enable the development of the market
- We have extensive management team experience
- We have proven market acceptance
- We have a proven delivery system that has led to a branded physical network serving an extensive customer base
- Our product base is expanding from and due to our core offering
- Our ultimate target market is huge and untapped – two billion people representing $50 billion annually
SELCO BUSINESS DESCRIPTION

Product distribution and service company that is developing the consumer market in those regions of emerging market countries that are removed from or not well served by the power grid

Core business is selling and servicing packaged household lighting and electricity systems

SELCO believes that electricity is fundamental to economic development and consumer behavior

Delivery system is a network of sales and service outlets selling to individual consumers

SELCO provides a superior source of lighting and electricity while costing less than available alternatives

Core product is an enabling device leading to consumer desire for related applications
ABOUT SELCO

- Corporate office is in Chevy Chase, MD near Washington, DC
- Majority owned subsidiaries in India, Vietnam and Sri Lanka
- Employs 300 people world wide and has network of 32 outlets
- SELCO companies have an installed customer base of 10,000
- Sales in 1999 were $873 Thousand
- Sales in 2000 were $1.7 Million
- Sales in 2001 were $2.6 Million
- Further expansion into Africa, South America and further into Asia
SELCO SALES HISTORY AND 2001 RESULTS

Sales have grown at a CAGR of 155% from 1998 through 2000.
Sales are expected to continue growing rapidly for the foreseeable future.
SELCO’S COMPETITIVE ADVANTAGE

- The only independent company targeting the off-grid lighting and electricity market
- First to develop physical points-of-presence
- Proven strategy for bringing new products to this new market
- Direct access to the end consumer
- Brand recognition
STRONG BRAND IDENTITY

Registered Logo

(selco logo)

SELCO has protected its distinct brand name and logo for worldwide marketing purposes.

The name “SELCO” along with its accompanying sunburst-over-rooftop symbol is officially registered with the United States Patent and Trademark Office.

Brand Recognition

(selco logo)

SELCO has established a strong brand identity in the marketplace. In many of its markets, customers seeking household electricity ask for a “SELCO”
SELCO is targeting the $50 billion-dollar market consisting of consumers who lack access to grid electricity in the emerging economies.

Over 400 million households representing more than 2 billion people throughout the world lack access to electricity.

Hundreds of millions of more households and businesses receive unreliable electric service and severe power outages.

The typical target customer currently spends about $10 per month for inferior, expensive electricity and lighting sources such as kerosene and dry-cell batteries, and to recharge car batteries.

Demand for related electrical appliances is growing commensurate with rising incomes.
SELCO MARKET PENETRATION ANALYSIS

TOTAL = 25 MILLION UNELECTRIFIED HOUSEHOLDS IN SELCO’S CURRENT TARGET MARKETS

CUSTOMERS’ ABILITY TO PAY

- Cash
  - 5% - 1.25 million households
- Short-term credit
  - 20% - 5 million households
- Long-term financing
  - 25% - 6.25 million households
- Affordable with subsidies
  - 50% - 12.5 million households

COUNTRY BREAKDOWN

- South India
- Vietnam
- Western China
- Sri Lanka
- South Africa

SELCO intends to sell one million solar home systems by 2010, for a 16% penetration of its targeted cash and credit markets.
SELCO PRODUCTS

SHS

SELCO’s primary product is a packaged household lighting system with an ASP of $500 per unit

SHS represents 75% of the company’s revenues

Components & Appliances

SELCO sells individual components for system expansion as well as private-labeled lights, fans, televisions, and other electrical appliances

SELCO intends to expand its offerings to meet additional market opportunities

Customized Systems

SELCO also sells customized electric systems. The company designs, installs, and maintains systems for customized applications

Service

SELCO provides installation and services for all of its packaged electricity systems

Provides design and installation for specialized custom electricity systems applications
**SOLARELECTRIC POWER: THE MOST ECONOMIC ENERGY ALTERNATIVE IN OUR MARKETS**

**COMPARATIVE POWER COSTS OVER SHS LIFETIME**

<table>
<thead>
<tr>
<th>Non-SHS Household</th>
<th>US$</th>
<th>SHS Household</th>
<th>US$</th>
<th>COST OF GRID EXTENSION TO UTILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerosene</td>
<td>2,000</td>
<td>System price</td>
<td>495</td>
<td>= US$ 3,000 per household</td>
</tr>
<tr>
<td>Dry cells</td>
<td>300</td>
<td>Light replacement</td>
<td>186</td>
<td></td>
</tr>
<tr>
<td>Battery recharging</td>
<td>300</td>
<td>Battery replacement</td>
<td>369</td>
<td></td>
</tr>
<tr>
<td>Battery replacement</td>
<td>225</td>
<td>Maintenance</td>
<td>237</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,825</strong></td>
<td><strong>Financing costs</strong></td>
<td><strong>400</strong></td>
<td></td>
</tr>
</tbody>
</table>

**NET GAIN TO CUSTOMER:** Over life-time of a SHS, customer SAVES $1,138

1 Based upon SELCO market research: believed conservative
2 Battery and lights replaced every five years
3 Downpayment = 25%; Term = 3 years; Interest Rate = 25%
4 Does not factor in benefits accrued through quality of life improvements and convenience

*SELCO*

4/22/2004
SELCO’s unique combination of branded products, on-site service and local presence allows the Company to provide, in addition to its packaged lighting systems, its customers with a wide-range of high quality electric appliances and related applications.

Non-SHS revenue is expected to reach 40% of total sales by 2008.
Sales and Service Centers (SSC)

- SELCO services its market territories through sales and service outlets called Sales and Service Centers (SSC).
- SSCs are the point-of-presence with its end-customers, and serve as the base of local sales and service operations.
- Sales and Service Centers contain a showroom for company products.
- All SSC employ local staff, which operate according to standardized SSC operating procedures.
- As the network grows, it will be managed through Regional Management Centers (RMCs).
DISTRIBUTION CHANNEL

- Inexpensive protected means of acquiring millions of new customers eager to purchase consumer goods
- SSC costs $20,000 to establish
- Covers 50,000 households
- Expected annual sales of $200,000
- Payback generally of less than one year
- Once customers have electricity they consume more panels and applications
- Distributed model adapts easily to lowest cost method of serving market for electricity (e.g. fuel cells in the future)
MANAGEMENT

Corporate Management

❖ Neville Williams, Chairman, has devoted 10 years to solarelectric wireless power development in 11 countries
❖ Carter Hertzberg, Chief Financial Officer, has 8 years of strategic financial management experience in start-up energy and communications companies.

Board of Directors

❖ John Kuhns, Vice Chairman, is a leading financial expert in the renewable and independent power sectors
❖ Paul Maycock is the leading technology expert for the Photovoltaic Industry
❖ Anthony Dixon, a senior officer for Salomon Smith Barney, is an expert in international asset-backed financing
❖ Lars Zoellner, CEO, Gaia Kapital, Germany

Subsidiary Management

❖ Dr. H. Harish Hande, Canh Tran and Susantha Pinto are the managing directors for India, Vietnam and Sri Lanka
❖ More than 25 years of combined experience in the renewable and power industries in addition to extensive educational qualifications
CONCLUSION

- Investor interest in the renewable energy industry is substantial and growing
- SELCO has arrived early to its markets
- Market development based upon filling a basic consumer need – deliver electricity first
- Market targeted with the most commercially viable product delivery system currently available
- A proven business strategy that can penetrate a huge untapped market
- Core business readily expands with related add-on applications and sources of revenue
- Investor returns are expected to exceed 60% annually
POSTSCRIPT: CARBON OFFSET BENEFITS

- Provides additional financing opportunities

The world’s first carbon offset funding agreement for solar rural electrification was signed in August, 1999 between SELCO and the Solar Energy trust, providing $500,000 - from PacifiCorp’s Klamath Cogeneration Project in Oregon - for SELCO to use over a 30 year period to finance SHS in India, China and Sri Lanka.

- A single 35Wp SHS will displace 7.2 tons of carbon dioxide emissions caused by burning kerosene and recharging car batteries over 20 years.

- The Klamath Falls project is for 1 million tons or $0.50 per ton CO2. As the pressure mounts in the area of climate change mitigation and carbon trading, prices will escalate.

- Carbon offsets enhance shareholder value with “free” equity.
Images of SELCO at Work
A SHOP USING A SELCO LIGHT
KENTENICH VIDYANIKETAN - Bangalore
PRAYERS UNDER SOLAR LIGHTS IN KENTENCH _ALWAYE
AN OVERVIEW OF THE 56000 LITRE INSTALLATION AT MAHE - MANIPAL
A 300 LPD INSTALLATION
ONE OF THE 75 STREET LIGHTS AT MUNDGOD