

## Executive Summary

**Sky Power Solutions Corp. - Corporate Description:** Sky Power Solutions (SPOW), a development stage company, is the exclusive provider of advanced Lithium Ion battery technology to Li-ion Motors Corp. for use in their all-electric, zero emission automobiles. SPOW has determined the growth in the consumer acceptance of all-electric cars will place an increased burden on the US Electric Grid at the same time growth in electrical capacity is expected to decline. Sky Power Solutions is moving to meet this demand, at the same time, lowering the grid consumption of the users of the Residential Solar Generation System and actually augmenting the Electric Grid by producing and sending electricity from the residential user's surplus capacity into the grid, therefore causing the user's electric meter to run backwards, not only reducing the electric bill, but more importantly adding needed power to a stressed grid for the benefit of all.



**Key Investment Considerations:** SPOW is targeting opportunity in two markets with the potential for significant growth. The reality of a finite quantity of fossil fuels coupled with massive additions to the global vehicle fleet driven by the developing countries is leading to a search for economical fuel alternatives. Similarly, the demands made of the U.S. power grid at peak load forces utilities to price electricity at rates that compensate them for power generation capacity that sits unused much of the time. As the demand for electricity continues to grow in the U.S., prices are likely to rise and utilities will be forced to build new generation unless alternative solutions are adopted, including by residential consumers who are discovering alternatives to buying power only from the incumbents. Increasingly, consumers are looking to distributed generation as an alternative / complement to traditional electricity purchase.

Working in concert with these macroeconomic trends, SPOW is in the process of positioning the Company to provide the technologies that meet the corresponding consumer needs and demands. Leveraging the alliance with Li-ion Motors (LMCO), SPOW's former parent company, SPOW is tapping into the expertise of an engineering team that designed and developed the WAVE II, LMCO's 2010 Progressive Insurance Automotive X-Prize winning electric vehicle that achieved 191 miles per gallon on a highway run during the competition. Utilizing technology licensed from the Company, SPOW is the exclusive lithium battery supplier for LMCO and is working with LMCO to take advantage of the domestic electric vehicle market opportunity. Additionally, through the engineering alliance with LMCO, SPOW is working to deliver a prototype stand alone, residential solar concentrating, electric power generation system, targeting consumers that are looking for clean, economical alternatives to buying power via an increasingly burdened U.S. grid system.

**Outlook for SPOW:** Sky Power Solutions, Corp. faces all the risks typical for a development stage company including the need for additional capital to sustain operations and complete product development as well as some uncertainty regarding the market for the Company's products and potential profitability. However, with the engineering alliance with Li-ion Motors Corp. SPOW has licensed award winning lithium battery technology and has access to a team that has proven the ability to develop cutting edge technology. Solar power is especially well suited for distributed generation, and by targeting a product price point significantly less than solar panel systems, SPOW is developing its stand-alone solar power system to be affordable to a broad range of consumers. U.S. electricity grid operators are projecting a significant increase in power demand driven in part by an expected exponential increase in the sale of electric vehicles. Murphy Analytics (MA) expects that this demand will increase what consumers are forced to pay for electricity, and it seems reasonable to assume that an increasing number of consumers will pursue solutions such as SPOW's solar generation system. MA also expects SPOW will deliver the solar prototype as scheduled with the targeted specifications. As the Company's marketing and production strategies unfold over the coming months, MA expects that this increasing visibility into the SPOW opportunity will justify a 12-month target price of \$2.00 based on the magnitude of the lithium battery opportunity and production of between 5,000 and 10,000 stand-alone solar power generation systems.

SPOW Recent Price	\$0.52	<b><u>Please review the risk factors outlined later in this report and the important disclosures and disclaimers at the end of this report.</u></b>
Outstanding Share Estimate	21,157,316	
SPOW - Market Cap Estimate	\$11 million	
MA Price Target 12-Month	\$2.00	

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**Company Contact Information:**

About Sky Power Solutions:

[www.skypowersolutions.com](http://www.skypowersolutions.com)

Headquartered at:

158 Rolling Hills Rd.

Mooresville, NC 28117

For further information:

[info@skypowersolutions.com](mailto:info@skypowersolutions.com)

Sky Power Solutions, Corp. Media Contact:

[pr@skypowersolutions.com](mailto:pr@skypowersolutions.com)

Investor Relations:

[ir@skypowersolutions.com](mailto:ir@skypowersolutions.com)

1-888-641-3912

## SPOW Management and Major Investors

**Mr. Mehboob Charania** - Director, President, Treasurer and Secretary. Officer since November 2010. 54 Years Old. Effective November 12, 2010, the Company's sole director and officer, elected and appointed Mehboob Charania as a director and as President, Treasurer and Secretary of the Company. Mehboob Charania acted as secretary, treasurer, chief financial officer and a director of Li-ion Motors Corp. (a former controlling shareholder of the Company) from November 15, 2002, to November 28, 2008. Mr. Charania has also held the position of Secretary and was a Director of the Company from August 30, 2005 to November 28, 2008. Since June 2001, Mr. Charania has been the owner and operator of Infusion Bistro, a restaurant located in Calgary, Alberta. From 1998 to 2001, he acted as a manager at IBM's Calgary office.

**Mr. Stephen Edelen - Project Development Manager.** Appointed in March 2011, Mr. Edelen is responsible for the research and development of renewable energy sources, conversion, and storage. Mr. Edelen also serves as Marketing Strategist at Designer Web App Solutions and in battery development at Li-ion Motors. Previously, Mr. Edelen served as a rep at Matt Cerven Motorsports, as Marketing Assistant at Marc Davis Motorsports, and in public relations at Molesworth Racing. Mr. Edelen studied Marketing at the University of North Carolina at Charlotte from 2007 – 2009.

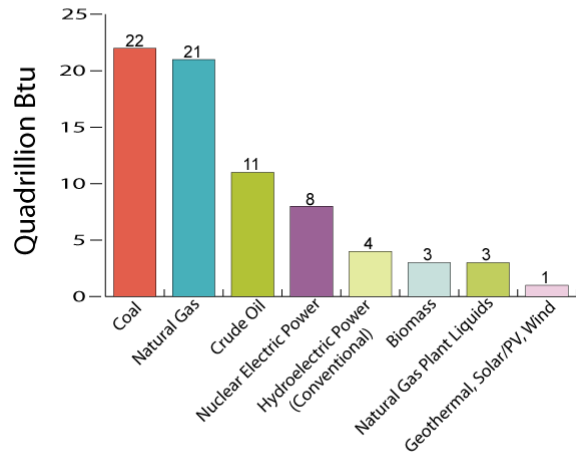
**Mr. Richard Ralston - Public Relations and Media Manager.** Mr. Ralston also holds the position of Public Relations and Media Manager at Li-ion Motors Corp.

Murphy Analytics Estimate of Outstanding Common Shares and Major Shareholders		
<b>Common Shares Outstanding as of 7/14/11:</b>		<b>21,157,316</b>
<b>Major Shareholders:</b>	Approx. %	Approx. Shares
Blue Diamond Investments	44.8%	9,486,285
Legend International LLC	9.9%	2,100,000
Honeycomb Developments LLC	9.9%	2,100,000
Domino Developments Inc.	9.9%	2,100,000
Starglow Asset, Inc.	4.7%	1,000,000
Kisumu S.A.	4.7%	1,000,000
Heritage Asset Management	4.7%	1,000,000
<u>Eurolink Corporation</u>	<u>4.7%</u>	<u>1,000,000</u>
Total	93.5%	19,786,285

**U.S. Energy, Plug In Vehicles (PEV), and the Grid, and Distributed Generation, Renewable Energy, and Solar Power Introduction**

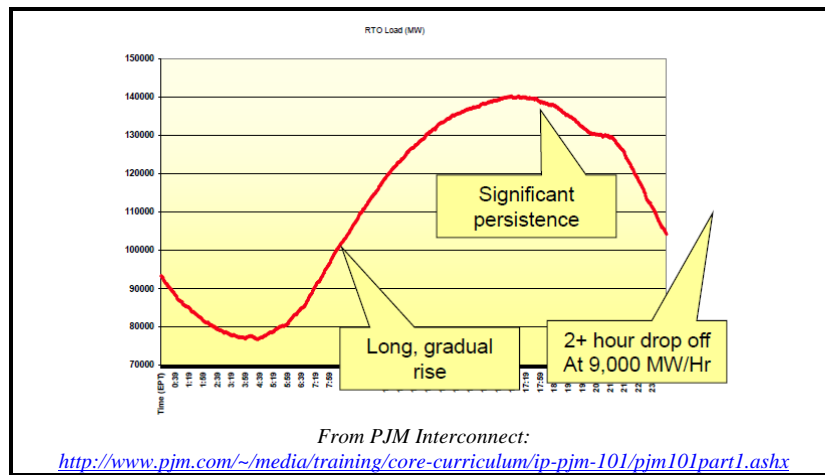
**The Electrical Power Industry<sup>1</sup>:** The electrical power industry can be divided into four segments: Generation, Transmission, Distribution, and End-Use Consumption. Generation is the process of producing electrical energy or the amount of electrical energy produced by transforming other forms of energy. Transmission refers to the high-voltage, long-distance transfer of electricity. Distribution refers to medium-voltage, medium-distance transport from transmission substations to customer meters. Furthermore, distribution and transmission are commonly referred to together as the “grid”. End-Use Consumption is the use of electricity by residential, commercial and industrial customers.

**U.S. Primary Energy Production by Major Source (2009)**



Source: U.S. Energy Information Administration, *Annual Energy Review 2009*, Table 1.2 (August 2010)

**A Power System Designed for Peak and Emergency Demand Creates Significant Inefficiency:** The U.S. economy requires an aggregate level of power generation, distribution and transmission sufficient to supply the nation with electricity during predictable periods of peak demand as well as during unpredictable periods of extreme spikes in electricity demand due to weather conditions, unexpected consumer behavior and/or other emergencies. This reality results in a system that is taxed to or occasionally beyond capacity for short periods of time, while having an excess of capacity most of the time. This also produces an asset that is extremely expensive to purchase for short periods of time, and significantly less expensive during periods of less usage.



<sup>1</sup> [http://www.eia.gov/energyexplained/index.cfm?page=us\\_energy\\_home](http://www.eia.gov/energyexplained/index.cfm?page=us_energy_home)

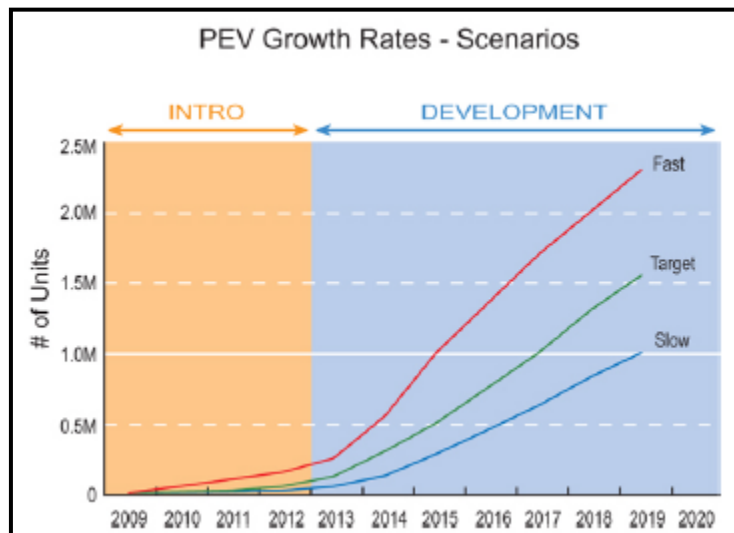
**North American Grid Operators Assess Impact of Electric Vehicles<sup>2</sup>:** “A group of U.S. and Canadian power grid operators who manage most of the North American bulk electric grid collectively studied the effect that PEVs would have on the electric power grid. “*Assessment of Plug-in Electric Vehicle Integration with ISO/RTO Systems*,” by the ISO/RTO Council (IRC), is a new study that examines the technical hurdles and tools needed to foster the potential benefits of widespread use of PEVs.

Among the study’s conclusions:

- *One million PEVs may be on U.S. roadways in a decade, with concentrations of the vehicles in the major metropolitan areas of the West Coast and the Northeast.*
- *Staggered charging of PEVs would reduce the potential negative impact on electric load.*
- *Power companies will need new tools to manage growth in PEV use.*

“Plug-in electric vehicles represent a significant new set of power users that grid operators must prepare to serve. PEVs also might lead to game-changing innovations in energy distribution and smart grid technology that could enhance grid management and electric system reliability,” said Stephen G. Whitley, 2010 IRC chairman and president & CEO of the New York Independent System Operator (NYISO).

Of the one million PEVs that may be deployed over the next 10 years, more than 684,000 are projected by the study to be located in regions of the United States served by ISOs and RTOs. The PEVs plugging into the grid in U.S. ISO/RTO regions could add electric load of 3,785 megawatts (MW) if every PEV charged simultaneously. In contrast, electric load would increase by about one-fifth that total (819 MW) if charging were staggered over an eight-hour period and less than 546 MW over a 12-hour period.



The IRC study suggests that initial PEV sales are likely to cluster on the West Coast and Northeast and be heavily concentrated in large urban areas. For example, the Los Angeles metropolitan area is projected to experience the largest growth of PEVs, a total 119,069 by 2019. PEVs in the L.A. region could add electric load of 658 MW if every PEV charged simultaneously. If PEV charging were staggered over an eight-hour period, electric load would increase by 147 MW. Over a 12-hour period, PEV charging would add 98 MW.

The New York City metropolitan area, with a forecasted 54,000 PEVs by 2019, could see added electric load of 299 MW if every PEV charged simultaneously. Electric load would increase by 33 MW if charging were staggered over an eight-hour period and 22 MW over a 12-hour period. Projections of PEV growth and additional electric load for other ISO and RTO regions are available in the report.”

<sup>2</sup> <http://www.isorto.org/site/apps/nlnet/content2.aspx?c=jhKQIZPBImE&b=2708737&ct=8107539;>  
[http://www.isorto.org/atf/cf/%7B5B4E85C6-7EAC-40A0-8DC3-003829518EBD%7D/IRC\\_Report\\_Assessment\\_of\\_Plug-in\\_Electric\\_Vehicle\\_Integration\\_with\\_ISO-RTO\\_Systems\\_03232010.pdf](http://www.isorto.org/atf/cf/%7B5B4E85C6-7EAC-40A0-8DC3-003829518EBD%7D/IRC_Report_Assessment_of_Plug-in_Electric_Vehicle_Integration_with_ISO-RTO_Systems_03232010.pdf)

**Renewable Energy Overview by the Energy Information Administration (EIA)<sup>3</sup>:** “In the past, renewable energy has generally been more expensive to produce and use than fossil fuels. Renewable resources are often located in remote areas, and it is expensive to build power lines to the cities where the electricity they produce is needed. The use of renewable sources is also limited by the fact that they are not always available — cloudy days reduce solar power; calm days reduce wind power; and droughts reduce the water available for hydropower. The production and use of renewable fuels has grown more quickly in recent years as a result of higher prices for oil and natural gas, and a number of State and Federal Government incentives, including the Energy Policy Acts of 2002 and 2005. The use of renewable fuels is expected to continue to grow over the next 30 years, although we will still rely on non-renewable fuels to meet most of our energy needs.”

**The Basics of Solar from the EIA<sup>4</sup>:** The sun has produced energy for billions of years. Solar energy is the sun’s rays (solar radiation) that reach the Earth. This energy can be converted into other forms of energy, such as heat and electricity... When converted to **thermal (or heat) energy**, solar energy can be used to:

- Heat water — for use in homes, buildings, or swimming pools
- Heat spaces — inside homes, greenhouses, and other buildings
- Heat fluids — to high temperatures to operate a turbine to generate electricity

Solar energy can be converted to electricity in two ways:

- Photovoltaic (PV devices) or “solar cells” change sunlight directly into electricity. Individual PV cells are grouped into panels and arrays of panels that can be used in a wide range of applications ranging from single small cells that charge calculator and watch batteries, to systems that power single homes, to large power plants covering many acres.
- Solar Thermal/Electric Power Plants generate electricity by concentrating solar energy to heat a fluid and produce steam that is used to power a generator. In 2009, there were 13 solar thermal-power generating units operating in the United States, 11 in California, 1 in Arizona, and 1 in Nevada.

The main benefits of solar energy are:

- Solar energy systems do not produce air pollutants or carbon-dioxide
- When located on buildings, they have minimal impact on the environment

Two limitations of solar energy are:

- The amount of sunlight that arrives at the Earth's surface is not constant. It varies depending on location, time of day, time of year, and weather conditions.
- Because the sun doesn't deliver that much energy to any one place at any one time, a large surface area is required to collect the energy at a useful rate.

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<sup>3</sup> [http://www.eia.gov/energyexplained/index.cfm?page=renewable\\_home](http://www.eia.gov/energyexplained/index.cfm?page=renewable_home)

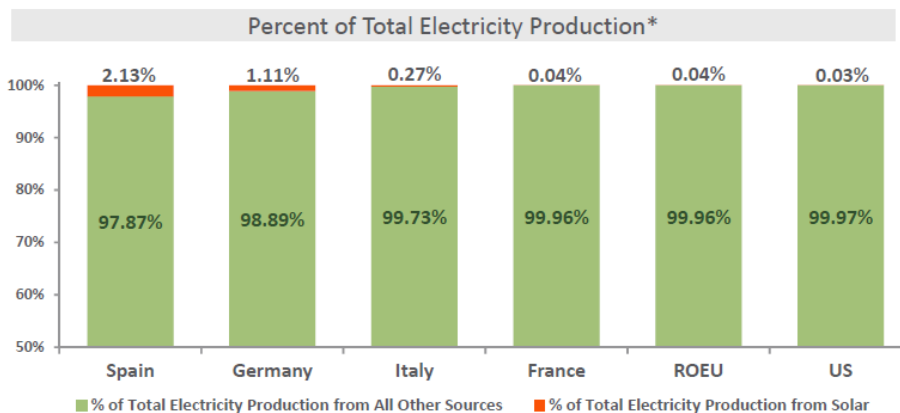
<sup>4</sup> [http://www.eia.gov/energyexplained/index.cfm?page=solar\\_home](http://www.eia.gov/energyexplained/index.cfm?page=solar_home)

**First Solar<sup>5</sup> Sees Significant Growth Potential in Solar Markets:**

**Solar: A Small Portion of Total Energy Production**



Solar represents a small percentage of total energy production, even in the most mature solar markets, but the growth potential is significant.



Note: \*Solar includes both Solar PV & Solar Thermal generation. 2009 data for EU; 2009 US estimate extrapolated from 2008 EIA data based solar capacity added in 2009. Source: Eurostat: Electricity Statistics, Provisional Data 2009; EIA; Marketbuzz.

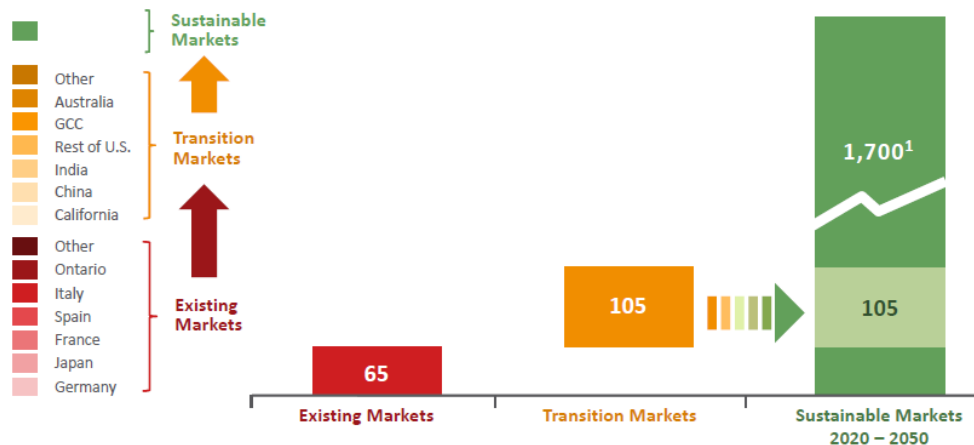
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**Long Term Growth Opportunities**



**Potential PV Capacity by Region (GW) – Assuming Regulatory Targets and Macro Factor Growth**



<sup>1</sup>Assumes potential solar capacity equal to 6% of total electricity consumption in identified solar markets. Source: Market analyst estimates, First Solar analysis. Assumes base case scenario.

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<sup>5</sup> [http://files.shareholder.com/downloads/FSLR/1322344071x0x477649/205c17cb-c816-4045-949f-700e7c1a109f/FSLR\\_CorpOverview.pdf](http://files.shareholder.com/downloads/FSLR/1322344071x0x477649/205c17cb-c816-4045-949f-700e7c1a109f/FSLR_CorpOverview.pdf)

**Solar Well Suited for Distributed Generation<sup>6</sup>:** “Locating electricity generators close to the point of consumption — provides some unique benefits to power companies and customers that are not available from centralized electricity generation. Distributed power technologies are inherently modular, and include natural gas, fuel cell, cogeneration, and renewable energy systems. The term “distributed resources” includes modular power technologies and non-generating demand-side-management (DSM) measures, such as energy efficiency improvements, that reduce the load at the distribution level of the transmission and distribution (T&D) grid. Photovoltaic (PV) technology is well suited to distributed applications and can, especially in concert with other distributed resources, provide a very close match to the customer demand for electricity, at a significantly lower cost than the alternatives. In addition to augmenting power from central-station generating plants, incorporating PV systems enables electric utilities to optimize the utilization of existing T&D assets.”

#### Benefits of PV as a Distributed Resource

- Avoided energy losses in T&D lines
- Modularity enables capacity additions and reductions in small increments, closely matched with demand
- Cleaner, quieter operation — reduced environmental impacts
- Modular nature means less capital is tied up in unproductive assets
- Potential to free up transmission assets for increased wheeling capacity
- Greater market independence and consumer choice — empowered customers
- Mitigation of energy price risks — costs are predictable, unlike fossil fuels
  - Avoided fuel transportation costs — everywhere the sun shines ...
    - Reduced operating and maintenance costs to the local utility
    - Additional capability to meet peak daytime power demands
    - Avoided T&D system (line and substation) upgrades
    - Faster permitting than transmission line upgrades
    - Enhanced power quality and reliability

**Net-Metering Facilitates On-Site, Distributed Power Generation<sup>7</sup>:** “Net metering programs serve as an important incentive for consumer investment in on-site renewable energy generation. Net metering enables customers to use their own generation from on-site renewable energy systems to offset their consumption over a billing period by allowing their electric meters to turn backwards when they generate electricity in excess of their demand, enabling customers to receive retail prices for the excess electricity they generate. Without net metering, a second meter is usually installed to measure the electricity that flows back to the provider, with the provider purchasing the power at a rate much lower than the retail rate.

Net metering is a low-cost, easily administered method of encouraging customer investment in renewable energy technologies. It increases the value of the electricity produced by renewable generation and allows customers to “bank” their energy and use it a different time than it is produced, giving customers more flexibility and allowing them to maximize the value of their production. Providers may also benefit from net metering because when customers are producing electricity during peak periods, the system load factor is improved. As of November, 2010, net metering was offered in 43 states, Washington, D.C., and Puerto Rico.”

<sup>6</sup> <http://www.nrel.gov/docs/fy99osti/23398.pdf>

<sup>7</sup> <http://apps3.eere.energy.gov/greenpower/markets/netmetering.shtml>

**Southern California Edison (SCE) Explains Net-Metering<sup>8</sup>:** “SCE customers who produce their own power are eligible for a special metering and billing option called Net Energy Metering (NEM). The NEM schedule allows solar customers to receive a credit for the surplus electricity they supply to the grid. This credit is then applied to customers’ bills to offset all or part of the costs associated with the energy they consume. Under this billing option, customers are billed once a year for the “net” energy consumed over the previous 12 months, if any. Customers are also billed monthly for nominal costs associated with account administrative fees.

Here’s How NEM Works: With a non-solar account, an electric meter spins forward as it measures the amount of kilowatt-hours (kWh) of electricity a customer consumes. With a solar account, an electric meter not only spins forward as it measures the amount of kWh a customer consumes, but can also spin backward as it measures the net amount of electricity a customer generates. This happens when a solar customer generates excess electricity, or more electricity than the customer is currently consuming, and the excess electricity is diverted back into SCE’s electric grid. SCE will read your meter once a month, recording the “net” amount of energy either consumed or generated over the entire month. If, in a given month, your solar system generates more electricity than you consumed, the excess energy will be credited to your account at the same rate that you would have been charged had you purchased that electricity from SCE.”

**Here’s An Example**



**Behind the scenes...**



**a Bi-directional Meter** is measuring power delivered by SCE and power generated by the solar system, displaying the net difference



**an Inverter** is converting DC power produced the by solar system, to AC power used to power the home

**Morning**  
 A solar system’s energy generation rises with the sun. Energy consumption goes up as the day begins and people arrive at work. As solar production increases, you begin to reduce the amount of energy you purchase from SCE.

*Solar energy generated by your system: 2 kWh*  
*Energy consumed by you: 4 kWh*  
**Net Energy Consumed: 2 kWh**

**Mid-Day**  
 Solar production is at its highest. Your solar system generates more energy than your home or facility needs. Surplus solar energy automatically flows back to SCE for credit and the electric meter spins backward.

*Solar energy generated by your system: 6 kWh*  
*Energy consumed by you: 3 kWh*  
**Net Energy Generated: 3 kWh**

**Early Evening**  
 Solar energy production drops as the sun begins to set. Your home or facility begins to buy energy from SCE as your solar production decreases.

*Solar energy generated by your system: 4 kWh*  
*Energy consumed by you: 4 kWh*  
**Net Energy Consumed / Generated: 0 kWh**

**Night**  
 After business hours, energy consumption is low while energy generation has stopped completely. Your home or facility gets the energy it needs from SCE, tapping into the credit it earned when the sun was shining.

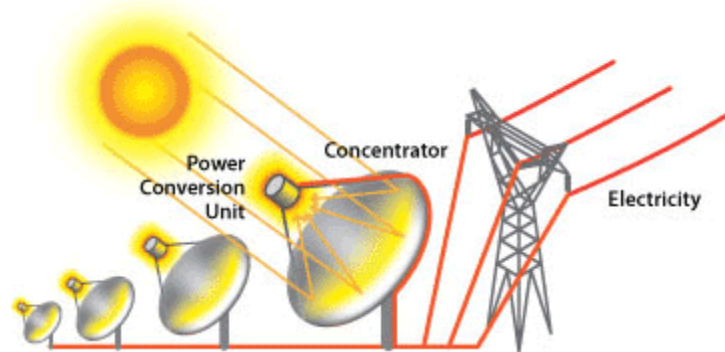
*Solar energy generated by your system: 0 kWh*  
*Energy consumed by you: 5 kWh*  
**Net Energy Consumed: 5 kWh**

<sup>8</sup> [http://asset.sce.com/Documents/Shared/0902\\_NEMFactSheet.pdf](http://asset.sce.com/Documents/Shared/0902_NEMFactSheet.pdf)

**Solar Dish Functionality Explained by the EIA<sup>9</sup>:** “A solar dish/engine system uses concentrating solar collectors that track the sun, so they always point straight at the sun and concentrate the solar energy at the focal point of the dish. A solar dish's concentration ratio is much higher than a solar trough's, typically over 2,000, with a working fluid temperature over 1380°F. The power-generating equipment used with a solar dish can be mounted at the focal point of the dish, making it well suited for remote operations or, as with the solar trough, the energy may be collected from a number of installations and converted to electricity at a central point.

The engine in a solar dish/engine system converts heat to mechanical power by compressing the working fluid when it is cold, heating the compressed working fluid, and then expanding the fluid through a turbine or with a piston to produce work. The engine is coupled to an electric generator to convert the mechanical power to electric power.”

**Dish/Engine Systems for Concentrating Solar Power:<sup>10</sup>** “The dish/engine system is a concentrating solar power (CSP) technology that produces relatively small amounts of electricity compared to other CSP technologies—typically in the range of 3 to 25 kilowatts. Dish/engine systems use a parabolic dish of mirrors to direct and concentrate sunlight onto a central engine that produces electricity. The two major parts of the system are the solar concentrator and the power conversion unit.



*Solar Concentrator:* The solar concentrator, or dish, gathers the solar energy coming directly from the sun. The resulting beam of concentrated sunlight is reflected onto a thermal receiver that collects the solar heat. The dish is mounted on a structure that tracks the sun continuously throughout the day to reflect the highest percentage of sunlight possible onto the thermal receiver.

*Power Conversion Unit:* The power conversion unit includes the thermal receiver and the engine/generator. The thermal receiver is the interface between the dish and the engine/generator. It absorbs the concentrated beams of solar energy, converts them to heat, and transfers the heat to the engine/generator. A thermal receiver can be a bank of tubes with a cooling fluid—usually hydrogen or helium—that typically is the heat-transfer medium and also the working fluid for an engine. Alternate thermal receivers are heat pipes, where the boiling and condensing of an intermediate fluid transfers the heat to the engine. The engine/generator system is the subsystem that takes the heat from the thermal receiver and uses it to produce electricity. The most common type of heat engine used in dish/engine systems is the Stirling engine. A Stirling engine uses the heated fluid to move pistons and create mechanical power. The mechanical work, in the form of the rotation of the engine's crankshaft, drives a generator and produces electrical power.”

<sup>9</sup> [http://www.eia.gov/kids/energy.cfm?page=solar\\_home-basics-k.cfm#SolarDish](http://www.eia.gov/kids/energy.cfm?page=solar_home-basics-k.cfm#SolarDish)

<sup>10</sup> [http://www.eere.energy.gov/basics/renewable\\_energy/dish\\_engine.html](http://www.eere.energy.gov/basics/renewable_energy/dish_engine.html)

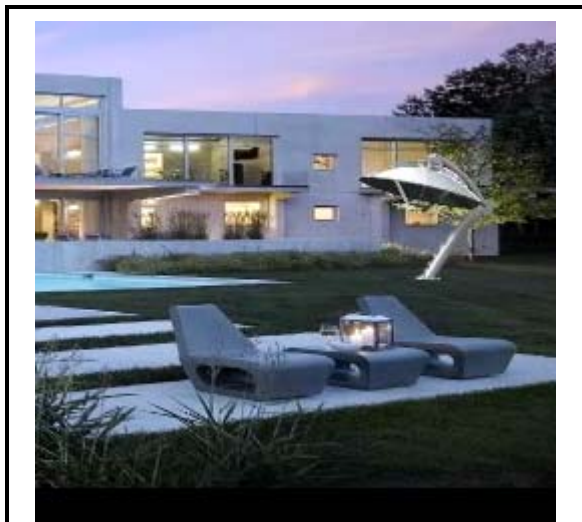
## The Sky Power Stand Alone, Residential Solar Concentrating, Electric Power Generation System

**Prototype in Development:** Announced 7/6/11, SPOW is in the process of developing a prototype capable of generating over 2 kilowatts of electricity with zero emissions, using sunlight as the only fuel. SPOW announced the Company's plan to unveil the prototype at the SOLAR INTERNATIONAL 2011 convention in Dallas from 10/17/11 – 10/20/11. SPOW's design also includes built-in heat recapture to generate free hot water. SPOW estimates that the system will have the ability to reduce the average user's monthly electric grid consumption by up to 30% - 40%.

**Engineering Alliance with Li-ion Motors (LMCO):** Announced 6/27/11, SPOW is working with the engineers at LMCO, its former parent company, to develop the Company's solar concentrating electric generation system. Having developed the 2010 Progressive Insurance Automotive X-Prize award winning Wave II, the engineers at LMCO have demonstrated an ability to design leading edge technology, which required expertise both with lithium battery technology and the vehicle's management system.

**SPOW Seeks to Design a System with Significant Cost Advantage over Solar Panels:** As reflected by the PV Calculation estimate<sup>11</sup> provided by leading solar panel Kyocera (NYSE: KYO), a typical Kyocera system for a Los Angeles area home (zip code 90001) may cost \$18,000 (assumed not to include installation; Murphy Analytics estimates installation adds another \$2,000 of upfront cost). Federal / state / local tax credit incentives reduce this upfront cost by approximately \$5,400, resulting in a net upfront cost of \$12,600 for the system. KYO estimates that its system will save nearly \$31,000 over 25 years, implying a payback period of around 10 years for the KYO system. If it is assumed that the SPOW system will have similar or less upfront and maintenance costs as well as conversion efficiency, SPOW may be able to deliver a system that cuts the payback period by more than half.

**SPOW Sales Strategy and Competition:** SPOW expects that the initial sales strategy will target a dealer network capable of installing and servicing the Company's solar power generation system. As shown at the GoSolar California website<sup>12</sup>, there are numerous dealers SPOW expects to be qualified to install the systems. After the SPOW system has gained some market acceptance, the Company plans to target sales through the major home improvement retailers. Although there are some players targeting similar solar energy generation systems, such as RawSolar and Infinia<sup>13</sup>, SPOW believes it is among the early movers in the residential solar dish space.



*Note: Artist's rendering of SPOW prototype*



*Note: Artist's rendering of SPOW prototype*

<sup>11</sup> [http://www.kyocerasolar.com/buy/pv\\_calculator.html](http://www.kyocerasolar.com/buy/pv_calculator.html)

<sup>12</sup> <http://www.californiasolarstatistics.ca.gov/search/contractor/>

<sup>13</sup> [www.raw-solar.com](http://www.raw-solar.com/); [www.infiniacorp.com](http://www.infiniacorp.com).

## Sky Power and the Li-ion Motors Partnership

**Li-ion Motors Investment in SPOW:** During the nine months ended April 30, 2011, LMCO advanced Sky Power Solutions Corp. (“SPS”) \$176,959 of which \$168,849 was repaid (\$74,000 in the form of cash and \$94,849 in reimbursement for a leased employee). A reserve of \$8,110 has been recorded by LMCO to bad debt expense and is included in LMCO’s general and administrative expenses for the nine months ended April 30, 2011. During the year ended July 31, 2010, the Company advanced SPOW \$1,282,988, of which \$441,781 was repaid and the net amount was reserved by LMCO as an allowance for doubtful accounts.

**Li-ion Motors Wave II Wins The Progressive Insurance Automotive X-Prize<sup>14</sup> and \$2.5 Million in the Alternative Side by Side Class:** In April 2008, the Progressive Insurance Automotive X-Prize competition was announced as a way to spur the development of clean, high-mileage vehicles. The prize was funded for a total of \$10 million, which was designated to be divided among three separate categories. The X-Prize challenge drew an unexpectedly strong response; 115 teams entered 136 separate vehicles. Winners were announced in Washington D.C. on September 15, 2010 and LMCO was the winner in its entry class. On October 27, 2010, the Company received \$2.5 million from X-Prize, which was recorded as other income in the Company’s consolidated statement of operations. To win its award, Li-ion Motors Corp. outperformed global competition with the innovative and aerodynamic, WAVE II, which consistently excelled in rigorous efficiency, safety and performance endurance races achieving impressive results with a 191 MPGe on the highway run.



**Highlights of LMCO Operating Results for the Quarter Ended 4/30/11:** For the 9-months ended 4/30/11, LMCO reported a net loss from operations of \$2.3 million on \$6,513 in sales. LMCO reported working capital of \$761,000, inclusive of a current asset of \$1.8 million in note receivable. Total assets of \$4.4 million included \$2 million in property and equipment. Stockholders’ equity was \$461,000.

**LMCO’s New Inizio Vehicle featured on the Auto Channel in June 2011:** Li-ion Motors Corp.’s All-Electric, Zero Emissions Inizio was featured on The Auto Channel with an in-depth engineering video that included comments from the Inizio design team. The near 5 minute segment discusses technical and design features along with illustrations of the unique elements that go into building Inizio. LMCO bills the Inizio as the world’s fastest, all-electric supercar, capable of 170 MPH with acceleration from 0-60 MPH in 3.4 Seconds with zero emission, a 114 inch wheel-base and 78 inch wide footprint. The Inizio is priced starting at \$139,000 while the Wave II is priced at \$39,000.

<sup>14</sup> <http://www.progressiveautoxprize.org/teams/li-ionmotors>

**License Agreement with the Company's former parent company, Li-ion Motors Corp. (OTCBB: LMCO):** Effective April 15, 2008, SPOW entered into a License Agreement ("License Agreement") with Li-ion Motors providing for Li-ion Motors' license to the Company of Li-ion Motors patent applications and technologies for rechargeable lithium-ion batteries for hybrid vehicles and other applications ("Licensed Products"). Under the License Agreement, Li-ion Motors has the right to purchase its requirements of lithium ion batteries from the Company, and its requirements of lithium ion batteries shall be supplied in preference to, and on a priority basis as compared with, supply and delivery arrangements in effect for the Company's other customers. Li-ion Motors' cost for lithium ion batteries purchased from the Company is the actual manufacturing costs for such batteries for the fiscal quarter in which Li-ion Motors' purchase takes place.

On May 25, 2010, the agreement was amended to provide that SPOW had exclusive license rights for the United States and Li-ion Motors may grant other companies rights elsewhere around the world. SPOW has agreed to invest a minimum of \$1,500,000 in each of the first two years under the License Agreement in development of the technology for the Licensed Products. In the initial year under the License Agreement, the Company invested approximately \$264,043 in the development of technology, and therefore is not in compliance with its obligations under this covenant of the license agreement. Li-ion Motors has advised SPOW that it will not give notice of default against the Company for the failure to comply with this over the term of the License Agreement. As of 4/30/11, SPOW reports that it is still not in compliance under this covenant.

Effective April 16, 2008, SPOW leases approximately 5,000 square feet of space ("Leased Space") in Li-ion Motors' North Carolina facility. Such Leased Space is suitable for, and utilized by the Company for, the developmental and manufacturing operations for Licensed Products pursuant to the License Agreement. The Leased Space is leased by Li-ion Motors to the Company on a month-to-month basis at a monthly rental of \$2,756, the monthly rental to be escalated five (5%) percent annually. Effective April 16, 2008, Li-ion Motors also sold the Company specified equipment and supplies related to the licensed field for the purchase price of \$29,005.

**Li-ion Motors Agreement with Lithium Electric Vehicle Corp. (LEVC) Provides LMCO with Working Capital and Access to the Canadian Market:** Effective May 28, 2010, LMCO entered into a ten year license agreement with Lithium Electric Vehicle Corp. ("LEVC") providing for LMCO to license to LEVC certain of LMCO's patent applications and technologies for electric vehicles and other applications. The purpose of the licensee is to expand sales of the Company's current line of products by the manufacture and sale of such products in Canada, which is LEVC's exclusive territory under the license agreement. Under the license agreement, LEVC has agreed to pay LMCO \$1 million in the form of cash, of which LMCO has received \$666,666 and the remaining balance of \$333,334 is delinquent as of 4/30/11. The \$1 million represents the initial two years of license fee payments. LEVC is obligated to pay \$500,000 per year over the life of the agreement. In addition, LEVC agreed to pay LMCO \$1,750,000 as additional value of the license determined by an independent third party, which payment was made by issuance to LMCO of a 10% Secured Promissory Note in the principal amount of \$1,750,000.

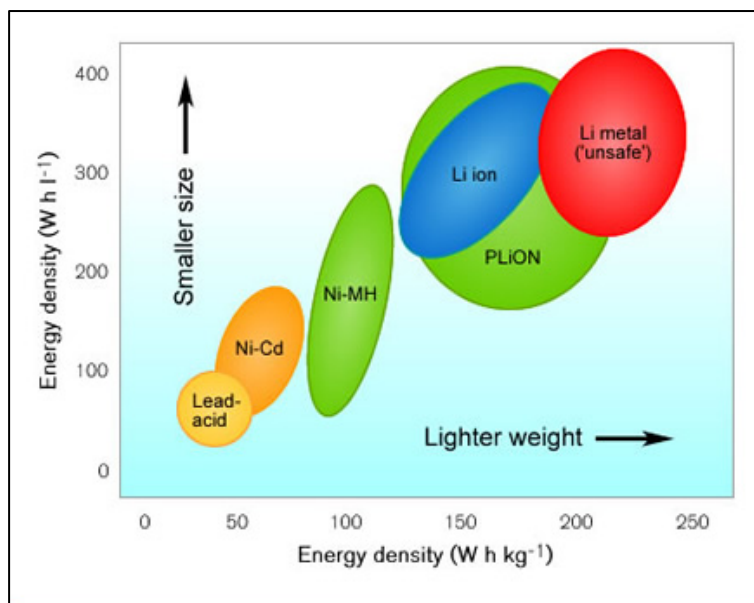
## How the Lithium Technology Works

### Introduction to Lithium Ion Batteries from SPOW:

Lithium ion batteries provide the highest gravimetric (Wh/kg) and volumetric energy density (Wh/L) among all the comparable commercially available batteries, and provide the highest cycling variables when compared to other rechargeable batteries. Lithium ion batteries are rechargeable and composed of cathode, anode, separator and electrolyte composed of LiPF<sub>6</sub> or different salts dissolved in different non aqueous solvent. Lithium ion batteries are the potential to be the preferred source of rechargeable storage systems because they have the capability to provide the highest gravimetric (Wh/kg) and volumetric energy density (Wh/L).

Lithium ion batteries work on the rocking chair principle. The batteries consist of a cathode and anode material soaked in the electrolyte and separated by an insulator. Usually the cathode is

Lithium containing transition oxide material and the anode is a carbonaceous material. During charging, lithium ions leave the cathode structure and transport through the electrolyte and get intercalated into anode material, while discharging the lithium releases the electron and moves back to the cathode oxide structure.



**LMCO Explains the Power of Lithium Powered Electric Motors:** LMCO use a variety of electric motors in converted vehicles. There are a large number of domestic and foreign manufacturers of electric motors, and LMCO anticipates the motors with the required specifications will be available at reasonable commercial prices from a number of these sources. LMCO believes that an important characteristic of the Company's technology is the lithium battery power source, which is more efficient and powerful than other battery power sources. Vehicles utilizing this technology have the ability to travel far greater distances, can recharge in less time and also benefit from weight reduction, as compared with vehicles using other battery powered systems. One of the major historic hurdles facing electric vehicle manufacturers is that most power sources do not allow the vehicle to travel more than 100 miles before needing to be recharged. LMCO believes the Company can produce electric powered vehicles with a travel range equal to or greater than 200 miles.

A significant difference between electric vehicles and gasoline-powered vehicles is the number of moving parts. The electric vehicle motor has one moving part, the shaft, which is very reliable and requires little or no maintenance, thus reducing repair costs; whereas the gasoline-powered vehicle's motor has numerous moving parts, requiring a wide range of maintenance. The controller and charger are electronic devices with no moving parts, and they require little or no maintenance. Furthermore, electric vehicle batteries are sealed and maintenance free, however, the life of these batteries is limited, and batteries will require periodic replacement. New batteries are being developed that will not only extend the range of electric vehicles, but will also extend the life of the battery pack which may eliminate the need to replace the battery pack during the life of the vehicle.

## The Vehicle and Electric Vehicle Market

**Developing Nations will Add Hundreds of Millions of Vehicles to the Global Fleet:** The far-reaching impact of the BRIC and other developing nations has been discussed ad nauseam, but it is illuminating nevertheless to attempt to think about these trends in terms of specific data points. As one example, the U.S. Department of Energy (“DOE”) estimates<sup>15</sup> that there were approximately 840 motor vehicles per 1,000 U.S. citizens in 2008. While the DOE estimate is 140 vehicles per 1,000 citizens for Brazil, the estimate for India is 13 per 1,000 citizens and the estimate for China is 36 vehicles per 1,000 citizens, as of 2008. In terms of the aggregate growth in this ratio for the decade ended 2008, the DOE estimates the U.S. fleet grew by 8% compared to 31% for Brazil, 74% for India, and 300% for China - in 1998, there were approximately 9 vehicles per 1,000 Chinese citizens, and this grew to 36 vehicles by 2008.

Country	Vehicles per 1,000 Citizens (2008)	Approximate Population	Approximate # of Vehicles (2008)	Theoretical # of Vehicles Applying U.S. Ratio
Brazil	140	201,000,000	28,140,000	169,041,000
India	13	1,173,000,000	15,249,000	986,493,000
China	36	1,330,000,000	47,880,000	1,118,530,000
United States	841	<u>310,000,000</u>	<u>260,710,000</u>	<u>260,710,000</u>
Total		3,050,000,000	368,085,000	2,534,774,000

**Sources:**  
[http://www1.eere.energy.gov/vehiclesandfuels/facts/2010\\_fotw617.html](http://www1.eere.energy.gov/vehiclesandfuels/facts/2010_fotw617.html)  
<https://www.cia.gov/library/publications/the-world-factbook/>  
*Actual vehicle approximations represent the author's estimates*

Utilizing the population estimates provided by the CIA Factbook, and assuming no change in the vehicle ratio from 2008 to today, it is likely there are 370 million vehicles in Brazil, India, China, and the United States, which collectively represent about 45% of the world’s 6.8 billion population. If it seems unlikely that the developing world will ever require the same level of motor vehicle dependence that has evolved in the U.S., it is worth noting that Canada’s ratio as of 2008 was 623, with 563 for the Pacific, and 593 for Western Europe. Outside of these regions, in generally lesser developed countries, the ratios fall significantly, likely implying substantial future demand in these areas well: 300 vehicles per 1,000 citizens for Eastern Europe, 132 for Central and South America, 103 for the Middle East, 54 for the Far East and 27 for Africa.

While predicting additions to the global fleet cannot be accomplished with precision, the general trend is clear – there will be hundreds of millions and likely billions of motor vehicles added over the coming decades. This massive trend inevitably will force the demand for fossil fuels higher, thereby forcing drivers to consider alternative fueling solutions.

<sup>15</sup> [http://www1.eere.energy.gov/vehiclesandfuels/facts/2010\\_fotw617.html](http://www1.eere.energy.gov/vehiclesandfuels/facts/2010_fotw617.html)

**Market Size Estimates for Light Electric Vehicles (LEV), Neighborhood Electric Vehicles (NEV) and Electric Vehicles (EV):**

- Pike Research Forecasts 695,000 NEV by 2017<sup>16</sup>: *“According to a new report from Pike Research, the total number of NEVs on the world’s roadways will grow from 479,000 in 2011 to 695,000 by 2017, a 45% increase. During that period, the cleantech market intelligence firm forecasts that annual NEV sales will rise from 37,000 vehicles to nearly 55,000 units by 2017, and North America will account for 45% of annual sales.”*
- IDTechEx<sup>17</sup> forecasts annual sales of 130 million LEV (two or three wheeled vehicle, typically a bike, powered by an electric motor) before 2025.
- Deloitte report<sup>18</sup> estimates that electric vehicles will reach 465,000 units annually by 2020, representing 3.1% of total U.S. auto sales.

**Select Electric Vehicle Developers:** Li-Ion Motors identifies some of its principal competitors in the electric vehicle area as Aptera, RaceAbout, Project TW4XP, Edison2, and OptaMotive, all of which entered the Progressive Automotive X-Prize competition. Other competition includes:

- ZAP Alias is a 100% plug-in electric car designed in a three-wheeled configuration, two wheels in front, one in the rear. ZAP has sold a three-wheeled city-car and truck called the Xebra since 2006 and has one of the only electric vehicle distribution and service dealer networks in existence. Currently, ZAP has over 60 dealers throughout the USA as well as a number of international distribution points, including South America and The Middle East.
- Tata Motors is India's largest automobile company, India’s leader in commercial vehicles and among the top three competitors in passenger vehicles. Tata Motors plans to develop cars that are more fuel efficient, cleaner, with minimum impact to the environment.
- General Motors’ Chevrolet division has developed its model named “Volt”, an electric car, with a scheduled launch in the 2011 model year.
- The Lightning GT is a battery powered sports car manufactured by the United Kingdom company British Lightning Car Company that is scheduled to begin deliveries in 2012. The expected price is about \$200,000.
- Tesla Motors was founded in 2003. The TESLA Roadster is the company’s first production car, capable of a range of 200 miles with a top speed of 135 mph. It began sales in early 2008.
- The Nissan Leaf was introduced in Japan and the U.S. in December 2010.

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<sup>16</sup> <http://www.cnbc.com/id/43421817>

<sup>17</sup> <http://www.reportlinker.com/p0570423-summary/Light-Electric-Vehicles.html>

<sup>18</sup> [http://www.deloitte.com/view/en\\_US/us/Industries/Automotive-Manufacturing/c3b1a4c65c948210VgnVCM100000ba42f00aRCRD.htm](http://www.deloitte.com/view/en_US/us/Industries/Automotive-Manufacturing/c3b1a4c65c948210VgnVCM100000ba42f00aRCRD.htm)

**Deloitte highlights factors encouraging and discouraging Electric Vehicle Purchases:**

Figure 6. Factors encouraging Survey Respondent EV purchase

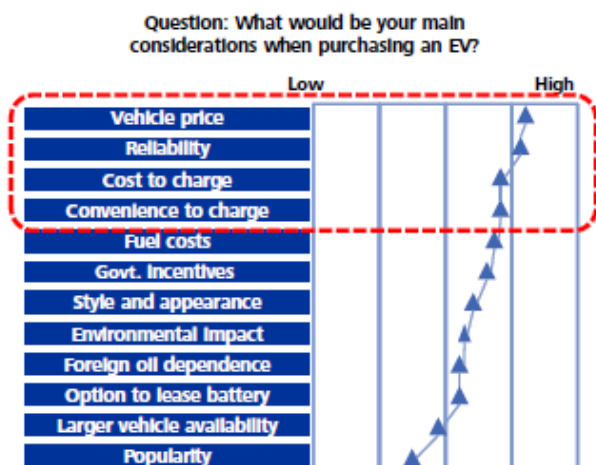
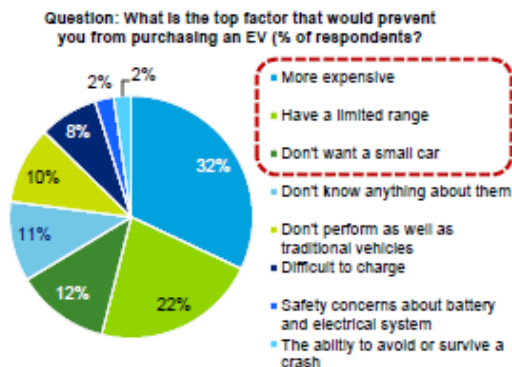


Figure 7. Factors discouraging Survey Respondent EV purchase



**The Market for Lithium Ion Batteries:** Pike Research<sup>19</sup> estimates that the market for lithium ion batteries for use in transportation will increase over 9x by 2015, growing from \$876 million in 2010 to \$8 billion by 2015.

**Lithium Battery Developers:** Some of the publicly traded leading developers of lithium batteries for use in transportation include A123 Systems (AONE), Ener1, Inc. (HEV), and Valence Technology, Inc. (VLNC), but the market also includes products from some larger manufacturer such as Panasonic (PC), Sony Corporation (SNE), and NEC Corporation. As noted in its annual report, Li-Ion Motors previously has purchased batteries from Dow Kokam.<sup>20</sup>

**A123 Systems<sup>21</sup> Explains the Interconnection between the Adoption of Electric Vehicles, the Improvement of Battery Technology and the Grid:** *“On a cost per mile driven basis, electricity is a more economical source of energy than gasoline. However, the vehicle operating savings of using electricity have been historically more than offset by the cost of the corresponding electrical storage systems. With the advancement of battery technologies, the use of battery systems to deliver energy to hybrid powertrains is becoming more economically viable. We believe this trend will lead to increased adoption of HEVs, PHEVs and EVs and, as a result, create significant opportunities for battery suppliers with the necessary technology, experience and manufacturing capabilities to develop high performance batteries....Applications in the electric grid market present another significant opportunity for the use of advanced battery systems....We believe the escalating demand for renewable energy technologies will serve as an additional catalyst for the adoption of advanced batteries in electric grid applications. Wind and solar energy facilities are expected to be important sources of new electricity generation in the future. However, wind and solar are intermittent power sources that put additional demands on grid stabilization. Advanced batteries can be used to supplement these new generation technologies by smoothing their output providing regulation services and excess energy storage during periods of high transmission line usage or low customer demand.”*



<sup>19</sup> <http://www.hybridcars.com/economics/pike-research-sizes-lithium-battery-market-26278.html>

<sup>20</sup> <http://dowkokam.com/tech-cells.htm>

<sup>21</sup> [http://files.shareholder.com/downloads/ABEA-3DGN17/1321976508x0x458828/F7B9DF9E-4B7D-4726-9DB9-3AB1D7F8333F/A123\\_Systems\\_Annual\\_Report\\_2010.pdf](http://files.shareholder.com/downloads/ABEA-3DGN17/1321976508x0x458828/F7B9DF9E-4B7D-4726-9DB9-3AB1D7F8333F/A123_Systems_Annual_Report_2010.pdf)

**Discussion of SPOW Financials**

<b>Unaudited Balance Sheet as of 4/30/11:</b>	
<b>Current Assets</b>	\$178 as of 4/30/11.
<b>Current Liabilities</b>	\$6.6 million as of 4/30/11, including \$4.3 million due to related parties, \$1.4 million in accounts payable and accrued expenses and \$849,000 in advances.
<b>Working Capital</b>	A working capital deficit of \$6.6 million as of 4/30/11.
<b>Total Assets</b>	\$63,000, consisting primarily of property and equipment.
<b>Total Liabilities</b>	\$6.6 million in current and total liabilities.
<b>Stockholders' Equity</b>	A stockholders' deficiency of \$6.5 million as of 4/30/11. Accumulated deficit of \$4.6 million with \$180,000 of additional paid in capital.
<b>Unaudited Operated Results for the 9-Months Ended 4/30/11</b>	
<b>Operating Expenses</b>	SPOW has incurred \$517,000 in general / administrative expense and \$432,000 in research / development expense during the development stage from 8/1/08 to 4/30/11. Total operating expense for the quarter ended 4/30/11 was \$38,000.
<b>Other Expense / Income</b>	Interest expense during development stage was \$1.2 million through 4/30/11, including \$105,000 for the quarter. Other income for the quarter was \$22,000 and \$62,000 during development stage.
<b>Net Loss</b>	\$2.1 million during development stage and \$121,166 for the quarter.
<b>Subsequent Events</b>	On 5/4/11, \$2.2 million of SPOW debt was converted into 10.3 million common SPOW shares at a strike price of \$0.216 per share. On 6/8/11, 2.05 million of SPOW debt was converted into 9.5 million common SPOW shares at a strike price of \$0.216 per share.
<b>SPOW Liquidity</b>	As of 4/26/11, SPOW estimated that up to \$1 million of additional working capital will be required for the market introduction of planned lithium battery products through joint ventures or otherwise.
<b>Change of Company's Name to Sky Power Solutions Corp. and Reverse Stock Split</b>	On April 2, 2011, the Company's Board of Directors authorized the merger with the wholly-owned subsidiary, Sky Power Solutions Corp., and in the merger the name of the company was changed to Sky Power Solutions Corp. On April 2, 2011, the Board also approved the filing with the Secretary of State of Nevada, a Certificate of Change that effected a 1:300 reverse split in the Company's outstanding common stock and a reduction of authorized common stock in the same 1:300 ratio, from 750,000,000 shares to 2,500,000 shares. On June 6, 2011, the Board of Directors unanimously agreed to increase the authorized number of shares to 100,000,000. The change of the Company's name to Sky Power Solutions Corp. and the 1:300 reverse split with the concurrent reduction of authorized common stock in the same ratio were approved by FINRA and effective for trading purposes on April 26, 2011.

<b>PowerShares Cleantech Portfolio (Fund) and PowerShares Zacks Micro Cap Portfolio (Fund)</b>	
<b>PowerShares Cleantech Portfolio Fund<sup>22</sup></b>	<b>PowerShares Zacks Micro Cap Portfolio (Fund)<sup>23</sup></b>
<b>Year to Date Performance:</b> 	<b>Recent 52 Week Performance:</b> 
<b>Recent Top Holdings:</b> Johnson Controls Inc. 2.77% ABB Ltd. 2.73% SGS S.A. 2.72% Corning Inc. 2.64% Siemens AG 2.61% Schneider Electric S.A. 2.56% First Solar Inc. 2.46% Alfa Laval AB 2.41% Vestas Wind Systems A/S 2.36% Novozymes A/S 2.35%	<b>Recent Top Holdings:</b> Ameron International Corp. 0.32% Intersections Inc. 0.29% Advance America Cash Advance Centers Inc. 0.29% Magic Software Enterprises Ltd. 0.29% Kenexa Corp. 0.28% Virtus Investment Partners Inc. 0.28% Susser Holdings Corp. 0.28% Vasco Data Security International Inc. 0.27% Zalicus Inc. 0.27% Sigma Designs Inc. 0.27%
<b>Recent Select Metrics:</b> Price/Earnings Multiple: 18.7 Average Market Cap: \$11.2 billion Price / Book: 2.7x Return On Equity: 16.3% 1 Year Performance: 20.1% Ticker: <b>PZD</b>	<b>Recent Select Metrics:</b> Price/Earnings Multiple: 15.2x Average Market Cap: \$402 million Price / Book: 1.22x Return on Equity: 4.6% 1 Year Performance: 17.6% Ticker: <b>PZI</b>
<b>Methodology:</b> Based on the Cleantech Index™ (Index). The Fund will normally invest at least 90% of its total assets in securities that comprise the Index and ADRs based on the stocks in the Index. The Index is designed to track the leading cleantech companies, from a broad range of industry sectors that offer the best investment returns.	<b>Methodology:</b> The PowerShares Zacks Micro Cap Portfolio (Fund) is based on the Zacks Micro Cap Index (Index). The Index is designed to identify a group of micro cap stocks with the greatest potential to outperform passive benchmark micro cap indexes and other actively managed U.S. micro cap strategies. Due to their low correlation to large, medium and small sized companies, micro caps may complement existing blended portfolios by improving risk adjusted performance.

<sup>22</sup> <http://www.invescopowershares.com/products/overview.aspx?ticker=PZD#perfchart>

<sup>23</sup> <http://www.invescopowershares.com/products/overview.aspx?ticker=pzi>

## Potential Valuation for SPOW

While the Company's solar dish prototype is in development and until actual sales are completed, it's not possible for SPOW to know with certainty what to expect in terms of revenue per unit, cost of goods sold, and ultimately what the Company's net margin may be. Similarly, until lithium battery production is ramped up, SPOW cannot know for certain what sort of revenue and margins to expect for the business segment.

Because SPOW has no directly relevant comparables whose financial results may be analyzed to serve as a reference point for potential SPOW results, and because there are no historical revenue / margin results to analyze, Murphy Analytics (MA) is utilizing the margin performance of the S&P 500 as a basis from which to illustrate potential SPOW results. Following are comments on the assumptions behind the potential cash flow illustration:

- *Assumed Shares Outstanding:* In the most recent 10-Q, SPOW reported that the Company expects to require \$1 million in capital over the following year. It is assumed that some new shares will be sold to raise needed capital.
- *Net Margin of 10%:* A recent article from Bloomberg<sup>24</sup> notes that the net income margin for the S&P 500 in 2009 was 8.2%, but had risen to 13.4% for Q1 2011. For purposes of illustrating potential SPOW cash flows, it is assumed that SPOW may be able to deliver a net income margin of 10% once production has been scaled up.
- *Assumed Earnings Multiple:* As presented previously, the PowerShares Cleantech Portfolio Fund PowerShares Zacks Micro Cap Portfolio Fund are trading at P/E multiples of 18.7x and 15.2x historical revenue, respectively. For purposes of this illustration, it is assumed that a multiple of 15x potential future revenue is supportable for considering potential SPOW valuation.
- *Expected Solar Dish System Price:* SPOW has announced that the Company expects to price the solar dish system at \$5,000.

### Model Illustrating Relationship Between SPOW Stock Price and Potential Solar Dish System Revenue

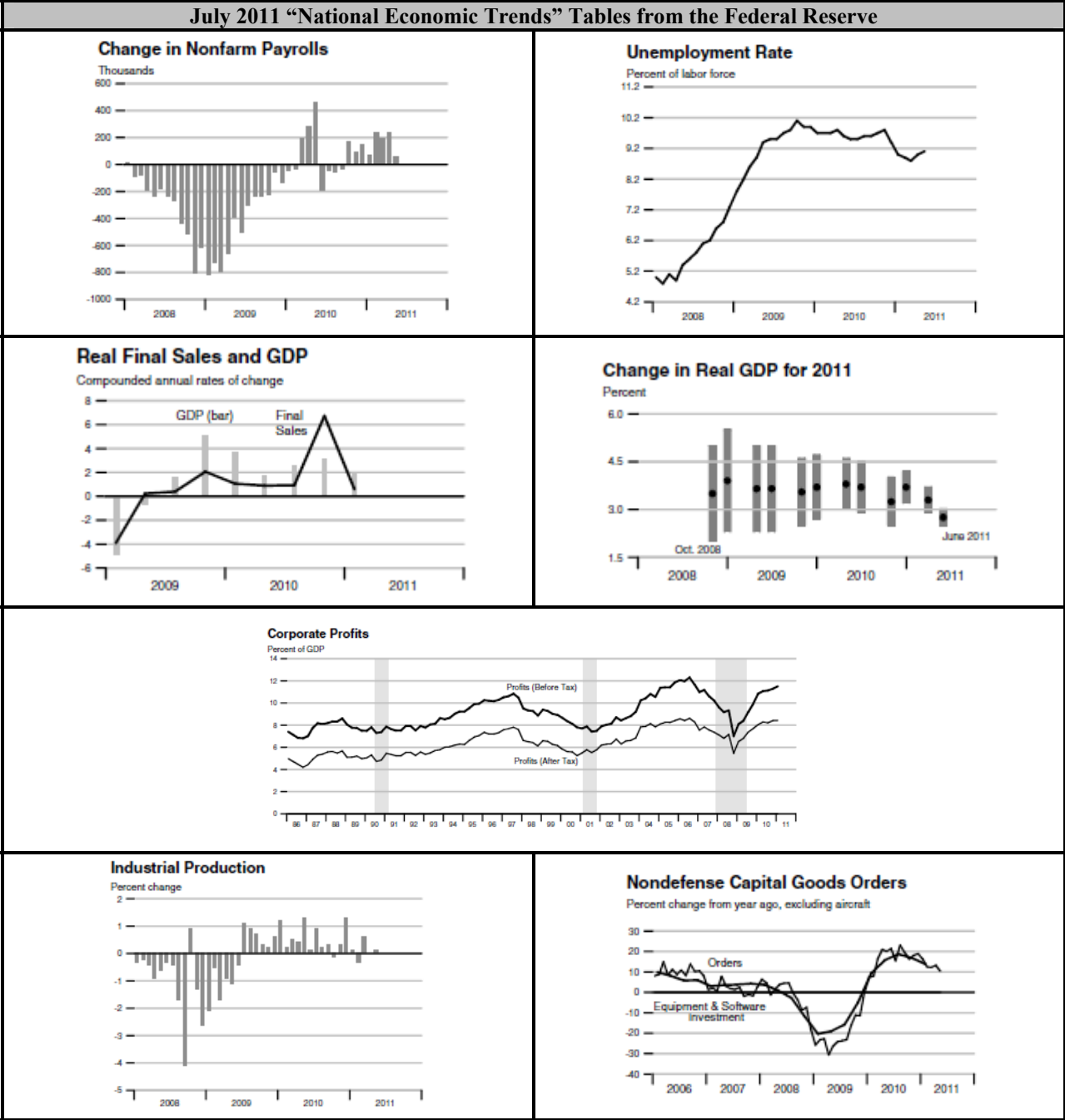
Assumed Shares Outstanding	21,157,316	23,000,000	25,000,000
Assumed Stock Price	\$0.71	\$1.50	\$3.00
Implied Market Cap	\$15,021,694	\$34,500,000	\$75,000,000
Assumed Earnings Multiple	15	15	15
Implied Expected Earnings	\$1,001,446	\$2,300,000	\$5,000,000
Assumed Net Income Margin	10.00%	10.00%	10.00%
Implied Expected Revenue	\$10,014,463	\$23,000,000	\$50,000,000
Expected Solar Dish System Price	\$5,000	\$5,000	\$5,000
Implied Expected Number of Solar Dish Units Sold	2,003	4,600	10,000

Utilizing these assumptions, and ignoring potential cash flows related to the lithium battery segment, a recent SPOW stock price of \$0.71 implies the market expects the Company will be able to reach approximately 2,000 in solar dish system unit sales. An SPOW stock price of \$1.50 would imply the market expects the Company to reach 4,600 in annual solar dish unit sales, while a price of \$3.00 would imply the market expects SPOW to reach 10,000 in annual unit sales.

<sup>24</sup> <http://www.businessweek.com/news/2011-06-27/analysts-double-s-p-500-sales-forecast-as-margins-stagnate.html>

**U.S. Macroeconomic Data and Indicators**

Data from the July 2011 Federal Reserve “National Economic Trends”<sup>25</sup> indicates a slowing or at least choppy economic recovery, with corporate profits continuing to climb.



<sup>25</sup> <http://research.stlouisfed.org/publications/net/20110601/netpub.pdf>

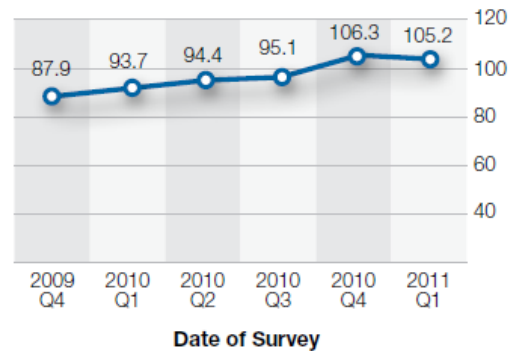
**Q1 11 Survey of Professional Forecasters – Forecasters Predict Slower Growth over the Next Four Years:**<sup>26</sup> “Growth in the U.S. economy looks a little slower now than it did three months ago, according to 44 forecasters surveyed by the Federal Reserve Bank of Philadelphia...The outlook for the labor market is mixed. The forecasters see a brighter picture for the unemployment rate over the next four years. Unemployment is projected to be an annual average of 8.7 percent in 2011, 8.1 percent in 2012, 7.5 percent in 2013, and 7.0 percent in 2014. On the jobs front, the forecasters see slower growth in jobs in 2011 and 2012 than they predicted in the last survey.”

	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
<i>Quarterly data:</i>						
2011:Q2	3.5	3.2	9.2	8.9	188.3	191.1
2011:Q3	3.1	3.4	9.0	8.7	201.1	194.5
2011:Q4	3.4	3.5	8.8	8.5	213.1	173.9
2012:Q1	3.1	2.9	8.7	8.4	201.4	219.4
2012:Q2	N.A.	2.5	N.A.	8.2	N.A.	182.0
<i>Annual data (projections are based on annual-average levels):</i>						
2011	3.2	2.7	9.1	8.7	134.9	130.4
2012	3.1	3.0	8.5	8.1	226.1	194.8
2013	3.0	2.8	7.8	7.5	N.A.	N.A.
2014	3.4	3.3	7.3	7.0	N.A.	N.A.

**CEO Confidence in Remains Strong in Q1 11 According to the Vistage International CEO Confidence Survey**<sup>27</sup>: According to the Vistage International Q1 2011 CEO Confidence Index, the nation’s largest and only comprehensive survey of U.S. small-and medium-sized business CEO’s:

*Dr. Richard Curtin, Director of Surveys and Consumers at the University of Michigan, Ann Arbor, and Vistage consultant for the Confidence Index notes, “Current economic conditions had improved according to 63% of all CEOs in the 1st quarter, up from 48% one year ago and just 2% two years ago. Only 5% thought that the economy had worsened — the lowest percentage in six years.”*

Vistage CEO Confidence Index 2009-2011



<sup>26</sup> <http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2011/survq211.cfm>

<sup>27</sup> [http://www.vistage.com/media/confidence-index/pdf/FlierConfIndex\\_Q111.pdf](http://www.vistage.com/media/confidence-index/pdf/FlierConfIndex_Q111.pdf)

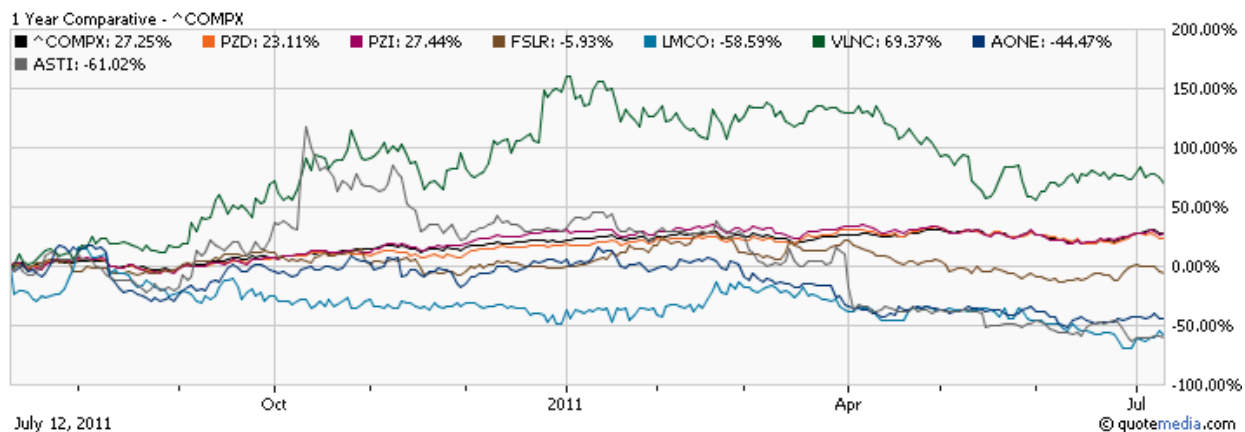
## SPOW Risks

SPOW operations and share performance is subject to a number of risks and uncertainties, outlined in detail in Company filings with the SEC. These filings should be read in conjunction with this report. As discussed in more detail in the 10-K dated 10/29/10, these risks include:

- The current worldwide economic slowdown could have a material adverse impact on product research and developmental activities and planned commercialization of the Company's lithium battery technology.
- SPOW does not have sufficient revenues to sustain operations.
- If SPOW does not obtain additional financing, the business will fail.
- SPOW management has limited experience in development and production of lithium ion batteries and with negotiating commercial arrangements for such products.
- SPOW's planned lithium ion battery business is subject to substantial risks.
- Lithium ion batteries, if not properly managed, may pose a fire hazard.
- SPOW products are subject to extensive federal, state and local safety environmental and other government regulations that may require the Company to incur expenses, modify product offerings or cease all operations in order to maintain compliance with the actions of the regulators.
- A significant adverse determination in any material product liability claims against the company could adversely affect operating resulting or financial condition.
- The Company has been the subject of a going concern opinion from its independent auditors, which means that SPOW may not be able to continue operations unless the Company obtains additional funding.
- Because SPOW stock is deemed a "penny stock", it may be difficult to sell shares of SPOW common stock.

**SPOW Comparable and ETF Performance Chart from quotemedia.com**

<b>FSLR:</b> First Solar, Inc.	<b>^CompX:</b> Nasdaq Composite	<b>VLNC:</b> Valence Technology	<b>AONE:</b> A123 Systems, Inc.
<b>PZI:</b> Powershares Zacks Micro Cap Portfolio Fund	<b>LMCO:</b> Li-Ion Motors Corp	<b>PZD:</b> PowerShares Cleantech Portfolio Fund	<b>ASTI:</b> Ascent Solar Technologies



## Murphy Analytics Disclosures and Disclaimers

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## Overview of the OTCBB<sup>28</sup>

The OTC Bulletin Board® (OTCBB) is a regulated quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter (OTC) equity securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ® or a national securities exchange. OTCBB securities include national, regional, and foreign equity issues, warrants, units, American Depositary Receipts (ADRs), and Direct Participation Programs (DPPs). The OTCBB is a quotation medium for subscribing members, not an issuer listing service, and should not be confused with The NASDAQ Stock Market<sup>SM</sup>. There are no minimum quantitative standards which must be met by an issuer for its securities to be quoted on the OTCBB; however, the new Eligibility Rule limits quotations on the OTCBB to the securities of issuers that are current in their reports filed with the SEC or other regulatory authority. Issuers do not have any filing or reporting requirements with The NASDAQ Stock Market, Inc., or FINRA. Market Makers will be required to provide the periodic financial reports filed by OTCBB issuers with the SEC or other regulatory authorities pursuant to the Eligibility Rule. NASDAQ has no business relationship with the issuers of securities quoted on the OTCBB. Investors must contact a broker/dealer to trade OTCBB securities. Investors do not have direct access to the OTCBB service. The Securities and Exchange Commission's (SEC's) Order-Handling Rules which apply to NASDAQ-listed securities do not apply to OTCBB securities. It is important to note that FINRA has no regulatory authority over OTC Bulletin Board issuers. FINRA's responsibilities include establishing rules governing its broker/dealer members' business conduct; setting qualification standards for securities industry professionals; examining members for their financial and operational condition as well as their compliance with appropriate rules and regulations; investigating alleged violations of securities laws; disciplining violators of applicable rules and regulations; and responding to inquiries and complaints from investors and members. Due to the high level of risk involved in investing in Penny Stocks, the SEC created Rule 15g-2, which makes it "unlawful for a broker or dealer to effect a transaction in any penny stock for or with the account of a customer unless, prior to effecting such transaction, the broker or dealer has furnished to the customer a document containing the information set forth in Schedule 15G, Rule 15g-100, and has obtained from the customer a manually signed and dated written acknowledgement of receipt of the document." (SEC Rule 15g-2(a), Risk Disclosure Document Relating to the Penny Stock Market). If you believe that you have been defrauded by an OTC Bulletin Board issuer, you may file a complaint with your State Securities Regulator or contact the SEC's Office of Investor Education and Assistance.

### **Analyst Contact Information:**

Patrick J. Murphy, CFA

Analyst

Murphy Analytics

Phone 636-273-9440

[www.murphyanalytics.com](http://www.murphyanalytics.com)

[pmurphy@murphyanalytics.com](mailto:pmurphy@murphyanalytics.com)

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<sup>28</sup> <http://www.otcbb.com/investorinformation/investorinfo.stm>