

August 23, 2001

Dear Sir or Madam:

Subject: A new method of generating electricity from sunshine.

Thank you for your interest in Solar & Thermal Systems, Inc. As you know, we're currently in the startup process, but I would like to take a moment to explain what the company plans to do.

Solar & Thermal Systems, Inc. plans to produce and install personal co-generation systems. Co-generators generate electricity cooperatively with the local power company. They provide electric power to the site of the co-generator and provide rotating reserve for the utility. Additionally, and perhaps most important, the utility pays the co-generator for the actual amount of power produced. This as called *net metering* and is becoming more popular.

Our flagship product, the STS-1, is engineered to meet the needs of most single-family houses and to produce an average net income of approximately \$150 per month. The STS-1 is a 25-kilowatt synchronous electric generator, coupled to a positive displacement engine, under computer control. The system collects energy through an array of roof mounted parabolic solar panels. With more than triple the output of comparably priced photovoltaic systems, the STS-1 is able to recoup the homeowner's investment faster.

Here are some of the key features of the STS-1:

- ❖ made from durable and environmentally friendly materials
- ❖ does not use batteries, so there is no disposal issue 5-7 years down the road
- ❖ engineered to last for 20 years or more, and is unconditionally warranted for 10
- ❖ computer controlled and monitored
- ❖ exceeds all National Electric Code safety standards

Solar & Thermal Systems, Inc. will assist their customers in reducing their energy usage and obtaining all eligible tax rebates. We are able to provide this service in cooperation with selected local electric utilities, and the United States Department of Energy's Million Solar Roofs program.

While co-generation and net metering are not new concepts, there have been obstacles to the installation of small generating sites. The STS-1 is designed to overcome those obstacles and provide the consumer with superior service and reliability.

Thank you,

Paul Passarelli, President
Solar & Thermal Systems, Inc.