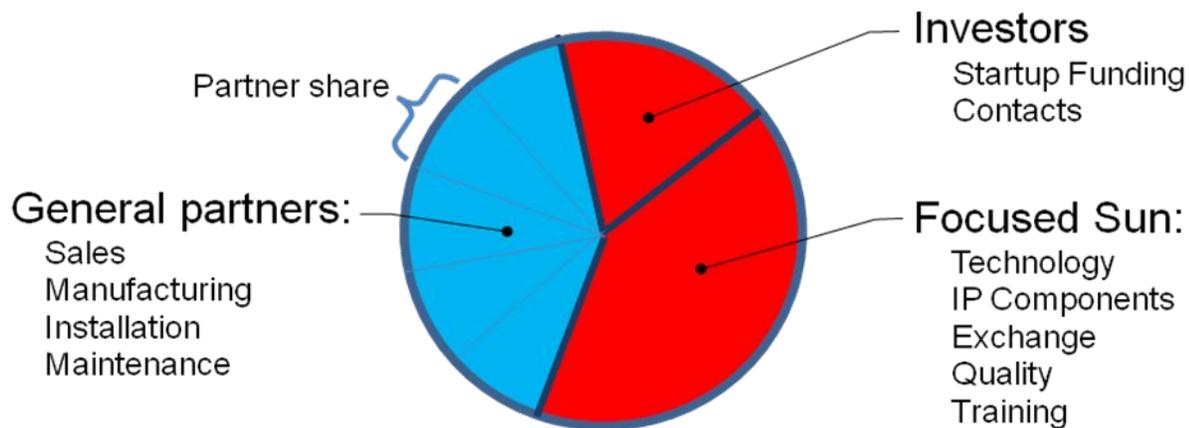


Business Structure

The business structure of a solar factory is a “Limited Liability Corporation” or LLC. This type of corporation has two different groups of shareholders: the General Partners and the Limited Partners. The General Partners are the “doers”, the factory teams that sell, make, install and service the solar modules. The Limited Partners are the investors: Focused Sun plus outside investors. Limited Partners have limited liability; if the company fails they can’t be sued.

Limited Liability Corporations are how professionals organize. Doctors, lawyers, dentists and management consultants all form LLCs. Each member is a partner. In most LLCs, the partners get a salary, not wages.

Limited Liability Corporation (LLC)



When a factory first sets up business, the General Partners own half the LLC stock and Focused Sun owns the other half. LLC stock owned is divided into shares that each partner owns. If there were five members that started the LLC, then each would own 10% of the stock. Ownership is important because the doers perform better if they have a piece of the company. If the company does well the members do well too.

Few companies can make it through their first year without investors. Startup costs (facility, van, equipment, salaries) must be in place before a company can hope to succeed. After the LLC is formed, investors are sought to finance that first year. Local investors are the preferred since they have easiest access to the factory and the doers. If things aren’t going well, they are first to know about it. The expression “Be kind to your neighbors, they know where you live” applies to investors too.

The investors get stock in exchange for their investment. How much stock they get depends on how good an investment they making: what is their return, how soon can it be liquid, how much risk is there? The company needs enough investment to “break even”, to make enough money from sales to pay for salaries and raw materials. The investor’s shares come by selling company

shares. When more shares are added, both the doers and Focused Sun share is diluted as shown in the diagram above.

Focused Sun earns its shares by contributing its technology, its IP components, its exchange, plus brand quality and training. Our technology includes the patents and trade secrets that keep others from pirating. IP means “intellectual property”; IP components are those which you buy through our exchanges that are critical to the module’s operation. They include a module’s electronics plus the hybrid absorber. Without the IP components the module won’t work.

The exchange is a way to keep module costs as low as possible. In the exchange, we buy raw materials (sheet metal, foam, adhesives, frame tubing, sheds, plumbing, IP components) at the lowest price possible. Instead of buying for one factory, we buy for many factories and get lower prices because the combined orders are bigger.

Factories can also manufacture for the exchange. If they have over-produced module assemblies (mirrors, frame parts, sheds), they can sell these to other factories. Factories can make kits of various assemblies for customers who want to assemble their own modules.

Focused Sun is responsible for policing our quality. We need to defend our brand, to make sure it stands for integrity and fair dealing. We don’t want factories making bad product or cheating customers. We want exchange purchased materials of the highest quality. Having a high quality product helps factories: customers know they’ll be treated fairly.

Last, we provide training. Unless factory teams are properly trained, they can’t deliver quality products to the customers. One of our principals is Dr. Amir Abtahi. He has been training solar installers for 25 years. He is certified by the State of Florida to train solar trainers – the people that train solar installers. We take training seriously and expect even experienced team members to be trained on our manufacturing and installation methods.