

Notebook  
Computer



LAN

1100 AP  
Repeater

WDS Link



1100 AP  
Repeater

WDS Link



A New Paradigm  
for  
Franchise Wireless Broadband

Internet

March 2006

1100 Router  
Repeater

Prepared by:

**SAGE**★**IMPACT**

# Today's Discussion

- Consumer Demands
- Market Conditions
- Solution and Competitive Advantages
- Strategy
- Financials
- Execution and About Allumera
- Summary

- Consumers want more than Web browsing and email after exposure to broadband at universities or businesses
- Want interactive applications, video and 3D networked games

- ISPs have attempted to satisfy unhappy consumers, but have ultimately failed:
- MCI, AT&T and Microsoft spent millions of dollars but ultimately abandoned broadband wireless projects
- None have gained broad acceptance due to limited availability, usage restrictions, prohibitive cost and inability to deliver various media-rich content
- DSL, Cable and small wireless companies have gained traction in major metropolitan areas

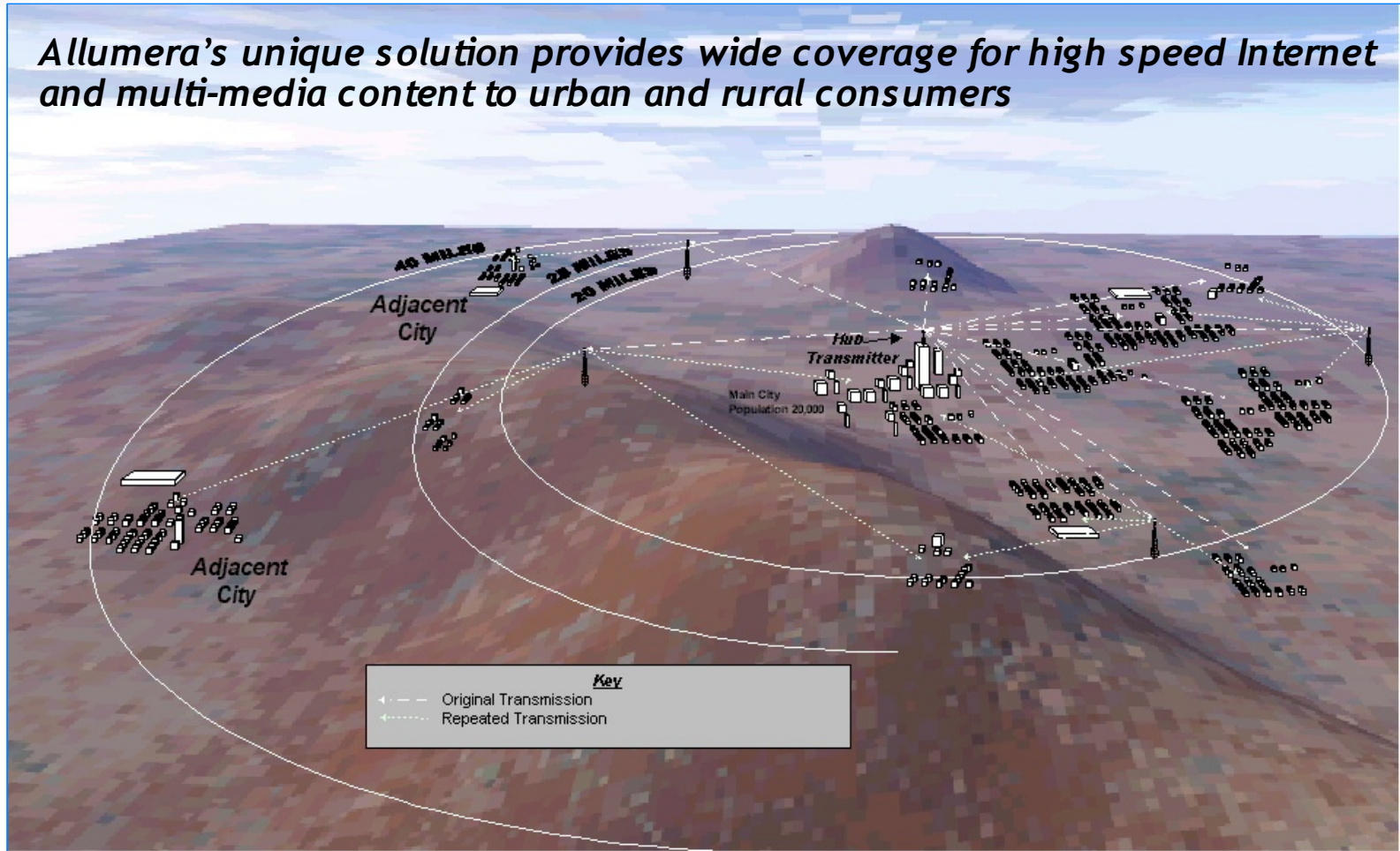
***But rural deployment lags due to a lack of density to support the cost...***

- More than ever, media companies, the entertainment industry and PC manufacturers are focused on:
- Educational programs; games; movies and consumer software that connect the to the Internet
- A new media marketplace worth \$200 billion per year
- Fixing the missing enabling link: high-speed Internet access
- Jointly lobbying in Washington for a faster roll-out of the broadband spectrum allocation, enabling efficient delivery of their content to computers and televisions

*To meet demand, Allumera has developed a proprietary, wide coverage, wireless broadband system that is inexpensive, scalable, flexible, and versatile*

- Operated on any of three different licensed free bands
- Changeable frequency on the fly, by replacing a mini PCI radio card
- Provides both line of sight and non-line of sight coverage in urban and rural areas
- Creates an instant hot spot for small shopping centers, apartment buildings, hotels, and office buildings
- Announces its availability via Web to anyone within its coverage area

*Allumera's unique solution provides wide coverage for high speed Internet and multi-media content to urban and rural consumers*



*Allumera enjoys substantial advantages in flexibility, coverage area, "real world" Internet speed and cost compared to its competitors*

- DSL, cable, satellite or other wireless Internet providers typically deploy in large metropolitan areas with high population densities
  - High deployment costs and limited coverage range, usually 1 to 2 miles, and limit profitable geographies
  - Satellite providers offer wider coverage, but due to the cost of the satellite transponder are much more expensive
- Approximately 80% of cable and satellite providers only offer asymmetrical service



## *Wired nor wireless operators match Allumera's distinct technical advantages*

- No competition in rural or urban areas, particularly in the hospitality industry
- Continue to maintain a competitive edge by continually upgrading its patent pending technology to meet the demands of the most sophisticated users

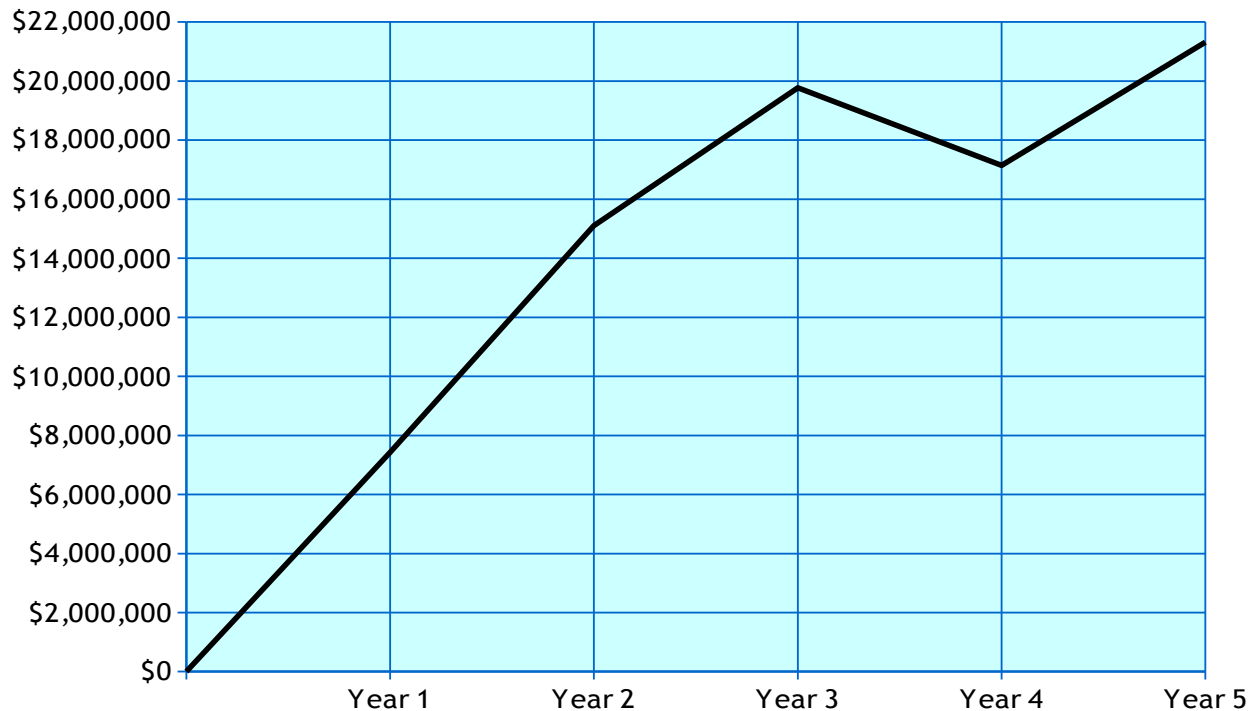
***Additionally Allumera sets itself apart by offering unique content:***

- Providing value-added services such as interactive movies, games, local information, along with high-speed Internet delivery
- Few competitors deliver interactive multimedia to desktops or television sets
  - Most operators are not configured for this type of service nor do they have the bandwidth available to deliver movies or games

# Strategy: Fruition Through Franchising

*To accelerate growth, Allumera will employ a franchise business model where we sell a turnkey system, maintain it, and revenue share with the purchaser*

5 Year Revenue Growth

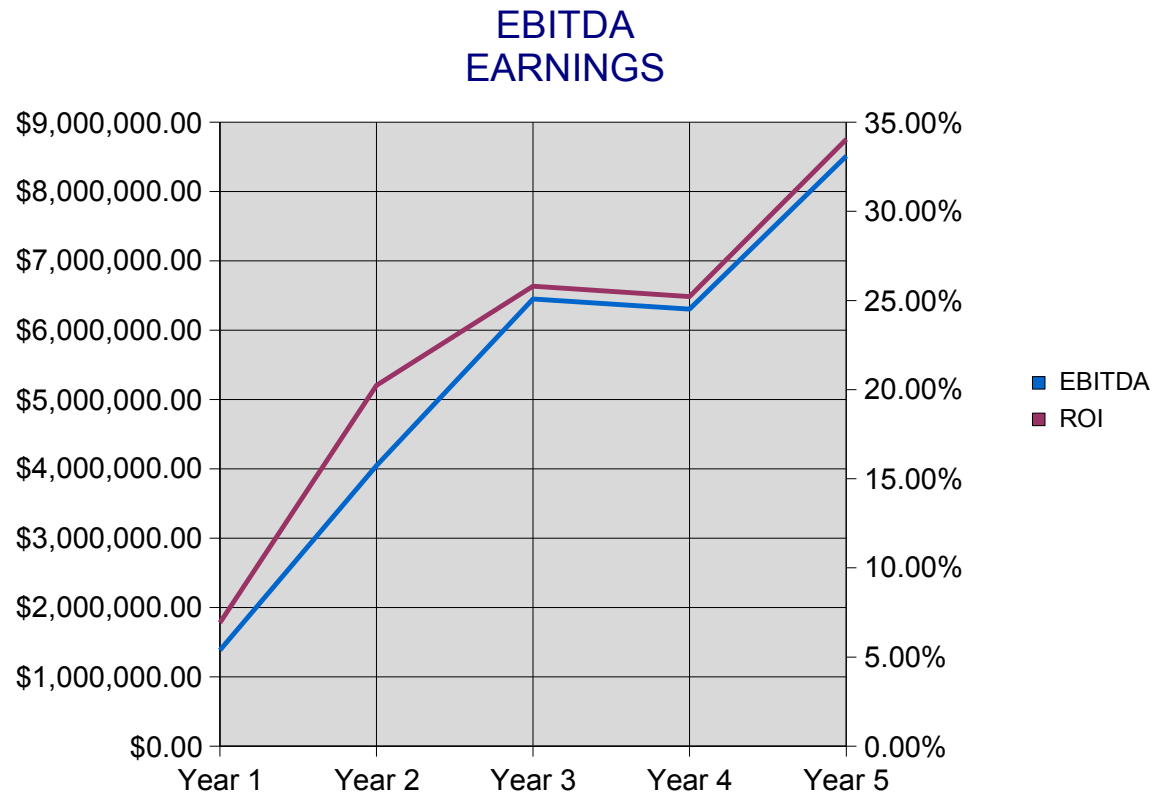


- Following in-depth analysis, Allumera has concluded that hotel/motels are the best partners. Costs include:
  1. Travelers want broadband Internet access, but 95% of hotels/motels offer only dial-up
  2. Small motel owners are not technically savvy, and unable to secure broadband access and deploy it to guests rooms inexpensively
  3. Survey of 200 motels shows that
    - a. "Hotspot" systems are in high demand among small to medium sized motels
    - b. Owner interest doubles if system also generates additional cash flow
  4. Commercial location makes it easy to obtain tower permits and lease local broadband loop from telco
  5. Existing employees such as clerks and maintenance can do basic system work or customer service without adding overhead
- Motel owners seek additional business opportunities and have cash available to invest

***Become the world leader in wireless broadband franchising by partnering with motels/hotels in rural and urban areas:***

- Offer a packaged, turn-key solution called ISP-IN-A-BOX
  - Provides all of the equipment for a wireless hub, installation, marketing, customer support, and financing assistance
- Instant "hotspot" offers broadband Internet to guests, residential and business users
- Motels generate additional revenue while providing essential Internet services to paying guests
- We profit by:
  - Selling the equipment
    - Subscriber revenue sharing with motels owners

***By coupling income streams, initial package sales and subscriptions, we will dramatically grow revenue and margins over 5 years***



*Franchise business model allows us to be cash flow positive in the first year*

FY01 Cash Flow Summary	
<b>Beginning Balance</b>	<b>\$0</b>
Income/Interest	\$150,500
Equipment Sale	\$2,085,460
Refund to Motels	-\$87,908
<b>Total Change</b>	<b>\$2,148,052</b>
Operating Expenditure	\$761,675
<b>Ending Balance</b>	<b>\$1,386,377</b>

Proforma Balance Sheet	FY01	FY05
<b>ASSETS</b>		
<i>CURRENT</i>		
Cash and Cash Equivalents	\$2,065,640	\$23,386,318
Accounts Receivable	\$33,800	\$67,600
Materials and Supplies	\$1,396	\$20,944
Other Current	\$0	\$0
Total Current Assets	\$2,100,836	\$23,474,862
<i>LONG TERM</i>		
Property, Plant and Equipment	\$998,950	\$2,497,375
Licenses & Intangibles	N/A	N/A
Deferred Charges	N/A	N/A
Prepays/Accruals	N/A	N/A
Other Assets	\$153,892	\$277,006
Total Long Term Assets	\$1,152,842	\$2,774,381
<b>TOTAL ASSETS</b>	<b>\$3,253,678</b>	<b>\$26,249,243</b>
<b>LIABILITIES</b>		
<i>CURRENT</i>		
Accounts Payable	\$40,068	\$122,911
Credit card and Other	\$12,500	\$7,550
Other Current	\$7,825	\$0
Total Current Liabilities	\$60,393	\$130,461
<i>LONG TERM</i>		
Long Term Debt & Current	N/A	N/A
Capital Lease	N/A	N/A
Total Long Term Liabilities	\$0	\$0
<b>TOTAL LIABILITIES</b>	<b>\$60,393</b>	<b>\$130,461</b>
<b>CAPITAL &amp; EQUITY</b>		
Common Stock	\$1,001	\$1,001
Shareholder's Equity	\$2,000,000	\$12,950,966
Net Income	\$1,192,285	\$7,489,024
Retained Earnings	\$0	\$5,547,330
<b>TOTAL CAPITAL &amp; EQUITY</b>	<b>\$3,193,286</b>	<b>\$25,988,320</b>
<b>TOTAL LIABILITIES, CAPITAL &amp; EQUITY</b>	<b>\$3,253,678</b>	<b>\$26,249,243</b>

*Over 5 years, our balance sheet will strengthen, reflecting the solid foundation of our concept.*



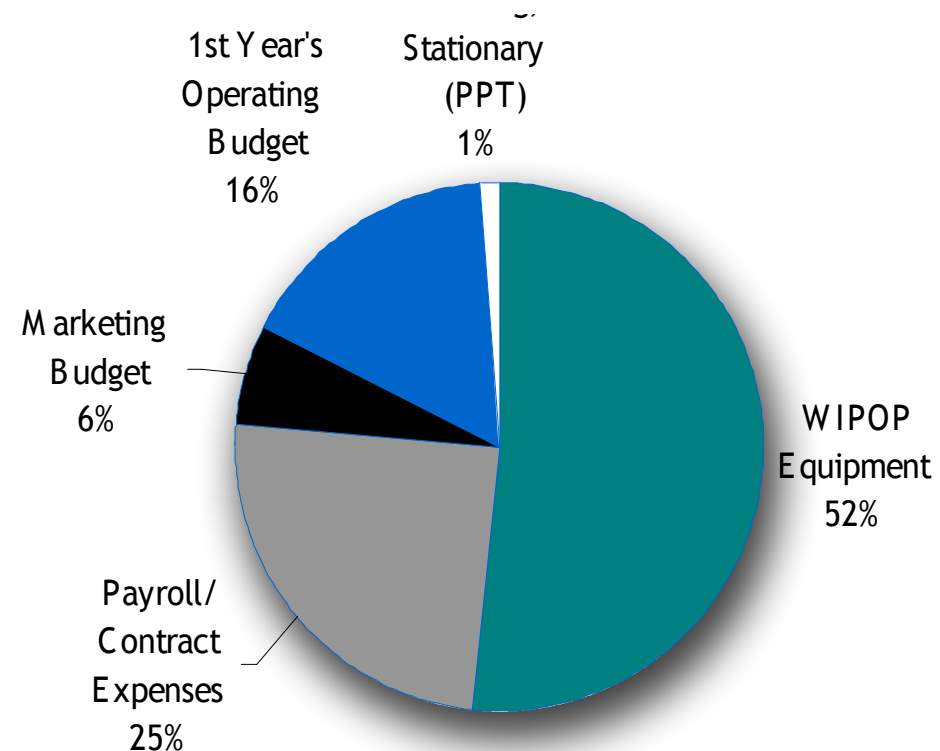
*Allumera has devised a marketing plan to reach the motel/hotels*

- Create a "proof-of-concept" by deploying the system in ten motels, paid for by Allumera (see chart)
- Establish references and generate profit sharing revenue from the first 10 installations



*Allumera has devised a marketing plan to reach the motel/hotels*

- Leverage our founder's strong contacts within the 10,000 member American Asian Hotel Motel Association (AAHOA)
- Market to the AAHOA's top management by using a compelling PowerPoint delivered by famous Indian executives



***Due to the high-end nature of the equipment (\$140,000 per system), Allumera will need staff to support partners and operate efficiently***

1. Hire a loan department with expertise in underwriting and presentation to USDA, SBA, conventional lenders and leasing companies
  - Necessary to assist hotels in financing
  - Staff: One underwriter and one assistant
2. Create a marketing team, selling to motels and subscribers
  - Staff: 2 telemarketers and 2 traveling marketers
3. Develop a tech support center that provides training to motel owners and support to subscribers
  - Staff: Four technicians

*The founder already owns office space that can be used for this company:*

- Lease 10,000 square feet of space to Allumera
- House telemarketing, customer support, and network center
- Share production area with founder's other corporations
- Leverage existing Internet access, desk/office IP phone connections, and electricity

### *A pioneer in wireless broadband technology*

- Formed as a Texas C Corporation in 2006
- Started by two founders who operate two other corporations founded in 2001 and 2004
- Developed and perfected a wireless broadband system over a 5 year period
- Used as a solution for rural customers in east Texas since 2004
- Surpasses the performance of the most expensive radios on the market
- Deployed networks that are very economical and can be expanded by using inexpensive repeaters

*Allumera's management team each have 10 or more years experience installing, operating, marketing and managing customers on wireless broadband networks:*

- CEO: Harish S Patel
- President: Sanjay H Patel
- COO: Prasad Thotakura
- CTO: Gary Winton
- Project Manager: Bobby Burrow
- See Biography Attachment for more details.

## Summary: Invest With Confidence

- Allumera has a unique value proposition, business model, and industry-leading technology to capture the emerging market for wireless broadband. With an assembled top management team and existing resources, we're ready to go to market quickly.
- Questions?