

Fluxcell, Inc. Business Operations Model

Introduction

Next to food and shelter energy is the most important resource on Earth. Energy is the largest revenue generator on Earth. Energy is a necessity for the 7 billion people on Earth. As humans move into the midpoint of this decade the primary conversation about the future is energy. Whether its talk about population growth, ample food supplies or health, the central elements underlying all of these issues are energy supplies and affordable energy. Many of you have heard of peak energy, aka peak oil, peak coal, peak uranium, etc. This is simply the stage where the production of such energy type starts to decline to the point of no return. It has been said by experts that peak energy will be reached between 2005 and 2020 which means that we are halfway through this scientific prediction.

Bill Gates said in his June 24, 2014 blog titled "We Need Energy Miracles" that "I'm optimistic that science and technology can point the way to big breakthroughs in clean energy and help us meet the world's growing needs".

This need for additional energy is not just for providing energy for growing nations but for the continued stability of America. Because the Sun is the one that is providing the solar system with its light energy and thus losing its energy, we can develop products which technically do not lose energy. The question now becomes can these energy products use the Sun's energy to its fullest potential. The development of the Flux Capacitor Solar Cell aka Fluxcell is the energy technology that is able to use the Sun's energy to this greatest potential. This solar technology which is unlike any solar technology that exists today when combined with energy storage devices such as batteries, hydrogen fuel cells, flywheels and compressed air creates a level of energy freedom that has never existed.

As we look forward to the coming year and the rollout of the Fluxcell, industrious global planning like never before can be undertaken because both a cleaner environment and a continuous and ample supply of energy will be part of the result.

Existing Energy Technologies

There are over 12 energy sources on earth all doing the same thing. They all push electrons through the same wire. As simple as this sounds the methods used to produce this movement of electrons ranges from the simple to the complex. When everything is said and done today's energy technologies are either boiling water and/or spinning a wheel to move electrons. There are over 12 energy sources. These energy sources are coal, oil, natural gas, nuclear, wood pellets, biomass, biofuel and solar thermal which all use boiled water to generate steam. Geothermal is a direct steam maker and hydroelectric and wind turns the turbine directly. Because of the size of these plants, centralized grid distributed electricity is the only efficient solution. The stark difference between these methods of electric production and solar energy is that these methods require two or more steps in order to create move the electrons whereas solar cells have no moving parts. Therefore between the massive machine parts, the transforming of voltages and electron transmission, up to 66% of the electricity created is lost before it ever gets to the place of use.

Existing Solar Energy Technologies

Solar energy is unique in that it is the only energy technology in which each and every electron carries the voltage. This voltage when created by the sun averages around .55 volts. Because the electron forms the current and the voltage forms the pressure each electron holds intrinsic power. A solar cell is comprised of a bottom metal layer which serves as both a platform and an electricity conductor to the solar cell. On this metal layer resides a layer of silicon which typically has been modified so that it contains extra electrons relative to the next layer of silicon which is modified so that it contains fewer electrons than the first layer. Solar electricity is created when the light excites electrons within the layer of excess electrons, the electrons move in the direction of the top layer and through a wire which can connect a load such as a light bulb. The other wire coming out of the load is routed back to the bottom metal layer where the electrons repeat the process.

As far as energy production goes this is as simple as it gets. The benefits of solar is that there are no moving parts that need maintenance. Thus solar panels can operate up to 20 to 30 years. The downside to existing solar is that it is a passive process and the energy density "the amount of energy per square inch" is on the low end. A typical 6 x 6 inch solar cell can produce 8 amps at roughly .5 volts for an no load power output of about 4 watts. At this power density it takes a minimum of 750 of this solar cells to power a 3,000 watt house. A standard solar panel contains 60 of these cells and so a house roof requires at least 13 of these panels depending on the power demand. Each panel has dimensions of 38 x 66 inches or roughly 18 square feet in area. Each panel weighs 50 lbs. for a minimum total load of 650 pounds. A total area of 234 square feet is required which is approximately 10 x 24 feet. As of 2013 the average installed cost for residential solar was \$5.00 per watt which would result in a (\$5 x 3,000) \$15,000 cost. Because of the positioning of the roof the summertime sun exposure time window ranges from 4 to 6 hours per day. A wintertime exposure

time window ranges from 2 to 4 hours per day. When factored against the 10 cents per kilowatt-hour average price of conventional residential electricity it would take between 20 and 30 years to see a positive return on a solar investment.

Additionally although today's homes can be powered with 3,000 watts (120 volt @ 25 amps), the current of a standard power line is 100 amps which allows the simultaneous use of such heavy current consumption products such as space heaters, irons and toasters. Because of this a solar powered home must have 4 times the area for a total area of about 936 square feet or have a battery backup. This area would essentially cover an entire roof.

The Problem and the Need

The problem with today's solar energy technology resides in power to size and power to weight ratios, cost, power consistency and storage. In short what is needed are smaller modules, more powerful modules, more portable modules, cheaper modules and cleaner modules. Contrary to popular belief solar energy because of the large area of solar cells needed produces large quantities of undesirable and non environmental friendly byproducts during manufacturing. Their production also uses large amounts of water and some panels uses rare earth minerals which are limited in quantity.

The Flux Capacitor Solar Cell

The Flux Capacitor Solar Cell aka Fluxcell is a breakthrough energy technology that solves all 5 elements of energy. The five elements of energy are lowest production cost, power output, cleanliness and environmental friendliness, energy source supply and storage and portability. In its ideal design specifications the Fluxcell module is 8 x 8 x 8 inches in dimensions. It is able to out both AC and DC electricity in varying voltage and current combinations. In its simplest description the Fluxcell is comprised of multiple small solar cells, capacitors and micro computers. A touchscreen control panel located inside the building that is being powered is connected to the internet. One key feature of the Fluxcell is that electrons do not leave the module and so energy is transferred to the building's wire via induction (transformer). The Fluxcell will sit on a pole at least 10 feet from the building on a 20 to 60 foot pole. Being located on a tall pole is ideal because it is able to rise above the roofline and capture sunlight blocked by other structures and trees. The pole also allows more light to be captured by the rising and setting sun as the angles provide a greater exposure time to the sun.

Market Size

The United States consumed 97.534 quadrillion btus in 2013 and is on track to consume 100 quads in 2014. 3.692 quads of electricity in 2013 (table 7.1) Electricity Overview. Table 7.2a electricity Net Generation 4,058,209 million kilowatt hours. Globally 546 quads of energy was used in 2013 (International Energy Outlook 2013C).

1. eia.gov national energy review table 1.1 Primary Energy Overview)

Initial Target Market

The initial target market for the first installations of the Fluxcell will be the residential and commercial market with larger focus on the residential market. There are 138 million housing units in the U.S. (U.S. Census est 2013).

Target Markets

In general the target market is anywhere electricity and in time energy is needed. In addition to fixed structure markets which are comprised of residential, commercial, industrial, etc., electric vehicle, marine, space and portable use markets will also be entered into. Because of its portability the Fluxcell will be able to be rented and is can be easily set up on a portable pole. The attachment plug modules allow for an appliance to be directly connected to it.

Energy Storage

Energy storage is the number one drawback of electricity because there does not exist a storage medium which can hold a sizable quantity of electrons in a relatively small area. The Fluxcell being roughly 8 x 8 x 8 inches in size sits on the top of a 20 to 60-foot pole at least 10 feet from the building receiving the power. At its base is the storage control unit which connects the Fluxcell to the energy storage unit. Because of the high current output of the Fluxcell it is able to power any storage device regardless of the storage device's energy efficiency. The end energy user only pays for the electric output of the storage device. Thus the Fluxcell may output 1000 watts of power but the energy storage device is only outputting 800 watts for every 1000 watts in. The storage unit can be placed either above ground or below ground and for the typical home would be approximately 3 x 3 x 3 feet in volume. Thus the Fluxcell solves the energy efficiency equation for storage devices which typically would not be cost effective with grid electricity or today's solar energy cells. The energy storage unit will come from third party manufacturers as these products already exist in the marketplace.

Operational Model

Fluxcell, Inc.'s operational model is based on a central network hub structure in that many of the services are subcontracted out to

third party companies. This structure and strategy has been determined to provide for the lowest integration costs, lowest long term risks and greatest short and long term profitability. The Company will provide payment to the manufacturer for the modules and the modules are shipped to the distributor. The retail/marketers place orders through the Fluxcell system and the distributor ships the models to the retail/marketer's installers. The modules are not sold to the end user but licensed to them. Each entity in the chain is required to have a license. The modules remain the property of Fluxcell.

If a module has an operational problem then from the touchscreen control panel (or within the module itself) a maintenance analysis is automatically performed. If the analysis determines that the module needs to be replaced in x amount of time or more precisely in x kilowatt outputs then an order is automatically sent to the central system via the internet connection. The system orders another module from the distributor and an installer is sent to remove the existing module and replace it. Because the problem is 100% external the homeowner does not need to remain at home for a technician. The dysfunctional module is sent back to a distributor for bulk shipment to a manufacturer for refurbishment. In essence all transactions are handled through Fluxcell's central system.

Energy User Funding

The primary funding model is that the energy user (homeowner, building owner, etc.) pays only the minimum out of pocket expenses. The pole, the energy storage control unit shell and the energy storage unit shell are considered infrastructure and remain a part of the owner's property regardless if a Fluxcell is there or not. This infrastructure can be funded directly by the owner or funded by a separate loan transaction and combined within the monthly electric bill. For the typical pole configuration the out of pocket cost will include materials, storage unit digging, installation, touchscreen and connection to the house. If this cost is funded separately then ideally the total monthly cost will not exceed 80 to 95% of the current electric bill for a home. Thus if the usage of the home is \$250 per month then the total bill under a Fluxcell installation should be no more than \$237. The benefits to the homeowner is grid free electricity, cleaner electricity, *zero electric cutoff and the choice to be billed, prepay or have anonymous electricity. Electricity can be ordered via the touchscreen device or be purchase or ordered at a local FluxStore. The Fluxcell and the energy storage unit can be exchanged with another manufacturer of the Fluxcell as some manufacturers will operate under their own brand.

Intellectual Property

The Flux Capacitor Solar Cell Module was submitted to the U.S. Patent and Trademark Office on September 14, 2011 and a global search by the International Patent Office was completed on April 1, 2013 which returned favorable results. By doing an internet search on "Flux Capacitor Solar Cell Module" the patent application can be pulled up. The primary web site domain is www.fluxcell.com. Fluxcell, Inc. utilizes the trademark Fluxcell and also the trademark Flux Capacitor Solar Cell and other iterations.

Investment & Capitalization

Fluxcell, Inc.'s capitalization is \$10 million. This will be invested through the issuance of up to 100 million shares. The shares were authorized through the incorporation of Fluxcell, Inc. on July 14, 2014 with the Secretary of State of Georgia. The minimum issue share price for first issuance of common stock is \$.05 (csi-1aa).

The capital breakdown requirements of the \$10 million are:

1. Final Module development and mass production specifications: 10%
2. Marketing and Advertising: 5%
3. Listing on the Stock Market and other Accounting and Legal: 2.5%
4. Intellectual Property: 10%
4. Systems development: 20%
5. Other: 2.5%
6. Remaining: 50%

Shareholder Value

Shareholder value is created from the start. A \$.05 per share issuance price is set to give first round shareholders a large profit upside potential. Based on the irrevocable demand for energy, the existence of peak energy, global pollution, and the rising costs of energy it can be readily projected that an energy product which is able to satisfy all of these demands is the go to product. The Fluxcell is to able to exceed all other energy sources in all of these areas. The target is to have the Company listed on the OTC Pink Sheets (penny stock market) by January/February 2015. The goal is a target value of at least \$1 per share within the year 2015. This would provide first round shareholders with a 20x upside.

The Competitive Advantage

The competitive advantage is found in what the company calls the 5 elements of energy or e5. These five areas span all energy

sources and dictate which energy source will be used at any given time. As previously stated there are 12 sources of energy and within each of the five elements such energy sources have varying benefits. However if one energy source is able to exceed all others in each area then by default no other energy source can compete even with public sector subsidies.

1. Lowest production & Operating cost (per watt): Because each Fluxcell is designed to be 8 x 8 x 8 inches in size, material usage is kept to a minimum. The Fluxcell is designed from an assembly line point of view in which each section is modular.
2. Highest power output density: The minimum specifications are 3,000 watts per module or 25 amps at 120 volts. The Fluxcell fundamentally does not have an energy output limit due to the fact that part of its function is to extract electrons from one internal circuit and dump them into another circuit. Thus power output is only limited by the heat capacity of the materials. By adding a cooling system module higher currents (which create the heat) can be achieved. By adding a voltage return module higher voltages can be achieved.
3. Cleanliness and Environmental Friendliness: Because the Fluxcell uses far less material than a typical solar installation and less material relative to power density compared to a centralized energy plant.
4. Energy source abundance: The Sun. The sun can be considered inexhaustible. The Fluxcell combined with either electrolytic hydrogen fuel cells, batteries, flywheel or compressed air storage units provide unlimited energy production.
5. Storage and portability: The Fluxcell being only 8 x 8 x 8 inches allows it to be moved with the ease of a portable radio. Because of this size it is able to quick charge an electric car on the go which essentially increases storage capacity.

Financial Returns

Energy is a profitable business. Intellectual property controlled energy is an even more profitable business. Because the kilowatt-hour rate is set according to what the current market offers, the pricing system works backwards. Energy is a commodity and thus its acceptance is governed by three areas. Price. Quality. Availability.

1. Price: The Fluxcell system is able to charge a per kilowatt-hour rate based on competition. Currently the average per kilowatt hour rate in the U.S. is 10 cents. Thus the Fluxcell will be priced between 8 and 9.5 cents per kilowatt hour which translates into a 5 to 20% savings. For an electric bill of about \$250 per month this translates into a \$150 to \$600 savings per year. If required to match any drop in price the Fluxcell will be able to meet and beat any drop in energy market pricing.
2. Quality: An electron is an electron no matter where it is at on the Earth. There is a such thing as quality electricity and the Fluxcell because it is a computer controlled solar machine it is able to compensate for short intermittent decreases in sunlight. This combined with electronic filtering controls and electron storage units will allow for 24 hours of uninterrupted quality power.
3. Availability: The use of energy storage devices with the FluxCell will allow for 24 hours of reliable power.

Marketing & Sales Strategy

Fluxcell, Inc.'s current strategy is a decentralized strategy. Part of this strategy includes the use of FluxStores. The Fluxstores are operated as a franchise like unit in that third party owners will operate their store under license. These FluxStores allow a physical presence where customers can be serviced and new products can be introduced. There are two types of manufacturers which are contract manufacturers and brand manufacturers. The contract manufacturers just produce the modules for purchase by the Fluxcell system. The brand manufactures also produce the modules for purchase by the Fluxcell system but actively market their brand and set up contracts with energy users.

Global Market Growth

There are 7 billion people on earth. It is estimated that half of the population does not have access to reliable and affordable energy sources. It is easily realized that industrialization, modern farming and energy are center stage in population growth. It can also be realized the energy is the supporting element to both industrialization and modern farming. The U.S. has 319 million persons (U.S. census). Using the benchmark of 100 quadrillion btus per year for U.S. consumption each citizen averages 91,876 kilowatt-hours. Globally the world consumes 546 quads of energy. Thus 446 quads (less 100 quads U.S.) each citizen consumes 19,040 kilowatt-hours. Thus the U.S. consumes almost 5 times as much energy per person as the world. Since the world in many circles looks to U.S. capitalism as the benchmark of success it can be projected that a new energy production method could allow them to achieve such lifestyle. The Flux Capacitor Solar Cell is that means to achieve this.

The average price per kilowatt-hour in the U.S. is 10 cents per kilowatt-hour. When overlaid globally this results in;

1. U.S. at 100 quads = \$3 trillion per year
2. World at 546 quads = \$16 trillion per year
3. World equaling current U.S. per person energy average = \$66 trillion per year

Management, Infrastructure & Logistics

Fluxcell, Inc. will maintains the central systems which through which module orders are placed and paid for. This system connects manufacturers, distributors, retail/marketers and servicers together. The Company also maintains the system which securitizes the

modules and provides for a platform in which external investors/bond buyers can finance the modules. Thus Fluxcell, Inc. operates as a sort of operating system for connecting the various entities.

Summary

In summary the Flux Capacitor Solar Cell is able to bring about positive changes financially, environmentally and well as a greater level of health and comfortable living by utilizing the Sun at its greatest potential.

Chairman