Advanced Telecommunications Systems for Developing Countries

StratoComm Corporation (“StratoComm” or “the Company”) designs cost-sensitive telecommunications infrastructure and services for the developing world. The Company targets the nearly two billion people living in developing countries within sub-Saharan Africa, Central and South America, the Caribbean, and the Association of Southeast Asian Nations (ASEAN). Through research and experience, management has determined that to confront the need for dependable communications services in these countries, the absence of related infrastructure must be overcome. Moreover, services must reliably reach underserved geographic regions and must be affordable for the local populations. StratoComm concluded that wirelessly delivering telecommunications from the stratosphere could be its most effective method to meet these needs. StratoComm’s business operates on two parallel tracks: (1) commercial sales of tethered telecommunications aerostats, called the Transitional Telecommunications System (TTS); and (2) fast-tracked development, testing, and commercialization of a stratospheric lighter-than-air vehicle (LTAV), called the Stratospheric Telecommunications System (STS), that is being designed to support a seamless upgrade from the TTS. StratoComm’s primary goal with the TTS is to begin penetrating selected international markets to enable an efficient upgrade to the Company’s STS in the future while also generating near-term revenue to support development of the stratospheric technology. StratoComm’s market penetration strategy entails entering into joint ventures with in-country partners that purchase the TTS from StratoComm. Through these agreements, StratoComm hopes to establish its Transitional Systems in 15 countries during the period of its stratospheric development. At present, the Company has sold a total of four TTS units to joint ventures in Cameroon (West Africa) and Madagascar (East Africa), signed Letters of Intent in Kenya (East Africa) and the Dominican Republic (Caribbean), and proposed a wireless information technology infrastructure to Turkmenistan’s (Central Asia) government.

Recent Financial Data

<table>
<thead>
<tr>
<th>Ticker (Exchange)</th>
<th>STCO (OTC.PK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recent Price (08/29/2008)</td>
<td>$0.20</td>
</tr>
<tr>
<td>52-week Range</td>
<td>$0.04 - $1.90</td>
</tr>
<tr>
<td>Shares Outstanding</td>
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<tr>
<td>Market Capitalization</td>
<td>$16.58 million</td>
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<tr>
<td>Average 3-month Volume</td>
<td>77,106</td>
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<tr>
<td>Insider Owners +5%</td>
<td>46.8%</td>
</tr>
<tr>
<td>EPS (Qtr. ended 03/31/2008)</td>
<td>($0.005)</td>
</tr>
<tr>
<td>Employees</td>
<td>16</td>
</tr>
</tbody>
</table>

Key Points

- StratoComm promotes communications in areas that are largely underserviced due to both geographic unavailability of services (because of a lack of infrastructure) and unaffordable pricing. The Company’s initial approach is to go where incumbent providers are not operating and install an infrastructure system that applies StratoComm’s proprietary payload and off-the-shelf technology, keeping costs low and services affordable.
- StratoComm’s target markets are dominated by rural areas and low-income households (i.e., people at the base of the economic pyramid [BOP]), which constitute a $5 trillion global consumer market. In total, the global market for information and communication technologies (ICT) may reach $3.7 trillion in 2008 and $4 trillion by 2011, with communications technologies comprising over 57% of spending in 2007.
- To the Company’s knowledge, it is the only entity presently selling a telecommunications system like the TTS to developing countries. Additionally, the first of six test flights of the STS LTAV is scheduled to begin in early 2009.
- The Company’s team is experienced in telecommunications, engineering, and LTA and aerospace technologies. StratoComm controls four U.S. patents and one patent application key to commercial stratospheric flight. In addition, the Company owns two patent applications.
- At March 31, 2008, StratoComm had cash and bank deposits of $31,819. The Company expects to receive funds from existing sales contracts, which could be significant, in the fourth quarter 2008.

1 **BOLD WORDS ARE REFERENCED IN THE GLOSSARY ON PAGES 48-50.**
Table of Contents

Snapshot ....................................................................................................................................................... 1

Recent Financial Data ................................................................................................................................. 1

Key Points ..................................................................................................................................................... 1

Executive Overview ....................................................................................................................................... 3

Growth and Market Strategies ....................................................................................................................... 7

Intellectual Property ....................................................................................................................................... 9

Corporate Leadership .................................................................................................................................. 10

Core Story ................................................................................................................................................... 13

Telecommunications in the Developing World...................................................................................... 13

StratoComm’s Transitional Telecommunications System (TTS) .......................................................... 18

The Stratospheric Telecommunications System (STS) ........................................................................ 25

Competition ................................................................................................................................................. 33

Milestones ................................................................................................................................................... 36

Key Points to Consider ................................................................................................................................ 37

Historical Financial Results ......................................................................................................................... 38

Risks ............................................................................................................................................................ 41

Recent Events ............................................................................................................................................. 47

Glossary ...................................................................................................................................................... 48
Executive Overview

StratoComm Corporation (“StratoComm” or “the Company”) is a telecommunications infrastructure development company that originated in 1992 with the goal of monitoring telecommunications in the developing world and researching technologies that could meet the needs of these regions. After more than 15 years of research and development (R&D), the Company has now progressed to a stage of operation that leverages two parallel tracks: (1) commercial sales of its tethered telecommunications aerostats, called the Transitional Telecommunications System (TTS); and (2) fast-tracked development, testing, and commercialization of a stratospheric lighter-than-air vehicle (LTAV), called the Stratospheric Telecommunications System (STS), which is being designed to support a seamless upgrade from the TTS.

StratoComm believes that its core strengths lie in its technical capabilities and innovative approaches, as well as the Company’s commitment to address developing markets fairly and equitably by supplying advanced telecommunications services rather than outdated, “hand-me-down” technologies. The Company’s target markets are developing countries within sub-Saharan Africa, Central and South America, the Caribbean, and the Association of Southeast Asian Nations (ASEAN). Combined, these regions have an estimated population nearing two billion people.

The Need for Reliable Telecommunications Infrastructure

Based on its experience, StratoComm’s management has determined that in order to confront the developing world’s need for dependable communications, the Company must first overcome the absence of communications infrastructure. Historically, service providers have been apprehensive to make the required infrastructure investments, as many developing countries are predominantly characterized by rural, poor populations. Extending telephone lines, fiber optics or copper wiring, cell phone towers, and other communications equipment away from cities into these underserved areas is a costly endeavor for both the provider and the end user who is unable to afford the costs of this infrastructure. The situation is further complicated because most governments of developing countries also lack the financial resources to make expansion of telecommunications services a priority. For instance, in 2006, Africa accounted for 14% of the global population, but less than 2% of the world’s fixed telephone lines. Likewise, fixed line penetration is only roughly 17% in Latin America.

Furthermore, the infrastructure that does exist is urban-centric, which overburdens cities but leaves considerable opportunity for providers that can operate efficiently in suburban and rural locales. For example, 80% of Internet users in Kenya live in the capital city of Nairobi. In other sub-Saharan African countries, where it is estimated that more than two-thirds of the population resides in rural areas, less than 3% of localities have a fixed line connection and less than 0.4% of villages have Internet access (Source: Measuring Village ICT in Sub-Saharan Africa, International Telecommunication Union [ITU] 2007). Collectively, by the end of 2006, Internet access had only reached little more than 10% of the population in developing countries versus nearly 60% in developed countries.

As more companies are transitioning efforts away from saturated U.S. and European markets and toward emerging markets, it is being discovered that telecommunications investments can provide significant returns. This notion is supported by the 2008 edition of BusinessWeek’s IT 100, which included 19 companies from Europe, the Middle East, and Africa—almost all of which were telecommunications companies active in emerging markets. For example, Millicom International Cellular SA (MICC-NASDAQ), a mobile network operator in developing countries, reported a 78% increase in first quarter profits to $158 million on sales of $801 million in April 2008, despite the instability and risks associated with operating in volatile nations like the Democratic Republic of the Congo or Sri Lanka (Source: BusinessWeek May 22, 2008).
The Need for Affordable Services

StratoComm has determined that services must not only reliably reach underserved geographic regions, but must also be affordable for the local populations. The Company’s target markets are dominated by rural areas and low-income households. Although nearly 20% of people living in the developing world are surviving on less than $1 a day (Source: the United Nations [UN]), people at the base of the economic pyramid (BOP)—those with incomes below $3,000 in local purchasing power—constitute a $5 trillion global consumer market. BOP markets are often rural and very poorly served, and, as a result, relatively inefficient and uncompetitive. Yet, these markets represent a substantial share of the world’s population.

StratoComm’s Solutions

StratoComm concluded that wirelessly delivering telecommunications capabilities from the stratosphere could prove to be the most effective method to meet the needs of underserved geographic regions. Yet until its STS can be deployed, StratoComm is leveraging its TTS as a way to quickly enhance telecommunications capacity in developing countries and begin penetrating selected international markets—a step that is planned to enable an efficient upgrade to the Company’s stratospheric systems in the future. In addition, commercialization of the TTS generates near-term revenue, which enables support for continued development of the stratospheric technology.

At the end of 2008, StratoComm expects to begin receiving funds from existing sales contracts of its TTS units to joint venture partners in Cameroon and Madagascar. To date, the Company has also executed Letters of Intent to form joint ventures with local operators in the Dominican Republic and Kenya and has proposed a TTS-based wireless information technology infrastructure to Turkmenistan. Additionally, the first of six test flights of the STS LTAV is scheduled to begin in early 2009. Figure 1 depicts renderings of each of the Company’s systems: the TTS on the left and the first Stratospheric Test Vehicle (an early prototype of the future STS) on the right.

To the Company’s knowledge, it is the only entity presently selling a telecommunications system such as the TTS to developing countries. In addition, while there are other groups researching stratospheric communications capabilities (addressed in the Competition section on pages 33-35), StratoComm believes that it has an advantage in terms of the intellectual property to protect its developments (as described on page 9).
The Transitional Telecommunications System (TTS)

The TTS is an aerostat positioned at an altitude of approximately 1,500 meters (almost 5,000 feet) over the region for which it provides telecommunications. The aerostat is tethered to the ground for power and operational control. Fiber optic cabling is also embedded within the tether. StratoComm’s aerostat is nearly 37 meters in length and 12 meters at its widest portion. It meets all U.S. Federal Aviation Administration (FAA) requirements, including the presence of an emergency flight termination system and proper lighting, and can carry a payload of up to 225 kilograms. StratoComm’s Eatontown, New Jersey-based Development Team (biographies on pages 11-12) designs and manufactures the aerostat’s proprietary payload. Essentially, the payload defines the capabilities of the communication infrastructure. The TTS’s payload can support broadband Internet, wireless voice, or broadcast services (up to 100 video channels) for roughly 500,000 subscribers. Each TTS services an 80-kilometer diameter area.

StratoComm believes that the geographic reach of the TTS coupled with its ability to sustain competitive pricing can attract new customers that have been previously excluded from telecommunications services due to location or economic status. By accessing these otherwise un-serviced populations, the local TTS operators (joint ventures between StratoComm and in-country service providers) could be able to operate profitably without the need to initially target an incumbent provider’s subscriber base. Specifically, the Company estimates that conventional infrastructure build-outs can cost between $80 and $130 per subscriber, while a turnkey TTS is only approximately $30 per subscriber.

A more detailed description of StratoComm’s TTS is provided on pages 18-25 of the Core Story.

The Stratospheric Telecommunications System (STS)

StratoComm’s STS is being designed to provide telecommunications, security, surveillance, and an array of other services to large metropolitan and surrounding areas in the developing world. The Company envisions that each solar-powered STS could be capable of sustained flight at 20 kilometers (65,000 feet or over 12 miles high). This altitude is safely above controlled airspace and inclement weather patterns. Through application of its proprietary capabilities, StratoComm designed the STS to remain stabilized in the same position relative to the ground. For this purpose, the STS is equipped with autonomous navigation, radio-controlled commanding, and telecommunications payload stabilization systems.

The most distinct differences between StratoComm’s TTS and its STS LTAVs are capacity and functionality. The aerostats can service up to 500,000 subscribers within an 80-kilometer diameter, but from the STS, StratoComm hopes to supply telecommunications to three million customers within a 1,000-kilometer line-of-sight footprint (service area). Likewise, the STS is being designed to offer a greater array of advanced services at higher transmission rates. This includes third-generation (3G) technology, which is a relatively recent development that is quickly becoming widely accepted for mobile communications featuring enhanced multimedia, functionality, bandwidth, and speeds. As new networks are deployed, they are increasingly expected to offer 3G services.

StratoComm believes that its STS approach could replace hundreds of terrestrial towers and ground stations, particularly as upgrading existing terrestrial systems to 3G networks requires the construction of additional infrastructure. Further, once deployed, STSs may enable the developing world to become the model for the future of wireless communications, since these regions could leapfrog generations of older, less efficient technologies. As the information and communication technologies (ICT) revolution spreads to the developing world, it brings the promise of major technology leapfrogging, which is anticipated to contribute to a rapid modernization of the economies of developing countries (Source: the UN’s Conference on Trade and Development’s Information Economy Report 2007-2008). The 2008 Mobile World Congress in Barcelona, Spain, echoed this thought and noted that the future of emerging markets is not just old phones and old technology; these regions are expected to lead innovation going forward.

StratoComm’s stratospheric airships are more fully addressed on pages 25-32 of the Core Story.
Headquarters and Employees

StratoComm, formerly US/Africa Ventures, Inc., was officially incorporated in Delaware in September 1997. It is currently headquartered in Albany, New York, where the Company holds 1,500 square feet of office space. In addition, the Company's R&D arm occupies 4,000 square feet at its Development Center located in Eatontown, New Jersey. Eatontown was selected due to its location in Monmouth County, New Jersey, which StratoComm regards as a hub for telecommunications expertise. At this location, the Company's Development Team designs and integrates the TTS payload and works toward completion of STS development. StratoComm's business leverages the skill of its Development Team in Eatontown and its control of intellectual property relating specifically to stratospheric LTAV flight.

StratoComm allocates the majority of its financial and personnel resources to technical support of installed TTSs and its stratospheric LTAV development program. The Company currently has 16 employees and is seeking to augment its Development Team with additional engineers to focus on the stratospheric LTAV technology.
**Growth and Market Strategies**

StratoComm’s goal is to introduce its STS as a cost-effective, dependable method for communications in developing nations. While StratoComm’s Development Team completes the STS, the Company is expected to continue to focus on the establishment and implementation of its TTS.

The target markets for these systems are developing countries within sub-Saharan Africa, Central and South America, the Caribbean, and ASEAN. At present, the Company is focused on furthering sales of its TTS to joint venture companies located and registered in these markets. However, initially, StratoComm does not seek to penetrate incumbent providers’ subscriber bases. Rather, StratoComm expects that the TTS can draw in new consumers by enabling telecommunications in areas that have been largely underserviced due to geographic unavailability of services (because of a lack of infrastructure) or unaffordable pricing. StratoComm’s approach is to provide service in regions where the incumbent providers are not currently operating. The Company then puts a system in place that is inclusive of infrastructure and uses standard, off-the-shelf technology in tandem with its proprietary payload, which keeps costs low and services affordable.

Once a TTS is installed and the joint venture company is operating profitably, continued growth can be fueled by competitive pricing, quality, and reliability of service. StratoComm believes that this customer base can then be easily upgraded to the Company’s STS services as they become available.

**Fifteen-Country Goal**

The Company intends to place its TTS into 15 countries while finalizing development of the STS. Sales in 15 countries is anticipated to represent profitability for StratoComm without creating a strain on the Company’s technical resources, which are primarily dedicated to ongoing stratospheric development. StratoComm’s strategy for entering these international markets is to partner with an existing communications company in the target country and form a joint venture to purchase and operate the TTSs.

To date, the Company has joint venture agreements with entities in Cameroon and Madagascar that have produced initial sales contracts for TTS units valued at $60 million. Under these joint venture agreements, StratoComm supplies full technological, marketing, and sales support as well as helps coordinate project funding. The motivation behind this strategy is that StratoComm is not looking to be a service provider. Yet, the Company remains substantially involved with the joint venture operating companies because when StratoComm begins production of its stratospheric program, it will likely require a substantial capital infusion. The level of funding provided by TTS sales as well as the Company’s ownership positions in each of the joint venture companies is earmarked to support stratospheric test flights and fleet production either by enabling access to debt funds, an initial public offering (IPO), or liquidation to meet capital requirements.

**Qualifications of a Joint Venture Company**

To become a corporate partner with StratoComm, joint venture candidates must satisfy the following criteria:

- Currently hold or have access to the required communications licenses and frequencies within the target market;
- Hold or have access to an existing subscriber base in a communications-related business within the target market; and
- Have a solid working knowledge of the political landscape within the target market.
Once an applicant has been approved as a potential partner, StratoComm receives a binding Letter of Intent from that entity and begins to evaluate the local business opportunity surrounding the joint venture candidate’s region. The joint venture is not officially formed until after StratoComm completes a comprehensive technical, engineering, governmental, and market review to ensure that the partner company is capable of providing the mutually agreed upon services. This review includes analysis of the following aspects: real estate; obstructions; geography; air traffic; demographics; meteorology; telecommunications authority; access to electricity, helium, gasoline/diesel/fuel, an Internet backbone, an existing customer base that may already be serviced by the partner company, and competitive information; building requirements; and targeted sites, where there is believed to be both need and opportunity. Once finalized, the two companies form an in-country joint venture designed to purchase one or more of the TTSs.

**Future Strategy Change**

Based on the Company’s current development schedule for its STS, StratoComm expects to begin commercializing these units in 2012. At this point in time, the corporate strategy changes significantly. The U.S. government is not expected to allow the international sale of stratospheric unmanned airships, as the system is capable of carrying a 1,000-kilogram payload. The government’s concern is that there is a chance that a stratospheric airship with this capacity could be used as a weapon, and thus, its sale is restricted.

Accordingly, StratoComm intends to maintain ownership and operational control of each STS and provide telecommunications and other services on a long-term contract. For example, while StratoComm is not selling the STS to the Cameroon joint venture, it would likely contract with the Cameroon joint venture for the system’s services delivery. The revenue stream could then be derived from the delivery and operation of the telecommunication network in that country rather than from the delivery of services to the consumer. The Company believes that there is potential for this model to be even more profitable than if StratoComm had simply sold the STS units.
Intellectual Property

StratoComm’s 10-year history in the R&D of airships capable of sustained stratospheric flight has led to the Company’s control of key patents specific to commercial stratospheric flight. In particular, StratoComm controls four issued U.S. patents and one pending patent application, and owns two additional pending patent applications. These are listed in Table 1. The Company’s intellectual property program is led by Dr. Y. C. Lee (biography on page 10), vice president and chief technology officer (CTO).

Table 1
StratoComm Corporation
INTELLECTUAL PROPERTY SNAPSHOT

<table>
<thead>
<tr>
<th>Issued U.S. Patents that StratoComm Presently Controls</th>
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<tbody>
<tr>
<td>Patent No.</td>
<td>Title</td>
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<tr>
<td>6,119,979</td>
<td>Cyclical Thermal Management System</td>
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<tr>
<td>6,224,016</td>
<td>Integrated Flexible Solar Cell Material and Method of Production</td>
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<tr>
<td>D427,137</td>
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<td>Cyclical Thermal Management System</td>
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<tr>
<th>Pending U.S. Patent Application that StratoComm Controls</th>
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</thead>
<tbody>
<tr>
<td>Application No.</td>
<td>Title</td>
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<table>
<thead>
<tr>
<th>Pending U.S. Patent Applications that StratoComm Owns</th>
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<tbody>
<tr>
<td>Application No.</td>
<td>Title</td>
</tr>
<tr>
<td>11/790,899</td>
<td>Long Mission Tethered Aerostat and Method of Accomplishing</td>
</tr>
<tr>
<td>12/068,667</td>
<td>Boundary Layer Propulsion Airship with Related System and Method</td>
</tr>
</tbody>
</table>

Sources: StratoComm Corporation, the U.S. Patent and Trademark Office, and Crystal Research Associates, LLC.

The Company believes that it has one of the most solid intellectual property positions in the industry related to stratospheric services.
Corporate Leadership

Management

Table 2 summarizes StratoComm’s key management, followed by detailed biographies. At present, Mr. Roger D. Shearer is the sole director.

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger D. Shearer</td>
<td>Chairman and Chief Executive Officer (CEO)</td>
</tr>
<tr>
<td>Robert W. Phillips, M.S.</td>
<td>Vice President of Development and Chief Operating Officer (COO)</td>
</tr>
<tr>
<td>Y. C. Lee, Ph.D.</td>
<td>Vice President and Chief Technology Officer (CTO)</td>
</tr>
<tr>
<td>Richard Buchanan</td>
<td>Vice President of Systems Integration</td>
</tr>
<tr>
<td>Demetrio “Danny” Romeo</td>
<td>Vice President of Marketing</td>
</tr>
<tr>
<td>Charles R. Snyder, M.S.</td>
<td>Vice President of Systems Engineering</td>
</tr>
<tr>
<td>John Philpott, MBA</td>
<td>Vice President of Finance and Planning</td>
</tr>
<tr>
<td>Craig Danzig</td>
<td>Director of Investor and Institutional Relations</td>
</tr>
</tbody>
</table>

Source: StratoComm Corporation.

Roger D. Shearer, Chairman and Chief Executive Officer (CEO)

Mr. Shearer’s professional roots are in market research. His business activities for the past 20 years have been focused on technology commercialization and business development. He was active in medical and scientific technology commercialization prior to committing his efforts to telecommunications and humanitarian projects throughout Africa and other developing regions of the world. His extensive research into telecommunications needs in Africa and the available technologies to meet those needs led him to found US/Africa Ventures, Inc., which was the original corporate name of StratoComm.

Robert W. Phillips, M.S., Vice President of Development and Chief Operating Officer (COO)

Mr. Phillips graduated from the U.S. Naval Academy with a B.S. in engineering and from George Washington University with an M.S. (Master’s of Science and Administration). Among other critical positions he has held, Mr. Phillips was formerly vice president of communications satellite programs with the Space Systems Group of Orbital Sciences Corporation (ORB-NYSE) and director of advanced missions for Fairchild Space & Defense Corp. Mr. Phillips’ responsibilities with StratoComm entail management of all new systems configurations, deployments, and operations as well as continued oversight of development and commercialization of the StratoComm stratospheric program.

Y. C. Lee, Ph.D., Vice President and Chief Technology Officer (CTO)

Dr. Lee earned a B.S. in electrical engineering from National Taiwan University and a Ph.D. in physics from Dartmouth College. His professional experience includes working as a post-doctorate Fellow at Princeton University’s Plasma Physics Laboratory and later, performing research at the Institute for Advanced Studies. Dr. Lee conducted research and taught as a tenured full professor at the University of Maryland, College Park, and served as senior scientific advisor to Los Alamos National Laboratory, senior computer scientist for Adobe Systems, Inc. (ADBE-NASDAQ), and CTO at Dynamic Technology, Inc. He is an Elected Fellow of the American Physical Society and holds numerous U.S. patents, including one on a flat panel display technology and others related to mechanics, electronics, radiofrequency (RF), telecommunications, and data communications. Dr. Lee has published more than 150 papers in academic journals on the subjects of plasma physics, neural networks, adaptive control, and artificial intelligence.

Richard Buchanan, Vice President of Systems Integration

Mr. Buchanan is a graduate of Stevens Institute of Technology, where he earned a Bachelor’s of Engineering (B.E.) in electrical engineering. Mr. Buchanan has over 20 years of experience in aerospace and information technology, in both government and commercial programs. He has held several executive and senior leadership positions, including most recently as chief information officer (CIO) of a
$200 million professional services company. He has led teams in the development of large, complex, high-reliability systems, including Internet banking and global Enterprise Resource Planning (ERP). Mr. Buchanan is responsible for leading the overall engineering efforts at StratoComm.

Demetrio “Danny” Romeo, Vice President of Marketing

Mr. Romeo is a graduate of both University of Ottawa and McGill University (international affairs and business). He has been a consultant and key executive in a wide variety of global broadcast TV and radio, cable, satellite, mobile cellular, and telecommunications projects. His experience includes sales and marketing, business development, business strategy, new market entries, sales growth, and global strategies. Mr. Romeo has over 20 years of direct experience in the broadcast TV and radio, satellite, cellular, and telecommunications industries. He has been involved in full service integration, planning, design, implementation, and management of broadcast, cable, fiber, satellite, DTH, Internet Protocol (IP) television, mobile cellular, multimedia, and interactive networks (fiber, satellite, and wireless systems), as well as VSAT applications and systems.

Charles R. Snyder, M.S., Vice President of Systems Engineering

Mr. Snyder is a graduate of Drexel University and holds a B.S. in mechanical engineering. He also earned an M.S. in systems engineering, as well as an Executive Master’s in technology management. Both post-graduate degrees are from the University of Pennsylvania. Mr. Snyder began his career in the aerospace industry where he held various positions of increasing responsibility in design and systems engineering, manufacturing operations, and quality assurance. He has also worked in the financial services industry with Citibank (part of Citigroup Inc. [C-NYSE]) and Morgan Stanley (MS-NYSE), where he held senior level program management positions, leading various enterprise-wide information technology projects. Mr. Snyder is responsible for leading the efforts required to design and develop the STS.

John Philpott, MBA, Vice President of Finance and Planning

Mr. Philpott worked at Black River Asset Management and CDC Investments as a manager for financial and information technology prior to joining StratoComm in 2005. Earlier, he worked as a consultant to a successful healthcare start-up in positions involving strategy, technology, and financial management. Mr. Philpott has a B.A. in economics from Rutgers University and an MBA from the Fuqua School of Business at Duke University.

Craig Danzig, Director of Investor and Institutional Relations

Mr. Danzig is responsible for dissemination of information to shareholders, prospective investors, and institutional-level groups. He is also responsible for supporting StratoComm’s media relations, internal corporate communications, and related policy recommendations. Mr. Danzig’s prior experience includes more than 10 years working as a registered stockbroker and consultant to investment industry entities. His ongoing educational efforts have led him to obtain both Series 7 and Series 63 licenses, which are no longer active. Mr. Danzig attended the New York Institute of Technology located in Old Westbury, NY.

Development Team

StratoComm’s Development Team operates under the direction of StratoComm’s vice president of systems integration, Mr. Richard Buchanan (biography above), and possesses experience in engineering, telecommunications, and aerospace and LTA technologies. Table 3 lists each of the members of the Development Team, followed by detailed biographies on page 12.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roy M. LaRosa, M.E.</td>
<td>Senior Wireless Network Architect</td>
</tr>
<tr>
<td>J. Joey Moh, Ph.D.</td>
<td>Senior Network Architect</td>
</tr>
<tr>
<td>Michael Galvin</td>
<td>Mechanical Engineer</td>
</tr>
<tr>
<td>Christopher B. Jacoby</td>
<td>Software Engineer</td>
</tr>
<tr>
<td>Matthew R. Jacoby, M.E.</td>
<td>Telecommunications Design Engineer</td>
</tr>
</tbody>
</table>

Source: StratoComm Corporation.
Roy M. LaRosa, M.E., Senior Wireless Network Architect

Mr. LaRosa is a graduate of the City University of New York, where he earned a Bachelor's and Master’s of electrical engineering. He studied antenna design, nonparametric statistics, and advanced signal processing methods while enrolled in a Ph.D. program at New York University. Mr. LaRosa holds a Code Division Multiple Access (CDMA) patent and has over 40 years of experience developing, implementing, and operating complex multi-vendor integrated solutions for wireless and wireline networks and systems. Mr. LaRosa was a key contributor to the RF communications system design for the NASA Apollo Lunar mission and was the chief design engineer for one of the first wireless Internet providers in the world. He has developed solutions for cellular, satellite, microwave, WiMAX, and optical networks and has worked for enterprise, carrier, government, and equipment manufacture organizations. Mr. LaRosa is responsible for developing and implementing the wireless network for StratoComm’s transitional and stratospheric airship payloads as well as radio access networks.

J. Joey Moh, Ph.D., Senior Network Architect

Dr. Moh earned a B.S. in computer and information science from National Chiao-Tung University and a Ph.D. from the New Jersey Institute of Technology (NJIT). He taught at NJIT as a special lecturer during his graduate study and as an adjunct professor while working at AT&T Inc. (T-NYSE). Dr. Moh has professional experience with major technology companies in the telecommunication, networking, and software industries. He worked as a lead software engineer with AT&T and International Business Machines Corp. (IBM-NYSE). He was also a system/solution engineer with Panasonic Corp. of North America and Avaya Inc., focusing on development and engineering of IP multimedia communication solutions. Dr. Moh co-founded two startup companies, Solution Technologies Inc. and Klondike Technology Corp., focusing in the areas of Voice over IP (VoIP) and IP multimedia and served as vice president of engineering in leading engineering and development teams of the two companies. Dr. Moh's responsibilities with StratoComm include leading the IP support for the Company as well as overall network design to support StratoComm’s communication platforms.

Michael Galvin, Mechanical Engineer

Mr. Galvin graduated with highest honors from both Georgia Institute of Technology and Emory University, with degrees in mechanical engineering and philosophy, respectively. His professional experience includes teaching a course on robotics at Temple University and performing research into green refrigeration technology at the University College London. Mr. Galvin also spent a year working as a design engineer at a consulting engineering firm in Manhattan, developing rail technologies to support New York-area railroads. His duties at StratoComm include the design and development of all mechanical aspects of the transitional and stratospheric systems.

Christopher B. Jacoby, Software Engineer

Mr. Jacoby is a recent graduate from Lafayette College with a B.S. in electrical and computer engineering and a B.A. in music. In school, he participated in the software design of a functioning electronic voting system, intended to be fully usable as a voting machine. He designed and implemented a scaled-down model of the Metcalf and Boggs Ethernet specification using field programmable gate arrays. He has also assisted in a project to construct a distributed control model train system. Prior to working at StratoComm, he interned at the information technology department of CoWorx Staffing Services, where he assisted in the deployment and support of company hardware and software while also creating several intranet web applications to support corporate operations. Mr. Jacoby recently transitioned from an intern to a full member of the StratoComm staff. His responsibilities at StratoComm include design of system software and data analysis tools as well as information technology support. He has already created several applications that analyze global atmospheric and geospatial data.

Matthew R. Jacoby, M.E., Telecommunications Design Engineer

Mr. Jacoby is a recent alumnus of Stevens Institute of Technology, with a Bachelor's and Master’s in electrical engineering and a concentration in wireless networking. His background includes a research internship at Stevens exploring software-defined radio and the study of sonar and infrared object avoidance and simultaneous localization and mapping (SLAM) for robotics. Mr. Jacoby is responsible for RF modeling, simulation, and radio engineering of the payload.
Core Story

StratoComm Corporation ("StratoComm" or "the Company") designs and supplies cost-sensitive telecommunications infrastructure and services to the developing world. Specifically, StratoComm is targeting the nearly two billion people living in sub-Saharan Africa, Central and South America, the Caribbean, and member countries of the Association of Southeast Asian Nations (ASEAN). The Company has developed a Transitional Telecommunications System (TTS). Units of its TTS have been sold to joint venture companies in Cameroon and Madagascar for $60 million to date and the Company expects to begin receiving funds under these sales contracts during the fourth quarter 2008. The Company seeks to place its TTS in a total of 15 countries in the near future, and is presently progressing toward additional sales in Kenya, the Dominican Republic, and Turkmenistan.

Ultimately, StratoComm intends to launch its next-generation Stratospheric Telecommunications System (STS), which represents significant technological and capability upgrades from the presently available TTS. The STS is being designed for positioning in the stratosphere to autonomously supply telecommunications, security, surveillance, and an array of other services to large metropolitan and surrounding suburban and rural areas in the developing world. Anticipated to begin the first of six test flights in early 2009, STS airships could become commercially available by January 2012. The Company’s revenue and market penetration requirements for testing and introducing its STS are supported by sales of the TTS while development of the STS is completed.

Consistent with its mission to improve services in the developing world, StratoComm has also committed to allocate a portion of its telecommunications capacity to low- or no-cost social and economic outreach programs. For instance, in Cameroon, where StratoComm has already sold three TTS units (detailed on page 23), the Company is helping an educational institution create a computer center with multiple computer stations, Internet access, and supportive training. Another initiative in Cameroon could entail providing a radio link for the Roman Catholic Cardinal to promote spiritual and economic support programs. Moreover, the very nature of the Company’s subscriber acquisition programs could support job creation and economic development.

TELECOMMUNICATIONS IN THE DEVELOPING WORLD

Creating cost-sensitive telecommunications solutions is critical to increasing access to services for StratoComm’s target populations, as nearly 20% of people living in the developing world are surviving on less than $1 a day (Source: the United Nations [UN]). The “developing world” is a term often used to describe nations plagued by extreme poverty, underdeveloped economies, or a lack of basic services or infrastructure, among other criteria. As highlighted in Figure 2, the UN has delineated the world into three regions: (1) developed (shown in white in Figure 2); (2) developing (dark blue countries); and (3) Eurasia, countries in the Commonwealth of Independent States ([CIS] shown in light blue). Developing regions are further subdivided into Eastern, South, Southeastern, and Western Asia; Oceania; Latin America and the Caribbean; and Northern and Sub-Saharan Africa.

Figure 2
EURASIA, DEVELOPED, AND DEVELOPING COUNTRIES

Sources: UNICEF and Crystal Research Associates, LLC.
The Digital Divide

Although phone and Internet use has expanded rapidly in developing countries in the past few years, a large digital divide continues to exist between developed and developing nations. Economists have long examined the relationship between social overhead capital (SOC)—of which investment in telecommunications infrastructure is a crucial element—and economic growth (Source: The Impact of Telecoms on Economic Growth in Developing Countries, London Business School 2005). It has been discovered that the development and expansion of information technology can accelerate economic and social change. Data from 113 countries over a 20-year period show a positive link between telecommunication infrastructure and income, as well as between telecommunication infrastructure and gross domestic product (GDP). However, results also show that telecommunication networks need to reach a critical mass to have a discernible impact on economic output. For instance, the most solid growth has been found in areas with telecommunication penetration rates of 5% to 15% (Source: Information and Communication Technologies for the Poor, International Food Policy Research Institute 2005).

The absence of investment-intensive infrastructure, such as main (fixed) telephone lines and fixed broadband, as well as the high cost of services are the main factors contributing to the digital divide between developed and developing nations. Future expansion of the developing world’s telecommunication services depends on its ability to overcome a lack of reliable infrastructure. Yet, service providers remain apprehensive to make the required infrastructure investments, and most governments lack the financial resources to make expansion of telecommunication services a priority.

Sub-Saharan Africa’s Telecommunications Penetration

Sub-Saharan Africa offers a snapshot of the challenges that confront many developing countries. This region represents approximately 41% of StratoComm’s total target market population, and is one of the most underserved regions in the world in terms of telecommunication infrastructure and network access. A lack of competition to build the required infrastructure coupled with limited broadband capacity impede the availability and usage of information and communication technologies (ICT). This region has among the highest prices for international calls and broadband access due to costly international rates and an over-dependency on satellite-based systems (Source: Leveraging New Technologies and Open Access Models: Options for Improving Access in Developing Countries [With a Focus on Sub-Saharan Africa], the World Bank’s infoDev 2004).

In 2006, Africa accounted for 14% of the global population, but less than 2% of the world’s fixed telephone lines, as illustrated in Figure 3. The entire African continent averaged approximately three main lines per 100 people versus 32.4 and 39.7 lines per 100 inhabitants in the Americas and Europe, respectively. The world average was 19.4 (Source: Telecommunication/ICT Markets and Trends in Africa, International Telecommunication Union [ITU] 2007).
Worldwide Growth of Mobile Services

Developing nations’ slow growth in fixed lines and overall infrastructure translates into the use of cell phones as the principal means of communication. These mobile services have been critical in enhancing telecommunications access in many developing regions and rural areas, where fixed lines remain particularly limited or non-existent. In 2007, the Global System for Mobile Communications (GSM) Association (an association of third-generation [3G] wireless network operators) found that for every 10% increase in the number of mobile phone users, the average developing country also experienced a 1.2% boost in economic growth, up from 0.06% in 2005 (Sources: the GSM Association and the London Business School).

More economical infrastructure, larger regional penetration, and business models oriented to the needs of the poorer segments of the population, such as affordable prepaid cards, have resulted in a mobile boom in developing areas. For example, in Latin America, where fixed line penetration is only 17%, mobile subscribers outnumber the fixed line counterparts in every country except Cuba (Source: Latin America - Telecoms, Mobile, and Broadband Overview and Analysis 2007, Paul Budde Communication Pty Ltd.). Collectively, cell phone usage in developing countries has almost tripled in the past five years, now comprising 58% of mobile phone subscriptions worldwide (Source: the UN’s Conference on Trade and Development’s Information Economy Report 2007-2008). This increase suggests that the ability to provide mobile telephony may serve as a digital bridge in StratoComm’s targeted regions.

The mobile environment in Africa demonstrates that there is still a potential for significant growth. Over the past five years, Africa had among the highest mobile cellular growth rate, averaging roughly 50% year over year. Yet, the continent still has the fewest mobile subscribers on a per capita basis, as highlighted in the left side of Figure 4. As Europe and the U.S. become saturated (with penetration rates in Europe nearing 100%), developing regions are expected to experience the bulk of mobile growth in the coming years, led by China and India.

Figure 4

MOBILE AND INTERNET USAGE ACROSS REGIONS DURING 2006

<table>
<thead>
<tr>
<th>Mobile Subscribers per 100 Inhabitants</th>
<th>Percentage of Internet Penetration by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>Americas</td>
</tr>
<tr>
<td>94.3</td>
<td>62</td>
</tr>
</tbody>
</table>

Sources: ITU 2007 and Crystal Research Associates, LLC.

Global Internet Access

Telecommunication infrastructure discrepancies are in line with Internet usage and penetration numbers. Although access to the World Wide Web has been rapidly expanding, the number of Internet users in developing regions remains limited. For instance, while Group of Eight (G8) countries—Canada, France, Germany, Italy, Japan, Russia, the UK, and the U.S.—are home to just 13% of the world’s population, these nations have more than 40% of the world’s total Internet users. By the end of 2006, just over 10% of the population in developing countries were online versus nearly 60% across all developed countries (Source: ITU). For instance, as the right side of Figure 4 illustrates, less than 5% of Africans had Internet access during 2006. There are more than five times as many Internet users in the U.S. and two times as

One of the most pressing concerns and fundamental obstacles to the expansion of the Internet in the developing world is the cost of the technologies associated with access. Given the low wage levels that prevail in most developing countries, the prices of hardware, software, and connectivity remain prohibitively costly for the majority of people and businesses. Smaller, low-income Internet markets in developing countries have been unable to attract sufficient investment in infrastructure, which results in bandwidth costs that can be up to 100 times more than those of developed countries (Source: the UN's Information Economy Report 2005).

Regional and In-country Divide

It is important to note, however, that analyzing an entire region (such as the “Americas” in Figures 3 and 4 [pages 14 and 15]) can be misleading, as many areas of the world are also subject to an intraregional digital divide. For instance, the Americas’ three largest fixed telephone networks, the U.S., Canada, and Brazil, account for more than 80% of all fixed lines on the two continents. The U.S. and Canada specifically had more than four times the Internet penetration rate of Central America and the Caribbean (15%) and South America (20%), and countries such as Haiti, Nicaragua, and Honduras had fixed line penetrations below 6% (Source: Fixed Telecom Penetration, Latin Business Chronicle 2004). This suggests that even though Latin America’s telephone penetration gap with the developed world has been narrowing, spurred by heavy investments as a result of privatization and liberalization of the telecommunications sector, there is still opportunity for improvement.

The same regional divide exists in Africa and Asia-Pacific. Eighty percent of Africa’s fixed telephone lines are concentrated in just 6 of its 54 economies: Algeria, Egypt, Morocco, Nigeria, South Africa, and Tunisia (Source: Telecommunication/ICT Markets and Trends in Africa 2007). In Asia-Pacific, Internet penetration and telecommunication services in ASEAN countries lag those of more technologically developed nations (Source: Challenges and Opportunities in Information and Communications Technologies, ASEAN 2007). Internet penetration ranges from below 1% in economies like Timor-Leste, Myanmar, Bangladesh, Cambodia, Laos, and Nepal, to above 65% in Japan, Republic of Korea, Australia, and New Zealand. Mobile penetration ranges from below 1% in Myanmar and Kiribati to 90% or more in Australia, Taiwan, Singapore, and Hong Kong (Source: World Telecommunication/ICT Indicators Database 2007).

Similarly, when telecommunication services are made available to developing regions, they are often directed to urban centers where the resources and infrastructure are already overburdened. This urban-centric infrastructure is especially critical in countries where the majority of the population lives in rural settings. For example, 80% of Internet users in Kenya live in the capital city of Nairobi. In other Sub-Saharan African countries, where it is estimated that more than two-thirds of the population resides in rural areas, less than 3% of localities have a fixed line connection and less than 0.4% of villages have Internet access (Source: Measuring Village ICT in Sub-Saharan Africa, ITU 2007).

Market Opportunities

The global marketplace for ICT is expected to exceed $3.7 trillion in 2008 and $4 trillion by 2011, according to a study released in May 2008 by the World Information Technology and Services Alliance. Moreover, the study documented that within the ICT market, communications technologies comprised more than 57% (or $1.9 trillion) of spending in 2007.

StratoComm’s Target Markets

StratoComm is focused on developing countries within Sub-Saharan Africa, Central and South America, the Caribbean, and ASEAN. Combined, these regions have an estimated population nearing two billion people, as shown in Table 4 (page 17).
StratoComm’s target markets are dominated by rural areas and low-income households. While people at the base of the economic pyramid (BOP)—those with annual incomes below $3,000 in local purchasing power—constitute a $5 trillion global consumer market, BOP markets are often rural and very poorly served, and, as a result, relatively inefficient and uncompetitive. Yet these markets represent a substantial share of the world’s population. Data from national household surveys in 110 countries found that the BOP comprised 72% of the nearly 5.6 billion people included in the surveys and a considerable majority of the population in Africa, Asia, Latin America, and Eastern Europe, as shown in Table 5 (Source: The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid, World Resource Institute 2005).

<table>
<thead>
<tr>
<th>StratoComm’s Target Markets</th>
<th>2005</th>
<th>2010 Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>769,348</td>
<td>866,948</td>
</tr>
<tr>
<td>Central America</td>
<td>143,775</td>
<td>153,657</td>
</tr>
<tr>
<td>South America</td>
<td>373,679</td>
<td>397,740</td>
</tr>
<tr>
<td>Caribbean</td>
<td>40,525</td>
<td>42,300</td>
</tr>
<tr>
<td>Southeastern Asia</td>
<td>557,669</td>
<td>594,214</td>
</tr>
<tr>
<td><strong>Total in StratoComm’s Markets</strong></td>
<td><strong>1,884,996</strong></td>
<td><strong>2,054,859</strong></td>
</tr>
<tr>
<td>Entire World</td>
<td>6,514,751</td>
<td>6,906,558</td>
</tr>
</tbody>
</table>


Table 4

MEDIUM VARIANT POPULATION BY TARGET REGION AND GLOBALLY (in thousands)

Table 5

HISTORICAL ICT MARKET INFORMATION FOR THE BASE OF THE ECONOMIC PYRAMID (BOP)

<table>
<thead>
<tr>
<th></th>
<th>Africa</th>
<th>Asia</th>
<th>Latin America</th>
<th>Eastern Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of the Population in BOP</td>
<td>95%</td>
<td>83%</td>
<td>70%</td>
<td>64%</td>
</tr>
<tr>
<td>Purchasing Power of the BOP</td>
<td>71%</td>
<td>42%</td>
<td>28%</td>
<td>36%</td>
</tr>
<tr>
<td>BOP ICT Market</td>
<td>$4.4 billion</td>
<td>$28.3 billion</td>
<td>$13.4 billion</td>
<td>$5.3 billion</td>
</tr>
<tr>
<td>Share of Total ICT Market</td>
<td>28%</td>
<td>51%</td>
<td>26%</td>
<td>36%</td>
</tr>
</tbody>
</table>


The total BOP ICT market in these four regions is estimated at over $51 billion, with each region representing between 26% and 51% of the total ICT market (listed in Table 5). In addition, the ICT sector has been growing rapidly in developing regions, with Internet services and mobile telephone companies adding customers at rates that may have doubled BOP sector spending (Source: the World Resource Institute 2005).

Nevertheless, although developing countries’ ICT markets are growing rapidly, penetration rates remain low (surpassing 20% in only a few instances), with many rural populations still without mobile or Internet access. Further, based on the experiences of entities that presently operate in developing regions, it is believed that investment in telecommunication infrastructure can provide significant returns. For example, the 2008 edition of BusinessWeek’s IT 100 included 19 companies from Europe, the Middle East, and Africa—almost all of which were telecommunications companies active in emerging markets. These entities varied from MTN Group Ltd. ([MTN-JNB] profiled on page 34), which pioneered cell phone service in Africa, to Nokia Corp. (NOK-NYSE), which designs some cell phone handsets specifically for developing countries. Once Nokia’s cell phones began selling in Africa, other companies, such as Millicom International Cellular SA, were able to enter the space as mobile network operators. Despite the instability and risks associated with operating in volatile nations like the Democratic Republic of the Congo or Sri Lanka, Millicom still had a 78% increase in first quarter profits to $158 million on sales of $801 million in April 2008 (Source: BusinessWeek May 22, 2008).
StratoComm’s primary aim with the TTS is to begin penetrating selected international markets in order to enable an efficient upgrade to the Company’s stratospheric systems in the future while also generating near-term revenue to support continued R&D of the stratospheric technology. The Company’s market penetration strategy entails entering into joint venture agreements with in-country partners that purchase the TTS from StratoComm. Via these joint ventures, StratoComm hopes to place its Transitional System in 15 countries. At present, the Company has sold three TTS aerostats to Cameroon, one to Madagascar, and has entered into Letters of Intent with both Kenya and the Dominican Republic. StratoComm’s process of selecting a joint venture partner is addressed on pages 7-8 under Growth and Marketing Strategies. The Company also recently proposed a wireless information technology (IT) infrastructure to Turkmenistan, as detailed on pages 24-25.

StratoComm believes that the geographic reach of the TTS, coupled with its ability to sustain competitive pricing, can attract new customers to the market that have been previously excluded from telecommunications services due to location or economic status. For instance, it is often not economical for the incumbent providers to extend infrastructure out of metropolitan areas into the suburban or rural areas, where populations are more spread out and generally poor. This is because these operators would likely have to build costly towers or install miles of underground wiring. In contrast, StratoComm does not need to construct this same infrastructure, as its services are wirelessly transmitted from the aerostat or relayed to the ground via a fiber optic cable located in the aerostat’s tether. As such, the Company estimates that a turnkey TTS can cost only approximately $30 per subscriber, while conventional infrastructure build-outs may be as high as $80 and $130 per subscriber.

By accessing otherwise un-serviced populations, the joint venture companies could be able to operate profitably without the need to initially target an incumbent provider’s subscriber base. Yet, continued expansion will likely require that the TTS compete on price, quality, and reliability of service. As such, in addition to providing its own network, the TTS can connect to the local network in the area where it is deployed, which is expected to facilitate acceptance by the incumbent providers. For example, when a TTS subscriber calls a non-TTS subscriber, the call is connected through the existing local infrastructure. However, when one TTS customer calls another TTS customer, the call is wirelessly sent to the aerostat and then delivered back down to the intended recipient. In this way, the TTS does not require access to any of the existing local networks. For Internet access, transmissions sent from a computer travel up to the aerostat, move down the fiber optic cable extending from the aerostat, and then connect to a local access point.
Components of the TTS

The TTS’s infrastructure includes the aerostat, the tether, a mooring system, a proprietary payload, a ground control station (GCS)/network operations center (NOC), and the related customer premise equipment (CPE). Each of these is described following Figure 6, which illustrates the TTS’s configuration. StratoComm assumes that in developing countries, grid power may not be available more than 30% of the time. To account for potential lapses in electricity, the TTS is also powered with a combination of diesel generator and hydrogen fuel sources.

**The Aerostat.** StratoComm’s aerostat is nearly 37 meters in length and 12 meters at its widest portion. It can carry a payload of up to 225 kilograms and meets all U.S. Federal Aviation Administration (FAA) requirements, including the presence of an emergency flight termination system and proper lighting. Table 6 (page 20) summarizes the aerostat’s specifications.

Tethered aerostats, such as those used in StratoComm’s TTS, are widely used around the world for a variety of applications, including border patrol and other surveillance activities. However, a common disadvantage to the use of these systems is that they must be brought down to replenish the helium and maintain buoyancy, and thus, are out of service fairly frequently. This characteristic is particularly undesirable in a telecommunications system, as removing the aerostat from flight interrupts customers’ telephone and Internet services. To this extent, StratoComm has devised a patent-pending solution that could keep its TTS in continuous service for at least six months, at which time a scheduled service stop would likely only require approximately two hours.
The Tether. The TTS’s high-strength tether has several functions beyond just anchoring the aerostat while it is in flight. The tether also ensures that the unit maintains operating altitude and position, provides power, and serves as a protective covering for the embedded fiber optic cables that provide a bidirectional link between the payload and the GCS. Like the aerostat, the tether is lit according to FAA standards.

Mooring System. Once developed, the turnkey aerostat is shipped to its destination, where it can then be transported with StratoComm’s mooring system. The mooring apparatus is based on a proprietary mobile crane-based design (depicted in Figure 7) that is believed to provide low technical risk, high reliability, and all-terrain mobility. The system consists of hydraulically controlled stabilizers, a mooring mast, an operator booth, and a main boom to service the payload, among other components. A 100-meter by 100-meter area is needed for the deployed system. StratoComm intends for its mobile crane to be delivered to the site location via a flatbed truck.

Proprietary Payload. StratoComm’s Eatontown, New Jersey-based Development Team (biographies on page 11-12) designs and manufactures the aerostat’s proprietary payload. Essentially, the payload defines the capabilities of the communication infrastructure. The Company's payload is a WiMAX-based, fixed wireless communication system, but it can be configured to also support added technologies such as Wi-Fi, GSM, and CDMA, among others. StratoComm’s engineers developed it by configuring currently available, off-the-shelf technology to accomplish the Company’s service objectives. As manufacturing of the payload is performed in-house, StratoComm is currently evaluating sites on which to establish a 15,000-square foot manufacturing facility.

Furthermore, due to the political volatility that often occurs in developing countries, StratoComm has retained the capability to remotely disable the entire TTS unit from its Development Center in Eatontown. This function is patent pending and would render a TTS completely incapable of providing any communications services at all. Possible scenarios where this switch may need to be used include severe political instability, threats to the system, compromise to the joint venture company, or a government decision to nationalize the telecommunications industry.

### THE TRANSITIONAL SYSTEM’S AEROSTAT SPECIFICATIONS

<table>
<thead>
<tr>
<th>Specifikation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td>37 m</td>
</tr>
<tr>
<td>Volume</td>
<td>2,500 m$^3$</td>
</tr>
<tr>
<td>Altitude</td>
<td>1,524 m</td>
</tr>
<tr>
<td>Capable of</td>
<td>IP-based services (VoIP, internet, IP-TV, etc.)</td>
</tr>
<tr>
<td>Providing</td>
<td>Up to 100 video channels, 500,000 VoIP users, 500,000 broadband users, or any combination of these</td>
</tr>
<tr>
<td>Endurance</td>
<td>Approximately 180 days</td>
</tr>
<tr>
<td>Wind</td>
<td>Flight Operations: 90 km/hr</td>
</tr>
<tr>
<td>Momentary Gusts</td>
<td>(&lt;3 sec) 125 km/hr</td>
</tr>
<tr>
<td>Pointing</td>
<td>360 degree yaw (slew at base) and +/- 3 degree pitch</td>
</tr>
<tr>
<td>Payload</td>
<td>Mass: 225 kg</td>
</tr>
<tr>
<td>Capacity</td>
<td>Power: 3 Kva</td>
</tr>
</tbody>
</table>

Sources: StratoComm Corporation and Crystal Research Associates, LLC.
Ground Control Station (GCS)/Network Operations Center (NOC). The TTS’s tether connects the aerostat’s payload to a GCS/NOC designed and built by StratoComm as part of its contract with its joint venture partners. The GCS is the hub that monitors and operates the TTS, and the NOC supports the payload. Payload data is transmitted via the fiber optic cabling in the tether to the station, where it is displayed on a high-resolution, flat-panel screen for easy viewing. Both the GCS and the NOC are housed within the same 40-foot, modified cargo shipping container, as shown onboard a flatbed truck in Figure 8.

Some of the functions that the NOC controls are Internet, telephone, and video connections; authorization, configuration, and security; housing the equipment that connects users and supports the operational network; monitoring airborne and ground-based equipment; and provisioning services and billing for the joint venture. StratoComm estimates that providing its joint ventures with the completed NOC costs approximately $1.7 million, except in the case of Cameroon, where the NOC requires $2 million as there are three TTS units to be supported there.

Customer Premise Equipment (CPE). The aerostat’s payload was specifically designed by StratoComm’s development team to be compatible with commercial off-the-shelf CPE, such as Airspan Networks, Inc.’s (AIRN-NASDAQ) WiMAX broadband wireless access units. CPE is essentially any end-user equipment physically located at the customer. It can entail telephone handsets, cable television set-top boxes, or digital subscriber line (DSL) routers, among a variety of other devices owned by either the customer or the provider. Each joint venture contract usually requires that StratoComm deliver the CPE units for the first 10,000 subscribers. One CPE unit can support multiple users. However, in Madagascar (summarized on pages 23-24) the Company is delivering CPE units for 20,000 subscribers.

The TTS’s Service Offerings and Specifications

From its position above the ground, StratoComm’s TTS can supply an assortment of Internet protocol (IP)-based services. These include inexpensive wireless mobile telephony (e.g., Voice over IP [VoIP]), fixed broadband, and video services.

It is noteworthy that the TTS is largely intended for use as a market development tool to prepare for the subsequent introduction of StratoComm’s stratospheric systems. As such, the current telecommunications offerings are designed to be easily transitioned into significantly improved services provided by the STS. For instance, while the TTS now supports wireless telephony, this service is intended to seamlessly transition to 3G cellular technology (overviewed on pages 27-28) as the Company’s next-generation systems are launched. Likewise, the fixed broadband subscriber capacity could increase from 500,000 to over 3 million with the STS. Figure 9 (page 22) illustrates the possible service combinations that could support approximately 500,000 wireless voice and Internet subscribers or 100 broadcast channels. To the Company’s knowledge, there is no other payload available that is capable of such services from a tethered aerostat.
Disaster Relief Using the TTS

StratoComm anticipates that in addition to providing a variety of daily telecommunications services, the TTS could aid disaster relief preparation due to its following characteristics:

- Ability to provide immediate voice and data service for a disaster relief team as well as other individuals in an affected area;
- Transportable to any disaster site from its storage location;
- Does not require grid power;
- Ability to link into the existing Internet infrastructure (if available) or into a **geostationary** satellite; and
- Can be placed at a disaster area and be operational in less than a day, with sufficient consumables (e.g., helium, power generators, and fuel) for at least three days of service.

If selected for use in time of a crisis, StratoComm can either supply the personnel needed to install, operate, and service the TTS or train relief personnel who are capable of assuming the responsibilities of the TTS from StratoComm. After the STS is introduced, the TTS could still be available for emergency relief.

Sales of the TTS

To date, StratoComm has entered into contracts that are expected to result in TTS sales of $60 million. Based on its current level of negotiations, the Company hopes to achieve another $75 million in sales during 2008. StratoComm believes that a significant impetus driving sales of its TTS is the hope that the TTS can lead to the future establishment of the Company’s STS. At present, StratoComm has established joint ventures in Cameroon (West Africa) and Madagascar (East Africa), and has executed Letters of Intent to enter into a joint venture with local operators in Kenya (East Africa) and the Dominican Republic (the Caribbean). Additionally, a company from Turkmenistan requested that StratoComm propose a wireless information technology infrastructure to service five of the country’s main cities. Each of these locales is mapped on Figure 10 (page 23).
The joint ventures in both Cameroon and Madagascar have already begun purchasing TTS units from StratoComm. The estimated sale price of one turn-key TTS is $15 million. Once the deposit for a unit is received, production and delivery of the system takes approximately 10 months. StratoComm anticipates that the first TTS unit will likely be in service by the first quarter 2009. The Company believes that as much as 75% to 80% of the market in Cameroon and Madagascar is not yet supplied with efficient, affordable telecommunications.

**Cameroon**

The West African nation of Cameroon has an estimated population of over 18 million people, with only 100,000 telephones, 2.3 million cell phones, and 370,000 Internet users (as of 2005). The most recent data available from the CIA’s *World Factbook 2008* estimates that there is less than one fixed line telephone connection in use for every 100 individuals. The existing communications equipment is believed to be outdated and connections are unreliable (Source: the *World Factbook 2008*).

In Cameroon, StratoComm partnered with Airseal International Cameroon, a local Internet service provider (ISP). Airseal is seeking to extend its geographic reach in Cameroon as well as improve the quality and reliability of its services. The joint venture between Airseal and StratoComm, called Evergreen ISP Platform, plc, was incorporated in Cameroon and is 50% owned by each of the two parent companies. Evergreen has contracted with StratoComm to provide $45 million worth of telecommunications equipment and services in the form of three TTS units. At present, Evergreen is working to secure the required frequencies and licenses needed to operate the TTS in Cameroon.

The three systems in Cameroon ultimately access an undersea cable, from which signals can be transmitted worldwide. Two of the systems are planned to be located in close proximity to the cable, with the third positioned near enough to one of the other TTS units to be wirelessly linked in.

**Madagascar**

The island nation of Madagascar has a population of approximately 20 million. Since the mid-1990s, the country has practiced a World Bank- and International Monetary Fund (IMF)-led economic policy of privatization and liberalization. Over one million of its citizens have cell phones, but there were less than 130,000 main telephone lines in use as of 2006. In addition, Madagascar was home to approximately 110,000 Internet users in 2006. The *World Factbook 2008*’s general assessment of Madagascar’s communications is that its systems are above average for the region.
The Company established a second joint venture, StratoComm Madagascar SA, in January 2008. StratoComm Madagascar has ordered a TTS for $15 million, and is now in the process of obtaining the required frequencies and licenses.

**Turkmenistan**

In May 2008, StratoComm responded to a request for a wireless information technology infrastructure that could service five of Turkmenistan's primary cities with the intent of enhancing the country's educational, research, and medical capabilities. In contrast to the Company's approach in Cameroon and Madagascar, this effort does not involve the creation of a joint venture company. Rather, StratoComm may simply design and supply the information technology infrastructure—the Company's TTS—for the Turkmen government to support its VoIP and other Internet and broadcast services. In this situation, StratoComm anticipates providing personnel to install, operate, and service the TTS while training local personnel with the ultimate objective of relinquishing responsibility to Turkmenistan.

Turkmenistan has the least developed communications infrastructure in the CIS, which comprises the former Soviet Republic. Poor growth in telecommunication services, slow progress in the development of the private sector, and continuing state control over most economic activities has contributed to the country's telecommunications lag. Combined fixed line and mobile teledensity was estimated at roughly 10% in 2005, while only 13% of the population was covered by the existing mobile telephone network. At 1.41%, Turkmenistan's Internet penetration was also the lowest among CIS countries (Source: ITU 2007). Turkmenistan's mobile market is served by one private and one state-owned operator, and the Ministry of Communications continues to be both the regulator and policy maker for the telecommunications sector (Source: *Turkmenistan - Telecoms Market Overview & Statistics* by Totel Pty Ltd., a market research company for the telecommunications industry, 2006).

As depicted in Figure 11, the five cities proposed for service using StratoComm's infrastructure are the capital, Ashgabat; the chief port city, Turkmenbashi (on the Caspian Sea); Mary; Turkmenabat; and Dashoguz. With TTS units, Turkmenistan can deliver services to each individual city as well as establish a wireless link between all five locales using a geostationary satellite. StratoComm has proposed a phased approach to TTS deployment, where the system is first installed over Ashgabat and Turkmenbashi and then extended to other cities according to the government's priorities. Each TTS could be fully linked to the main NOC located in Ashgabat. Figure 12 (page 25) illustrates the possible initial network deployment, which has an estimated cost of $23 million. As coverage is expanded, the Company expects incremental costs to be roughly $6 million per additional city.

A U.S.-based business, Spartacus Consulting LLC, presented StratoComm's design to the Turkmen government in early May 2008. At present, the companies are awaiting a formal government response. StratoComm envisions that, once in place, its system could facilitate telemedicine (where doctors can confer remotely regarding patient treatment), rapid access to data on international developments for scientists and researchers, access to online services for school administrators and teachers, and support for the country's petroleum/gas industries along the Caspian Sea.
For the past 10 years, StratoComm has been active in the research of airships that could sustain stratospheric flight. Figure 13 illustrates the layers of Earth’s atmosphere. Airplanes fly in the troposphere; weather balloons are common in the stratosphere; meteors dissolve in the mesosphere; and the space shuttle orbits in the thermosphere.

The Company’s history of stratospheric research has supplied its Development Team with a solid knowledge base in the following innovative concepts:

- buoyancy control;
- propulsion design efficiencies;
- integrated solar cells;
- airship shape optimization;
- altitude optimization techniques;
- fleet management;
- availability enhancement; and
- diversified payloads.

This proprietary know-how coupled with StratoComm’s intellectual property position related to stratospheric lighter-than-air (LTA) technology (addressed under Intellectual Property on page 9) provides the Company with what it believes is a unique advantage to meeting the communication needs of developing countries.
At present, StratoComm has conceptualized a fleet of stratospheric airships that can provide telecommunications, security, surveillance, and an array of other services to large metropolitan and surrounding areas in the developing world. Each airship, known as an STS, could be capable of geostationary flight at 20 kilometers (65,000 feet or over 12 miles high). At this altitude, the STS could be safely above controlled airspace and inclement weather patterns. The STS is designed to remain stabilized in the same position relative to the ground. For this purpose, it is equipped with autonomous navigation, radio-controlled commanding, and telecommunications payload stabilization systems.

The airship itself leverages LTA technology, being made of high-strength, light-weight materials, and is accompanied by advanced propulsion systems that maintain proper positioning. The stratospheric airship is launched using a specified volume of helium. As the system rises, the helium expands and eventually displaces all of the air within the STS, thus maintaining buoyancy and propelling the airship into the stratosphere. Once it is in the stratosphere, the STS is remotely controlled and moved into position by StratoComm. A combination of solar cells, batteries, and fuel cells will likely power the STS during its planned five-year deployment to the stratosphere. Figure 14 illustrates a rendering of the first test flight accompanied by highlights of some of the critical specifications for the STS.

The Company's LTA platform also incorporates telemetry to remotely transmit data and redundant systems to serve as back-up measures—features that are designed to provide the system with a high level of availability, reliability, and safety. From its perch in the stratosphere, the STS is anticipated to hold as much as one ton of communications equipment capable of supplying focused mobile, broadband, narrowband, and fiber optic wireless backbone telecommunications services to approximately three million users. Line-of-sight coverage from the STS encompasses approximately 1,000 kilometers (roughly 600 miles), but the system can also be linked into existing terrestrial infrastructure in order to further expand its reach. One of the primary benefits of operating telecommunications equipment from the stratosphere instead of via a network of ground-based infrastructure (e.g., cell phone towers) is that the transmission of a stratospheric signal does not encounter as many obstructions along its path from the originating platform to the end device. As a result, StratoComm believes that its STS has more favorable signal attenuation characteristics with lower losses than current terrestrial systems.
Moreover, the STS is equipped with up to 1,000 dynamically configurable **spot beams**. Essentially, spot beams are highly concentrated signals that are used to target a specific geographic area. For example, DIRECTV® and DISH Network®, which deliver local broadcast television via satellite, use spot beams to target only the viewers in the local area from where the terrestrial broadcast stations originate. StratoComm’s platform can focus a single spot beam to an area that ranges in size from a football field to 18 miles (29 kilometers) in diameter. The configurations can be dynamically changed in milliseconds to reallocate capacity as needed, such as to highly trafficked commuter routes during peak travel times, to business districts on weekdays, or to stadiums during events.

**An Overview of the STS’s Potential Services**

As addressed on pages 21-22 under The TTS’s Service Offerings and Specifications, the services provided by the STS are anticipated to be seamless upgrades from the TTS’s level of supplied telecommunications. The STS platform could support fixed broadband, wireless local loop services, wireless high-speed backbone, and 3G technology, as well as be configured for more specific requirements, such as mineral and petroleum exploration, agricultural management, and surveillance, among others. Each STS could have the capacity for over three million subscribers with a fixed broadband payload (ranging from 2 **megabits per second (Mbps)** to 10 Mbps) allocated for frequencies of either 30 gigahertz (GHz) in Asia or 47 GHz elsewhere. This type of service is intended to be a full-duplex (where data can be simultaneously transmitted in two directions) broadband digital communications offering for a metropolitan area up to a range of 250 miles (400 kilometers) in diameter. As an open network, any StratoComm subscriber can communicate with any non-StratoComm subscriber using existing networks.

A network’s backbone is the part of the network that carries the most traffic, and as such, requires the greatest capacity. Smaller, local networks connect to the broader backbone. StratoComm’s STS platforms may be able to establish a high-speed backbone spanning continents, as each of the Company’s airships could be wirelessly connected throughout the stratosphere. StratoComm believes that its optically linked platforms could wirelessly transmit voice, data, and video at speeds and volumes comparable to fiber optic cable, which is widely used but can be costly and labor intensive to install. Moreover, each airship has bi-directional links to **gateways** on the ground via radiofrequency (RF). These gateways then connect the backbone into the existing terrestrial network.

**Offering Third-generation (3G) Cellular Technology**

3G wireless technology is a relatively recent development that is quickly becoming widely accepted for mobile communications. Essentially, a 3G network is a wide-area cell phone network that supports high-speed Internet access and video telephony. Its features include enhanced multimedia (such as streaming music videos, on-demand video programming, conferencing, and downloadable, playable three-dimensional games); functionality for cell phones, e-mails, paging, faxes, conferencing, and web browsing; broad bandwidth and high speeds similar to cable modems; and roaming capabilities. As current wireless networks are upgraded across the U.S., Europe, and other developed regions and as new networks are established (such as in Africa, China, and other Asia-Pacific locations), more countries are incorporating 3G technology. For instance, at the end of 2007, there were approximately 270 million users of 3G technology globally, up from roughly 70 million at the end of 2005. Figure 15 (page 28) illustrates this data, delineated by the type of 3G network employed—**WCDMA** (including **HSPA** [an enhanced version of WCDMA]) or **EV-DO**. As also depicted in Figure 15, over two million new subscribers joined a WCDMA network in Africa alone during 2007.
Each of StratoComm’s STS units is intended to have the capacity for three million 3G mobile subscribers within a 400-kilometer (250-mile) range. As such, StratoComm has worked closely with the International Telecommunication Union (ITU) to obtain worldwide authorization for stratospheric platforms that provide 3G mobile services within the frequency bands allocated by the ITU for mobile systems. The ITU is a United Nations agency that coordinates global ICT. Based in Geneva, Switzerland, the ITU has 191 member states. In addition, the 2000 World Radiocommunication Conference has already approved high-altitude platform stations ([HAPS] stratospheric airships) for delivery of 3G mobile services. The ITU regularly schedules World Radio Conferences to keep its regulations up to date and respond to changes in the technological environment.

Development Status

StratoComm seeks to demonstrate the feasibility of its concept of stratospheric flight by launching an LTA Stratospheric Test Vehicle in 2009. This flight is the first of six planned launches, which are scheduled to be completed within 36 to 42 months of the initial test.

In March 2008, StratoComm met with the FAA to brief the agency about the Company’s planned test flights. During the briefing, StratoComm informed the FAA of its stratospheric development program, its timeline for completion, and its preparations for launch. In addition, the Company inquired about the FAA’s expectations of StratoComm’s overall development plans. The initially planned test flights are designed to be short-duration flights with a small version of a stratospheric airship. The Company is limiting both the airship’s size and time in the air for these practice runs in order to be able to execute the tests in compliance with regulations governing FAA and military airspace. At present, StratoComm is assessing potential test sites in the U.S. and elsewhere in its target market.
Pending successful completion of the first sequence of flights, StratoComm intends to begin evaluating a 50% model, where the airship is built to exactly half its final size. For these tests, the Company will likely need to launch the airships offshore. Once stratospheric flight with these earlier models is confirmed, StratoComm then anticipates building and validating the full-size airship. Based on the Company’s current progress, management believes that it could begin commercializing STSs as early as January 2012.

**Competitive Advantages**

StratoComm believes that its approach to providing telecommunications to the developing world could have several benefits versus both existing technologies and those being developed. Collectively, these advantages equate to systems that could be more efficient to deploy, less costly to operate, and have enhanced service quality versus conventional infrastructure. Table 7 compares HAPS (stratospheric platforms) to terrestrial and satellite-based technologies. Following, StratoComm’s perceived competitive advantages are summarized in Table 8 (page 30). Lastly, a brief description follows Table 8 to highlight StratoComm’s anticipated STS cost, service (e.g., improved signal strength, greater system capacity, and potential for advanced services), and compatibility benefits.

### Table 7

**COMPARISON OF THE ADVANTAGES AND DISADVANTAGES OF VARIOUS WIRELESS SOLUTIONS**

<table>
<thead>
<tr>
<th>Terrestrial Wireless Systems</th>
<th>High-Altitude Platform Stations (HAPS)</th>
<th>Satellite Systems (LEO)*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airships</strong></td>
<td><strong>Aircrafts</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Height over ground level</strong></td>
<td>5 to 250 meters</td>
<td>3 to 22 kilometers</td>
</tr>
<tr>
<td><strong>Lifetime</strong></td>
<td>Up to 15 years</td>
<td>Up to 5 years</td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Orbit</strong></td>
<td>Geostationary, anywhere in the world</td>
<td>Geostationary, anywhere in the world</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>Only land and shore</td>
<td>Land and sea</td>
</tr>
<tr>
<td><strong>Fade margin</strong></td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Indoor reception</strong></td>
<td>Possible</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Remarks</strong></td>
<td>• Well-known and proven technologies</td>
<td>• Maintenance and re-deployment possible</td>
</tr>
<tr>
<td></td>
<td>• Maintenance possible</td>
<td>• Potential power problems**</td>
</tr>
<tr>
<td></td>
<td>• Requires a high number of transmitters</td>
<td></td>
</tr>
</tbody>
</table>

*Low-Earth Orbit (LEO) satellites versus Geosynchronous (GEO) satellite systems, which orbit at a higher altitude.

**StratoComm intends to fuel its airships with non-polluting solar cells, fuel cells, and batteries.

*Sources: the Swiss Government's Federal Office of Communication (OFCOM) and Crystal Research Associates, LLC.*
StratoComm as the Low-Cost Provider

Deployment of the STS Versus Terrestrial Systems

StratoComm’s cost structure benefits the Company in terms of infrastructure, operation, and maintenance. The infrastructure investment required to deploy conventional terrestrial communication systems, driven by the need for base stations and cell towers, is significant. In addition, obstacles associated with cabling at the user’s premises, especially in remote or rural areas (referred to as the “last mile problem”), also drive up the costs of terrestrial infrastructure (Source: Mobile telecommunications via stratosphere 2003). Consequently, services continue to be limited to already over-taxed urban centers and are generally only available at a high price.

In contrast, StratoComm’s infrastructure deployment costs are significantly lower than terrestrial alternatives. A single STS is anticipated to provide instant metropolitan-wide market coverage without requiring tower build-outs or backhaul. As represented by Figure 16, the STS could replace between 250 and 275 cell phone towers, depending on terrain, physical obstructions (e.g., buildings), population density, and the services provided. StratoComm believes that one system could provide service to an area extending hundreds of miles beyond the boundaries of most urban centers for less than $30 million. Furthermore, by employing airships, StratoComm eliminates the pervasive “not-in-my-backyard” attitude that surrounds telecommunications towers.

Table 8
StratoComm Corporation

<table>
<thead>
<tr>
<th>PRIMARY COMPETITIVE ADVANTAGES OF STRATOCOMM’S TELECOMMUNICATIONS SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Lower infrastructure deployment costs versus satellites and terrestrial systems</td>
</tr>
<tr>
<td>▪ Lower operational and maintenance costs versus alternative options</td>
</tr>
<tr>
<td>▪ Enhanced signal quality due to higher transmission angles</td>
</tr>
<tr>
<td>▪ Greater system capacity than satellite systems</td>
</tr>
<tr>
<td>▪ Positioned to offer advanced services</td>
</tr>
<tr>
<td>▪ Compatibility with user’s existing and off-the-shelf devices (handhelds)</td>
</tr>
<tr>
<td>▪ Connectivity to the local network facilitates acceptance by incumbent providers</td>
</tr>
</tbody>
</table>

Sources: StratoComm Corporation and Crystal Research Associates, LLC.

Figure 16
StratoComm Corporation
STS VERSUS TOWERS

Source: StratoComm Corporation.
Deployment of the STS Versus Satellite Systems

A 2001 report from Harvard University noted that the use of airships or other airborne vehicles could become an alternative to satellites for the delivery of Internet and telecommunication services to developing nations in a cost-effective manner. These systems could result in reduced financial risk for infrastructure providers due to smaller required investments versus a satellite system, easier software and hardware upgrades, and more dependable technologies (Source: Harvard University's Out of the Labs and Into the Developing World: Using Appropriate Technologies to Promote Truly Global Internet Diffusion 2001).

Accordingly, StratoComm believes that its STS infrastructure has an economical advantage versus satellite systems and other unmanned spacecraft. Satellites are costly to deploy, due to the high cost of the satellite itself and the expense of launching it into space. For example, Rascom-QAF1, the first pan-African telecommunications satellite, required an investment of $380 million (Source: the African Development Bank). Addressed in greater detail in the Competition section on page 34, this satellite system was launched in December 2007 by Thales Alenia Space. Some estimates suggest that the infrastructure needed for a HAPS system could be less than one-tenth that of the equivalent satellite infrastructure (Source: the Capanina Project, a consortium of 14 partners seeking to develop HAPS technologies that is partially funded by the EU).

Lower Operational and Maintenance Expenses

StratoComm further expects the STS's cost advantages versus terrestrial and satellite systems to extend to operational and maintenance expenses as well. The resources required to fuel a StratoComm system are virtually non-existent, since solar and fuel cell technology power both station-keeping and signal transmission. In addition, since the systems are being designed to operate above 99% of the atmosphere, the Company expects that weather-related airship deterioration can be limited. StratoComm's hardware upgrades can also be conducted more efficiently, as they only require the Company to replace a single payload at each airship rather than manage hundreds of tower sites and base stations.

StratoComm's Enhanced Services

Signal Quality

A system’s coverage depends largely on terrain topography. Terrestrial systems’ signal angle-of-arrival is generally low, resulting in an increase in the signal’s attenuation, distortion, and reflections due to terrain, buildings, and other obstacles that interfere with the signal path. In hilly regions, it is often nearly impossible for terrestrial systems to ensure a uniform coverage due to urban canyons. Urban canyons are areas omitted by terrestrial broadcast transmissions due to signal obstruction, where the signal intensity is too weak to ensure its normal operation. Likewise, geostationary satellites that orbit at higher elevations (35,000 kilometers) can also experience these issues. When satellite signals are sent to any region positioned close to the horizon of the signal path, the low angle-of-arrival can have the same negative effect on quality as terrestrial signals (Source: Mobile telecommunications via stratosphere 2003).

Due to their specific angle-of-arrival (as illustrated in Figure 17 [page 32]), stratospheric platforms are expected to reliably access urban canyons, significantly reducing signal distortion and resulting in a stronger signal. Moreover, these platforms may be able to use only a fraction of the power required by alternative telecommunications technologies. During tests conducted in 2002 in collaboration with the Japanese Ministry of Telecommunications and NASA, a 24 Mbps data rate was achieved by stratospheric platform using only one watt of power, which is less than 1/10,000 the power used by a typical terrestrial broadcast transmitter that must overcome buildings, trees, and other obstructions to cover the same area.
System Capacity

The capacity of a telecommunications system is proportional to the number of spot beams that the system provides. As addressed on page 27, a single STS may generate up to 1,000 dynamically configurable spot beams within a single metropolitan area, believed to provide a greater system capacity than satellites.

Additionally, broadband systems can be differentiated into high-density and low-density market segments. All space systems (geostationary and low-Earth orbit [LEO]) are low-density architectures that supply some bandwidth everywhere, but cannot provide maximum capacity in metropolitan areas. In contrast, stratospheric and ground-based systems are high-density architectures. These designs are thought to provide consumers with the greatest value in terms of cost per unit of bandwidth (Source: ITU 1997). StratoComm believes that its STS network may enable an alternative to satellite and terrestrial broadband communications networks that closes the gap between ground telecommunication options for high-density cities and satellite for sparsely populated areas.

Moreover, as addressed on page 15 under Worldwide Growth of Mobile Services, the future of landlines is uncertain, particularly as people are increasingly substituting their landline connections for mobile wireless phones. StratoComm believes that with its stratospheric platforms, it can be well positioned to offer the advanced services that consumers will likely demand.

StratoComm’s Compatibility with External Devices and Networks

In addition to lower costs and better signals, StratoComm’s STS systems are also intended to accept off-the-shelf devices, eliminating the need for customers to spend more money for system-specific devices. The STS also allows customers to roam, using their devices everywhere telecommunication services are offered and not just in those areas served by StratoComm. Accordingly, users of other networks can have service while roaming in StratoComm’s service areas.

Furthermore, the STS could offer greater flexibility to operators. STS can be configured to support one or more competitors in a given region and replace or complement the existing ground-based infrastructure. StratoComm’s network also enables a connection to the local network rather than completely bypassing the existing carrier. Both of these capabilities may facilitate greater acceptance by incumbent providers.
Competition

Although developing countries’ information and communication technologies (ICT) markets are growing rapidly, penetration rates remain low (surpassing 20% in only a few instances), which offers opportunities for companies looking to enter these markets. Moreover, based on the experiences of entities that presently operate in developing regions, it is believed that telecommunications investment can provide significant returns. For instance, the June 2008 initial public offering (IPO) of Kenya’s mobile services provider, Safaricom Ltd. (SCOM-NBA), was among the largest ever in sub-Saharan Africa, with a total valuation estimated at $3.2 billion. In addition, Celtel International, a mobile network operator in Africa, was acquired by Kuwait’s Mobile Telecommunication Company K.S.C. (Zain Group [ZAIN-KAW]) in 2005 for $3.36 billion. A separate operator, Millicom International Cellular SA, has managed to acquire 23.4 million subscribers in Africa, Asia, South America, and Central America.

To the Company’s knowledge, there are no other entities offering telecommunications services from a tethered aerostat-based system that match StratoComm’s service area or capacity. However, the Transitional System may encounter indirect competition from incumbent telecommunication service providers, such as those with traditional infrastructure, including cell phone towers, existing WiMAX equipment, and fixed copper wiring. Additionally, as the Company begins to deploy its stratospheric systems, it may face competition from satellite communications companies and other stratospheric- or terrestrial-based telecommunications providers. Overviews of entities that are involved in developing stratospheric technologies are included below, as well as greater details of the current satellite- and terrestrial-based operators in the regions that StratoComm intends to target. The following is not meant to represent an exhaustive list of competitors but rather to illustrate the type of competition that the Company may face as it seeks to further its telecommunications reach in the developing world.

Other Stratospheric Systems

StratoComm believes that many of its stratospheric competitors may be constrained by payload size or excessive operational costs due to platform designs, making their near-term entry to the mobile telecommunications services markets potentially unlikely. A listing of some of these entities is provided below.

*StratXX Holding AG*

StratXX is a Swiss development group focused on stratospheric flight systems. StratXX is developing X-Station, a fully integrated HAPS for fixed altitude wireless communication. StratXX expects to commence commercial operations in early 2010, with telecommunications and remote sensing operations in the Middle East, Asia-Pacific, and Africa.

*The Capanina Project*

Capanina is an EU-funded initiative to test HAPS wireless and optical broadband technologies. The Capanina project involves 14 partners from across Europe and Japan. Japan’s National Institute of Communications Technology (NICT), a key driver of the Japanese project described below, is also one of the partners involved in the Capanina project.

*Skynet*

Skynet, a Japanese government-led consortium, is developing a solar-powered, helium-filled airship that is intended to fly between 19 kilometers and 22 kilometers in altitude. The platform is designed to exclusively serve the Japanese market and provide broadband or mobile services. Skynet aims to create an aerostat platform that can offer classic mobile, fixed, and broadcasting services and new terrestrial wireless interactive multimedia applications. A network of five HAPS could cover all of Japan.
SkyLARC Technologies Ltd.

SkyLARC was founded in 2000 as spin-out from the Communications Research Group, at the University of York, UK. The company is building a portfolio of intellectual property and developing packaged technology solutions for broadband communications primarily to be delivered from aerial platforms.

Satellite Communications Companies

The Company believes that satellite providers may have capacity limitations that hinder their ability to adequately serve metropolitan areas. In rural areas, where capacity could be sufficient, high costs may prevent practical application of satellite technologies.

Thales Alenia Space

Thales Alenia, a European provider of satellite systems and orbital infrastructure solutions, is a joint venture between Thales SA ([HO-EPA] 67%) and Finmeccanica SpA ([FNC-BIT] 33%). Thales Alenia strengthened its position in space systems with the provision of seven telecommunication and observation satellites in 2007, which enabled the company to enter new markets—Africa, United Arab Emirates, Norway, and Indonesia. These efforts included the first pan-African satellite (Rascom-QAF1), which was designed to provide telecommunication services in rural areas of Africa. Customers of this satellite include ISPs, television broadcasters, and data content providers. The company intends to launch a second Rascom-QAF satellite at a date that remains to be determined. Thales Alenia has 11 industrial sites in four European countries (France, Italy, Spain, and Belgium) with over 7,200 employees worldwide.

Terrestrial-based Operators

As addressed on pages 27-28 of the Core Story, 3G networks are becoming a standard. To remain competitive with newer technologies, terrestrial operators must update their equipment, which can be costly. As terrestrial providers resist expansion or cannot justify the high costs of infrastructure build out, suburban and rural areas continue to lack the coverage available to cities. With StratoComm’s overall lower costs, instantaneous build out, and dense coverage, management believes that its technology is a preferred solution.

Orange

Orange is the key brand of France Telecom SA (FTE-NYSE), one of the world’s leading telecommunications operators. France Telecom serves more than 172 million customers on five continents, of which two-thirds are Orange customers. Orange’s operations include services to developing countries also targeted by StratoComm, such as Madagascar, Cameroon, Kenya, and the Dominican Republic, among others. The group had consolidated sales of €52.9 billion in 2007. France Telecom was founded in 1990 and is headquartered in Paris, France.

MTN Group Ltd.

MTN Group is a South African company that operates in the telecommunication sector. It provides telecommunications services, offering cellular network access and business solutions. Launched in 1994, the MTN Group is a multinational telecommunications group that operates in 21 countries in Africa and the Middle East. By the end of December 2006, MTN had recorded more than 40 million subscribers across its operations.

Celtel International

Celtel is a subsidiary of Zain, a mobile telecommunications operator in Africa and the Middle East. Zain’s 15,000 employees service seven Middle Eastern and 15 African countries to provide a range of mobile voice and data services to over 45.7 million individual and business customers. Celtel specifically supplies GSM mobile networks for the African market, and is planning to launch 2.5G services. Celtel’s expansion of its One Network in November 2007 now allows nearly half of Africa’s population to make calls at local rates across 12 countries on the continent.
Safaricom Ltd.

Safaricom is a leading mobile network operator in Kenya. It was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone group Plc (VOD-NYSE) acquired a 40% stake and management responsibility for Safaricom. Safaricom’s June 2008 IPO was among the largest ever in sub-Saharan Africa, with a total valuation estimated at $3.2 billion. Safaricom is based in Nairobi, Kenya.

Millicom International Cellular SA

Millicom is a global mobile telecommunications operator. The company has interests in mobile operations in 16 countries, focusing on emerging markets in Central America, South America, Africa, and Asia. Millicom offers prepaid services using mass market distribution methods; broadband Internet, fixed wireless telephony, and public telephony; and operates an international gateway, a high-speed data business, and a television station. Its total number of subscribers reached 23.4 million in December 2007. The company is based in Leudelange, Luxembourg.

Econet Wireless Group

Econet Wireless is a diversified telecommunications group with operations in nine countries in Africa, Europe, and the East Asia Pacific Rim, offering products and services in the core areas of mobile and fixed telephony services, Internet, and satellite. The group is headquartered in South Africa and runs each operation as a stand-alone entity with full local board and management control. Econet currently has operations and offices in Botswana, Burundi, Kenya, Lesotho, New Zealand, Nigeria, South Africa, the UK, and Zimbabwe. A wholly owned subsidiary, Econet Satellite Services, is a facilities-based provider of wholesale international carrier services to fixed and mobile telecommunications operators in Africa.
Milestones

Achieved Milestones

During 2007 and the first half of 2008, StratoComm achieved several corporate milestones, as highlighted below.

- Opened and staffed the Development Center in Eatontown, New Jersey, to facilitate payload design for the TTS as well as to further the Company’s stratospheric LTAV development program
- Completed the TTS’s proprietary payload design, which can service up to 500,000 wireless voice or Internet subscribers or broadcast up to 100 channels
- Secured partners in two developing countries—Cameroon and Madagascar—that support the Company’s near-term revenue model through $60 million in sales of the TTS. Initial revenues under these sales contracts are expected to begin in the fourth quarter 2008.
- Entered into Letters of Intent with the Dominican Republic and Kenya for the establishment of joint venture companies in these countries
- Proposed a wireless information technology infrastructure using the Company’s TTSs for Turkmenistan
- Continued to create and file patent applications to expand its stratospheric intellectual property position
- Commenced public trading of its Common Shares on the Over-the-Counter (OTC) Pink Sheets market under the symbol “STCO”

Potential Milestones

StratoComm seeks to achieve the following goals by year-end 2008.

- Receive up to an additional $75 million in sales of the TTS; and
- Consider the possibility of a strategic acquisition or creation of an operating aerospace division to fully support all stratospheric development and production internally.
Key Points to Consider

- StratoComm designs and supplies cost-sensitive telecommunications infrastructure and services to the developing world. Specifically, StratoComm is targeting the nearly two billion people living in sub-Saharan Africa, Central and South America, the Caribbean, and the Association of Southeast Asian Nations (ASEAN).

- StratoComm’s first commercial product is the Transitional Telecommunications System (TTS), for which the Company expects to begin receiving revenues under its existing sales contracts beginning in the fourth quarter 2008. The TTS is a tethered aerostat 37 meters in length positioned 1,500 meters above the region for which it provides telecommunications. Due to its proprietary payload designed in-house by StratoComm’s Development Team, the TTS can support broadband Internet, wireless voice, or broadcast services (up to 100 video channels) for roughly 500,000 customers in an 80-kilometer diameter area.

- StratoComm enters international markets by forming a local joint venture to purchase and operate its TTSs. Initially, the joint venture does not seek to penetrate incumbent providers’ subscriber bases. Rather, it enables communications in areas that are largely underserviced due to geographic unavailability of services (because of a lack of infrastructure) or unaffordable pricing.

- The Company has sold TTS units to joint venture companies in both Cameroon and Madagascar, and has executed Letters of Intent for the future sale of this system to Kenya and the Dominican Republic as well. In addition, StratoComm has proposed a TTS-based wireless information technology (IT) infrastructure to the government of Turkmenistan. In total, StratoComm aims to deploy the TTS to 15 countries in the near future. This strategy is expected to facilitate market penetration and lead to near-term revenue for StratoComm to support development and introduction of its stratospheric systems.

- Ultimately, StratoComm intends to launch its Stratospheric Telecommunications System (STS), which represents significant technological and capability upgrades from the TTS. From the stratosphere, the STS could ideally supply telecommunications, security, surveillance, and an array of other advanced services to three million customers in large metropolitan, suburban, and rural areas in the developing world. The Company envisions that each solar-powered STS could sustain geostationary flight at 20 kilometers (65,000 feet or over 12 miles high)—safely above controlled airspace and inclement weather patterns.

- StratoComm plans to launch the first Stratospheric Test Vehicle in 2009, which is the first test flight of six planned launches that are expected to be completed within the following 36 to 42 months.

- The global marketplace for information and communication technologies (ICT) is expected to exceed $3.7 trillion in 2008 and $4 trillion by 2011, according to a study released in May 2008 by the World Information Technology and Services Alliance. Moreover, the study documented that within the ICT market, communications technologies comprised more than 57% (or $1.9 trillion) of spending in 2007.

- Chiefly due to the difficulty of extending fixed telephone lines in StratoComm’s target markets, these nations have recently experienced a mobile boom. Cell phone usage in developing countries has almost tripled in the past five years, now comprising 58% of mobile phone subscriptions worldwide. Further, as Europe and the U.S. become saturated (with penetration rates in Europe nearing 100%), developing regions are expected to continue to experience the bulk of mobile growth in the future—which may present considerable opportunity for StratoComm’s networks to supply mobile telephony.

- The Company’s management and development team are experienced in telecommunications, physics, engineering, aerospace and lighter-than-air (LTA) technologies, and communications satellite programs. In addition, members possess expertise in business development and strategy, and new market entries, particularly related to Africa. As a result of the Company’s 10-plus years in the R&D of stratospheric systems, it now controls four issued U.S. patents and one patent application specific to commercial stratospheric flight and owns two additional pending patent applications.

- At March 31, 2008, StratoComm had cash and bank deposits of $31,819. The Company expects to begin receiving funds under its existing sales contracts during the fourth quarter 2008.
Historical Financial Results

Tables 9, 10, 11, and 12 contain StratoComm’s key unaudited historical financial statements for the quarter ended March 31, 2008—its Statements of Operations and Deficits, Balance Sheet, Statements of Cash Flows, and Statements of Shareholders’ Equity. The Company anticipates that sales of its TTS will likely be its primary source of revenue for the next three years.

<table>
<thead>
<tr>
<th>Table 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>StratoComm Corporation</td>
</tr>
<tr>
<td>STATEMENT OF OPERATIONS AND DEFICITS</td>
</tr>
<tr>
<td>(unaudited)</td>
</tr>
</tbody>
</table>

For the period ended March 31
2008

| Revenue | $ — |
| Cost of Sales | $ — |
| Gross Margin | $ — |

**Expenses**

- General and administrative $ 386,812
- Research and development $ —
- Depreciation $ —
- Interest 18,558

**Loss from operations** $ 405,370

*Source: StratoComm Corporation.*
## Table 10
StratoComm Corporation
BALANCE SHEET
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
</tr>
<tr>
<td>Cash and Bank Deposits</td>
<td>$ 31,819</td>
</tr>
<tr>
<td>Property and equipment (net)</td>
<td>$ 12,498</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 44,317</td>
</tr>
<tr>
<td><strong>LIABILITIES AND SHAREHOLDERS' EQUITY</strong></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>35,600</td>
</tr>
<tr>
<td>Advances from employees</td>
<td>9,477</td>
</tr>
<tr>
<td>Payroll taxes payable</td>
<td>69,786</td>
</tr>
<tr>
<td>Notes Payable, current portion</td>
<td>555,137</td>
</tr>
<tr>
<td><strong>$ 670,000</strong></td>
<td></td>
</tr>
<tr>
<td>Long Term</td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>323,445</td>
</tr>
<tr>
<td>Due to affiliated companies</td>
<td>508,401</td>
</tr>
<tr>
<td><strong>$ 831,846</strong></td>
<td></td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>73,930</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>1,101,625</td>
</tr>
<tr>
<td>Additional Paid in Capital</td>
<td>3,826,070</td>
</tr>
<tr>
<td>Accumulated Deficit</td>
<td>(6,459,154)</td>
</tr>
<tr>
<td><strong>$ (1,457,529)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</strong></td>
<td>$ 44,317</td>
</tr>
</tbody>
</table>

*Source: StratoComm Corporation.*
For the period ended March 31, 2008

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>$ (400,770)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss for the period</td>
<td>(405,370)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>0</td>
</tr>
<tr>
<td>Decrease in payroll taxes payable</td>
<td>(10,036)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>14,636</td>
</tr>
<tr>
<td><strong>Net Cash used in operating activities</strong></td>
<td>$ (400,770)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>$ (11,900)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in Loan from employees</td>
<td>(11,900)</td>
</tr>
<tr>
<td><strong>Net Cash used by investing activities</strong></td>
<td>$ (11,900)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>$ 408,755</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Notes payable</td>
<td>290,255</td>
</tr>
<tr>
<td>Proceeds from issuance of Preferred Stock</td>
<td>118,500</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>$ 408,755</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net (decrease) increase in cash</th>
<th>$ (3,915)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash – beginning of period</td>
<td>35,734</td>
</tr>
<tr>
<td><strong>Cash – end of period</strong></td>
<td>$ 31,819</td>
</tr>
</tbody>
</table>

Source: StratoComm Corporation.

---

Table 12
StratoComm Corporation
STATEMENTS OF SHAREHOLDERS’ EQUITY
(unaudited)

<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Additional paid in capital</th>
<th>Preferred Stock</th>
<th>Retained Earnings</th>
<th>Total Shareholder Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2005</td>
<td>10,561</td>
<td>3,889,439</td>
<td>(4,284,220)</td>
<td>(384,220)</td>
</tr>
<tr>
<td>Net Income/Loss 2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Issued 2006</td>
<td></td>
<td></td>
<td>135,000</td>
<td>135,000</td>
</tr>
<tr>
<td>Balance as of December 31, 2006</td>
<td>10,561</td>
<td>3,889,439</td>
<td>135,000</td>
<td>458,263</td>
</tr>
<tr>
<td>Net Income/Loss 2007</td>
<td></td>
<td></td>
<td>(1,560,519)</td>
<td>(1,560,519)</td>
</tr>
<tr>
<td>Equity Issued 2007</td>
<td></td>
<td></td>
<td>848,125</td>
<td>848,125</td>
</tr>
<tr>
<td>Balance as of December 31, 2007</td>
<td>10,561</td>
<td>3,889,439</td>
<td>983,125</td>
<td>(1,170,657)</td>
</tr>
<tr>
<td>To adjust for 7:1 stock split</td>
<td>73,930</td>
<td>3,826,070</td>
<td>983,125</td>
<td>(1,170,657)</td>
</tr>
<tr>
<td>Net Income/Loss March 2008</td>
<td></td>
<td></td>
<td>(405,370)</td>
<td>(405,370)</td>
</tr>
<tr>
<td>Equity Issued through March 2008</td>
<td></td>
<td></td>
<td>118,500</td>
<td>118,500</td>
</tr>
<tr>
<td>Balance as of March 31, 2008</td>
<td>73,930</td>
<td>3,826,070</td>
<td>1,101,625</td>
<td>(1,457,527)</td>
</tr>
</tbody>
</table>

Source: StratoComm Corporation.
Risks

Some of the information in this Executive Informational Overview® (EIO®) relates to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those described due to risks described in StratoComm’s public forms filed from time to time. The content of this EIO® with respect to StratoComm has been compiled primarily from information available to the public released by the Company through news releases, filings, and other reports. StratoComm is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by the Company. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about StratoComm, please refer to the Company’s website at www.stratocomm.net.

Investors should carefully consider the risks and information about StratoComm’s business described below. Investors should not interpret the order in which these considerations are presented as an indication of their relative importance. The risks and uncertainties described below are not the only risks that the Company faces. Additional risks and uncertainties not presently known to StratoComm or that StratoComm currently believes to be inmaterial may also adversely affect its business. If any of the following risks and uncertainties develops into actual events, the business, financial condition, and results of operations could be materially and adversely affected, and the trading price of the Company’s shares could decline.

RISKS RELATED TO THE BUSINESS

StratoComm has a history of losses, no revenues, and may not become profitable.

StratoComm is a development-stage company. To date, it has no revenues and limited assets and has experienced operating losses since inception. StratoComm had a net operating loss of $1,560,519 for the fiscal year ended December 31, 2007, and an accumulated deficit to date of $6,053,782 for the fiscal year ended December 31, 2007. There can be no assurance that the Company will generate significant revenues in the future or that it will be able to generate sufficient cash flow to meet expenses. There can be no assurance that StratoComm will achieve significant revenue or profitability in the near future.

Limited operating history makes an evaluation of StratoComm's business difficult.

There is a limited amount of operating history, which makes it difficult to evaluate the Company’s current business and prospects or to accurately predict its future revenues or results of operations. The business model, and accordingly, the revenue and income potential, is new and not fully proven. In addition, the Company is subject to risks and difficulties frequently encountered by early stage operations. Future operations are subject to market conditions, foreign market telecommunications regulations, and management’s ability to manage growth. There can be no assurance that StratoComm will be able to adapt to these factors, and the Company’s failure to do so could adversely affect its operations.

StratoComm is dependent on outside financing to fund operations, and if it is unable to obtain additional capital in the near future, it may have to curtail or cease operations.

Although StratoComm has funding for its immediate working capital needs, the Company will need additional financing to continue to implement its expansion plans. It may not be able to obtain additional financing on terms favorable to the Company, if at all. If adequate funds are not available, management may have to curtail or cease operations, which could materially harm the business and financial results. To the extent that it raises additional funds through further issuances of equity, convertible debt, or equity securities, StratoComm’s existing stockholders could suffer significant dilution, and any new equity securities that may be issued could have rights, preferences, and privileges superior to those of holders of its Common Stock. Furthermore, any debt financing secured by the Company in the future could involve restrictive covenants relating to capital-raising activities and other financial and operational matters, which may make it more difficult for StratoComm to obtain additional capital and to pursue business opportunities.
StratoComm is dependent on a small number of individuals, and if it loses key personnel on whom it is dependent, its business could be adversely affected.

Many of the key responsibilities of the Company's business have been assigned to a relatively small number of individuals. Future success depends to a considerable degree on the vision, skills, experience, and effort of senior management, including Mr. Roger Shearer, founder, chairman, and CEO; Mr. Robert Phillips, COO; Dr. Y. C. Lee, CTO; Mr. Richard Buchanan, vice president of systems integration; and Mr. Charles Snyder, vice president of systems engineering. StratoComm may add additional senior personnel in the future. If the Company loses the services of any of its key employees, or if members of its management team do not work well together, it would have an adverse effect on the Company’s business. In particular, Mr. Shearer has been the driving force in the development of the business to date, and he will continue to be in charge of overall strategy and be closely involved with StratoComm’s technology and other aspects of the business. However, Mr. Shearer could decide to resign as chairman and CEO, which could have a material adverse effect on StratoComm.

Because of StratoComm’s development-stage status, the hiring of qualified technical, business, and management personnel is critical to enable the Company to meet its business and growth projections. However, there can be no assurance that StratoComm will be able to attract and retain additional technical and management personnel with the skills and expertise necessary to design, develop, manufacture, deploy, and operate the STS platforms. Failure to attract or retain qualified management and technical personnel could have an adverse effect on StratoComm.

The past background of Mr. Shearer may adversely affect StratoComm’s ability to enter into business relationships and may have other adverse effects on the business.

In 2003 and 2004, Mr. Shearer unsuccessfully attempted to redevelop prime waterfront property along the Hudson River in Troy, New York. Out of that failed venture, Mr. Shearer has been accused by the New York State Attorney General’s Office of defrauding two investors out of $45,000. Mr. Shearer maintains his innocence.

Formerly, in October 2001, PriorityAccess, Inc., Endpoint Technologies, Inc., and Mr. Shearer entered into an Order of Settlement with the U.S. Securities and Exchange Commission (SEC) relating to the actions of a third-party contractor hired to provide investor leads in connection with certain anticipated private placement transactions. Due to the nature and volume of the third party’s communications with potential investors, PriorityAccess, Endpoint Technologies, and Mr. Shearer were deemed to have engaged in a general solicitation in connection with the private placements. The SEC’s Order of Settlement contained no penalty or fine, and each party agreed to cease and desist from any future violations of Section 5 of the Securities and Exchange Act of 1933.

As a result of being a public company, StratoComm incurs increased costs that may place a strain on its resources or divert management’s attention from other business concerns.

As a public company, StratoComm will incur additional legal, accounting, and other expenses that it did not incur as a private company. The Exchange Act requires it to file annual, quarterly, and current reports with respect to its business and financial condition, which requires it to incur legal and accounting expenses. The Sarbanes-Oxley Act requires the Company to maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight are required. The corporate governance rules and regulations of the SEC have increased StratoComm’s legal and financial compliance costs and made some activities more time consuming and costly. These requirements may place a strain on the Company’s systems and resources and may divert management’s attention from other business concerns, which could have a material adverse effect on StratoComm’s business, financial condition, and results of operations.
Mr. Shearer, founder, chairman, CEO, and principal stockholder, exerts significant influence over the Company.

As of December 31, 2007, Mr. Shearer beneficially owned approximately 24.9% of StratoComm’s outstanding Common Stock. He is able to exert significant influence over all matters presented to the Company’s stockholders for approval, including election and removal of directors and change of control transactions. In addition, as chairman and CEO, Mr. Shearer has and will likely continue to have significant influence over strategy, technology, and other matters. Mr. Shearer’s interests may not always coincide with the interests of other holders of StratoComm’s Common Stock.

The market price of the Company’s Common Stock has been and may continue to be volatile, and purchasers of the Common Stock could incur substantial losses.

Securities markets experience significant price and volume fluctuations. This market volatility, as well as general economic conditions, could cause the market price of the Company’s Common Stock to fluctuate substantially. The trading price of StratoComm’s Common Stock has been, and is likely to continue to be, volatile. Many factors that are beyond StratoComm’s control may significantly affect the market price of its shares. These factors include the following:

- StratoComm’s ability to attract sufficient capital to sustain its business model;
- changes in earnings or variations in operating results;
- any shortfall in revenue or increase in losses from levels expected by securities analysts;
- changes in regulatory policies or tax law;
- operating performance of companies comparable to StratoComm; and
- general economic trends and other external factors.

If any of these factors causes the price of the Company’s Common Stock to fall, investors may not be able to sell their Common Stock at or above their respective purchase prices.

RISKS RELATED TO THE TRANSITIONAL SYSTEMS BUSINESS

StratoComm is dependent on a limited number of qualified manufacturers for the aerostat component of its Transitional System, and if its current manufacturer is unable to adequately and timely supply the Company with the aerostat, there may be a material adverse effect on StratoComm’s operations.

StratoComm has identified three viable manufacturers of the aerostat component of the TTS. It has also identified a preferred supplier for the aerostat. If its supplier is unable to perform on the aerostat contract, the Company may not be able to fulfill contracts with its customers, which would have a material adverse effect on operations.

StratoComm is dependent upon its partners for obtaining the necessary licensing for the Company’s services. If the partners are unable to obtain adequate licensing, there could be a material adverse effect on StratoComm’s operations.

The target market for StratoComm’s TTSs is in the developing world. Issuance of licensing in many of these countries is inconsistent. The Company is almost solely dependent on the ability of its in-country partners to obtain the necessary licensing. If its partners are unsuccessful in obtaining an operating license, StratoComm would not be able to deliver services in that market.
Inadequate performance of StratoComm’s technology and systems could cause delays or interruptions of service, damage the Company’s reputation, cause it to lose customers, and limit growth.

Although StratoComm has designed its service network to reduce the possibility of disruptions or other outages, the Company’s service may be disrupted by problems with its technology and systems, such as malfunctions in software or other facilities and overloading of the network. Interruptions may cause the Company to lose customers and offer substantial customer credits, which could adversely affect revenue and profitability. If service interruptions adversely affect the perceived reliability of StratoComm’s service, the Company may have difficulty attracting and retaining customers and its brand, reputation, and growth may suffer.

Future disruptive new technologies could have a negative effect on StratoComm’s businesses.

VoIP technology, on which a portion of StratoComm’s business is based, did not exist and was not commercially viable until relatively recently. VoIP technology is having a disruptive effect on traditional telephone companies, whose businesses are based on other technologies. StratoComm is also subject to the risk of future disruptive technologies. If new technologies develop that are able to deliver competing voice services at lower prices, better, or more conveniently, there could be a material adverse impact on the Company.

RISKS RELATED TO THE STRATOSPHERIC BUSINESS

StratoComm’s stratospheric business model is a new, unproven concept for the delivery of telecommunications services.

Cost to Manufacture

Estimates of the cost to manufacture the STS are based on a current understanding of the system. There is a possibility that the development of new technologies may be significantly more costly than envisioned.

Time to Develop Technology

StratoComm’s design and development plan has a three- to four-year timeline for the deployment of the first STS. There is a risk that this timeline may be significantly extended due to unforeseen technical, programmatic, or operational issues.

RISKS INHERENT IN THE TECHNOLOGY

Dependence on New and To-Be-Developed Technology

Successful commercialization of StratoComm’s technology is dependent on the development and production of key components of the stratospheric technology in sufficient quantity to sustain growth. These components include but are not limited to the following:

- Station-keeping technology;
- A lighter-than-air (LTA) platform capable of sustained deployment at approximately 20 kilometer altitude for up to five years with routine maintenance on the ground;
- A communication payload; and
- The development and construction of appropriate gateways and ground stations.

Each of these components is at various stages of development. Any delays or difficulties encountered in development, testing, and later production would have an adverse effect on the deployment schedule and thus an adverse effect on StratoComm. There is no assurance that any of the development stages will be successfully accomplished in accordance with StratoComm’s projections.
StratoComm has created a conceptual design of an LTA platform that it believes can remain stable and stationary in the stratosphere for a sufficient duration to enable it to serve as a telecommunications system. The platform’s conceptual design employs a combination of existing technologies and modifications of existing technologies to accomplish this goal. The Company has not yet developed an actual design or tested a platform in the stratosphere, but believes that each of the station-keeping technologies and the overall platform are feasible. However, StratoComm must successfully develop, integrate, and implement each of those technologies and systems to enable the platform to function as a telecommunications relay. Failure to successfully design and implement any of these technologies, or an alternative technology, will have an adverse effect on StratoComm. There is no assurance that StratoComm will be able to implement any of these technologies.

StratoComm’s ability to execute a successful strategy of turning the STS technology onto subscriber applications requires the negotiation of a variety of complex, third-party contractual arrangements, such as joint product development, manufacturing, marketing, and distribution arrangements and joint venture relationships within and outside of the U.S. Such relationships are required for platform and payload manufacturing, subscriber value development, and marketing and distribution. There can be no assurance that StratoComm will be able to enter into such arrangements or that the results of these relationships will perform adequately to implement the STS.

**Competitors**

StratoComm faces competition for its telecommunications services from traditional suppliers, such as existing land-based telecommunications companies, satellite companies, and other companies developing novel telecommunications service offerings. In developing countries, there is an additional risk of government interference within the telecommunications market. StratoComm also faces competition in the LTA vehicle development area. Various corporate, academic, and government entities are also developing stratospheric LTA solutions. There is a risk that these programs will deliver a product to market sooner than the Company and thus capture a significant portion of the market. Snapshots of some of the entities that may present competitive alternatives to StratoComm’s technology and systems are provided on pages 33-35.

**Licensing and U.S. Federal Aviation Administration (FAA) Approval**

StratoComm anticipates that most countries will require STS platforms to have some type of aviation regulatory approvals, since these units are positioned over the airspace of each country, although typically not within controlled airspace. In some countries, regulatory approval will be an “airworthiness certificate,” whereas in other countries, the approval will be an ad hoc authorization to remain geostationary at a specific altitude. In addition, in countries where the STS platforms are initially deployed, there will also be a need for a temporary authorization to travel in controlled airspace on the way to stratospheric altitude and deployment.

There is no assurance that FAA approval will be granted at all, or if granted, will be made when needed to meet StratoComm’s deployment schedule. Moreover, any changes to FAA rules that impose additional restrictions on StratoComm, or StratoComm’s failure to obtain these approvals, will have an adverse effect on the Company’s business.

**Export Regulatory Approvals**

Certain components of StratoComm’s system may require export license approvals from the U.S. Departments of State, Commerce, and Homeland Security in order to export the technology outside of the U.S. StratoComm’s failure to secure such authorization would have an adverse effect on its ability to conduct business.
Protection of Intellectual Property

StratoComm plans to protect its proprietary technology with a combination of patent, trademark, copyright, and trade secret laws, employee and third-party non-disclosure agreements, and other methods of protection. StratoComm has filed several patent applications both in the U.S. and internationally relating to thermal management control, helium replenishment, boundary layer control, and secure remote telecommunications. StratoComm intends to file additional patent applications protecting proprietary systems and components of the platform, telecommunications system, user devices, and related technology.

StratoComm relies on the legal protection afforded by the patent applications associated with its technology, but there can be no assurance that these measures will be adequate or that StratoComm’s competitors will not independently develop unforeseen alternative technologies that are superior or equivalent to StratoComm’s technologies. It may also be possible for unauthorized third parties to reverse-engineer portions of StratoComm’s technology or otherwise improperly obtain and use information that StratoComm regards as proprietary. Furthermore, the laws of some foreign countries do not protect StratoComm’s proprietary rights to the same extent as do the laws of the U.S. The inability of StratoComm to secure legal protection of its technologies or the infringement by third parties may have an adverse affect on StratoComm.

There is no active trading market for the Company’s Common Stock.

There is no active trading market for the Company’s Common Stock, which trades on a very limited basis on the Over-the-Counter Pink Sheets (OTC.PK). Accordingly, prospective investors who are unable to bear the risks of an illiquid investment should not purchase units or any other securities of the Company.
Recent Events

08/27/2008—StratoComm Corporation elected to cancel the special shareholder meeting previously scheduled for Monday, September 29, 2008. The matters to have been placed before StratoComm’s shareholders at the September special meeting are scheduled to be included in StratoComm’s first annual meeting, which is planned for the second Monday in April 2009. The agenda included election of an expanded Board of Directors, for which the Company intended to present its slate of nominees, among other items.

08/05/2008—Reported that Evergreen ISP Platforms, its joint venture partner for Cameroon, successfully received formal delivery of its telecommunications licensing from the Telecommunications Ministry of Cameroon as well as formal delivery of all required frequencies to support subscriber services for up to 1.5 million subscribers. The frequencies were authorized by the Telecommunications Regulatory Board of Cameroon.

07/22/2008—Announced the appointment of Mr. Charles R. Snyder (biography on page 11) as its vice president of systems engineering.

07/11/2008—Designed and implemented a new expanded website (www.stratocomm.net) in support of its global market development strategy.

07/11/2008—Engaged Mr. Demetrio “Danny” Romeo (biography on page 11) as its vice president of marketing.

06/01/2008—Elected to terminate its Cooperative R&D Agreement with Lockheed Martin Aeronautics Company (part of Lockheed Martin Corp. [LMT-NYSE]) in order to exercise more control over the resulting intellectual property and to reduce stratospheric development costs.

05/14/2008—Announced that it responded to a request to propose a wireless information technology (IT) infrastructure to service the five primary cities of the country of Turkmenistan. Turkmenistan is interested in developing information technology infrastructure as part of an effort to vitalize growth in its medical, scientific, and educational communities with minimal impact to Turkmenistan’s unique culture. StratoComm’s system design will likely support Voice over Internet Protocol (VoIP), Internet, and broadcast services to the capital city of Ashgabat with additional service to the primary port city of Turkmenbashi as well as services to the cities of Mary, Turkmenabat, and Dashoguz.

03/18/2008—Announced that the Company met with the Federal Aviation Administration (FAA) to inform the agency of StratoComm’s plans for its first stratospheric lighter-than-air (LTA) test flight. The purpose of the briefing was to make the FAA aware of StratoComm’s overall stratospheric development program, the schedule for its completion, and its preparations for launch, as well as to elicit expectations that the FAA may have for StratoComm’s overall development plans. StratoComm was evaluating various test sites both in the U.S. and elsewhere throughout its target market.

02/20/2008—Announced the sale of Transitional System telecommunications equipment and services valued at $15 million to StratoComm Madagascar SA, a joint venture company based in Madagascar.

11/20/2007—Announced that the Company was awarded a $45 million contract for the sale of Transitional System telecommunications equipment and services to Evergreen ISP.

10/24/2007—Announced that Chairman Roger D. Shearer issued a statement to shareholders detailing the Company’s achievement and operational progress during 2007. He also outlined some of StratoComm’s plans for 2008.
**Glossary**

**Aerostat**—A lighter-than-air (LTA) craft, such as a balloon or airship. Its lift is caused by buoyancy relative to the surrounding air.

**Association of Southeast Asian Nations (ASEAN)**—An organization of countries in Southeast Asia established to promote cultural, economic, and political development in the region. Member countries are as follows: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

**Attenuation**—A decrease in signal magnitude between two points or between two frequencies.

**Backhaul**—A terrestrial communications channel linking an earth station to a local switching network or population center.

**Broadband**—Commonly refers to high-speed Internet access. The Federal Communications Commission (FCC) defines broadband service as data transmission speeds exceeding 200 kilobits per second (Kbps), or 200,000 bits per second, in at least one direction: downstream (from the Internet to the user’s computer) or upstream (from the user’s computer to the Internet).

**CDMA (Code Division Multiple Access)**—A method for transmitting simultaneous signals over a shared portion of the spectrum. The foremost application of CDMA is a digital cell phone technology. CDMA phones are noted for their call quality. In addition, CDMA requires fewer cell sites than other alternative digital cell phone systems and provides three to five times the calling capacity.

**Commonwealth of Independent States (CIS)**—CIS is the international organization consisting of 11 former Soviet Republics: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan. Turkmenistan discontinued permanent membership as of 2005, and is now an associate member.

**Customer Premise Equipment (CPE)**—The terminal, equipment and/or inside wiring located at a subscriber’s premises, which is connected to a carrier’s communication channel(s).

**Digital Divide**—The social implications of unequal access of some regions of the world to information and communications technology.

**EV-DO (EVolution-Data Only)**—A 3G high-speed digital data service provided by cellular carriers worldwide that use the CDMA technology, including Verizon Wireless and Sprint Nextel in the U.S. EV-DO works on EV-DO cell phones as well as laptops and portable devices that have EV-DO modems. EV-DO users have typically experienced downstream data rates up to 600 Kbps.

**Fiber Optics**—An optical technology related to the transmission of light through transparent fibers, as in the form of pulses for the transmission of data or communications or through fiber bundles for the transmission of images. Fiber optic technology offers high-bandwidth, small-space needs, and protection from electromagnetic interference, eavesdropping, and radioactivity.

**Fixed Line Penetration**—The degree to which a service or infrastructure is available in a particular market or region. It defines what segment or percentage of the population is able to access communication services provided by fixed (main) lines.

**Gateway**—An earth station and computer complex that switches data and voice signals between satellites/HAPS and terrestrial networks. Also, a device that converts one protocol or format to another or a device that acts as a go-between for two or more networks that use the same protocols.

**Geostationary**—Traveling at an altitude of at least 35,000 kilometers and at a speed matching that of Earth’s rotation, thereby maintaining a constant relation to points on Earth.
Gigahertz (GHz)—A measurement of transmission frequency either over airwaves or through a conduit, such as a fiber optic or network cable. One GHz is one billion times per second or 1,000 megahertz (MHz).

Group of Eight (G8)—Eight of the world’s economically leading countries that in a cooperative effort meet periodically to address international economic and monetary issues.

Global System for Mobile Communications (GSM)—A digital cell phone technology based on TDMA that is the predominant system in Europe, but also used worldwide. Developed in the 1980s, GSM was first deployed in seven European countries in 1992.

HSPA (High-Speed Packet Access)—A family of high-speed 3G digital data services provided by cellular carriers worldwide that use the GSM technology. HSPA service works with HSPA cell phones as well as laptops and portable devices with HSPA modems. HSPA evolved from WCDMA and is a major enhancement with more channels and different modulation and coding techniques. In addition, HSPA can recover faster from errors than WCDMA.

Internet Protocol (IP)—The method by which data is sent from one computer to another on the Internet. Each computer on the Internet has at least one IP address that uniquely identifies it from all other computers. When data is sent or received, the message is divided into little chunks called packets. Each packet contains the sender’s and receiver’s Internet addresses. The packet is sent first to a gateway computer that reads the destination address and forwards the packet to an adjacent gateway that in turn reads the destination address. This process continues until one gateway recognizes the packet as belonging to a computer within its immediate neighborhood or domain. That gateway then forwards the packet directly to the computer whose address is specified.

Lighter-Than-Air (LTA)—Relating to a balloon or other aircraft that flies because it weighs less than the air it displaces.

Megabits Per Second (Mbps)—Not to be confused with MBps (megabytes per second), Mbps is a measure of bandwidth (the total information flow over a given time) on a telecommunications medium. Depending on the medium and the transmission method, bandwidth is also sometimes measured as Kbps (thousands of bits or kilobits per second) or Gbps (billions of bits or gigabits per second).

Narrowband—A designation of bandwidth less than 56 kilobits per second (Kbps).

Payload—Refers to the load carried by a vehicle exclusive of what is necessary for its operation. In particular, a payload is the load carried by an aircraft or spacecraft consisting of passengers, instruments, and other equipment necessary for the flight. For StratoComm’s purposes, the payload defines the capabilities of the communication infrastructure.

Purchasing Power—The ability to purchase goods and services. The value of a particular monetary unit in terms of the goods or services that can be purchased with it, compared to an established base. Also called buying power.

Redundant Systems—In information technology, redundant systems could describe any computer, telecommunication, or network system components that are installed as back up in case the primary resources fail.

Social Overhead Capital (SOC)—Capital spent on social infrastructure, such as education, health services, and public infrastructure. Telecommunication infrastructure, whether publicly or privately funded, is a crucial element of SOC.

Spot Beams—Satellite signals that are specially concentrated in power in order to cover only a limited geographic area.
Stratosphere—The layer of the atmosphere above the troposphere and below the mesosphere. It exists approximately 14 kilometers to 22 kilometers (8 miles to 12 miles) above the Earth’s surface. In the stratosphere, temperature increases with altitude. As both the Earth’s weather and aviation activities occur in the troposphere, StratoComm’s stratospheric airships are anticipated to be unaffected by inclement weather conditions or commercial or military aircraft. For reference, Mount Everest only extends through the troposphere; the ozone layer is found near the top of the stratosphere; meteors burn up in the mesosphere; and the space shuttle flies in the thermosphere (which is located above the mesosphere). Figure 13 on page 25 illustrates the layers of the atmosphere.

Telecommunications—Any transmission, emission, or reception of signs, signals, writings, images, sounds, or intelligence of any nature by wire, radio, optical, or other electromagnetic systems.

Teledensity—The number of landline telephones in use for every 100 individuals living within an area. A teledensity greater than 100 means there are more telephones than people. Third-world countries may have a teledensity of less than 10.

Telemetry—An electronic device that transmits specific data (measurements) to a remote site.

Telephony—Transmitting voice or digital information between two parties by using the telephone or telephone-related technology.

Terrestrial—Relating to, originating, or operating on land.

Voice Over IP (VoIP)—An IP telephony term for a set of facilities used to manage the delivery of voice information over the Internet. VoIP involves sending voice information in digital form in discrete packets rather than by using the traditional circuit-committed protocols of the public switched telephone network (PSTN). A major advantage of VoIP and Internet telephony is that it avoids the tolls charged by ordinary telephone service.

WCDMA (Wideband Code Division Multiple Access)—A 3G high-speed digital data service provided by cellular carriers that use the TDMA or GSM technology worldwide, including AT&T (formerly Cingular) and T-Mobile in the U.S. WCDMA works on WCDMA cell phones as well as laptops and portable devices with WCDMA modems. Users have typically experienced downstream data rates up to 400 Kbps.

Wi-Fi—A logo from the Wi-Fi Alliance that certifies that network devices comply with the IEEE 802.11 wireless Ethernet standards. In the early 2000s, Wi-Fi/802.11 became widely used, and within a short time, all laptops and other handheld devices were equipped with built-in Wi-Fi. Earlier laptops can be Wi-Fi enabled by plugging in a Wi-Fi adapter via the USB port or PC card.

WiMAX (World Interoperability for Microwave Access, Inc.)—An organization founded in 2001 that promotes the IEEE 802.16 wireless broadband standard and provides certification for compliant devices. WiMAX is designed to extend local Wi-Fi networks across greater distances, such as a campus, as well as to provide last mile connectivity to an ISP or other carrier many miles away. In addition, mobile WiMAX offers a voice and higher-speed data alternative to cellular networks.

Wireless Local Loop—Providing communications directly to the home or office via wireless transmission. It is a "last mile" system that does not use copper or fiber-optic cable.
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