

---

## Solar Panel Availability Update (April 2007)

For the past 30 months, there has been a worldwide shortage of solar panels. This shortage was first the result of insufficient production capability by the solar panel manufacturers when worldwide demand started to jump and a shortage of silicon, the main ingredient needed in the production of the solar cells used in solar electric panels. At the same time, Germany and Japan had lucrative incentive programs resulting in a large use of solar panels, and therefore, production going to these countries.

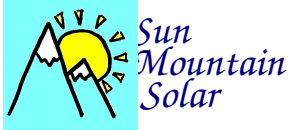
During 2006, the situation changed in that Germany installations grew only at a 10% rate, down from 30% the year earlier, and installations in the US increased by over 30%. Another major event in 2006 is that silicon demand for the production of solar panels passed silicon usage for semi-conductors for the first time, and continues to grow. Silicon manufacturers have responded to this demand with increased production, allowing for increased production of solar panels. This is all good news.

As in 2006, 2007 is seeing many states developing incentive programs to help increase the use of renewable energy technologies such as solar PV and solar thermal. The federal government has extended the tax rebate through 2008, with current legislation attempting to modify the tax credit amount for solar PV and extend the tax credit through 2015. This is good news for the consumer, but may mean that increased demand for solar installation will cause the solar panel shortage to continue, though for different reasons than in the past.

The impact of this demand-caused shortage is again causing some delay in obtaining solar panels from some manufactures, but others have supply immediately available. When there is a delay, it is typically in the **4 week – 8 week** time frame.

With the US becoming the dominant world-wide market, it is expected that there will be solar panels available at any point in time. But, availability of solar panels of specific sizes and by specific manufactures will vary continuously. Sometimes we are lucky and request specific panels that are already available or are just becoming available. When this happens, we can fill the order almost immediately. Other times, we must wait.

At Sun Mountain Solar, we suggest that flexibility be used to help us deliver solar panels and package systems to you as quickly as possible. For example, allowing us to substitute modules of a different size and output, but delivering the approximate same total watts output, will allow us to get the next available module size to satisfy your needs. That is how we structure our grid-tie package systems, where you do not order by specific module types, but rather by rated system output. We do know, however, that there are times you will need an exact module size to supplement existing systems or for other reasons. In these instances, we ask that you be patient while we do our best to fill your order.



One other impact from the recent shortage is that manufacturers are requiring pre-payment of all orders for solar panels, just to get a position in the order to fill list. Thus, we can only place your order after receiving full payment from you, giving us the ability to place the order with our distributors. We will make our best efforts to minimize the order fill delay.

Thank your for you support and trust in Sun Mountain Solar. We appreciate your business and look forward to fulfilling your needs.