

The Business Case for eLoran

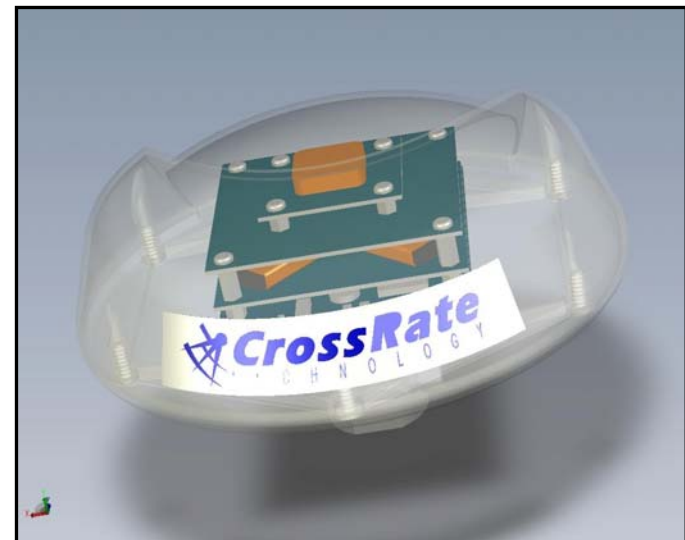


Producing the next generation of Integrated GPS/eLoran Receivers

Presentation for:

International Loran Association

October 17, 2007



Recap - 2006

- Significant Market Opportunities Exist
- Customers are willing to buy today
- Understand Customers Buying Habits
- Understand Market Dynamics
- Avoid Commoditizing the Solution
- Maintain Team Attitude Throughout Commercialization Process

Today's Goal

- Provide Insight Into:
 - Customers
 - Markets
- Why?
 - I think the system is better off if the policy makers and the engineers understand the end user.
- Disclaimer:
 - As a private company I can't just hand over our customer list.

Target Market Detail

Market Segment	Current Market Size	Market Potential (Projected 2010)
Maritime	\$250M (2004)	\$432 M
Fleet Management	\$445M (2003)	\$861 M
Military	\$167M (2005)	\$225 M
Timing (Telcom)	\$250M (2005)	\$445 M
Total Market	\$1.112 B	\$1.963B B

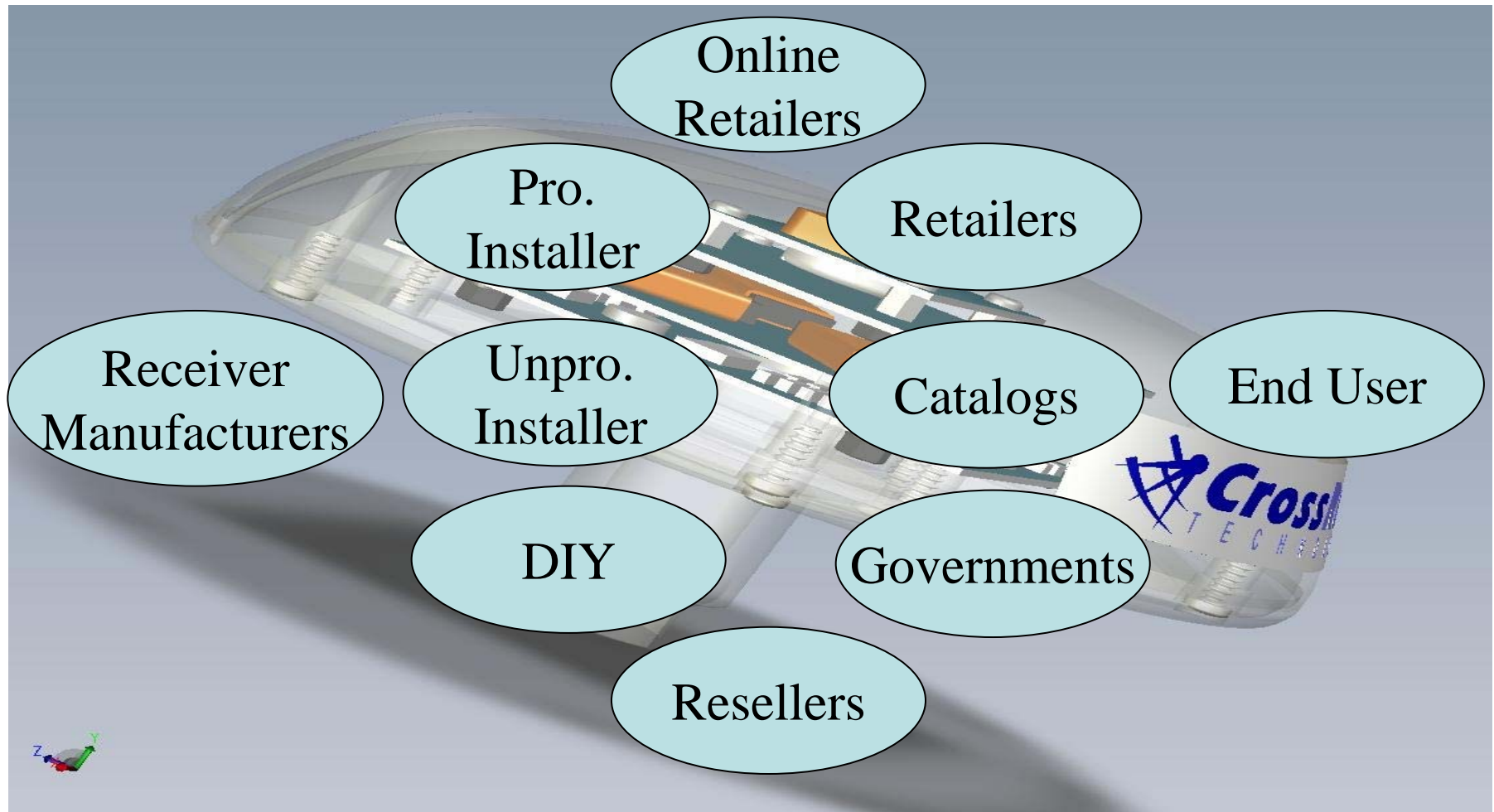
Product Validation Effort

- Meetings with members of the value chain:
 - End Users
 - Decision Making Unit (DMU)
 - Resellers
 - Installers
- Target 30 meetings per market segment

Objectives To Validate

1. Fundability
2. Market segment
3. Market size
4. Revenue opportunity
5. Product
6. Features
7. Price
8. Competition
9. Reference accounts
10. Build the team
11. Elevator pitch
12. Positioning words & phrases
11. Value propositions
12. Responses to objections
11. Customers
12. Channel Partners
13. Service and support plan
14. Backlog

Generic Value Chain



Target geography



Who have we met with?

- Maritime Meetings
 - Maine
 - New Hampshire
 - Florida
- Asset Tracking (trucking, containers, etc.)
 - Europe
 - Maine
 - Delaware
 - Pennsylvania
 - California
- Government
 - Maine
 - Federal (Coast Guard)

Asset Tracking

- Understand Who Realizes the Problem
 - Low Value Trucks – 30min update rate
 - Police – 5sec update rate
- Containers
 - Worst of all worlds...but extremely lucrative.
 - Maritime and land mobile.
 - 50% carry more than \$75k in goods.
- DMU includes the CEO and CFO.
- CrossRate is receiving calls from companies asking for our product.
 - Literally finding us on the web.

Commercial Vessels

- Captains very quickly understand the need for eLoran and integrated receivers.
- Ship Captains are not generally the final decision maker on purchases.
 - The back office often plays a significant role.
 - Regulation may be necessary to force large, commercial ships to adopt eLoran.

Mega Yachts



Mega Yacht



Mega Yacht Industry

- Up to 10 GPS receivers per yacht
- 3-5yr upgrade rates – faster for pilots
 - \$100k is cheap, \$200-\$250k common for nav equip.
 - \$1M+ if you include A/V
- Lots of crossover with commercial vessels
- Performance matters but aesthetics are critical.
- Excited about integrated eLoran/GPS units.
 - “A best of both systems receiver. I want the first one on my yacht.” Mega Yacht Captain

Maritime – Small Comm./Private

- Customer Description of the Product
 - “It’s the new GPS.”
 - “A more reliable GPS.”
 - “A best of both systems receiver. I want the first one on my yacht.”
- Customer Anticipated Adoption Rate
 - “If you can replace the flux gate compass these will sell to everybody.” - RJ
 - “Hard sell for first couple but once word of mouth on the waterfront starts they will sell like hotcakes.” -Lew Grant
 - “Will sell like WAAS receivers. Tell the customer the CrossRate receiver is just better than a basic GPS receiver and they will buy it.” - Hamilton Marine

Why Now?

- Commercial Maritime, Coast Guard, Navy:
 - Need dual redundancy for Location and Heading
- Hazmat and Critical Cargo and Timing
 - Publicity surrounding GPS vulnerability
 - Solar Flare Article by AP about GPS disruptions
 - Aviation International News Reports eLoran is staying
 - GPS World Articles on GPS vulnerabilities and eLoran abilities
 - Federal Computer Weekly – Pro-eLoran articles
 - Recent Outages
 - Solar flare related outage
 - San Diego outage due to Navy
 - Federal Request for Comment
 - 93% positive feedback from public

New Paradigm for Customers

- Information integrity is more important than the absolute accuracy of the position.
- Users are not realizing the value of their investment in GPS technology because of a lack of faith in the information provided.
 - Portland Police Department

Conclusion

- Customers are figuring out the problem on their own.
- Publicity concerning GPS fallibility will increase.
- User systems are designed to incorporate an upgrade.
- The market is here.