

**With Solar Becoming Mainstream and Representing 15% to 20% of the National Grid or Electric Demands, Principal Solar, Inc. is Well Positioned for Future Growth as a Renewable Energy Holding Company Focused on Acquisition, Finance, Development and Management of Solar Power Companies**

**Energy  
Solar  
(PSWW-OTCPK)**

**Principal Solar, Inc.**

**15851 Dallas Parkway, Suite 600  
Addison, TX 75001  
Phone: 214-561-8610  
www.principalsolar.com**



**Michael Gorton  
Chairman and CEO**

**BIO:**

A quintessential entrepreneur, mentor, and company builder, Michael Gorton has proven to be a strategic visionary, impacting the telecommunications, music, and healthcare industries. As founding CEO of Teladoc, the nation's leading telehealth company, Michael pioneered a health care model in which members had

access to telephonic physicians who could review medical records, treat, and prescribe medication that today supports the new paradigm in health care reform. As a founder and leader of Principal Solar, Michael applies his business expertise, scientific education, and training to the renewable energy sector – a strong voice and proponent of solar power.

Prior to this, Michael served as a partner of the Texas Acceleration Group (TAG), an entity formed to assist startup companies. Michael and other TAG partners founded Palo Duro Records to promote unknown country artist Shelley Laine. Within three years, Laine became the number one ranked independent artist in country music, was nominated for Best Female Artist in 2002, and put six songs on the charts.

In 1993, Michael founded Internet Global, a company that delivered the first DSL network and one of the first VOIP networks at a time when few people predicted the profound impact the Internet would have on communication and society. Prior to this, Michael worked as a project engineer at Dallas Power & Light dealing with power plants, distribution, transformer management, and integration of renewable energy into the grid.

Fueled by his passion for education, Michael has taught college courses in math, astronomy, and physics and published two novels and dozens of articles on topics ranging from physics to healthcare.

Michael earned his B.S. in Engineering from Texas Tech, his M.S. in

Physics from the University of Texas at Dallas, and his Juris Doctorate from Texas Wesleyan University.

**Company Profile:**

Principal Solar partners with solar owners and developers to aggregate the existing solar installation base in the US into a single, distributed solar utility. Capitalizing on the gigawatts of already-installed solar power, we provide a secondary financial benefit to existing owners of solar projects by bringing them into our network of independent solar power producers.

Principal Solar, Inc. is a publicly traded renewable energy holding company which concentrates its resources on the acquisition, finance, development and management of solar power companies to rapidly advance the inevitable utilization of solar power. The company is building the world's first online library dedicated exclusively to the field of solar energy – a 24-hour gateway to current information, perspectives and thought-leadership.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Mr. Gorton, Principal Solar is creating the world's first distributed solar utility, what is entitled in fulfilling your vision?

**Mr. Gorton:** We see a huge opportunity in solar, there is something transformational that is about to happen and a large portion of the population is not aware. The transformational event is the ability for solar to compete with traditional generation. What

we have seen for thirty plus years now is the cost of solar dropping exponentially. When the price of something drops exponentially, you have to ask yourself two questions: "How high was it when it started?" and "When will there be an inflection point so that it is in the mainstream?" We believe that inflection point, which the industry calls grid parity, is going to happen in the next three years, maybe less.

**CEOCFO:** Is grid parity strictly on the dropping of prices, or do you see more awareness?

**Mr. Gorton:** I think the primary question that Principal Solar is interested in is if there will be a time when solar can compete without government subsidies with mainstream power generation. By mainstream power generation, I mean traditional power plants like coal, nuclear and natural gas plants. Everybody in the industry today is very aware of the fact that natural gas is currently cheap and abundant. So, the real question is whether there will be a time when solar can compete with natural gas as it is priced today. If the trend lines continue as they have for the last few years, I believe solar will be competitive with natural gas in 2014. If the trends do not continue, parity could get pushed back to 2015, 2016, or 2017, but it is inevitable, and not only is it inevitable that solar will be able to compete, but it is also likely that solar will be cheaper than natural gas as a primary generation source.

**CEOCFO:** What is the plan that you are putting together and working on today?

**Mr. Gorton:** There are three elements to our business plan. Part one is hyper growth, which is accomplished through acquisition and some of our own construction. The next part is to become one of the industry thought leaders. Over the last year, we have written White Papers and a significant number of articles, and participated in several public speaking engagements. The White Papers, articles and speaking engagements put the company in the public eye, but more importantly, they help to educate a national audience as well as

our own team. Part three revolves around deciding what a company looks like that is building these large-scale generation facilities. We believe there will be a hybrid between the current model of renewable companies that understand solar and the traditional company that generates gigawatts of power and delivers it to the mass markets. Those are your traditional energy companies. We have worked hard to attract the interest of the traditional energy company, and I believe we have had huge success in that endeavor. Some of the best known people that have run and built large-scale traditional generating companies are now part of our board and advisor team.

**CEOCFO:** Given the fact that the mass use of solar is getting closer to reality, how do you find projects that people are willing to give up and sell

**We have an opportunity based on a growing demand or requirement for electricity. Solar is one of the obvious answers. I think the big surprise for next year is going to be that people are going to realize that as we finish 2012 and go into 2013, solar is about to enter the mainstream, and when that starts happening, that industry will begin to evolve rapidly. - Michael Gorton**

to you?

**Mr. Gorton:** We thought it was going to be much easier than it has turned out to be. There are nearly ten thousand projects that more or less meet our criteria for acquisition; but what we found is that the people that build those projects look at them like their children, so they have a difficult time parting with them. The good news is that we have created an opportunity where we are extremely successful if we do 10-15 acquisitions a year. That number represents a very small percentage of the existing ten thousand target candidates. The last few months, we have been covered up with negotiations and new deals. The business plan is on track and accelerating.

**CEOCFO:** You mentioned Principal is doing a lot of publicity. Where is the public sentiment, especially given the economy and political climate?

**Mr. Gorton:** The Company is still below the radar. Right now, that is the best place for us. Many people confuse the industry at large with Solyndra and companies like Solyndra. Just for clarification, I think Solyndra had one of the coolest solar panels out there. I think perhaps Solyndra's mistake was that they felt like they needed to make the coolest solar technology. Unfortunately, this industry is driven by cost, not by cool. At the end of the day, people may have an opinion about nuclear, coal, or natural gas, but when they plug something into the wall, they want cheap electricity, and you cannot have the coolest technology and also have the cheapest electricity. The manufacturers that are winning the battle right now are the ones that realize solar is essentially a rock that turns sunlight into electricity. There are no moving parts, and the fuel is free. It is critical

to realize that people who figure out how to manufacture that rock and get it on the market as dependably and inexpensively as possible, are the people that are going to win the battle. That is not the battle that Solyndra was fighting. They were creating the coolest panel, not the cheapest. If you are in my age group, you remember in the

late 1970s and into the early 1980s, we had an industry called the computer industry, and back then, there were companies that were giants like Sperry Univac. You can look up name after name of the giant computer companies that were building these main frames, and some of them even merged into the PC market. However, most of them are now gone, but the computer industry is not. If you have a smartphone or iPhone, you have something that in the late 1960s or early 1970s would have cost a trillion dollars and cover acres of land rather than a few square inches in your pocket. The computer industry has survived and thrived in spite of the fact that most of the power-house companies during the seventies and eighties are now gone. I suspect the same thing will happen in the solar industry. There will be many companies like Solyndra that will come and go, but the demand for power in this

country and in this world is so great that we will find solutions. Solar is going to be one of them.

**CEO CFO:** What is the financial picture like at Principal Solar to allow for implementation of your plan?

**Mr. Gorton:** We are a very passionate team of successful businessmen and entrepreneurs, but we clearly have to raise the capital necessary to accomplish our objectives. A quick study of our bios will tell you that we are a team that has done this before. This is a huge opportunity and the people that figure it out are going to get really nice returns. An industry that has been around for a hundred years is about to change because of a rock that turns sunlight into electricity with no moving parts. When it is all

built out, solar is probably only going to represent fifteen to twenty percent of our national grid or electricity demands. Still, it is a huge number that is already beginning to develop. The (future) winners are currently hard at work and largely unknown companies. The perceptive investors who catch the beginning of this gold rush and pick the winners upfront are going to have nice returns.

**CEO CFO:** What should readers understand that may be beneath the surface? Why should investors pay attention to Principal Solar?

**Mr. Gorton:** The interesting thing is that the world is now changing and people are starting to realize that. Sadly, thus far, this has been a political question. When I look out at it and

I put my capitalist hat on, I wonder why this is a democrat/republican or green movement/capitalist question. It should not be. We have an opportunity based on a growing demand or requirement for electricity. Solar is one of the obvious answers. I think the big surprise for next year is going to be that people are going to realize that as we finish 2012 and go into 2013, solar is about to enter the mainstream, and when that starts happening, that industry will begin to evolve rapidly. It is the pioneers right now that are driving it who are going to end up at the top of it, but many followers are going to join the fray in the next three years as it becomes so obvious that it cannot be ignored.



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