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IFC INVESTS IN SOLUZ HONDURAS
Solar Electric Energy Delivery Operations to Expand

Chelmsford, MA, USA – SOLUZ, Inc. announced today that its Honduran subsidiary, Soluz Honduras, S.A. de C.V., and the International Finance Corporation (IFC) had signed an agreement for investment of \$500,000 toward a 5,000-customer commercial solar electrification project. The agreement includes the first-ever equity investment in a photovoltaic company by the IFC's Small- and Medium-Scale Enterprise (SME) Program.

Soluz Honduras supplies photovoltaic (PV) systems to rural customers in northwestern Honduras to provide energy for lighting, social communications, and income-generating activities, chiefly on a fee-for-service, or rental, basis. Along with households, the company's customers include a significant number of small businesses and power many income-generating locales that benefit from access to targeted amounts of energy, such as stores and sewing operations.

Soluz Honduras launched its PV fee-for-service offering in 1998. Under the fee-for-service option, customers pay set monthly fees for the rental of any of several PV systems packages, including installation and maintenance. The fee-for-service arrangement allows access to clean, safe PV technology at rates close to the energy expenditures of many rural customers on technologies such as kerosene for lighting, dry cells for radio and cassette use, and automotive batteries for television viewing.

The operations of Soluz Honduras are modeled on those of Soluz Dominicana, a company serving customers in the Dominican Republic with solar energy for more than a decade. Both companies are majority-owned subsidiaries of SOLUZ, a Massachusetts-based business and technology development company commercializing renewable energy within key markets.

Through the SME, the IFC is investing funds from the Global Environment Facility, aimed at promoting environmentally sound and sustainable economic development by assisting in the protection of the global environment. SOLUZ has attracted to its business activities investors such as E&Co, Environmental Enterprises Assistance Fund, and the Calvert Group's World Values International Equity Fund.

"We are very pleased that the IFC is financing the expansion of Soluz Honduras," said Richard Hansen, president of SOLUZ and Soluz Honduras. "Soluz Honduras efficiently applied initial start-up capital in 1998 and 1999 to establish the fee-for-service operation. Now this round of financing, including the IFC investment, will allow us to reach profitability and prove out our business concept in Honduras, positioning the company for continued expansion."

Soluz Honduras's operations had grown to 500 fee-for-service customers by late 1999, despite the effects of 1998's Hurricane Mitch, and its total rural customer base, including systems sold and installed by the company and by independent rural PV installation enterprises, to over 1,000. The IFC investment, a mixture of debt and equity, is part of a financing package to fund Soluz Honduras's scale-up to the break-even point and beyond over the next two years, as part of a near-term expansion to 5,000 fee-for-service customers, benefiting well over 30,000 people. The operation will be positioned to expand to up to 50,000 customers, of the country's total of more than 500,000 unelectrified households.

Said Doug Salloum, manager of the IFC-SME Program, "The rural off-grid PV market is a difficult one. Soluz has a better chance of success than most participants in this field because of the practical experience already gained by Richard and his staff."

"We are very excited about expanding quality solar electric service to rural areas not served by the national utility," added Hansen.

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