



BUSINESS PLAN 2002



RED WOLF TECHNOLOGIES

BUSINESS PLAN 2002

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The information contained herein has been prepared to update current investors in Red Wolf Technologies, Inc. and does not purport to be all inclusive or to contain all of the information a shareholder may desire. Information presented on market analysis and customer needs were extracted from a number of sources.

The summary includes certain statements, estimates, and forecasts with respect to the anticipated future performance of the Company. Such statements, estimates, and forecasts reflect various assumptions concerning anticipated results, which assumptions may or may not prove to be correct. No representations are made as to the accuracy of such statements, estimates, or forecasts.

No person has been authorized to give information or to make any representations other than those contained in this Business Plan. If such other information or representation is given or made, it must not be relied upon as having been authorized by Red Wolf Technologies, Inc.

Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has certified the accuracy or adequacy of this summary. A representation to the contrary is a federal offense. Any questions should be directed to the following company officers.

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Introduction

You're a successful general contractor and are known for the quality of your work. Business expands and so do the number of jobsites. You find yourself purchasing more equipment, more tools and hiring additional employees. With the acquisition of additional equipment and labor your ability to closely monitor each site is strained. Mysteriously, equipment, tools, and materials disappear from some of the jobsites. As a result, lost productivity, replacement costs, insurance hassles, and inevitable delays in job completion are constant sources of frustration. You'd like to expand even further but find that monitoring equipment theft is too draining physically and financially.



"Construction crime experts claim that anywhere between 5% and 20% of the cost of building a subdivision goes directly to replace stolen materials, tools, and equipment."
-CONTRACTORMag.com
October 1999

After being the victim of numerous jobsite thefts, Dan Wolfe, a general contractor at the time, initiated the development of a technology that would be able to track his company's construction equipment. Using cellular technology, Dan created a solution that enables the owner to place a small trackable alert device, hidden on the equipment or materials that provides instant notification of a theft and enables instant response. This was the birth of the Stealth Shield.

Dan used the equipment personally and tested the technology in a variety of conditions with exceptional results. Red Wolf Technologies was then founded for production and sale of this patent pending device on a worldwide scale. Red Wolf Technologies is being positioned to become the niche leader in security tracking devices.

Market analysis reveals that the Stealth Shield is superior to all other competitors due to its remarkable combination of cost, size, functionality, ease of use, trackability, and reliability. The Stealth Shield allows for instant notification of any problem, listen-in capability, and precise trackability. The cost per unit is projected to be \$495, whereas similar, less effective, and larger devices that use GPS technology cost upwards of \$3,000 for a tracking system. The only other option currently available uses radio directional signals, which is not only less accurate but is still more expensive, often in excess of \$700.



This photo illustrates how easy the stealth shield is concealed on even small pieces of equipment.

Red Wolf Technologies is currently seeking investment to finance the company's expansion into the release and distribution stage of operations. Investors will have the unique advantage of having their investment in Convertible Notes. These notes are due after three years of collecting interest and/or converting the investment to common stock.

"Construction vehicle thefts add up to more than \$1 billion annually"

-Contractor Magazine
October 1999



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Problem / Solution

Owning the proper tools or equipment is essential to the success of any company. In fact, equipment is typically the largest asset on the books of construction companies.

It is estimated that capital expenditures for equipment in this industry results in nearly 20% of company's total earnings. Without the right tools, you can't do the job.

Equipment stolen from a jobsite not only eats into the company's profits for replacement, but causes insurance rates to increase. The time it takes to replace the equipment pushes the projected completion of each project back as well. Lost time then translates into lost revenues. Only 10% of stolen construction vehicles and less than 1% of stolen materials and smaller equipment are ever recovered.

Tracking technology has been available for some time but a solution that is both cost effective and delivers the type of instant notification and accuracy needed to actually recover stolen items has not. Using cellular technology, Red Wolf Technologies has been able to provide a variety of features previously unavailable, while keeping the cost per unit accessible for the target market.

The Stealth Shield is a small inconspicuous device, about the size of a paperback book, which can be attached to any item or area that needs to be secured. The alarm is triggered when the device is jarred, moved or otherwise disturbed. The disturbance to the secured item or area will alert the owner through a cellular phone call. The owner not only knows of the incident, but is able to monitor any activity that triggered the alarm by continuing to listen to the call. The greatest feature is the ability the owner has of tracking the protected item if removed. The perpetrator is unaware the item is being tracked. The Stealth Shield is the only portable monitoring and tracking device that provides so much functionality and can be completely controlled by the property owner.

Example:

After work is stopped for the day, you, or one of your employees, activate the Stealth Shield you've attached to your equipment. Your cellular phone rings around 9:00PM while at the supermarket and you pick up to find out that the alarm on the equipment trailer has been set off. After calling local

police, you hurry to your truck and are able to listen to the thieves talking as they steal equipment in the trailer at your jobsite. You hurry to the site but the thieves have already succeeded in hauling off the equipment. Fortunately, you are able to track your equipment almost anywhere via the signal from the Stealth Shield. Once you and local police track down the thieves using a small antenna, the equipment is recovered, and all that was lost was a little time.

The Stealth Shield is designed to secure valuable mobile property such as:

- Nail guns, generators, compressors, power saws, toolbox, laser levels, jobsite trailers
- Computers, copiers, laptops, printers, fax machines
- Loaders, backhoes, tractors, dozers, fork lifts, welders
- Appliances, lumber, water heaters, copper fittings, air conditioners, toilets

Red Wolf Technologies has filed for a patent through the United States Patent and Trademark Office, with a patent pending. "Stealth Shield" is the working title for the security device of Red Wolf Technology. Final branding, product naming, and securing of trademark will be completed prior to official launch.





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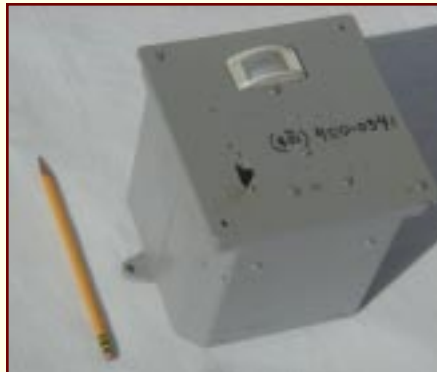
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Company History

Daniel Wolfe, the President / CEO of Red Wolf Technologies, conceived the idea of the Stealth Shield in 1980. Daniel was supervising at a construction job site in Southern Utah when several thousand dollars worth of equipment was stolen. Frustrated with the lack of help provided by local police, he decided to set up his own “sting” operation.

Dan had a friend whose hunting dogs wore collars with beepers in them. Whenever the dogs roamed out of earshot, the friend would pull out a portable radio-tracking device and follow them. Dan borrowed a collar from his friend, took it apart, and hid the beeper in a chain saw that he left on the site. Soon the chain saw was stolen, and Dan borrowed the tracking device and followed the signal to a garage at the edge of town. He called the police and waited as they searched the garage and found not only the chainsaw, but many thousands of dollars worth of stolen property. The two men ended up in jail, and Dan continued to run his construction projects, all the while considering how to put the tracking concept to work on a larger scale.

Stealth Shield (first stage): the Company’s first prototypes created in December 2000. Although fully functioning, the device has since been reduced in size.



It wasn’t until Dan was again the victim of theft—this time an entire tool trailer with \$5,000 worth of equipment—that he became serious about finding a device on the market. He found expensive alarm systems and ineffective locking devices, but nothing that would really work.

Frustrated with the situation, Dan developed the Stealth Shield. With the advent of cellular technology, Dan sketched out a device that would combine an alarm system with a cellular phone. After various revisions, a couple of different prototypes, and qualifying for Brigham Young University’s Capstone Project*, Red Wolf Technologies is now planning a full production and distribution rollout.

Funding for Red Wolf Technologies progress to this point, has been principally provided by two people: Daniel Wolfe, who has invested \$100,000, and an outside investor who has invested \$50,000. Red Wolf Technologies’ expenses have been primarily in developing the prototype, filing the patent application, securing initial manufacturing, and completing the marketing plan.

Red Wolf Technologies’ immediate future lies in securing financing and pushing into product release and distribution. Securing the necessary financing will allow Red Wolf Technologies to develop a sales and marketing effort to further promote the product to defined target markets.

Stealth Shield (second stage): This photo shows the Stealth Shield after refinements and increased functionality. This product weighs around three pounds as opposed to eight pounds for the first prototype.



Stealth Shield (third stage): This photo shows the Stealth Shield after further refinements. This version will be released for sale to the public.



*BYU’s Capstone Projects are chosen by professors in the Engineering Department, to be used as the graduating seniors final project. The Department seeks companies with viable products to take from prototype stage into production.



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Management Team

The daily management team consists of Daniel G. Wolfe, President and Chief Executive Officer and Paul C. Redd, Chief Operations Officer. The management team also consists of Phil Bunker who serves as the Chief Technical Officer, and Craig Shields, Chief Financial Officer.

The officers of Red Wolf Technologies plan to retain certain large investors as members of the Board of Directors, and procure the services of a VP Marketing and Production Manager. Kevin K. Johanson has served as the Company's patent attorney. The law firm of Parsons, Behle, and Latimer has been retained as legal counsel.

Daniel G. Wolfe, President / Chief Executive Officer

Mr. Wolfe, Founder, President, and CEO, has vast experience as a project manager in the construction industry. Mr. Wolfe worked as project manager for Ellsworth-Peck Construction, initially brought in to oversee an existing project nearly a year behind schedule. He was able to meet original project deadlines. As project manager for Sahara Construction, Mr. Wolfe acted as one of two overall project managers for the construction of the Delta Center, \$90 million arena and home of the Utah Jazz. Mr. Wolfe has owned and operated his own construction company that has managed projects ranging from luxury homes to medical facilities. Mr. Wolfe has a degree in Construction Management from BYU. Mr. Wolfe will lead Red Wolf Technologies with his ability to maximize efficiency, motivate employees, and control quality and cost.

Paul C. Redd, Chief Operations Officer

Before joining Red Wolf Technologies, Mr. Redd served as CEO for Mimika, Inc., a management-consulting firm. He has

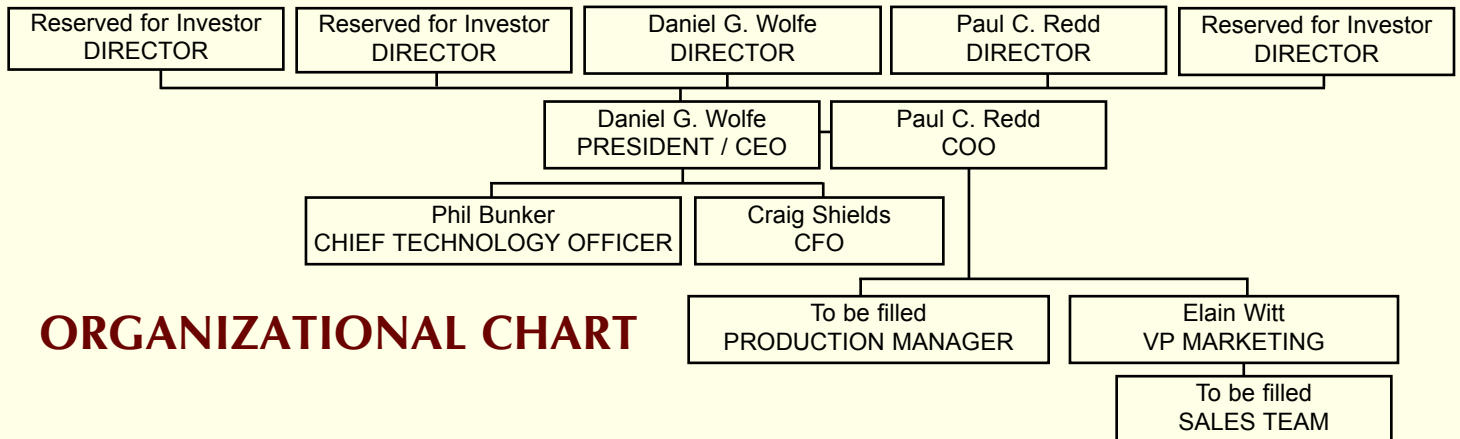
more than 25 years operating experience in the military and private sectors. As a retired Army Colonel, in his most recent assignment he was responsible for a \$35 million budget and headed up the effort to develop a strategic plan for the National Guard Medical Team. He holds an MBA from Utah State University. The value added comes from Mr. Redd's experience in strategic planning, management consulting, negotiation, and problem solving skills.

Phil Bunker, Chief Technical Officer

Mr. Bunker's most recent efforts have been with United Internetworks, Inc. As CTO and Co-founder, Mr. Bunker made presentations with the CEO to raise the initial \$4 million needed to begin the R&D effort. He oversaw a staff of 16 level 4/5 engineers working on the project. Prior to United Internetworks, he served as CTO of World Wireless Comm Corp., a public company listed on the NASDAQ. Mr. Bunker has a degree in Electrical Engineering from BYU. His ability as an engineer and technology developer is key to the success of the business.

Craig Shields, Chief Financial Officer, CPA

Mr. Shields has extensive experience in financial management, taxation and administration in companies at all stages of development. He has worked for both start-ups as well as fortune 500 corporations including iLumin Corporation, American Stores (now part of Albertsons), and Ernst & Young. While Mr. Shields was the principal financial officer for iLumin Corporation, the company grew from 7 to 125 employees, raised more than \$30 million in capital, and acquired two companies. Mr. Shields has a masters degree in Accounting from BYU.



ORGANIZATIONAL CHART



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Market Opportunity

Although the market for residential and business security products has grown steadily to a \$19-billion-a-year industry, the construction industry has not yet benefited significantly from improved security technology.

The industry is currently struggling for ways to reduce theft. Several anti-theft initiatives and crime prevention programs have been launched with little success. These initiatives are expected to raise awareness among contractors and employees as to the high cost of theft and provide some slowdown of the losses. However most of these programs are initiated by the equipment manufacturers and dealers that have designed the initiative to cover specific equipment that they sell, and doesn't cover the broad range of items needing protection. The Stealth Shield empowers contractors to take real steps to secure their own property. Contractors are ready for an effective solution they can implement themselves.

Government agencies and government construction sites have been consistent and frequent targets of vandals and thieves, the losses being paid with tax dollars. Red Wolf Technologies plans to become a supplier to government contractors and estimates this portion of the contractor market is as much as 10% of the total contractor theft market.

The U.S. Census Bureau estimated that total construction for the year 2001 was over \$812 billion, a 2% increase over 2000. The residential market represented \$350 billion, the private nonresidential market was approximately \$227 billion, and \$186 billion was spent on public construction projects. The Census Bureau documents over 700,000 individual contractors working in the U.S. as of the year 2000. These contractors represent the bread and butter for Red Wolf Technologies. First year acceptance has been targeted at roughly 2/10 of 1% of the 700,000, while conservatively forecasting the sale of 1,000 units.

The development of Red Wolf Technologies and the marketing of the Stealth Shield have been organized into a formal implementation plan. A phased approach will allow quick adaptation to the changing market dynamics, technology, and manufacturing efforts.

The projected timetable is as follows:

October - December 2002

- Secure financing via Reg D 504 offering
- Product size refinement
- Finalize models and pricing
- Subcontract the wireless service
- Subcontract manufacturing
- Audited financial statements
- Begin monthly updates to shareholders

January - March 2003

- Contact contractor magazines for promotion
- Secure distribution outlets
- First sales
- Make contacts with governmental agencies
- Form strategic relationships with equipment manufacturers
- Finish patent process
- Secure office space
- Hire experienced sales staff, commission based compensation

April - August 2003

- Develop company website with online ordering ability
- Partnership with equipment manufacturer websites for advertising links
- Attend first contractor trade-show
- Begin mailer campaign

September 2003 - February 2004

- Continue to ramp up production and sales
- Form relationships with potential acquisition candidates
- Increase distribution outlet size
- Begin IPO work

Red Wolf Technologies will immediately seek to establish strategic distribution and manufacturing partners in the telecommunications, insurance, and security industries.



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Sales

The initial target market for the Stealth Shield will be construction companies with minimum revenues of \$500,000 annually and an operating history of at least two years. These companies must also have a minimum of \$50,000 invested in tools, equipment, and construction vehicles. Other characteristics include having multiple job sites in operation at all times, accepting of both residential and commercial projects, and having multiple employees or sub-contracted laborers. The owners and managers of construction companies that meet these criteria are familiar with two types of purchase processes:

Direct Sales – Purchase based on a personal contact with a manufacturer's representative. The end-user will expect to be visited on-site, in the office, or on the golf course by a knowledgeable manufacturer's representative who demonstrates the tools or equipment, resolves any service or usage problems with previous purchases, and takes new orders. Contractors are accustomed to purchasing more expensive or complex tools and equipment in this manner.

Retail Sales – Purchase from a retail establishment. The end user will expect to go to a store and select merchandise from the shelves. Packaging must be compelling and provide sufficient information for both the purchase decision and the proper implementation. Generally less effective for high-end products.

Red Wolf Technologies will use both direct and retail channels, with a heavier emphasis on direct sales during the first year.

How does the customer hear about new products?

Construction company owners hear about new products from the following sources:

Colleagues and employees. This dialogue occurs at professional association meetings, on joint-venture projects, and at job sites. Many are members of homebuilders associations or contractor associations where discussion of new tools and equipment is expected.

Local and national tradeshow and expos. Most builders attend at least one tradeshow each year to exhibit their services and to see the latest building materials, technology, and tools. Often these shows are smaller local affairs, but the large national shows are also important to most contractors and they usually try to attend one every couple of years.

Store displays. Creative display and financial incentives can motivate store personnel to pitch new products when contractors are making other more routine purchases.

What type of advertising is effective with this customer?

Expo and tradeshow advertising. As early as April of 2003, Red Wolf Technologies plans to begin attending trade shows and exhibit the Stealth Shield.

In-person demonstrations. Builders are accustomed to having manufacturer's representatives stop by for a presentation. This will be a particularly effective way to sell the Stealth Shield.

Personal invitation receptions. Red Wolf Technologies will host receptions and demonstrations where top sales managers give a brief presentation and demonstrate the Stealth Shield's benefits. After the presentation attendees are encouraged to meet with the local factory reps to answer specific questions and place orders.

Other marketing strategies to be used by Red Wolf Technologies, considered to be moderately effective, are as follows:

Construction-related magazine advertising. There are a number of magazines related specifically to the construction industry. Editors are often willing to accept articles about new products and services of general interest to the industry. Red Wolf Technologies plans to make full use of this type of cost-free promotion along with running conventional column ads as well.

Internet Advertising. Red Wolf Technologies does not plan to use typical banner ads and unsolicited email to advertise on the internet. Instead, syndication of articles on prominent contractor web sites, linkage campaigns, and directory listings will be implemented. A website will be maintained as a host for some of the content and a way to provide more information about its products. Leads generated from other advertising will be funneled both to the website and to a phone number.

Newspapers. Red Wolf Technologies will also focus on editorial coverage in newspapers. Newspaper efforts will focus largely on publicity regarding thieves being caught and placement of news releases.



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Competitive Analysis

Competing products to Red Wolf Technologies' proprietary device, Stealth Shield, are based on a variety of different technologies. Within each technology there are numerous firms, each with competitive products within a particular niche. Current market research indicates no competitor using cellular digital / analog technology at this point. Tracking devices in general are common but the specific features and abilities provided by Red Wolf Technologies are superior and unique.

Tracking Devices

Most tracking devices are used to track commercial semi-trucks, hunting dogs, or the migration of a species being studied by scientists. The technology used is either through radio directional waves or the Global Positioning System (GPS) via satellites. OnStar technology on high-end vehicles is a good example of current GPS technology.

Radio directional waves are the least accurate of the two alternatives, and is typically used exclusively by hunters or scientists to track the general area of the animals. Prices range depending on accuracy desired and use, from \$80 for a neighborhood trackable pet collar, to \$700 for a fairly accurate tracking system that would typically be used for a scientist tracking migration. One disadvantage to using a fairly accurate directional tracking device is that the user is required to hold a large antenna. Similar radio wave technology is used by ski patrol to locate avalanche victims.

GPS systems use a combination of satellites to position the exact location of the device being tracked. The advantage is the pinpoint accuracy, the disadvantage is both the cost and GPS's inability to function in enclosed areas. GPS-WebTM sells a vehicle-locating device for \$2,500, plus a \$40 per month service fee, plus \$650 for each additional transmitter. Not only is the cost prohibitive to most contractors, but GPS devices require a visible antenna that is easily detectable by anyone stealing the equipment.

Conventional Methods

Other competition comes in the form of padlocks, fences or marking the tools and equipment as to be uniquely identifiable. Although usually ineffective, this is the most commonly used procedure for contractors wanting to protect themselves from theft. Unlike padlocks, fences, and tool identification methods, the Stealth Shield allows for instant notification of a theft in progress and immediate tracking and recovery of stolen items, rather than acting as a passive deterrent.

The functionality of the Stealth Shield is unmatched and the price can be fit into the contractor's budget. After the initial purchase, the only cost is the \$15-\$20 per month charge to use the airtime required to send the signal. No visible antennas are required yet the accuracy is as good as the GPS systems.

BELOW IS A SAMPLING OF DIFFERENT TRACKING DEVICES / METHODS:



Marine 16 Receiver

The Marine 16 receiver is the most sophisticated on the market today. It is a fully synthesized FM receiver with 64KHz memory. It can be used in a completely automatic mode, allowing rapid direction finding without playing with knobs. It can be fine tuned or a manual mode. The large LCD screen shows and the back light allows 24 hour use of the system. The system can be used either completely hand held or in a mounting bracket. The splash proof design protects the system from the toughest weather - rain, snow, or sleet. The CNC milled aluminum body protects it from the harshest of blows. This system should be part of every SAR unit's arsenal.

Price: \$2,999.99

Technical Specifications Warranty Information



Unique Distributors
#1-Of-A-Kind Dog Training & Pet Care

Radio Directional Tracking For Dogs and Cats

30-Day Money Back Guarantee!

WELCOME TO **LO/JACK**

Find out why LoJack is right for you. See if you're **at risk** for theft. Locate LoJack certified dealers. Read LoJack success stories and learn how LoJack gets your vehicle back. Register and get updates for your LoJack.

For You For Your Company





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Financials

\$150,000 has been spent in Alpha and Beta testing of the Stealth Shield. These hard dollars spent on Research and Development have yielded prototype inventory, a pending patent, and intellectual property, valued at \$250,000. Although the patent is recorded on the balance sheet at \$15,000, management believes the patent's value is actually several million dollars. Red Wolf Technologies has no debt, and has been financed by current management and one outside investor. This financial statement has been evaluated by a third party as to its accurate representation of the Company's value and has not been made according to Generally Accepted Accounting Principles.

BALANCE SHEET

September 30, 2002
UNAUDITED

Assets

Cash	\$ 2,000
Patent	\$ 15,000
Inventory	\$ 3,000
Research & Development	\$ 150,000
Intellectual Property	<u>\$ 250,000</u>

Total Assets \$ 420,000

Liabilities

Current and Long Term	<u>\$ -</u>
Total Liabilities	\$ -

Equity

Common Stock	\$ 420,000
Retained Earnings	\$ -
YTD Profit	<u>\$ -</u>
Total Equity	\$ 420,000

Total Liabilities and Owners Equity \$ 420,000



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Projected Income Statement

These projections are based on management's expectations of selling 1000, 2,500, 5,000, and 10,000 units in the year 2003, 2004, 2005, and 2007 respectively. These are conservative estimates. Professional services during the first year include offering costs, continued patent effort, accounting, etc. Red Wolf Technologies will continue to dedicate funds to Research and Development every year to improve on the Stealth Shield and release improved versions of the product. Interest Expense represents 6% on the \$500,000 in notes the company is issuing October through December of 2002. It is anticipated that the notes will be converted into equity as the company seeks a harvest event.

PROFORMA INCOME STATEMENT

Revenue		Year 1	Year 2	Year 3	Year 5
Sales					
No. of Units		1,000	2,500	5,000	10,000
Unit Sales	\$	495,000	1,237,500	2,475,000	4,950,000
Cellular Service Income	\$		4,500	21,000	45,000
Total Revenues	\$	495,000	1,242,000	2,496,000	4,995,000
Cost of Goods Sold					
	\$	300,000	375,000	500,000	1,000,000
Total Gross Revenue	\$	195,000	867,000	1,996,000	3,995,000
Expenses		Year 1	Year 2	Year 3	Year 5
General & Administrative					
Advertising & Marketing	\$	50,000	100,000	150,000	200,000
Salaries & Benefits	\$	160,000	200,000	250,000	400,000
Commissions	\$	50,000	100,000	200,000	400,000
Customer Service	\$	25,000	50,000	75,000	100,000
Office Expense	\$	4,600	5,000	10,000	20,000
Travel Expense	\$	8,000	10,000	15,000	20,000
Insurance	\$	6,000	6,000	7,000	7,000
Interest Expense	\$	30,000	30,000	30,000	1,000
Manufacturing Set-up	\$	35,000	50,000	50,000	50,000
Professional Services	\$	60,500	45,000	60,000	110,000
Research & Development	\$	100,000	100,000	100,000	100,000
Wireless Set-up	\$	24,000	-	-	-
Other	\$	1,000	5,000	10,000	10,000
Total Gen. & Admin.	\$	554,100	601,000	807,000	1,418,000
Profit / EBIT	\$	(359,100)	266,000	1,189,000	2,577,000
% of Sales		-73%	21%	48%	52%

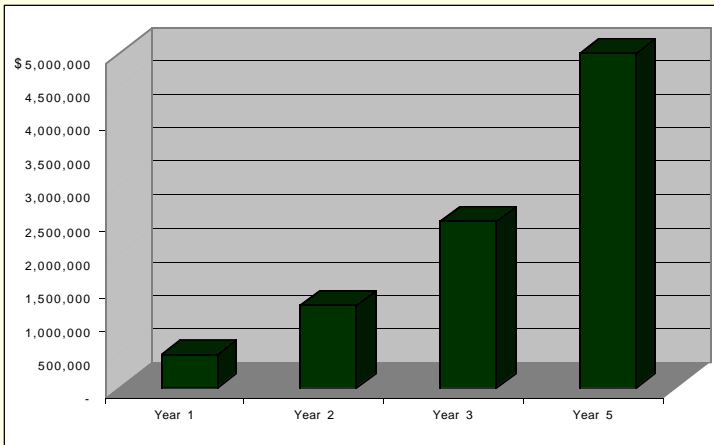
Notes to Financial Statements:

- 1- Average price per unit is estimated at \$495
- 2- Cellular Service Income in year 2 is calculated to be 0%, 10%, 20%, and 20% of monthly service fees for Years 1, 2, 3, and 5.
- 3- Cost of Goods Sold estimates are based on a per unit cost of \$300, \$150, \$100, and \$100 for the years 1, 2, 3, and 5.

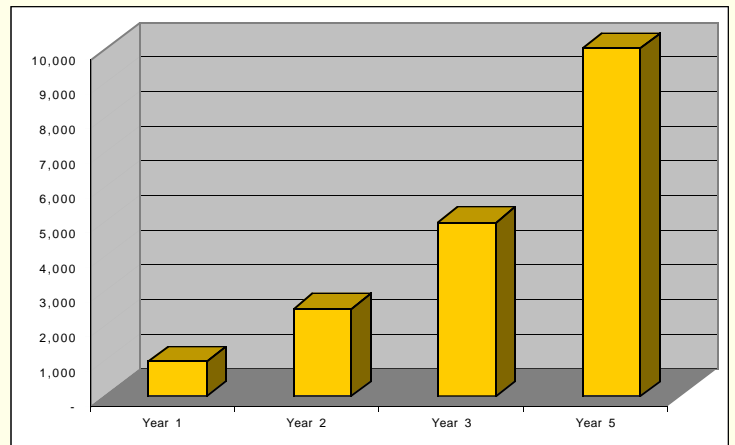


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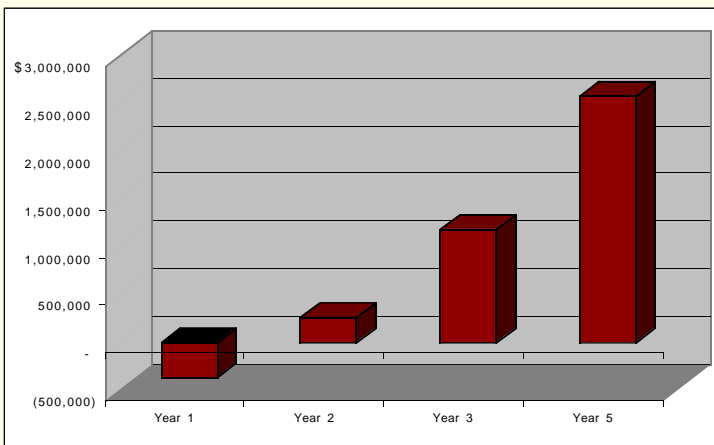
PROFORMA FINANCIAL PROJECTIONS



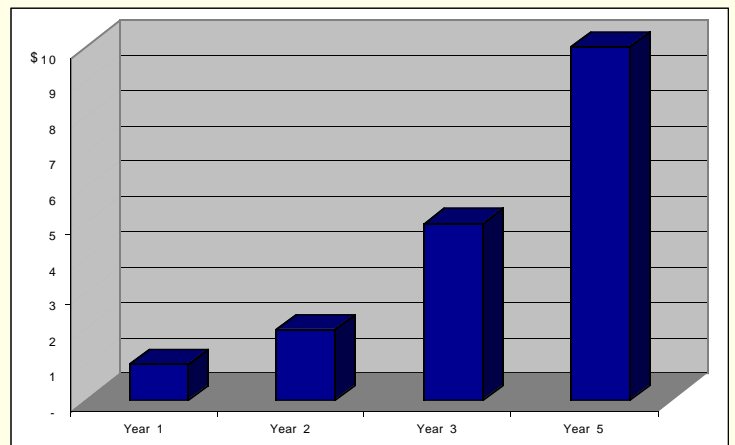
REVENUES



UNIT SALES



PROFITS



STOCK PRICE

THE INFORMATION ON PAGE 8 AND 9 REPRESENT MANAGEMENT'S FORWARD-LOOKING PROJECTIONS FOR THE FUTURE. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PROJECTED AND SHOULD NOT BE RELIED UPON OTHER THAN AS OPTIMISTIC FORECASTS, AS INVESTMENT IN RED WOLF TECHNOLOGIES INC. INVOLVES A HIGH DEGREE OF RISK.



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Investment Summary

Red Wolf Technologies has a net worth of \$420,000 currently. The Company has no debt, and has 1,500,000 common shares outstanding. These were issued to the founders for efforts in developing the business to this point and for the \$150,000 put into the Company.

The Company is issuing \$500,000 in convertible notes under an SEC Regulation D 504 exemption. The Company is acting as its own underwriter with the notes being sold by the officers and directors--No commissions will be paid. The offering costs are only \$10,000, for printing, postage, legal, etc. The offering is expected to close on December 30, 2002.

The Convertible Notes have the following features:

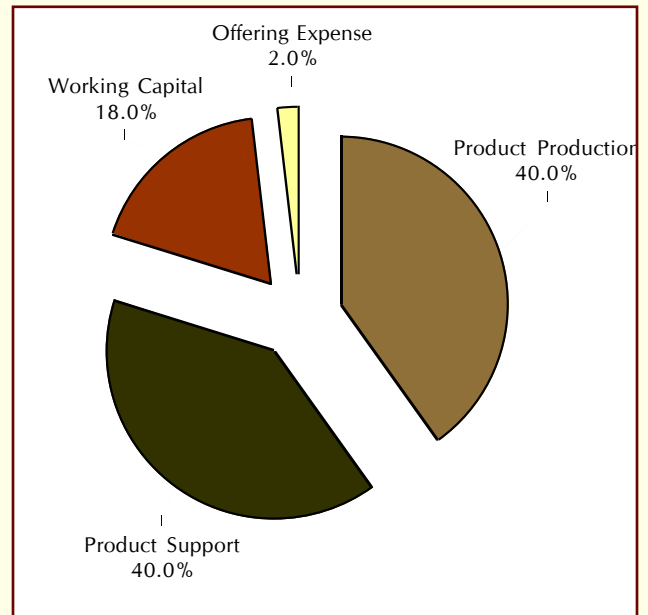
1. Each \$1,000 note is due in three years, November 2005, minimum purchase is five notes (\$5,000).
2. Interest is payable at six percent (6%) annually with monthly payments.
3. Each \$1,000 note is convertible into 1,000 shares of common stock anytime during the three year life of the notes at the option of the note holder.

A convertible note is an attractive investment vehicle for the following reasons:

1. The notes are a debt obligation of the Company and come before any claims on the Company assets by common shareholders.
2. The notes pay a competitive rate of interest (6%) and the interest is paid monthly. Investors will get their check and an update from the Company each month.
3. If the Company is able to realize its plans the convertibility of the stock could result in a substantial gain at the time the Company undertakes its harvest strategy.
4. The real attractiveness of the investment is the convertibility of the notes at \$1 per share versus the expected price of \$5 per share by year three.

Use of Offering Proceeds

<u>Production</u>	\$ 200,000	40.0%
<u>Product Support</u>	\$ 200,000	40.0%
Sales		
Travel		
Office & Admin.		
<u>Working Capital</u>	\$ 90,000	18.0%
<u>Offering Expense</u>	\$ 10,000	2.0%
	\$ 500,000	100.0%





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Exit / Harvest Strategy

The main question any investor wants to know as the check is being written is: "What return will I get on my investment?" In addition to the projected financial success of the Company, there needs to be a solid exit strategy before anyone invests. Here is what management believes will happen with Red Wolf Technologies:

If the Company does only marginally well, the note holders will be paid back their principal along with their monthly interest checks for three years.

If, as expected, the Company attracts the anticipated attention, it will do much better than just "reasonably well." While many companies prematurely quote an Initial Public Offering as an exit strategy, management believes that Red Wolf Technologies may very well fit the requirements for such an exit strategy. We believe that there may be more rounds of private investment before an IPO is possible, however these investments are all planned at higher than the \$1 conversion price of the notes.

Below is the typical schedule for an IPO. Management expects the offering price of the public offering should place the stock at a minimum of \$5 per share.

Road to an IPO

Jan 2003

Audit the Financial Statements

Identify regional brokerage firms / underwriters who specialize in IPO's in this or similar industries

Make contact with the underwriting team in each firm - show them the plan for eventual IPO

Jan 2004

Begin monthly progress reports to interest investment firms

Make monthly contacts emphasizing that the Company is hitting sales and earnings projections

July 2004

Continue with contacts. Assess interest and what needs to be done to get a solid commitment from a firm

Oct 2004

Discuss the timing of the market. Is the Company ready? Are there any better alternatives to an IPO?

Jan 2005

Notify the Company's attorney, accountants, and auditors that an IPO is being considered

Select underwriter - begin due diligence process. Determine if any shareholders shares will be sold with the IPO

Mar 2005

Register statements prepared and filed with SEC. Comply with state blue sky laws. Wait to go effective.

Red Herrings prepared and distributed - establish a price range (min. \$5 / share)

Jan 2007

IPO finished - list on BBX or NASDAQ

Optional Exit Strategy

- Another possible scenario for a harvest/exit strategy for the Company's investors is the acquisition by a complementary company. Several companies that are listed below are potential acquirers:

LoJack - provides device to track, locate and recover stolen motor vehicles (used by law enforcement).

Inovonics - engineers and sells complex electronic equipment (receivers and audio processors)

Brinks Security - Risk management security company, armored trucks, cash transport

Honeywell Wireless - wireless applications developer (Cingular Wireless)

DeWalt - manufacturer of high performance tools and accessories

Other companies include:

Ingersol Rand

Linear Wireless Security

Essex Electronics

Vantage

Decton Systems

TeleAlarm



RED WOLF TECHNOLOGIES BUSINESS PLAN 2002

APPENDIX I - THE STEALTH SHIELD IN USE





RED WOLF TECHNOLOGIES BUSINESS PLAN 2002

APPENDIX II - NEWSPAPER ARTICLE / SUPPORTING DOCUMENT



THE DAILY HERALD
THE NEWSPAPER OF CENTRAL UTAH / VOLUME 78, ISSUE 248
Online: <http://www.herald.com>
THURSDAY, APRIL 5, 2001

Tool thieves hit county

Police say \$30,000 in lost equipment may be due to professional burglars

By PAT CHRISTIAN
The Daily Herald

UTAH COUNTY — Professional tool thieves might be working Utah County construction sites, police say.

An estimated \$30,000 worth of tools was taken in crimes that occurred between Monday night and Tuesday morning at one construction site in the area of 5000 N. Edgewood Drive, Provo.

Several subcontractors were victimized, including Quantum, Provo; P.J. Plumbing, Alpine; Moore Sheet Metal, Payson; D&M&Sons, Washington; and Tri-Phase Electric, American Fork.

Initially, only Tri-Phase had a good idea of the value of what had been stolen.

Milwaukee band saw, a DeWalt Contractor multi-tool and a Stanley upright tool box, which police said were estimated to be worth \$540.

Other items taken from subcontractors' trailers included a microwave oven, filled tool boxes and other power tools.

Subcontractors were trying to put together a complete list and value of stolen items for police, but Provo Police Capt. Keith Teuscher estimated losses would easily reach \$30,000.

The Edgewood heist wasn't the first, Teuscher said.

"We had another one a few days ago at a construction site near 1800 West and 1800 North, and a few thousand dollars worth of tools were stolen," Teuscher said.

There was also a tool hoist in Orem on Monday.

"A thief or thieves broke into seven boxes belonging to subcontractors working on the Canyon River Corporate Center at 727 N. 1650 East," Orem Police Lt. Doug Edwards said.

The tools were worth thousands of dollars, he said.

While the recent thefts at

See THIEVES, A7