

ACQUISITION OR INVESTMENT OPPORTUNITY



Revolutionary composite utility and communication poles

Company Overview

- RS Technologies Inc. (“RS” or the “Company”), designs, engineers, manufactures, installs and markets innovative composite utility poles and structures (the “RS Poles”) for both the electrical transmission and communications markets worldwide.
- On March 14, 2013, the Company commenced proceedings under the *Companies’ Creditor Arrangement Act* (“CCAA”). In connection with these proceedings FTI Consulting Canada Inc. (“FTI”) was appointed as Monitor (the “Monitor”) under the CCAA. On April 11, 2013, the Court of Queen’s Bench of Alberta approved a Sales and Investor Solicitation Process (the “SISP”) for the purpose of seeking purchase and/or investment proposals. Details of the SISP are described further below.
- RS’s present financial circumstances are the result of an initially over-optimistic estimation of the rate of market penetration for RS Poles and the aggressive expenditure of capital in a short-period of time when the Company began production of its RS Poles.
- RS Poles are a relatively new product on the market, with poles having been installed since 2003. RS is headquartered in Calgary, Alberta but manufacture RS Poles in Tilbury, Ontario, Canada, approximately 45 minutes east of Detroit, Michigan. This location provides direct access to excellent road networks and is home to a skilled workforce. The Company’s existing manufacturing capacity allows for production in excess of \$50 million in annual revenue. The site has room for expansion, and could accommodate an additional four production lines. Such added capacity could potentially generate over \$120 million in annual revenue.
- For transmission structures higher than 60 feet, RS has the only composite pole available on the market. While there is some competition in the shorter distribution pole market, RS is the only supplier of taller and stronger composite transmission poles. Additional information may be found at www.RSpoles.com.

Investment/Acquisition Highlights

- **The opportunity that exists with composite utility poles:**
 - RS provides investors with a unique opportunity to capitalize on the needed replacement of aging electrical grid infrastructure by capturing a portion of the approximately \$8 billion dollars spent annually in North America on the purchase of transmission and distribution utility structures, as well as upside with regard to select international markets (such as Scandinavia and Australia) where the RS Poles have proven market take-up.
 - RS has demonstrated growing market acceptance revealed by the fact that the Company has over 280 customers and installations in the U.S., Canada, Mexico, Argentina, Australia, Scandinavia, Brazil, Russia and China.
 - By 2030, the electrical utility industry will need to make a total infrastructure investment of between \$1.5- \$2.0 trillion, a significant portion of which is utility poles and structures.

Investment/Acquisition Highlights

➤ The advantage RS poles deliver:

- ✓ lowest installed cost in many circumstances
- ✓ lowest liability and highest reliability
- ✓ longest life, including a limited product warranty (see Appendix)
- ✓ lowest transportation and storage cost
- ✓ shortest manufacturing lead time
- ✓ material properties offering a host of technical advantages including:
 - high strength and light weight
 - non-conductive (enhanced safety)
 - environmentally benign (no poisonous chemical preservative treatment)
 - UV and fire resistance
 - excellent performance in hot and cold weather.

➤ The RS operations and assets

- RS has approximately 54 employees and 3 contractors that work to provide services and manage its operations for clients around the world. RS has its head office in Calgary and a manufacturing facility located in Tilbury, Ontario.
- RS's intellectual property includes patents granted in numerous countries. The Company's most vital patent, protecting the modular design of the RS pole, has been granted in over thirty different countries. A patent covering the Company's proprietary two-component polyurethane resin has been granted in eight countries.
- Specialized manufacturing equipment.
- A 70,000+ sq. ft. Company-owned facility on nine acres of land located in Tilbury, Ontario.
- RS has significant tax attributes including approximately \$170 MM in available non-capital losses incurred in connection with its general course of business. Parties who are interested in a sale and/or investment financing transaction may, in some circumstances, be able to structure such a transaction involving acquiring control of the Company, in order to use such attributes against income from the Company's business or from certain businesses involving similar properties or services, subject to the detailed rules in the *Income Tax Act* (Canada). For example, similar properties might include utility poles constructed of other materials such as wood, steel or concrete or include other industrial products that could instead be manufactured using the proprietary composite material and manufacturing technology of RS. Similar services may include the provision of engineering, materials science and manufacturing services in order to expand current product and service offerings of interested parties. Other forms of transactions may be available in circumstances where control of the Company is not acquired. The foregoing examples are for illustration only and do not constitute representations or legal or tax advice by the Company. Potential purchasers are encouraged to discuss such alternatives with their tax advisors.

Financial Highlights

- RS is beginning to see improvement in its sales as a result of years of effort with a number of key accounts and is gaining traction and acceptance of RS poles as a superior alternative in key geographic markets and for particular high performance applications.
- In the first two months of 2013, RS achieved the sales targets set by the Board of Directors for purchase order generation. The Company is expected to reach break-even operational capacity by 2014.
- The Company's historical financial statements can be found at www.sedar.com

Sales Process

- On April 11, 2013, the Court approved the SISP and a form of joint credit bid from Werklund Capital Corporation and Melbye Skandinavia AS (the "**Stalking Horse Bid**"), a copy of which can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/RS/>
- The Monitor, on behalf of RS, is soliciting parties interested in the acquisition of RS's assets and/or operations by way of a share or asset purchase in excess of the offer contemplated in the Stalking Horse Bid. The timeline for this process is outlined below.

April 11, 2013	April 29, 2013	May 21, 2013	June 10, 2013	June 18, 2013
Approval of the SISP including the proposed SISP Procedures	Potential Bidder Deadline 5 PM Mountain time	Phase 1 Qualifying Bids deadline 5 PM Mountain Time	Phase 2 Qualifying Bids deadline 5 PM Mountain Time	Auction date 9:30 AM Mountain Time, if required

* The timeline presented above is in respect of the proposed SISP only and does not reflect all activities of the Company or the Court during the CCAA process.

- For additional information on the SISP, please refer to FTI's website listed above.
- More detailed information will be available to those who execute a Confidentiality Agreement. In order to obtain a Confidentiality Agreement, or to discuss specific questions with regard to this opportunity, please contact the Monitor directly.

Contact information

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