



BUSINESS SUMMARY

nCoat, Inc. (OTCBB: NCOA) and its subsidiaries engage in the research, licensing, distribution, and application of nano and other traditional surface coatings. The Company currently serves over 15,000 customers from a wide range of industries, including some of the largest multinational manufacturers of automobiles, diesel engines, trucking, motorcycle, aerospace, and oil and gas industries. Applications include superior heat management, corrosion resistance, friction reduction, bond strength, abrasion protection, and appearance applications. The Company develops and holds proprietary intellectual property, and further licenses coatings facilities at its customers' manufacturing plants.

With a forward-thinking research and development team driving a growing portfolio of patent-pending intellectual properties, nCoat has identified key nanotechnologies that produce significantly beneficial properties and capabilities unlike any currently available in the marketplace. nCoat's nano-formulated coatings are stronger, lighter, denser, more adhesive, and better able to withstand the heat, corrosion, pressure and exposure of today's demanding applications.

SYNERGISTIC SUBSIDIARIES

nCoat currently has three operating subsidiaries that form a platform for accelerated growth, and market leadership in the high-performance coatings industry:

HPC develops, manufactures, and applies coating (surface treatment) solutions for thermal management, anti-corrosion, friction reduction, bond strength, thermal shock, and appearance. HPC is a world-recognized market leader in internal and external engine parts coatings in automotive and diesel engines for over 25 years. The rigors of motorsports racing in NASCAR, the NHRA and the Indy 500 subject professional racecars to intense heat and massive corrosion as well as extreme friction on engine components. Drivers use HPC coatings to provide top-of-the-line engine performance and personal protection. HPC has coated parts for multiple Motorsport Hall of Fame inductees, and land and air speed world record holders. Its rich racing heritage has led HPC to be nicknamed "The Choice of World Champions."

NASA and the U.S. Department of Defense also use HPC's thermal barrier coatings on heat shields that shroud exhaust systems on combat vehicles.

Through four operational production facilities, HPC delivers 50+ unique nano-scale, micronized and macronized particulate coatings to meet the exacting needs of customers in more than a dozen industries. HPC's operational platform also served to launch nCoat's proprietary nano-formulated coatings products. Under nCoat, HPC has increased revenue from \$3.2 million in 2004 to \$5.5 million in 2006.

nTech, Inc. develops and holds proprietary intellectual property, mixes and blends all coatings formulations, and further licenses coatings facilities at customers' manufacturing plants, leveraging a unique and market differentiating distributed production strategy. Because nTech's technology is based in nanotechnology, it creates a whole new performance that has not been known in the marketplace before. Primarily, it enables exceptionally high thermal barrier for various durations of heat and extreme corrosion protection. nCoat has won a number of awards, including the Frost and Sullivan 2007 North American Innovation of the Year Award, for its revolutionary coating nanotechnology.

JET-HOT earned its wings by supplying proprietary coatings for U.S. Navy aircraft-carrier launch systems and on armored vehicles for the U.S. Army in 1982. Shortly thereafter, JET-HOT introduced automotive products for performance racing and consumer applications. In the 1990s, JET-HOT became the only coating company to support racers with contingency-award

STOCK INFORMATION



Business:	Nanotechnology
OTCBB Symbol:	NCOA
Market Price:	\$0.40 (10/11/07)
Shares Outstanding:	96 Million
52 Week Range:	\$0.34 - 1.15
Avg. Daily Volume:	96,000
Market Cap:	\$37.95 Million
Fiscal Year End:	December 31

payouts and continues to do so today. JET-HOT's intellectual property base includes the popular Sterling™ formula, which includes silver powder. In accelerated salt-spray tests conducted in compliance with industry standards, JET-HOT corrosion barrier coatings lasted over 14x longer than chrome and more than 140x longer than high-temperature paint.

Since nCoat's acquisition of JET-HOT in July 2007, the Company has doubled its consolidated revenue base - adding \$6 million in revenues with an estimated 15%+ EBITDA - attributed primarily to JET-HOT's significant aftermarket customer base. Collectively, HPC and JET-HOT have more than 300 dealers for their aftermarket products. Through a consolidation of operations, nCoat expects to enhance its bottom line to produce positive cash flow in its first year of consolidated operations from both acquisitions.

MULTIPLE REVENUE STREAMS

nCoat sales are focused on three separate market segments in multiple industries. HPC and JET-HOT, both sell their world-class, awarding winning coatings into automotive and over-the-road trucking aftermarket parts and original equipment manufacturing (OEM) in multiple automotive, aerospace and industrial markets. nCoat also offers on-site coatings application systems to high volume industries.

Rapid Revenue Growth (\$ in Millions)					
	2004	2005	2006	2007*	2008*
	(HPC actual)	(HPC actual)	nCoat (actual)	nCoat	nCoat
Revenues	\$3.22	\$5.01	\$5.50	\$9.00	\$25.00

*Estimates based on pro-forma results

NEXT GENERATION APPLICATIONS

nCoat is an emerging pioneer in commercializing a number of breakthrough nanotechnologies. Nanotech is the science of building and manipulating materials, devices and processes on the scale of atoms and molecules or fabricating things smaller than 100 nanometers (a nanometer is one-billionth of a meter). By working on the molecular level, nano-tech coatings create superior thermal heat protection, and are stronger, lighter and more durable (higher bond strength) compared to traditional coatings.

Leveraging 50 proprietary coating formulations and several patented nano-coating technologies and processes, nCoat is the first in the high-performance coatings industry to achieve significant revenue from nano-formulated materials. Next generation coatings applications engineered by nCoat include:

- Thermal barrier coatings designed to enable the fuselage of spacecraft to endure exposure to 4,200°F for a period during orbital re-entry, potentially averting a catastrophic failure

A NASA commercial contractor for the project has stated that extensive testing in the past few months has shown nCoat's coating materials perform better than any other material tested—and even outperformed materials developed at national Federal laboratories with multi-million dollar budgets.

- Diesel engines using anti-corrosion coatings to reduce aluminum degradation in exhaust gas recirculation to meet new EPA emissions standards; *The Company's anti-corrosion product SO4G is proven to outperform the competition 6:1 and sold just under \$1 million within its first year of release.*

- High density, low porosity composites providing abrasion resistance for aircraft wings subjected to rain and particulate matter at top airspeeds;

- Thermal management surface treatments minimizing under-the-hood heat from headers and exhaust systems of NASCAR-winning and other performance racing engines to maximize air density and increase horsepower; *"HPC was a definite help in allowing me to win the Indy 500." -Bobby Rahal*

nCoat technologies were used in 16 Daytona 500 and 15 Indianapolis 500 winning racecars.

- Lubric surface protection for engine piston skirts to reduce friction, control heat and increase engine efficiency.

- nCoat's coatings reduce heat soak during the firing of weapons to reduce detection by night vision or infrared vision equipment, and to protect the user.

- In the aviation industry, nCoat's coatings protect against corrosion, thermal fatigue, thermal shock and oxidation. Some reduce heat radiance more than 50%; others reduce friction.

LARGE ADDRESSABLE MARKET

The general global coatings industry is a long-established, \$23 billion market, up from \$9.2 billion in annual revenues reported in 2000, representing a CAGR of 16.5%. The U.S. high performance coatings industry (sometimes referred to as durable equipment coatings or specialty coatings) is characterized by more than 600 small coatings companies with average revenues under \$3 million annually and small market share dispersed across several market segments. There are few large companies operating in these industries. (Source: U.S. Paint and Coatings Association). Most of the U.S.-based firms are small, local or regional applicators, with many that use third-party coatings suppliers. No single company dominates the marketplace. This is especially true in the automotive original equipment manufacturers (OEMs) and aftermarket industries.

The nanotechnology product sector is also gaining national and worldwide attention. The Nanotechnology National Science Foundation (NSF) sees a potential market totaling \$1 trillion in the next 10 to 12 years. Supporting this growth is the U.S. Federal Government's National Nanotech Initiative (NNI), a federal R&D program, will spend \$1.44 Billion this year, more than triple that spent in 2001. LuxResearch forecasts that sales of products incorporating emerging nanotechnology will rise from less than 0.1% of global manufacturing output in 2004 to 15% in 2014, totaling \$2.6 trillion in global manufactured goods. With commercial products incorporating its nanotechnologies, and others in the pipeline, nCoat is expertly timed to serve increasing demand for its traditional and next-generation nano-coatings.

GROWTH-THROUGH-ACQUISITION

To spur innovation in both coatings products and production processes, the Company plans to acquire revenue-positive companies within the highly



fragmented annual \$3.7 billion high performance coatings industry. nCoat management has identified over 600 different domestic coatings companies with over 120 that may meet key criteria for consideration to be acquired by nCoat. In addition, there are over 900 coatings companies in Europe.

Management has identified \$30 million in "A List" pipeline prospects to sustain and further expand nCoat's growth. Resulting from the relative small size of competitors in this market space, there is little product research and even less product innovation. nCoat's superior research and engineering expertise and brand equity of HPC and JET-HOT make its especially attractive for smaller profitable companies to merge with nCoat to immediately gain a national presence under a publicly traded company.

The Company is pursuing strategic acquisitions, rather than a broader, "roll-up" strategy. This focus enables NCOA to pursue firms that meet its specific criteria, including: positive revenues, profitability, consolidation of operational and administrative costs, and enhancement of its intellectual portfolio and technology applications.

UPSIDE POTENTIAL

"It is clear that a major opportunity exists in the specialty and high performance coatings industry for NCOA to create a formidable presence and defensible niche. Our 12-month target price is set at \$2.50 per share...we believe NCOA stock has compelling upside potential."

—"Speculative Buy" rating issued on NCOA by Bridge IR on July 16, 2007.

While nCoat's traditional high performance coating products continue to be sold, the Company's main thrust is bringing "disruptive" proprietary nanotechnology products to market. The Company's existing subsidiaries offer significant cross-marketing and product development opportunities to accelerate its time-to-market of nano-tech applications.

nCoat is one of only a select few with the intellectual property and the capability to offer nano-formulations that meet the rugged performance

Corporate Highlights

- ◆ **Leadership Position.** Through its subsidiaries, nCoat provides performance coatings that lead the market in heat management, corrosion resistance, friction reduction, abrasion protection, appearance and bond strength.
- ◆ **Multiple Revenue Streams.** With a number of successful products on the market, NCOA is projected to increase pro-forma annual revenues from \$5.5MM in 2006 and \$9MM in 2007.
- ◆ **Strategic Acquisitions.** To spur product innovation, NCOA is acquiring synergistic, revenue-positive companies with the highly fragmented \$3.7 Billion high performance coatings industry.
- ◆ **A-List Clients.** NASA, the U.S. Department of Defense, and many of the world's largest automotive, diesel engine manufacturers, over-the-road truck manufacturers, motorcycle and ATV manufacturers in the US and Europe are among NCOA's impressive roster of over 15,000 customers.
- ◆ **Breakthrough Technology.** nCoat's nano-formulated coatings "outperformed" competitors in heat sensitivity tests on NASA spacecraft, withstanding twice the heat of competitive-built materials. NASCAR racecar drivers attest that nCoat's technology maximizes air density, reduces friction, controls heat and increases horsepower in automobiles.
- ◆ **High-Growth, Emerging Market.** Emerging nanotechnology was incorporated into \$32 billion worth of manufactured goods in 2005—more than double the previous year—and is a market headed for \$2.6 trillion by 2014, according to LuxResearch.
- ◆ **Bullish Outlook.** Bridge IR Group initiated coverage on nCoat in July 2007 with a "Speculative Buy" rating, projecting a 12-month price target of \$2.50 based on revenue estimates of \$25 million in 2008.

requirements of today's equipment and moving parts—from searing temperatures in aerospace to extremely corrosive environments in military warfare and automotive racing. nCoat's versatile, expansive product line is rapidly increasing market share and revenues. Already it has an impressive blue chip customer base in the major automotive OEM industries.

To fuel its future growth strategies, nCoat received gross proceeds of \$14.85 million in a private placement, which is earmarked for additional acquisitions

and bringing nano-tech products to new and existing customers. nCoat's entry into the high-growth, emerging nano-tech coatings market, along with its well-established, revenue-generating client base, provide the catalysts for significant appreciation for the benefit of its early shareholders. ○

Experienced Leadership

Paul S. Clayson, *CEO and Chairman of the Board*, is a global strategic planning expert, financial and investment strategist, and political advisor of 25 years. He currently serves as a Director and equity partner of an award-winning diversified environmental nanotechnology company. Previously, Mr. Clayson managed congressional campaigns and served as Chief of Staff to two U.S. Congressmen and as a lead advance agent to two U.S. Presidents. Mr. Clayson served as senior management and operations officer for three prominent institutional investment advisory and research firms in Portland, Oregon, substantially growing assets under management and institutional research in those entities. He also served as senior officer for a Utah publicly traded software technology company where he developed global marketing, business, product development and finance strategies and grew the company from a R&D company to a globally commercialized firm with customers world-wide and development contracts with many of the world's dominant computer, semiconductor, telecom and consumer electronics companies. Mr. Clayson has served as the Chairman of the State Economic Development committee for Governor Jon Huntsman of Utah and was appointed by the Governor to serve as the Chairman of the Utah Nanotechnology Initiative. He also serves as Chairman of the Advanced Manufacturing Roundtable for the Piedmont Triad Partnership, a regional economic development concern in North Carolina.

Terry R. Holmes, *President, COO, Director, and Vice Chairman of the Board*, contributes 35 years of high-level business experience as an entrepreneur successfully starting numerous profitable technology enterprises, primarily in the telephony, software development, and interactive voice response (IVR) industries. Mr. Holmes founded the first ASP voice mail bureau in the United States of America and developed a total of three voice mail bureaus, then sold his interest to develop systems for the IVR industry. Mr. Holmes has founded and been CEO and Chairman of several telephony software companies. Currently, he serves as Chairman of an ASP telephony and web services company, and as Chairman of an award-winning nanotechnology research, development and technology licensing company, which he founded in 2001. Mr. Holmes currently serves as the Vice Chairman of the Utah Nanotechnology Initiative and as a member of the Utah Digital Health Commission. He also serves as a member of the Logistics and Transportation Roundtable for the Piedmont Triad Partnership, a regional economic development concern in North Carolina.

James Dodd, *Vice President, Chief Financial Officer*, is a proven executive in driving and guiding corporate growth during reorganization, acquisition and merger transition and rapid growth environments. Following 20 years of public accounting experience, including nine years as a partner with a leading international CPA firm, Mr. Dodd spent 20 years as a senior corporate officer and CFO for multiple firms, including a large multinational concern to a new product startup company. His experience has included two public companies with domestic and international operations. Mr. Dodd has served as the CFO of companies engaged in manufacturing and distribution in the food, defense, automotive, investment research and publishing and recreation sectors. Mr. Dodd has a degree in business from Montana State University and is a CPA.

Bert Wonnacott, *Vice President, Chief Legal Officer*, graduated as the only finishing candidate of 17 that inaugurated a joint MBA/JD degree path created at the University of Utah adding to his Magna Cum Laude undergraduate in business management and accounting from the same institution. For more than 30 years, he has worked in corporate law, business management and strategic advisory of multiple individuals and business entities. Mr. Wonnacott has previously worked in corporate and private law practice focusing on business start-ups, venture capital portfolio management, capital funding, mergers, acquisitions and international taxation. He worked for a venture capital firm in charge of portfolio selection, due diligence, documentation, federal compliance and investment management. He also formed an investment advisory company focusing on specialized global currency trading and investing. He has volunteered his professional services for several 501(c)(3) charitable organizations.

Michael D. Reilly, *Chief Marketing & Sales Officer*, is a proven marketing, sales and general manager with over 30 years experience in multiple industries and channels of distribution. Over the last five years, Mr. Reilly served as a management consultant for clients including Rubbermaid, Sealy, Contico International, Nanofilm and Helen of Troy. Previously, Mr. Reilly was Senior Vice President of Marketing and New Product Development for Universal Electronics, an electronics company where he was instrumental in the propelling this start-up to over \$120 million in revenues in three years. Mr. Reilly also served as Vice President, Sales and Marketing for Home Products International, a commercial and consumer plastics manufacturer, where he tripled sales in three years through expanded distribution, new products and acquisitions. Mike also held various positions with the Genie Garage Door Opener Division of North American Philips, the last being as Vice President and General Manager. While at Genie, Mr. Reilly increased commercial and retail sales from \$60 million to over \$130 million. Earlier in his career, Mr. Reilly held marketing positions at the General Electric Lighting Business Group, credited with driving incremental sales of \$75 million in two years. He holds an MBA from Columbia University and a BA from the College of the Holy Cross.

Lance Kress, *Senior Vice President* holds a B.S. in Business Education and Special Education, a M.A. in Educational Administration and is currently a Ph.D candidate in Educational Leadership. His early career background was in educational management and consulting. As an administrator, Lance oversaw the construction of two multi-million dollar facilities, one from conception through the first year of utilization. He has served on state and national educational committees, including adapting the Six Sigma process in order to achieve teacher effectiveness in the educational process. His consultation work has taken him to such diverse places as Rawlins, Wyoming and Cairo, Egypt training schools. Lance has continued implementing the Six Sigma process in business focusing on product quality.

Richard Maile, *Senior Vice President of nTech*, has invested over 40 years working with slurry type coatings, working in sales management, manufacturing, applications, research and development, consulting and business development. Mr. Maile's coatings experience has spanned multiple industries including chemical, agriculture, construction, environmental, automotive, industrial metal finishing, recreational vehicle, and motor sports. Mr. Maile owned a large commercial coating company for 15 years. He also co-founded a nanotechnology company, which focused on chemical product development for soil remediation. His experience also includes successfully managed numerous large aerial projects for the US government's application of nanotechnology products. Mr. Maile's background uniquely combines business with competitive racing with motorcycles and snowmobiles, as a sponsor and racer for Polaris, Suzuki and BSA motorcycles. Mr. Maile was formerly a motorcycle dealer for BSA, Suzuki, OSSA, American Eagle and Zundapp.

Company Contacts

nCoat Inc.
7237 Pace Drive
PO Box 38
Whitsett, NC 27377
Tel: 336-447-2000 or
866-435-8958

Paul Clayson
Chairman & CEO
investors@ncoat.com

For company information, please visit
www.ncoat.com.

Investor Relations

OTC Financial Network
300 Chestnut Street, Suite 200
Needham, MA 02492
Tel: 781-444-6100 x625
Fax: 781-444-6101

Rick McCaffrey
IR Specialist
rick@otcfn.com

DISCLAIMER: OTC Special Situations Report (OTCSS) is a publication of OTC Financial Network, a division of National Financial Communications Corp. (NFC). OTC Growth Stock Watch (OTCGSW) is a publication of OTC Research Corp.(ORC). This mailing piece is an advertisement for subscriptions to OTC Growth Stock Watch. Geoffrey Eiten who is a 100% owner of both ORC and NFC. NFC is a financial communications company. NFC was paid a total of twenty-thousand dollars for marketing materials, marketing programs and distribution of this report. OTCGSW selects stocks traded on Nasdaq or the Amex that have met a rigid set of fundamental financial criteria and is not paid any fees from the companies featured in it. OTCSS is a free bonus report given to OTCGSW subscribers. OTCSS is paid editorial fees for the cost of dissemination. The companies featured in OTCSS do not have to meet any specific financial criteria and are typically developmental stage companies that pose a much greater risk to investors and an investment of this type could result in a total loss over a period of time. The information contained herein contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1993 and Section 21E of the Securities Exchange Act of 1934, including statements regarding expected continual growth of the featured company. In accordance with safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the statements contained herein that look forward in time, which include other than historical information, involve risks and uncertainties that may affect actual results of operations. Factors that could cause actual results to differ include the size and growth of the market for the company's products, the company's ability to fund its capital requirements in the near term and in the long term, pricing pressures, etc. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives goals, assumptions or future events or performance may be forward-looking statements. Forward-looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties that could cause actual results or events to differ materially from those presently anticipated. Forward-looking statements may be identified through the use of words such as expects, will, anticipates, estimates, believes, or by statements indicating certain actions may, could, should or might occur. This is not an offer to buy or sell securities. Information or opinions in this report are presented solely for informative purposes, and are not intended nor should they be construed as investment advice. The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject us to any registration requirement within such jurisdiction or country. We encourage our readers to invest carefully and read the investor information available at the web sites of the U.S. Securities and Exchange Commission (SEC) at www.sec.gov and the National Association of Securities Dealers (NASD) at www.nasd.com. The NASD has published information on how to invest carefully at its web site. Readers can review all public filings by companies at the SEC's EDGAR page. This report does not purport to be a complete study of the featured Company. Information used and statements of fact have been obtained from the featured Company and other sources, but not verified nor guaranteed by OTCSS as to completeness or accuracy. Such information is subject to change without notice. It should be understood that there is no guarantee past performance will be indicative of future results. Opinions stated herein may be solely Geoffrey Eiten's, and not necessarily those of the featured Company. Officers, directors, and employees of ORC or NFC and anyone mentioned in this report, and members of their families may hold a position and may, from time to time, trade in these securities for their own accounts including when this report is distributed. Specific information in this regard will be furnished upon request. Trademarks are the property of their respective owners. ©2007 OTC Growth Stock Watch & OTC Special Situations Report. All rights reserved. For any additional information call 781-444-6100 or see www.otcgs.com or www.otcfn.com.