

Minutes of Annual Meeting of Stockholders

SolarAttic, Inc.

February 13, 1997

The annual meeting of stockholders of SolarAttic, Inc was held at the Riverwood Conference Center, 10990 95th Street NE, Monticello, MN 55362 at 7:00 PM on February 13, 1997 in the "GAZEBO" conference room.

From 6:00 p.m. to 7:00 p.m. was set aside as a social time and pre-meeting demonstration of the Internet and SolarAttic's web presence. James Kantorowicz provided the demonstration of the Internet on-line using a portable Macintosh computer connected to a Mediashow color overhead projector.

The business meeting was presided over by Ed Palmer, President, who chaired the meeting, and Ed Palmer (also Secretary) kept the record of the meeting.

Attendance

The following 12 stockholders were represented in person:

Ed Palmer for EJ Partners, Ltd.
Geoffrey Burton of Burton & Associates LLC
Clement C. Johnson
Larry Garde
Jim Kantorowicz
Jeff Kelsey
Cliff Lundberg
Larry Matthews
Svetlana Shubinsky
Jim Stanley for The Stanley Group
Jim Stanley
Richard & Jean Wiese

The following guests were present:

Bernhard Kinsky (guest of Svetlana Shubinsky)

The following 26 stockholders were represented by proxy:

Alliance Academy
Eugene & Marcelyn Benjamin
Michael Brezman
James R. Cargill II Trust
Dorothy A. Christensen

David Conway
Jean M. Crimmins
Lorraine N. Edberg
Bill Fredell
Matvey Gezunterman
Maurizio Mario Gramigni
Barbara Lapse
Brian Mechler
LeAnn Mechler
Dmitry Mogilyansky
Olmsted Trust
Jacqueline L. Palmer Trust
Raymond Schuster
David C. Smith
Roland & Pearl Starry
Frank Stepanek
Dorothy Stoeckel & Kris Anderson
Mark Stipakov
Tetzloff Family Trust
Joel R. Wiberg
Mark & Jean Williams

Twenty-three shareholders representing 19.7% of the total shares outstanding were not represented at this stockholder's meeting. The shares represented in person were 56.9% of the total shares outstanding. The shares represented by proxy were 24.0% of the total shares outstanding. In total, 80.9% of shares outstanding were represented at the stockholder's meeting in person or by proxy.

Call To Order

The Chairman called the business meeting to order at 7:10 p.m. and announced that the people present in person and by proxy constituted a quorum in accordance with the Corporation's Article's & By-Law's and were authorized to vote all of their shares. (34% minimum of the total shares outstanding are required for a quorum)

The Chairman announced that the purpose of the meeting was to: a) elect three directors to serve for the following year, b) provide an annual management report to shareholders, and c) provide an opportunity for investors to get their questions answered. After the stockholder's meeting, the directors-elect will elect officers.

The following corporate records and documents were made available for review: Corporate Articles; By-Laws; Stock Ledger; 1996 Financial Records; Financial Summary Records from Prior Years; Stockholder Minutes & Records from 2/19/91; and, Director's Minutes & Records. Copies of the company's new pool heater post card mailer, updated space heating brochures and minutes from last year's meeting were also available for stockholders to take with them if desired.

The following literature products were made available for review: Guide to Swimming Pool Heating; Pool Heater Manual; Space Heater Manual; How To Calculate Pool Heating Costs (Marketing Report); How To Create An Energy Efficient Pool (Marketing Report); and, How To Understand Pool Heat Pumps (Marketing Report). A portfolio of other literature that is used in the company's Business and Consumer Kits was also available.

In addition, and for reference purposes, Minnesota Statute 302A, the Minnesota Business Corporation Act was available along with Robert's Rules Of Order and other documents. A copy of Minnesota's proposed SCOR legislation in draft form was also available along with some other materials. See attached slides.

There was no old business.

Approval Of Agenda

The meeting agenda was presented and the Chairman stated that no additional business had been brought up before the meeting. There being none, the Chairman asked if there was a motion to accept the agenda as it stands without any modification. Jim Kantorowicz made the motion: "There being no requests for additions to the agenda prior to this annual meeting, the agenda shall hereby be approved as presented without any changes." Clem Johnson seconded the motion. There was no discussion and the motion was unanimously approved.

Approval Of Minutes

The waiver of reading of last year's minutes was the next order of business. The Chairman noted that last year's minutes had been mailed to all stockholders shortly after last year's meeting and then offered to entertain a motion to accept last year's minutes as written without reading them aloud. Larry Garde and Clem Johnson made the motion: "That the minutes of the last stockholder's meeting which was the Annual Stockholder's Meeting held on 2/15/96 be approved as written and without being read aloud (waiver of reading them aloud)." Dick Wiese seconded the motion. There was no discussion and the motion was unanimously approved.

Approval Of Company Business

The chairman then offered to entertain a motion to approve last year's activities of the company. Clem Johnson made the motion: "That all purchases, contracts, contributions, compensations, acts, decisions, proceedings, elections, and appointments by the Officers or Board of Directors during 1996, and all matters referred to in the Stockholder letters for the Fiscal Year ending 12/31/96 be and the same hereby are approved and ratified." Jim Kantorowicz seconded the motion. There was no further discussion and the motion was unanimously approved by the stockholders.

Opening Of Nominations

At this point, the chairman noted that management recommended that Larry Matthews, Larry Garde and Ed Palmer be reelected as directors for the coming year and offered to entertain a motion to open up nominations for the board of directors.

Motion was made by Jim Stanley “to open nominations for the board of directors for the election of three directors to serve for the year of 1997-1998.” The motion was seconded by Cliff Lundberg. There was no discussion and the motion was unanimously passed. The Chairman announced that nominations were open.

Nominations

Upon motion made by Jim Kantorowicz and seconded by Clem Johnson, Larry Matthews was nominated to serve another term.

Upon motion made by Jim Stanley and seconded by Clem Johnson, Larry Garde was nominated to serve another term.

Upon motion made by Larry Garde and seconded by Dick Wiese, Ed Palmer was nominated to serve another term.

Close Of Nominations

There being no other nominations, the Chairman asked for a motion to close the nominations. “Motion to close nominations for the board of directors” was made by Dick Wiese and seconded by Clem Johnson. There was no discussion and the motion was unanimously approved.

Adoption Of Candidate Slate

The chairman then offered to entertain a motion to “adopt the slate of board of director candidates as presented.” Cliff Lundberg made the motion. Jim Kantorowicz and Clem Johnson seconded it. There was no discussion and the motion was unanimously approved. Larry Matthews, Larry Garde and Ed Palmer were reelected to serve as directors. The Chairman declared that the above named persons were duly elected directors to hold office for the ensuing year of 1997-1998.

Management Presentation Starts

There being no further new business, the chairman proceeded into the company’s management presentation which began at approximately 7:38 p.m. and lasted until approximately 10:10 p.m. Ed Palmer, the company’s chairman and also the company’s president and CEO made the management presentation. A copy of all the slides presented are attached hereto.

Management Presentation

The management presentation highlighted six key areas: 1) 1996 In Review; 2) 1997 Plans & Goals; 3) Internet Strategy; 4) Sales Strategy; 5) DPO Strategy; and, 6) Q & A.

The chairman started the presentation by reflecting on the “18-24 Month Strategic Plan” as presented during last year’s meeting. Two 1996 accomplishment slides were presented next and the chairman noted that significant progress has been made in several areas. At the state fair, the company presented a pre-production version of the combined space heating & ventilation product. Once again, people wanted to buy the product out of the booth. The chairman pointed out that about 95% of the engineering is completed and three units were on hand in various stages. It is a

1997 goal to complete the engineering and get the unit into production. It was noted that the space heater, itself, appeared better to consumers in the broader context of a complete line of space heating and ventilation systems (or a combination thereof).

A slide was then presented that showed 1996 word of mouth sales. This was 26 pool heaters and one space heater. A historical sales graph for PCS1 pool heaters was shown next. It was noted that 131 pool heaters were now out in 29 states and that additional testimonials were obtained during 1996. A list of inquiries processed and the top four sources were analyzed and compared to 1995 Dulley Inquiries. The chairman noted a consistently high response rate on the limited inquiries involved.

A financial review of the company included an Operations Summary, an analysis of Cash Resources, Balance Sheet analysis, Equity Growth and Commentary. The chairman noted that a significant amount of non-cash transactions were made. Some of these were specifically made to get the company's books inline with GAAP accounting practices. GAAP stands for Generally Accepted Accounting Principles and are required to be used for purposes of reporting the financials of public companies. In short, several transactions were made to get ready for the company's DPO or direct public stock offering. The chairman noted that while the ratio analysis looked great, it was the end result of the financial year-end moves and did not necessarily apply to most companies in the developmental stage. The fact that the ratios look good will help the company in its DPO endeavor. An equity growth bar chart was then presented readjusted for GAAP comparison purposes.

The chairman noted the theme for 1997 is "Breakaway Year" as the corporation fully expects major gains in sales and financing during the year. "This is the year SolarAttic moves from being a developmental entity into being a full operating entity. This is SolarAttic's breakaway year!"

It was noted that development of the technology was still continuing with two key milestones expected during 1997. First, the company fully expects that the fourth patent will issue. Second, it will be necessary to file internationally by the new deadline of 11/22/97. The chairman also noted that a fifth technology patent was possible if the fourth patent issues. However, the chairman noted that this fifth patent application would be tabled until the company was a full operating entity. The chairman noted that the fifth patent was in the duct and ventilation technology area, but would not disclose any specifics at this time. Noting further that this particular information is very proprietary to SolarAttic at this time.

A Strategic Plan was then laid out next for 1997 that covered five key areas: 1) Ramp up sales via direct marketing; 2) Expand product offerings; 3) Expand Web site; 4) Test-the-waters DPO; and, 5) Expand capital resources. This was followed by some specific objectives for 1997. 1) Full-time sales effort using a postcard direct mail piece and database in the pool market. An explanation of the new pool market direct mail postcard was presented. A copy of the new mailer is attached to these minutes. (A full discussion of the company's current sales strategy was made.)

2) Continue to prosecute the company's fourth patent application. 3) Start up production of the combination space heating-ventilation product. 4) Create and install a ventilation only product into Energy City's model home by fall. An explanation of the Energy City (Elk River) project was presented. 5) Raise additional private capital. An extension of the company's stock price was made until March 14, 1997 for current investors due to some delays caused by the Commerce Department. 6) Update the financial model to \$100 Million in 10 years. Update the company's stock valuation analysis for the Internet web site DPO documents. Such an updated valuation analysis would flow out of the updating the company's financial model. 7) Get public ASAP via an Internet DPO strategy (using SCOR Form U7). The chairman noted that the new SCOR Form U7 is already accepted in 45 states.

Sales & marketing strategy was discussed next. The chairman noted that all elements are in place for full time sales efforts with the exception of an advertising agency and the "media relations" pr firm. Both of these remaining elements required additional capital and would be put into play as soon as funds allowed.

At 8:15 p.m., the chairman proceeded to go Online to the Internet to demonstrate how the company plans to proceed with its DPO (direct public stock offering). Various search engines were examined and it was shown how easily anyone in the world could now locate SolarAttic. The company's comprehensive web site at <http://www.solarattic.com> was examined and a significant amount of time was spent examining a pseudo site of the company's information which was located on www.excite.com (one of the more popular search engines).

The chairman went into SolarAttic's site control panels and showed the various analysis capabilities available to the company. A pareto analysis of which pages were being examined by Internet surfers was demonstrated. This showed the rank of hits being made in descending order. Highest hit pages to lowest hit pages. The review showed that virtually all of SolarAttic's web site is being examined. At the time of the meeting, SolarAttic's site consists of 120 pages.

A summary page of overall statistics from the site is attached hereto. February ended up with 8045 total hits at the site. The company is rapidly approaching 20,000 hits and is getting inquiries from many areas along with interest levels being received from prospective investors. The chairman noted that the site is fully functional and it is now possible to even order the company's products Online from forms contained at the web site. A demonstration of reading the company's mail on America Online showed how form data from the web site would be received.

After the Internet, web site and America Online electronic mail demonstration, the chairman reviewed the company's DPO strategy at length. This included revisiting the prior IPO to discuss the problems encountered and how they would be overcome in the DPO. A discussion of Minnesota's proposed SCOR legislation was conducted. The chairman noted that, in its current form, the proposed Minnesota SCOR legislation would not be useful to SolarAttic. If it were law, SolarAttic would simply bypass Minnesota with its DPO.

The offensive Minnesota SCOR clauses were covered in a couple of slides and the senate and house authors of the new legislation were also identified. Stockholders were encouraged to provide their input to their legislators. The last slide was an empty stock valuation form that would have to be completed in the near future. Prior to completing the company's Form U7. The exact timing of the DPO is still uncertain, but SolarAttic is already beginning to "test-the-waters" to see if sufficient investor interest is present. Preliminary expressions of interest indicate that the DPO could occur sometime mid year. The chairman then spent about ten minutes answering specific stockholder questions. The management presentation ended approximately 10:10 p.m.

Adjournment

There being no further business or discussion, the chairman offered to entertain a motion to adjourn. Larry Matthews made the motion to adjourn the annual stockholder's meeting and Larry Garde seconded it. The motion was unanimously approved and the meeting was formally closed at approximately 10:12 p.m.

Election of Officers

During their annual board meeting which followed immediately after the annual stockholder's meeting, the board of directors elected James F. Stanley as the Vice President of Marketing & Sales. Edward G. Palmer was then elected to serve in the capacity of all other officer positions.

Edward G. Palmer

Secretary Dated: March 6, 1997
SolarAttic, Inc.