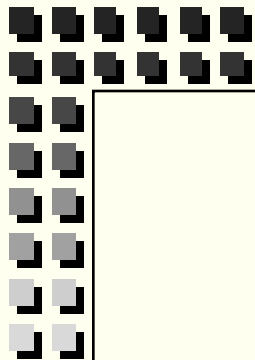




Welcome To SolarAttic World Headquarters



TONIGHT
Annual Stockholder's
Meeting 1998





Pre-Meeting Opportunities

- n Tour new facilities**
- n Meet other stockholders**
- n View pool heater sales video**
- n Talk with officers**



Purpose Of Meeting

- n Elect three directors**
- n Update Articles & By-Laws**
- n Annual Report to shareholders**
- n Q&A Opportunity**
- n Directors election of officers**



Corporate Documents Available To Review

- n **Articles & By-Laws**
- n **Stock Ledger**
- n **Financial Records**
- n **Stockholder Minutes & Records**
- n **Directors Minutes & Records**



Reference Materials

- n **Roberts Rules Of Order Revised**
- n **Minnesota Statute 302A (Corporation Act)**
- n **Minnesota Statute 80A (Securities Act)**
- n **Minnesota Rules 2875 (Securities Rules)**
- n **SEC Rules & Regulations**
- n **Leininger & Leininger 1/15/98 Audit Report**
- n **SolarAttic Prospectus 1/31/98**
- n **SolarAttic Web Site**



Products To Review

- n **PCS1 Swimming Pool Heater**
- n **GB Series Combo Space-Ventilation System**
- n **SolarAttic Ridge Ventilator & Control System**
- n **Literature**
 - n **Pool Heater Technical Manual**
 - n **Guide To Pool Heating**
 - n **Report: How To Calculate Pool Heating Costs**
 - n **Report: How To Create An Energy Efficient Pool**
 - n **Report: How To Understand Pool Heat Pumps**



Materials Available

n Product Brochures

- n PCS1 Color Brochure**
- n PCS1 Marketing Postcard**
- n Space Heater Brochure**
- n GB-Series Brochure**

n Leininger Audit Report 1/15/98

n Prospectus 1/31/98



No Old Business



Agenda

7:00 Call to Order

- **Quorum Present**
- **Approval of Agenda**

7:15 Business

- **Approval of Last Years Minutes**
- **Resolution to Approve All BOD & Officer Actions**
- **Nominations for Three Board Members**
- **Election of Three Board Members**
- **Vote on Article & By-Law Changes**

7:30 Management Presentation

- **Q&A**

9:15 Adjournment



Approval Of Agenda

Stockholder Approval Of Agenda (Without any changes)

Resolved:

“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.”

Motion made by: Dick Wiese
Seconded by: Larry Matthews
Discussion: None
Votes in Favor/Opposing: All in favor



Approval Of Minutes

**Stockholder Approval Of Minutes
(With waiver of reading them aloud)**

Resolved:

“That the minutes of the last stockholder’s meeting which was the Annual Stockholder’s Meeting held on 2/13/97 be approved as written and without being read aloud (waiver of reading them aloud).”

Motion made by: Larry Matthews

Seconded by: Dennis Chuba

Discussion: None

Votes in Favor/Opposing: All in favor



Approval Of Actions

Stockholder Approval Of 1997 Actions

Resolved:

“That all purchases, contracts, contributions, compensations, acts, decisions, proceedings, elections, and appointments by the Officers or Board of Directors during 1997, and all matters referred to in the Stockholder Letters for the Fiscal Year ending 12-31-97 be and the same hereby are approved and ratified.”

Motion made by: Dick Wiese

Seconded by: Larry Garde

Discussion: None

Votes in Favor/Opposing: All in favor



Election of Directors

- n Management recommends the existing 3 directors be reelected:**
 - Larry Matthews**
 - Larry Garde**
 - Ed Palmer**



Opening Nominations

Stockholder Approval Of Opening Nominations

Resolved:

“Motion to open nominations for the board of directors for the election of **THREE** directors to serve for the year of 1998-1999.”

Motion made by: Jim Stanley

Seconded by: James Kantorwicz

Discussion: None

Votes in Favor/Opposing: All in favor



Motion To Nominate

Motion to Nominate Board of Director Candidate

Nomination of: Larry Matthews

Motion made by: James Kantorowicz

Seconded by: Larry Garde



Motion To Nominate

Motion to Nominate Board of Director Candidate

Nomination of: Larry Garde

Motion made by: Jim Stanley

Seconded by: Dick Wiese



Motion To Nominate

Motion to Nominate Board of Director Candidate

Nomination of: Ed Palmer

Motion made by: Dick Wiese

Seconded by: James Kantorowicz



Closing Nominations

Stockholder Approval Of Closing Nominations

Resolved:

“Motion to close nominations for the board of directors.”

Motion made by: Mark Stipakov

Seconded by: Dennis Chuba

Discussion: None

Votes in Favor/Opposing: All in favor



Approval of Slate Vote

Stockholder Approval Of Slate of Candidates

Any Further Discussion?

Resolved:

“Motion to adopt the slate of board of director candidates as presented.”

Motion made by: James Kantorowicz

Seconded by: Geoff Burton

Discussion: None

Votes in Favor/Opposing: All in favor



Current Article 8.1 Articles Of Incorporation

Article 8.1. Except as provided in Article 2 by Minnesota §302A.123, any provision contained in these Articles of Incorporation may be amended, altered, changed or repealed by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the shares present and entitled to vote at a duly held meeting of the shareholders or such greater percentage as may be otherwise prescribed by the laws of the State of Minnesota.



Update To Article 8.1 Articles of Incorporation

Article 8.1. Except as provided in Article 2 by Minnesota §302A.123, any provision contained in these Articles of Incorporation may be amended, altered, changed or repealed by the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote.



Approval of New Article 8.1 of Articles of Incorporation

Stockholder Approval Of Article 8.1 of Articles of Incorporation

Discussion Of Update

Resolved:

“Motion to adopt new Article 8.1 of the Articles as presented.”

Motion made by: Larry Matthews

Seconded by: Larry Garde

Discussion: Dick Wiese, Cliff Lundberg & Others

Votes in Favor/Opposing: All in favor except one dissenting proxy.

Resolution was passed.



Current By-Law

Article 2.7

2.7. Voting Generally. At every shareholder's meeting every shareholder shall be entitled to vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact, provided that no proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided for in the proxy. Each shareholder shall have one vote for each outstanding share registered in his name on the books of the Corporation on each matter submitted to a vote at a meeting of shareholders. All elections shall be had and all questions decided by a majority vote except as is otherwise required by a larger shareholder vote by these By-Laws, by the Articles of Incorporation or by the Minnesota Business Corporation Act 302A.



Update To By-Law Article 2.7

2.7. Voting Generally. At every shareholder's meeting every shareholder shall be entitled to vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact, provided that no proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided for in the proxy. Each shareholder shall have one vote for each outstanding share registered in his name on the books of the Corporation on each matter submitted to a vote at a meeting of shareholders. All elections shall be had and all questions decided by a majority vote.



Approval of New By-Law Article 2.7

Stockholder Approval Of New By-Law Article 2.7

Discussion Of Update

Resolved:

“Motion to adopt new Article 2.7 of the By-Laws as presented.”

Motion made by: Dennis Chuba

Seconded by: Larry Garde

Discussion: None

Votes in Favor/Opposing: All in favor except one dissenting proxy.

Motion was passed.



Current By-Law

Article 9.1

9.1. Amendment to By-Laws. These By-Laws may be altered, amended or repealed by the affirmative vote of seventy-five percent (75%) of the members present at a duly called meeting of the Board of Directors or by the seventy-five percent (75%) vote of the shareholders provided that notice of the alteration, amendment, or repeal be contained in the meeting notice.



Update To By-Law Article 9.1

9.1. Amendment to By-Laws. These By-Laws may be altered, amended or repealed by the affirmative vote of a majority of the members present at a duly called meeting of the Board of Directors or by a majority vote of the shareholders provided that notice of the alteration, amendment, or repeal be contained in the meeting notice.



Approval of New By-Law Article 9.1

Stockholder Approval Of New By-Law Article 9.1

Discussion Of Update

Resolved:

“Motion to adopt new Article 9.1 of the By-Laws as presented.”

Motion made by: Harlan Jacobs

Seconded by: Geoff Burton

Discussion: None

Votes in Favor/Opposing: All in favor except one dissenting proxy.

Motion was passed.



Management Presentation

- n **1997 In Review**
- n **1998 Plans, Strategies, Goals**
- n **Direct Public Stock Offering**
- n **Sales Issues**
- n **Q&A**



18-24 Mo. Strategic Plan

- ✓ n **Keep Pacing Business**
 - ✓ n **Prosecute 4th Patent**
 - ✓ n **Make Foreign Patent Application**
 - ✓ n **Test some Sales Initiatives**
 - ✓ n **Create Ventilation Product**
 - ✓ n **Create Combo Space Heating/Ventilation Product**
 - ✓ n **Raise additional private investment capital**
 - n **Update Financial Model \$100M/10Year**
 - n **Resolve Securities Law Issue with State**
 - ✓ n **Get Public ASAP**
- 1996 Annual Meeting Slide**

\$100 Million Goal 2008

A Clear Mental Picture

Market	Year 2008 Revenue Goal	Estimated % Revenues
Blowers & Fans; Ventilation	\$60,000,000	60%
Swimming Pool Heating	20,000,000	20
Hot Water Heating	10,000,000	10
Space Heating	5,000,000	5
Ducts	5,000,000	5
Totals	\$100,000,000	100%

Prospectus Page 54

Need To Update Financial Model




Minnesota DPO Filing

After effective in other states.

By March 31st or no filing.

Would like to register in MN





Major Accomplishments

- n **Establishment of Distribution**
 - n Gainesville FL Distributor
 - n Phoenix AZ Distributor
 - n Orlando FL Distributor
- n **Duct Technology Patent & Sales**
- n **DPO filed in 14 States**
- n **ERBC Move / Operating Status**



Other Accomplishments

- n Designed & built the “SolarAttic Ridge Ventilator”**
- n Installed Ridge Ventilator into ENERGY HOME**
- n Started International patent filings for 4th patent**
- n Built database of pool addresses to over 200,000**
- n Expanded web site to 250 pages: 700+ Manuals**
- n Shipped 34 Pool Heaters & 3 Ridge Ventilators**
- n Introduced PCS1 into Phoenix Market**
- n Established Mfr Reps in Florida and California**
- n Many others; i.e. Web site readied for DPO sales**



State Fair Marketing Test

- n Introduced the SolarAttic Ridge Ventilator.**
- n Third year that people wanted to buy product at our booth.**
- n SOLD five systems at State Fair**



1997 Sales

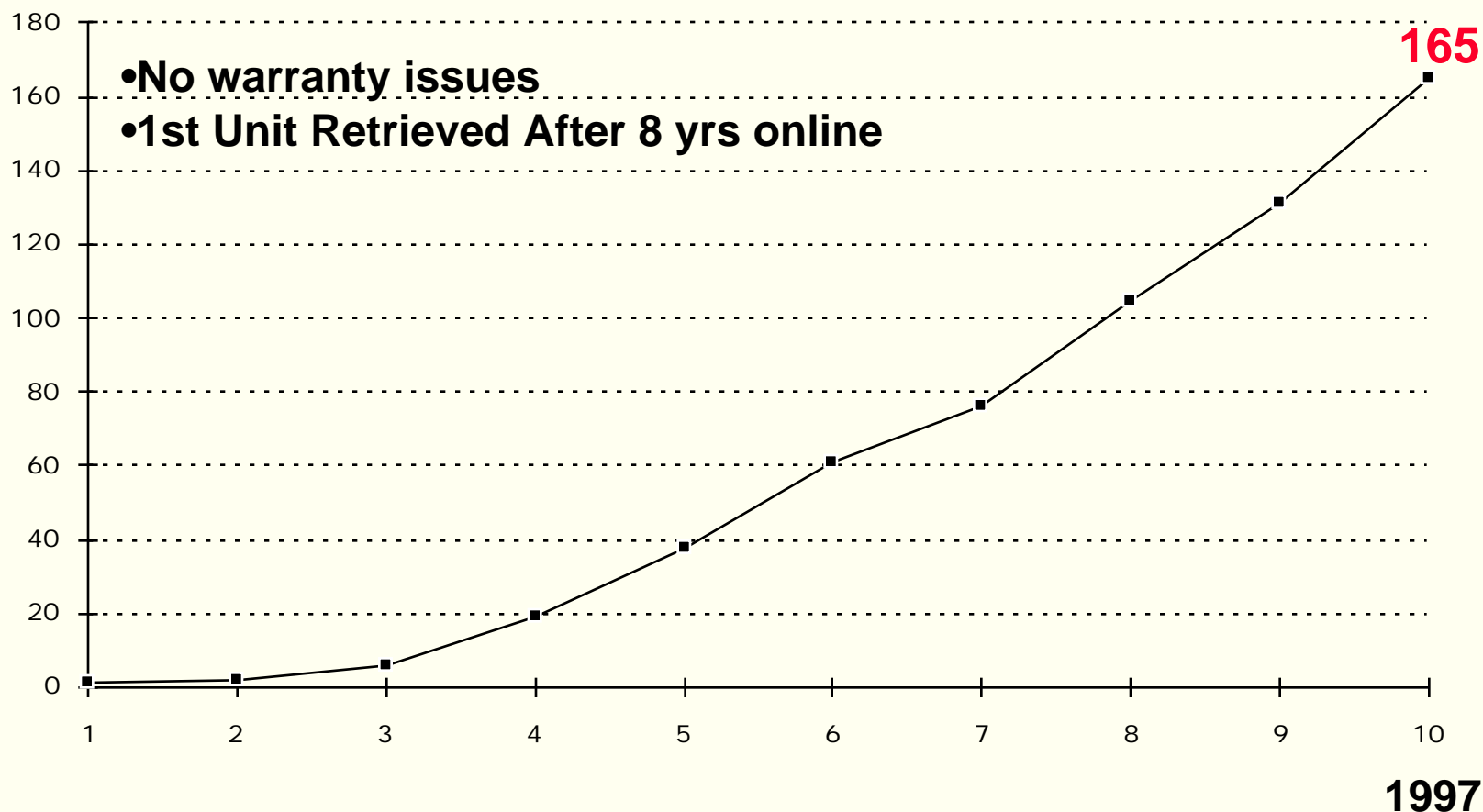
- n **34 Pool Heating Systems**
- n **3 Ridge Ventilators**
- n **Misc**
 - **Valves & Literature Products**

31.7% Increase in Sales \$



Cumulative

Historical PCS1 Sales





States Shipped Into

<u>Year</u>	<u>Total</u>	<u>States</u> (YEAR FIRST SHIPPED TO)
1988	1	Florida
1989	2	Minnesota
1990	3	California
1991	9	Kentucky, Georgia, New York, New Jersey, North Carolina, Connecticut
1992	13	Arizona, Wisconsin, Ohio, Massachusetts
1993	17	Maryland, Texas, Michigan, Tennessee
1994	24	Arkansas, Indiana, New Hampshire, Missouri, Nebraska, South Carolina, Pennsylvania
1995	27	Alabama, Louisiana, Mississippi
1996	29	Oregon, Washington
1997	30	Pennsylvania



GAAP Audited Financial Statements

Review of Leininger & Leininger, Ltd. 1/15/98 Audit



A Final Look Back

1997 Breakaway Year

WE MADE IT!

“This is the year SolarAttic moves from being a developmental entity into a being a full operating entity. This is SolarAttic’s breakaway year!”

Edward G. Palmer

President

97' THEME

Modeling Cash Flow For 1998

Looking Ahead

	<u>1997</u>	<u>1998 (A)</u>
Starting Cash	29,698	14,148
Sales	61,853	527,120
Gross Profit	32,996	253,017
Cash flows from operating activities	(85,483)	110,207
Cash flows from investing activities	(33,387)	(30,000)
Cash flows from financing activities	<u>103,320</u>	<u>204,958</u>
Ending Cash	14,148	299,313

*

1998 sales projected in \$500-600K range.

*** Excludes the effects of any public offering funds.**



1998 Strategic Plan

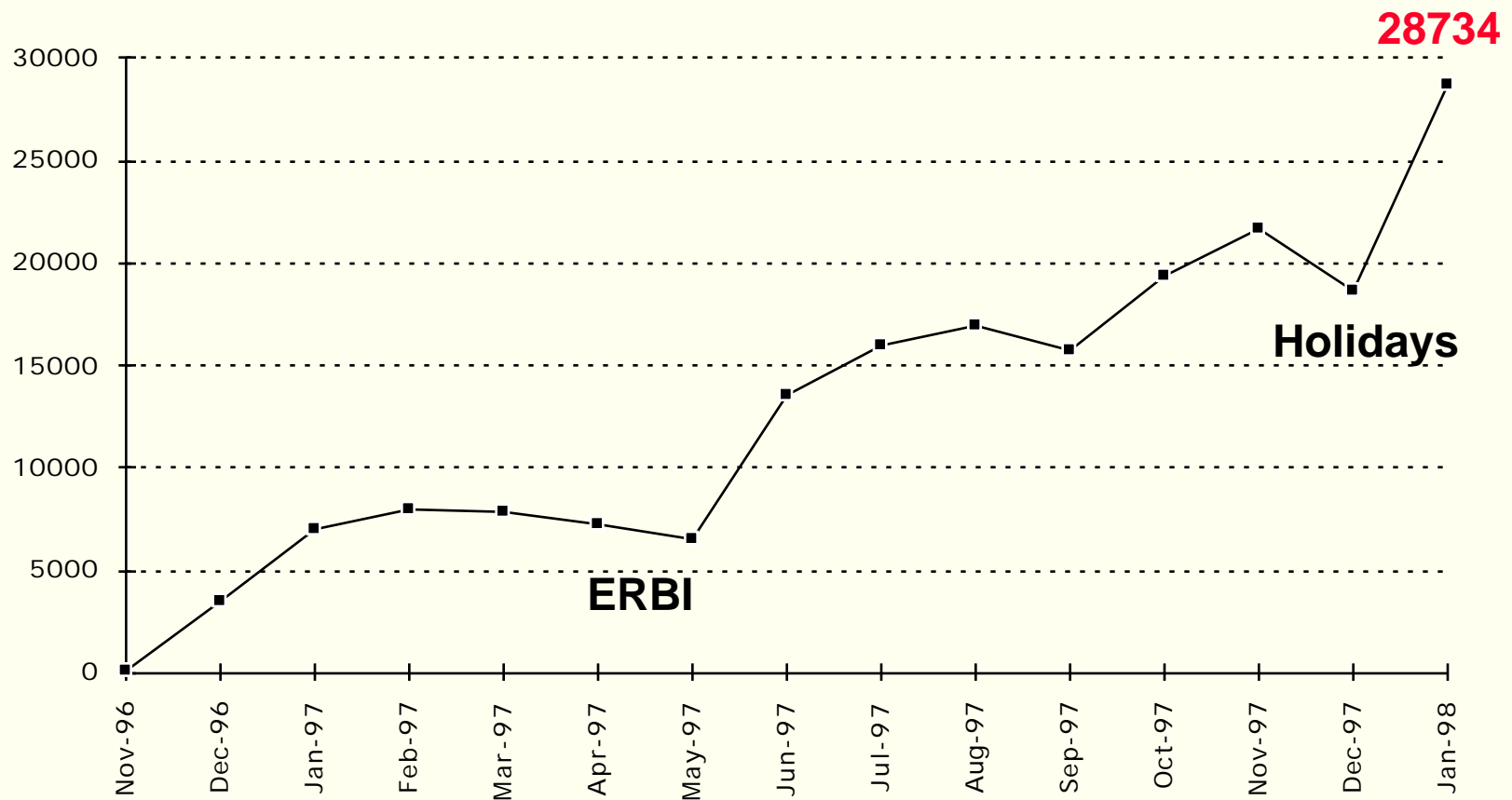
- n **Ramp Up Sales via DEALERS**
 - Focus on Phoenix Market Expansion
 - Focus on Orlando Market Expansion
- n **Direct Public Stock Offering**

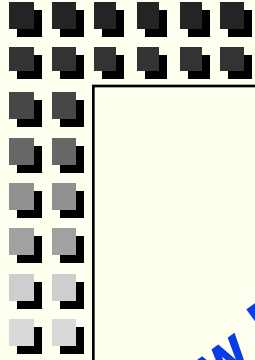


1998 Specific Objectives

- n Sales
- n Sales
- n Sales
- n More Sales
- n Establish additional exclusive dealerships
- n Establish additional manufacturer's reps
- n Sell ridge ventilators directly out of fair booth
- n Complete sale of direct public stock offering
- n See Milestones in Prospectus on p23-25

SolarAttic's Internet Site





*Now Effective in
AZ, CA, CO & RI*

Direct Public Stock Offering

Review of Web Site DPO Presentation



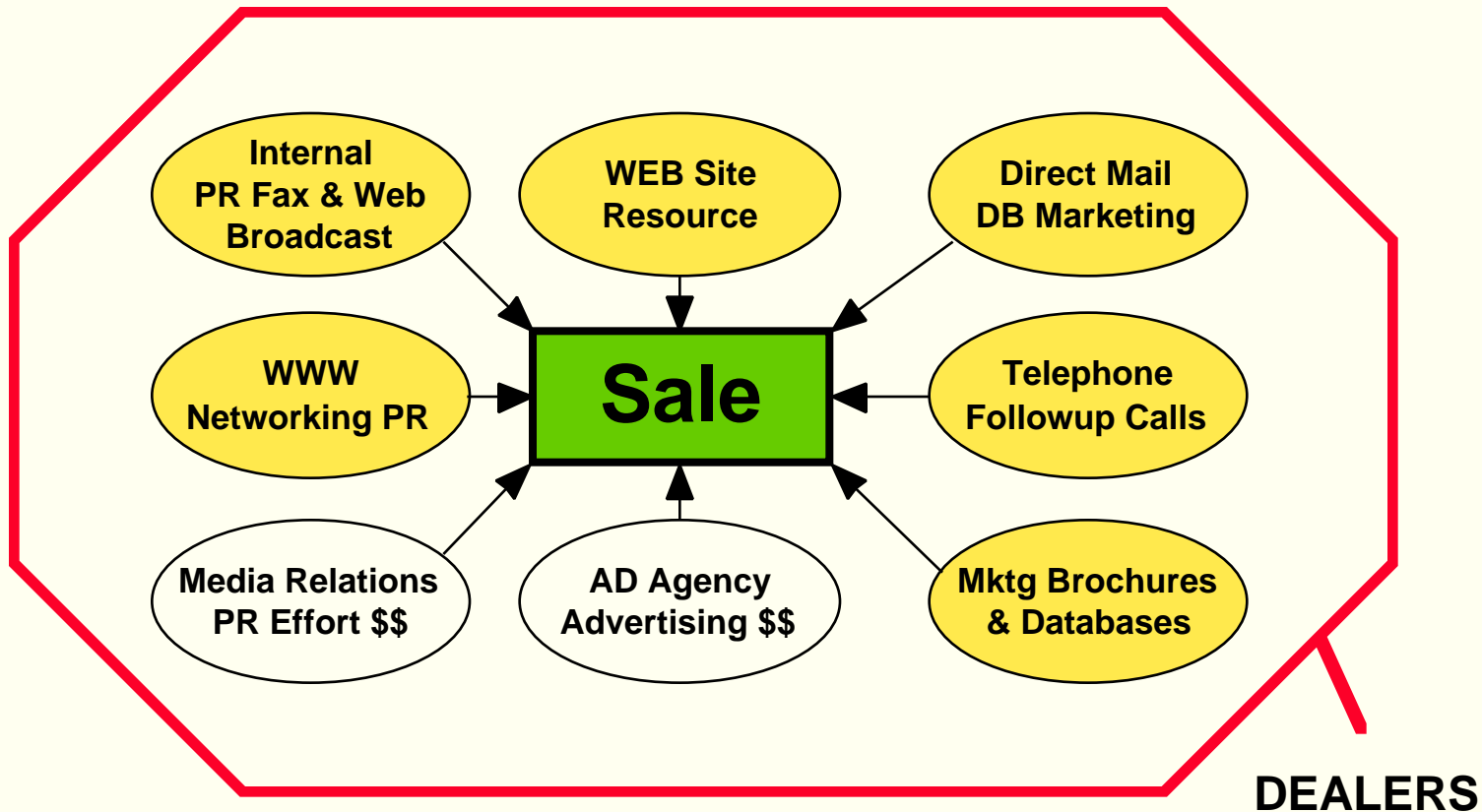


Sales Support

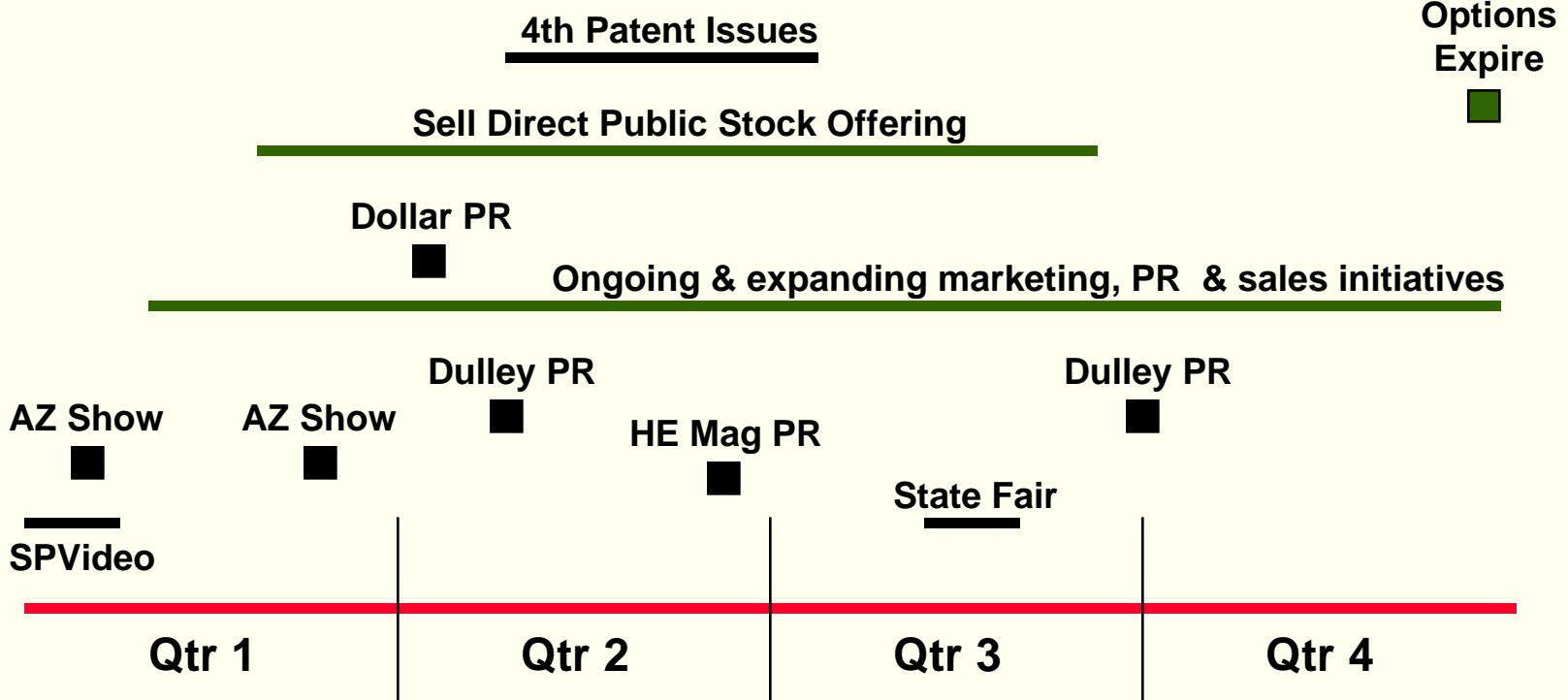
www.solarattic.com

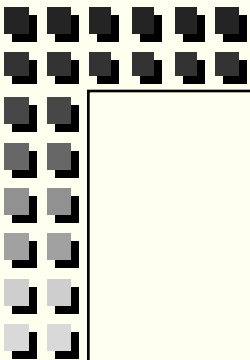
Review of Web Site Sales Support

Sales & Mktg Strategy



Key Events & Sales Timelines are Cash Sensitive





Sales Issues

Jim Stanley
Vice President
Marketing & Sales



General Q&A

- n Any other questions?**
 - For Ed Palmer, CEO**
 - For Jim Stanley, VP Mktg & Sales**



Motion To Adjourn

Stockholder Meeting Adjournment

Resolved:

“There being no further business, the annual meeting of SolarAttic’s shareholders is hereby adjourned at 9:12 p.m.”

Motion made by: Dick Wiese

Seconded by: Jeff Kelsey & Geoff Burton

Discussion: None

Votes in Favor/Opposing: All in favor