

Moller International Freedom Motors

Annual Shareholders Meeting

December 4, 2010

Call to Order

- The 2010 Annual shareholders meeting of Moller International, a corporation operating and existing under the laws of the State of California is called to order today at 10:00 am, December 4, 2010.

Welcoming Address

- Paul S. Moller
 - President, Chairman of the Board

Officers and Directors

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	<u>Moller International</u>	<u>Freedom Motors</u>
Paul Moller	Chairman, President	Chairman
Jim Toreson	Director	President, Director
Mike Shanley	Director	
Faulkner White	Director, Corporate Secretary	
Stephan Smith	Director	Corporate Secretary
William Strons		Director (elect)
Kerry Bryant		Director

- **Bruce Calkins, General Manager (Meeting Chairperson)**
- **Jennifer Moller, Office Manager**
- **George Stevens, Lead Engineer**
- **Stacey Horigan, Controller**
- **John Swope, Electronics Consultant**

Survey of Attendees

- Attending for the first time?
- Attended last year's meeting?
- How did you hear of this meeting?
 - From an Email sent directly to you?
 - From an announcement sent to you by US Mail?
 - From the Moller International web site?
 - From a news service, on-line or print?

- For all attending, I would like to point out the common interests of Moller International and Freedom Motors, a Nevada Corporation, that is charged with the production of the Rotapower engine. I propose this meeting be open to shareholders of this privately held company.

Second:

Vote:

- Ruling: (if carried) This meeting is open to the shareholders from both companies.

- From observation it is determined that there is a quorum of shareholders present.
- First order of business:
 - Reading of the minutes from last year's meeting.
 - Request to waive the reading of the minutes.
 - Second:
 - Vote:

- Overview of Corporate Activities in 2010
- Technical and Business in 2010—Moller International
- Technical and Business Goals for 2011—Moller International
- Business Goals for 2011—Freedom Motors
- Q & A
- Election of Board of Directors
- Adjourn
- Open House
 - Snack

- In 1997 Moller International (MI) exclusively licensed manufacturing of its Rotapower engine to Freedom Motors (FM)
- MI retained rights to aircraft and ducted fans
- MI and FM found manufacturing climate in California poor
- Together sought to license engine production elsewhere

Moller International – Activities in 2010

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- Primarily engine-related support to Freedom Motors
- Completed all fairings and components to accept larger engines on M400 Skycar
- Received permission to use 8-acre lake at Stonegate in Davis for demo flight
- Complete 3rd generation compound rotary engine development and tests
- Continued FCS development
- Developed new patentable engine technology that will increase power output by 40%

Freedom Motors Activities - 2010

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- Two agreements finalized; one in progress
 - Global Rotary Inc
 - Samson Motorworks
 - Guggenheim/Grupo

- Licensed 150cc basic engine for specific applications in China
- License fee of \$1.5 million with 25% down payment
- Royalty of 3.5% on OEM and distributor price
- 10% Ownership in new venture
- Testing of engine underway in China

- Agreement drafted and awaiting down payment
- Exclusive rights to basic engines
- \$5.5 million license fee to Freedom Motors
- \$2 million license fee to Moller International
- 3.5% royalty on OEM and distributor price
- Acquire engine production equipment for \$3 million
- Funded in part by IRB from State of Oregon
- Mostly underwritten by China-based group
- Goal is to have 60% production in US, 40% in China

- Agreement in process to fund and manufacture compound Rotapower engine (CRE)
- 60% production in US – 40% in Mexico
- Includes participation by State of New Mexico
 - Director, Economic Development
 - Bi-National Sustainability Laboratory (BNSL)
 - NM International Business Accelerator (IBA)
- Worldwide rights to basic engine if SMW defaults

- 0.25% penetration rate = \$400 million in sales
- LOI's for over 900,000 engines (approximately \$1 billion in sales)
- Telecommunications industry needs 250,000 engines over next 3 years and have carried out successful tests on our engine

- Number of investors is approaching 500
- Companies with greater than 500 investors in addition to specific assets are required to file for SEC registration and transition to fully-reporting public status.
- Proposed a “Regulation A” offering to raise \$5 million
 - Attorney directed to complete required documents
 - Awaiting completion of financial statements
 - Goal to become effective concurrent with finalized major license agreements

Goals for MI and FM for 2011

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- Engine's volume production startup year
- Demonstration of the M400 Skycar in a major public exhibition
- Deliver Beta basic engines to LOI suppliers
- Complete development of compound engine

- Moller International nominees:
 - Paul Moller
 - Faulkner White
 - Jim Toreson
 - Mike Shanley
 - Stephen P. Smith
 - Andrew Mueller
- Freedom Motors nominees:
 - Paul Moller
 - Jim Toreson
 - Kerry Bryant
 - Bill Strons