

Minutes of Annual Meeting of Stockholders

SolarAttic, Inc.

February 12, 1998

The annual meeting of stockholders of SolarAttic, Inc was held at the company's corporate headquarters located at 16820 Highway 10, Suites 130-140, Elk River, MN 55330.

From 6:00 p.m. to 7:00 p.m. was set aside as a social time with the following opportunities: Touring the new facilities; Meeting other stockholders; Viewing the pool heater sales video from Florida; and, Meeting and talking with officers.

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. People in attendance totaled 20 which included 18 stockholders and 2 guests.

Attendance

The following 19 stockholders were represented in person:

Ed Palmer for EJ Partners, Ltd.
Geoffrey Burton of Burton & Associates LLC
Michael Brezman
Donna Lee Carpenter
Dennis Chuba
Harlan Jacobs for Genesis Business Centers, Ltd.
Larry Garde
James Kantorowicz
Jeff Kelsey
Cliff Lundberg
Larry Matthews
William Matthews for Solid Rock Church
Gladys Olmsted for the Olmsted Trust
Svetlana Shubinsky
Jim Stanley for The Stanley Group
Jim Stanley
Mark Stipakov
Beverly White
Richard & Jean Wiese

The following guests were present:

Bernhard Kinsky (guest of Svetlana Shubinsky)
Hassan Saffouri (guest of William Matthews)

The following 20 stockholders were represented by proxy:

Alliance Academy
Harald Birkeland
Lee M. Berlin
James R. Cargill II Trust
Lorraine Edberg
Bill Fredell
Matvey Gezunterman
Larry Hickman
Clement C. Johnson
Terry Kelsey
Jerome Kleven Trust
Steven & Marie Krueckenberg
Barbara Lapse
Elizabeth Jane & Michael Messina
Dmitry Mogilyansky
Jacqueline L. Palmer Trust
Raymond Schuster
Norman Shultz
Frank Stepanek
Mark & Jean Williams

Twenty-six shareholders representing 11.7% of the total shares outstanding were not represented at this stockholder's meeting. The shares represented in person were 62.8% of the total shares outstanding. The shares represented by proxy were 25.5% of the total shares outstanding. In total, 88.3% of shares outstanding were represented at the stockholder's meeting in person or by proxy. This was up from last years' 80.9% representation. It was the best attendance to date in the company's history.

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) Update the Articles & By-Laws; c) Provide an annual management report to shareholders; and, d) Provide an opportunity for investors to get their questions answered. After the stockholders' meeting, the directors-elect will elect officers for the coming year.

The following corporate records and documents were made available for review: Corporate Articles; By-Laws; Stock Ledger; 1997 Financial Records; Financial Records from Prior Years; Stockholder Minutes & Records; and, Director's Minutes & Records. All of the company's current products were available for review.

Copies of all product literature, minutes from last year's annual meeting and the 1997 Leininger Financial Audit Report were available to stockholders. A copy of the company's current prospectus and the company's web site were available for review.

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 reference materials such as Securities Laws. Meeting slides are attached.

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 further modification. Dick Wiese 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." Larry Matthews 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 Matthews made the motion: "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)." Dennis Chuba 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. Dick Wiese made the motion: "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." Larry Garde 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 1998-1999." The motion was seconded by James Kantorowicz. There was no discussion and the motion was unanimously passed. The Chairman announced that nominations were open.

Nominations

Upon motion made by James Kantorowicz and seconded by Larry Garde, Larry Matthews was nominated to serve another term.

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

Upon motion made by Dick Wiese and seconded by James Kantorowicz, 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 Mark Stipakov and seconded by Dennis Chuba. 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." James Kantorowicz made the motion. Geoff Burton 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 1998-1999.

Modification Of Article 8.1

The next order of new business was to update Article 8.1 of the Articles of Incorporation. This was required by the state of California as a condition of the company's public offering effectiveness. The change removed the super majority vote requirement to alter "Articles" and changed it to a simple majority vote. The motion to adopt the change was made by Larry Matthews and seconded by Larry Garde. There was some discussion concerning the interpretation of the change. Would this be interpreted as a majority of all shares outstanding? Or, as a majority of a simple quorum (intended purpose). All votes were in favor except one dissenting proxy of 125,000 shares against it. The motion was carried and the change to Article 8.1 of the Articles of Incorporation was adopted.

Modification of By-Law 2.7

The next order of new business was to update By-Law Article 2.7. This change was necessitated for the same reason as above. Again, the change removed references to super-majority voting and adopted simple majority vote for all questions at a stockholders' meeting. Dennis Chuba made the motion to adopt. Larry Garde seconded the motion. There was no discussion. All votes were in favor except one dissenting proxy of 125,000 shares against it. The motion was carried and the change to By-Law 2.7 was adopted.

Modification of By-Law 9.1

The next order of new business was to update By-Law Article 9.1. Again, this change was necessitated for the same reason as the prior two changes listed above. The change removed references to super-majority voting to alter "By-Laws" and adopted a simple majority vote for all changes initiated by stockholders. Harlan Jacobs made the motion to adopt. Geoff Burton seconded the motion. There was no discussion. All votes were in favor except one dissenting proxy of 125,000 shares against it. The motion was carried and the change to By-Law 9.1 was adopted.

The text of the exact language of the above changes, both old and new, are contained in the attached meeting slides. California was advised on March 13, 1998 that our interpretation of the changes is that: "A simply majority of a quorum (34% of shares outstanding) can now make changes to either SolarAttic's Articles or By-Laws." The California Department of Corporations did not contest the company's interpretation. Therefore, the Company now believes that it has effected the desired changes.

Management Presentation Starts

There being no further new business, the chairman proceeded into the company's management presentation which began at approximately 7:40 p.m. and lasted until approximately 9:12 p.m. Ed Palmer, the company's chairman and also the company's president and CEO made the management presentation. Jim Stanley, VP of Marketing & Sales also spoke and addressed sales issues.

Management Presentation

The management presentation highlighted five key areas: 1) 1997 In Review; 2) 1998 Plans & Goals; 3) Direct Public Stock Offering; 4) Sales Issues; and, 5) Q & A.

The chairman started the presentation by reflecting on the "18-24 Month Strategic Plan" as presented first at the 1996 annual meeting. The chairman noted that the majority of the strategic plan has been addressed. The next slide presented was the \$100 Million Goal 2008. The chairman noted that, based upon market sizes, that these appeared as reasonable goals. It was also noted that though this was a clear mental picture of where the company's technology can go -- that the detailed and specific financial modeling to get there had not been created. It was noted that the company's current financial model focused primarily on the swimming pool heater market up to about \$20 Million in annual sales.

The next slide dealt with filing the public offering inside of Minnesota. The Company did file its dpo on March 30th in Minnesota and is now undergoing the regulatory comments phase. The outcome in Minnesota is uncertain at this time.

The next slide dealt with major accomplishments. On top were the establishment of some distribution for pool heaters. Gainesville, Phoenix and Orlando were cities in which the company set up distributors. The next accomplishment was the duct technology patent and some system sales. The next was the dpo filing in 14 states.

The last major bullet was the move into the new Elk River Business Center and the switch to a full operating entity (out of the developmental stage). Several other accomplishments were pointed out on the next slide.

A discussion of the state fair marketing test was next. It was pointed out that, for the first time ever, product was sold at the state fair. 1997 was the third year in a row in which people wanted to buy product directly from the booth. In addition to several sales, the SolarAttic Ridge Ventilator received a good product reception from the public.

Actual product sales during 1997 were discussed in the next few slides. 1997 saw a 31.7% increase in gross revenue and historical PCS1 shipments reached 165 units. It was noted that there have been no significant warranty issues to date and that the very first unit shipped had been retrieved and still tests good. GAAP audited financials were discussed next. In a final look back at 1997, the chairman pointed out that 1997 was designated the "Breakaway Year" in which the company would become an operating entity. The chairman noted that the company had made it. A speculative look at the company's 1998 sales potential was next.

Both the chairman and the VP of marketing and sales indicated that sales could easily come in the range of \$500-600K. The chairman then showed a slide that modeled cash flow for 1998 based upon that potential level of sales.

A strategic plan for 1998 was then discussed which focused on two major areas: A) Expanding sales via dealerships and B) A direct public stock offering. Some other specific objectives for 1998 were then discussed.

The chairman discussed the company's Internet site and how it was set up to help accomplish sales objectives for 1998. Sales and marketing strategies were discussed next along with some key events expected in 1998. The chairman noted that many areas of the company's objectives were resource sensitive and the exact outcomes would not be easily predicted. The chairman then turned the meeting over to Jim Stanley, VP of marketing and sales. Jim made a fifteen minute verbal presentation of sales issues and discussed where we have been and where we are headed.

The chairman and the VP of Marketing then spent about ten minutes answering specific stockholder questions. The management presentation ended at approximately 9:10 p.m.

Adjournment

There being no further business or discussion, the chairman offered to entertain a motion to adjourn. Dick Wiese made the motion to adjourn the annual stockholder's meeting and Jeff Kelsey and Geoff Burton seconded it. The motion was unanimously approved and the meeting was formally closed at approximately 9:12 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.

The presentation slides used at the meeting are hereby incorporated by reference as part of these minutes of the 1998 Annual Stockholders' Meeting.

Edward G. Palmer

Secretary Dated: May 18, 1998
SolarAttic, Inc.