



Summary of Information presented at the annual stockholders meeting November 22, 2014

Background of Moller International and Freedom Motors

Freedom Motors was created as a division of MI in 1997 and remained so until 2001 when MI became a public company as FM became a separate company. After reviewing the relative value of the volantor technology versus the engine technology the directors of both companies decided that without an objective way to determine the ultimate value of each technology that it should be split 50-50. As a result approximately 8 million FM shares were distributed to the MI shareholders with approximately one FM share provided for every five shares held in MI. MI had approximately 40,000,000 issued and outstanding at the time. Subsequently, additional shares were sold in MI so that today over 60 million shares are outstanding in MI while after a recent split of 5 for 1, approximately 40 million shares are outstanding in FM.

Freedom Motors has never developed engines, rather, its value was in the rotary engine production equipment and inventory transferred to its upon formation in 1997 and license agreement received from MI that gave FM the world-wide exclusive license to manufacture and distribute the Rotapower rotary engine for all applications except aircraft and ducted fans. Initially the license agreement provided MI with a 5% royalty on any engines FM produced and 15% of any revenue FM obtained from sublicense agreements. This was very favorable to Freedom since typically sublicense agreements are shared 50%-50% between the licensor and licensee, however, in view of the fact that FM would be paying for much of any further engine development, this was considered fair. Subsequently, when the charges for contract work carried out by MI for FM reached \$7 million, it was decided, by the directors of both companies that an adjustment needed to be made. As a result, MI's share in sublicense revenue was increased to 30% while the debt to MI from FM was reduced to \$ 3.5 million. At some point it is likely that revenue share will go to 50%-50% and debt between FM and MI would go to zero. This in a progressive way would make it consistent with traditional sub license agreements. The royalty would remain at 5% for engines produced by FM.

Moller International activity during 2014

Engine Development

- **Boosting Power Output**

To achieve a useful payload and range for the various volants requires the engines to produce approximately 2 horsepower per pound of engine weight. To achieve the design payload and range requires 2.5 horsepower per pound. After an extensive development and test program leading to a very important patentable rotor cooling design, we were able to achieve 204 HP from a 65 lb engine or 3.14 horsepower per pound.

- **Reducing Fuel Consumption**

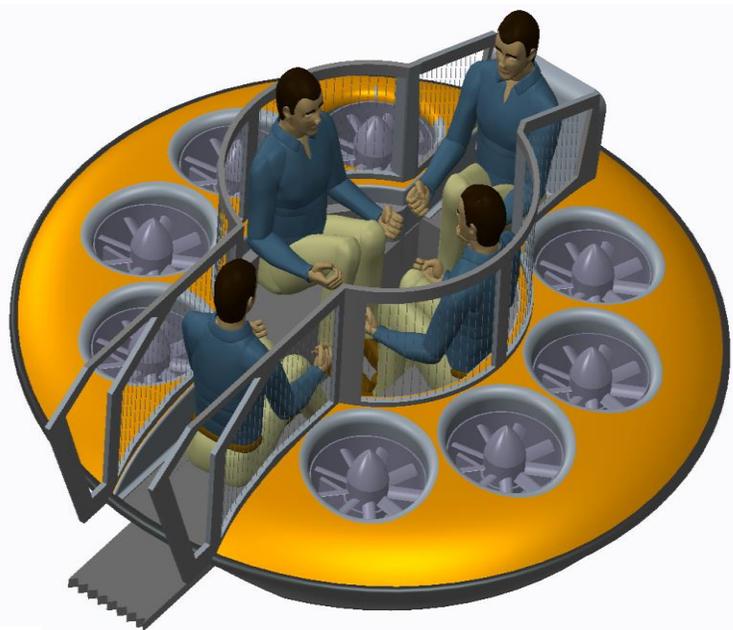
The development of direct fuel injection where the fuel is sent directly to the compression stroke after the intake is closed gave the Mazda Motors rotary a 20% boost in fuel efficiency. Over the last year we have developed this capability for our engine. This is only possible because of the new rotor cooling technology.

Skycar 200 and Firefly

There is an exception in the FAA rules for airplanes that weigh less than about 1400lbs. They are called Light Sport Aircraft (LSA). We plan to work with the FAA to create a category for powered lift aircraft which has the advantages of the LSA category. Therefore, we are concentrating on producing working models of the lighter Skycar 200, Neuera 200 and Firefly with initial emphasis on the Firefly (as shown).

The Firefly is a slightly reworked version of the Neuera 200 with the new more powerful engines. It is particularly suitable for:

- Border Patrol
- Search and Rescue
- Utility Use



We have the Firefly airframe and undercarriage complete but will proceed to the next steps after the engine opportunities are addressed or MI and fund for it.

Funding related activities

- John Gong who some of you met in a previous meeting, has a private investor with an interest in funding the Skycar. In the previous MOU agreement government money was involved, shortly after our MOU was signed, the government changed in China and an anti-corruption campaign began that caused most activities underway to start over.

- Ed De Reyes our test pilot, FAA liaison and promoter of the Skiycar 600 and Skycar 900 continues to work with government agencies to secure a contract. Thorntail is no longer his operating entity and is being replaced.
- Funding options are being discussed with a number of firms who believe that they can fund one or more of the following:
 - Firefly
 - Skycar 200
 - Neuera 200
 - Demonstration of the M400 Skycar before the international press.

Because of a recent contract between Alife and FM that includes funding the integration of our engines into their products, most of previous MI employees are now working for FM and MI is paying FM when it uses these employees.

Freedom Motors Activities during 2014

Over the past year our previous 3.5 million in letters of intent to produce engines now includes conditional orders and actual orders. Therefore, FM has been primarily involved in ways to fund both beta and volume production of its engines. This includes the following:

REG A Offering – to provide beta production funding

After enlisting the help of a number of FM stockholders, we were able to get our attorney to complete the Reg A documents necessary to submit them to the SEC for approval. It normally takes 4 to 6 weeks for the SEC to act after receiving the offering memorandum.

EB5 Funding to provide volume production

EB5 funding is a US government authorized program to provide a green card to foreigners in exchange for a \$500,000 investment. FM has engaged CN Global to undertake this program. Curtis Poling our EB5 manager and CEO of CN Global has indicated that he has 20 potential investors in place. Under the EB5 plan the production facility must be in a high unemployment city. Fortunately, West Sacramento is one of the few places in California that qualifies for this program and is only 10 minutes away.

Contract with Alife Automotive

FM is working with a large conditional and substantial firm order from Alife to to integrate its engines into their products. Alife is headquartered in Singapore with offices in a number of countries. It produces a line of motorscooters in China but has found the “Made in China” label hurts their marketability. A recent market survey showed that 75 million motorscooters will be produced world-wide in 2015, improving a scooter’s image can have a dramatic effect on its market penetration. Alife is setting up production in Singapore where they will import parts from China and elsewhere along with co-production of our 150cc engine to be able to say “Made in Singapore”. Alife is also about to produce an upscale tuk-tuk as a 3 wheel automobile and is providing FM with the funding to integrate the 150cc engine into their motorscooter and the 530cc engine into their automobile. The integration of their scooter is complete and will be displayed at our facility following the meeting. Integration of our 530cc engine into their tuk-tuk is now underway. Alife has provided Freedom Motors with the following:

- A conditional order to purchase over one million engines for their motorscooter to be delivered over the next four years.

- Firm order to purchase most of our first year's production (3500 of 5000 150cc engines and 1000 of 1500 530cc engines).
- Funding up to \$1 million to cover the cost of integrating our engines into their products and develop an air-cooled version of the 150cc engine.
- Agreement to fund the co-production of our 150cc and 530cc engine where FM produces certain parts, in particular, the rotor.

FM is negotiating an agreement similar to that of Alife's with a battery company in China who plan to use our Rotapower engine as a range extender in a series hybrid they are developing. The parent company is very large with many divisions including the one we are working with.