



MONTHLY NEWS LETTER

December, 2002

LATEST UP-DATES ON PROJECTS

The latest news is that the car has been repaired and ready for a long run....we have created an **ATV** (all terrain vehicle) that is all electric and a **Golf Cart**...we have been working on a **portable power unit** that can be hand carried for emergency power and progress is well underway with the **electric airplane** project.

The ATV was completed this week and testing has almost been finished in the field under rough conditions....there should be some up-dates and pictures on the web site of the new design of the ATV under the validation page at www.tilleyfoundation.com

TECHNOLOGY SALES

Attached is a letter from Doug Littlified who has been deeply involved on the sale of the items and has spent numerous hours and days flying all across the country with many long meetings.

Doug is also a Board of Director and has a tendency to tell it like it is which fits well with my personal thinking and it carries very good when it comes to discussing contracts and sales for the technology.

Most of your questions will be answered by reading his letter.

2003 INFORMATION BOOKLET AND STOCK

Inclosed in this packet is the 2003 Tilley Foundation, Inc. information booklet which includes the by laws for the foundation.

The current major stock and voting owner of the Foundation is Carl Tilley with 501 shares out of the 1,000 shares.

(Continued next page)

EXPENSE REPORT

Attached is the expense report from January 2002 to the end of November 2002.

The foundation owes no bills....**"we are debt free"**.. everything has been paid for....my goal is for the foundation to always be debt free.

A large hunk has been spent on buildings. We should have the remainder of the building projects completed early next year which is all inside work for the winter months.

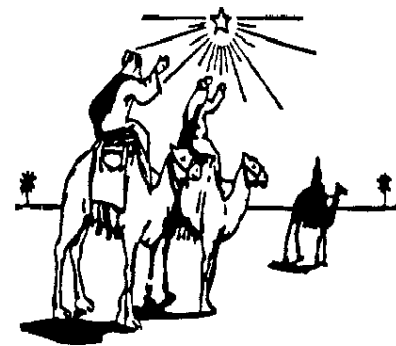
LEGAL ACTION

We are currently in the process of legal action with two individuals and filing counter suits upon them and three other individuals that have attempted to slander the foundation and disrupt business affairs, as well as, a multitude of other items they attempted to do. These matters will be taken care of by the legal staff.

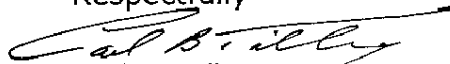
CONCLUSION

We are doing fine with business.... All the funds spent were from my sale of personal stock that was put back in the foundation and in addition my personal funds were put into this project...when the foundation starts making money is when they can repay me back...that was what I said from the beginning and I stand by that.

Everything is proceeding well and we expect some **real results** with a sale very soon. However until I see final paper work and when the attorneys have put their stamp of approval on it then and only then will I be content. I agree with Doug Littlefield that something will be in, at least a down payment, by the end of the year. (**Doug Littlefield letter next two pages**)



Respectfully


Carl B. Tilley

"Have a nice Christmas from Kitty and Carl"

Carl Tilley
Tilley Foundation Inc.
131 Hiwassee Road
Lebanon, TN 37087

Dear Carl:

In response to your request I am writing this brief letter to provide an outline of the activities related to selling one, or more, of the technologies.

As you know we have received hundreds of e-mail messages inquiring about a purchase, by far the majority are individuals wishing to acquire either a home power unit or a conversion kit for their car. While we don't intend to offer these I am responding to each one indicating that we will be glad to pass their interest along to the eventual buyers.....in one sense it consumes time with no prospect of conducting business, however, since they all inquire with good intentions I respond as a matter of courtesy.

Another "class" of correspondence is from people around the World that ask if they can obtain either license or distribution rights. These account for, perhaps, an additional 150 message in the past 8 weeks alone. Once again I have provided an answer similar to that which I send to the individuals above.

Over the past two months I have communicated with more than 50 people that have approached us to supply a buyer if they receive a finders fee. I investigate each of these potential opportunities to ascertain the validity of their ability in this regard. All but two have fallen miserably short of having any capability, with respect to these two I have entered into agreements to split the fee we have agreed upon.

At this point we are at some level of discussion with the following prospect categories:

- Two European groups interested in the building technology.
- Two Canadian groups interested in the building technology.
- One Canadian group interested in both the building and car technologies.
- One American group interested in the building technology.
- One American group interested in both the building and car technologies.
- One South American group interested in both the building and car technologies.
- Two Asian groups interested in both the building and car technologies.

As you know several of these prospects have visited the property for an initial evaluation and we are in the process of establishing such site visits with a number of the others. On the 13th of December we have a "high level" meeting with one of the Canadian groups which, I am confident, will establish a site visit from them as well.

Given the sheer magnitude of the contemplated transactions, in addition to the fact that it is difficult to convince people in the required financial category that such technologies could even exist, makes the selling process quite a bit slower than (I am sure) most of the people involved understand. New technologies are difficult to sell in any case and those that write a new chapter in the science / physics books typically take years to market.

Were we to have convincing third party documentation and confirmation of the reality of the technologies it may be a different story. However, even then one "expert" would question the judgment of another "expert's" conclusions as the various devices defy conventional wisdom..... we've already experienced this form of skepticism.

I receive calls from stockholders every week asking how soon we will "see money", it's a legitimate question but few of them fully appreciate the complications of selling anything in the hundreds of millions or billions of dollars category. These numbers are quite easy to say, it's a much different story to understand what it takes to get numbers like this on a contract. They need to ask themselves if they have ever thought about how difficult it may have been for them decide to invest a few thousand dollars...and then attempt to take the position of investing 1 billion

In answer to everyone's questions in this regard I can only say we are quite close with at least two of the prospects. It is possible we may have an initial deposit before the end of the year...but more likely that we will see a substantial agreement within the next several months.....corporate wheels move slowly and there aren't many individuals that can consummate transactions of this size.

I would hope the stockholders would begin to appreciate this and give you a little peace. I have never heard of stockholders in any business that call the President day and night, 7 days a week, and show up at the business whenever it pleases them. I understand their interest in their investment, but the lack of courtesy they afford you and Kitty is difficult for me to comprehend.

Sincerely,


Douglas C. Kittlefield