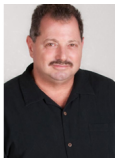

(Published: November 16, 2010)

Dear Shareholder:

Sauer Energy's successful transition into a public company this summer was an important milestone in our company's history, and I would like to welcome all of our new shareholders. Upon the change of our parent company name to Sauer Energy, and new stock ticker symbol (SENY), this is an opportune time to introduce myself, discuss our favorable industry position and plans for the next year.

Sauer Energy develops and produces wind turbine systems that are roof mountable on homes or small buildings. Unlike the 200 to 300-foot high commercial scale horizontal-axis wind turbines you may have seen on plains, deserts or off shore, ours are about five feet tall and designed specifically for the individual home or small business owner's roof. To see our newest turbine photo gallery, click on: http://bit.ly/aqaxyE or just visit www.sauerenergy.com and go to The Turbine/Pictures.

Sauer Energy: The Beginning

In 2007, about the time oil prices were climbing to $150 a barrel, and gasoline reached $5 per gallon, we began developing the Sauer Energy Vertical Axis Wind Turbine (VAWT) and filing patents to protect our valuable intellectual property. Vertical axis means that our turbine blades revolve around a rotor that is in the vertical position.

Wind is an ideal solution, especially if you can make it affordable and easy to install. Sauer Energy is deploying multi-patented technology that makes our turbines highly productive yet small and affordable. We are targeting the individual home and small or mid size enterprise because almost no one is working to help the family or small business lower their utility bills.

Today, we have developed a pre-production prototype of a patented VAWT that is being readied for commercialization and launch. With a growing patent estate, its revolutionary design

addresses a number of the technology's known shortcomings such as noise pollution, minimum blade speed threshold, bird endangerment and space limitation, while enhancing its advantages. It is designed to provide at least one quarter of an average home's electricity, economically.

Vast Wind Energy Marketplace

With energy prices spiraling higher, home and small business owners are searching for ways to lower energy costs and reduce their carbon footprint. Dependence on foreign oil is considered by many to be a national security threat, while one need look no further than the Gulf of Mexico and the recent BP disaster to understand oil and gas' environmental threat.

The ultimate renewable energy target for the United States is to install and generate 20 percent of our consumption by the year 2030, while we are under three percent currently, according to a recent U.S. Department of Energy report.

Industry experts forecast sales of small wind energy capacity to rise ten-fold over the next five years. According to the American Wind Energy Association (AWEA), "Despite an economic downturn, the U.S. market for small wind turbines – those with rated capacities of 100 kilowatts (kW) and less – grew 15% in 2009 with 20.3 Megawatts of new capacity… The world's leading 15 manufacturers continue to predict exponential sales growth in the U.S. market over the next five years, with projections of over one gigawatt of cumulative installed wind capacity in the U.S. by 2015."

The Sauer Energy Turbine

The vertical axis design is a compact turbine design that can be sited on location without being intrusive and may be integrated directly into existing building structures. It is designed to be highly cost effective, for a fast payback of its net cost, and for simple, plug & play installation.

Each blade of the turbine is curved and approximately two and a half feet wide by about three feet tall. The unit requires about a six-foot diameter and is mounted about two feet above a roof line or about five feet tall in total -- approximately the same height as a standard chimney. You can paint it or have it custom made with different colors, logos, names or even order it with landscape camouflage or a sky pattern. People have become accustomed to seeing satellite dishes, telephone poles and chimneys that burn and produce carbon with little efficiencies. To see a short, casual informative video of me demonstrating the ease of assembling a Sauer turbine, go to our home page www.sauerenergy.com and click on the "YouTube" screen/link on

the left side of the home page.

Competitive Advantage: Compelling Economics

We fully expect our turbines' small size, robust electricity production and low cost to offer a major competitive advantage. We anticipate our initial turbine model will offer 1 – 3 kWh, using our innovative design proven to outperform conventional turbines. It offers a low startup speed with a higher threshold for capturing more mass to create more torque and produce higher energy output. Its many benefits include no electronic interference, no ground resonance, remarkably quieter than the propeller types in operation and ease of operation.

Depending on configuration and output, our turbines are estimated to be retail priced between $6,000 and $15,000. With average wind usage, our preliminary test results indicate an approximate 24-month payback to the consumer including the various federal and other rebates and energy tax credits. After that, all the electricity produced is as free as the wind. We are projecting that, in a windy area, the Sauer Energy Turbine can produce about 25 to 50 percent of the electricity for an average home.

Our turbine is designed to be virtually maintenance free. We plan to provide an industry leading ten-year warranty. Additionally, Sauer Energy turbine users may have the option of storing energy produced into powerful compact batteries. If they are connected to the grid, the turbine owner can be paid for all excess electricity produced that is returned to the grid (net-metering).

Sauer Energy Product Roadmap

The Sauer Energy VAWT is presently in pre-production prototype stage. It is under development and testing at world-class specialized engineering facilities that include CADCAM, other computer modeling technologies and wind tunnel tests to validate its design.

In the first quarter of 2011, we expect to submit our design to the American Wind Energy Association's (AWEA) Small Wind Certification Council, or SWCC. The SWCC will begin testing to certify that our turbine meets industry standards of safety, durability, vibration, noise, performance, power, longevity and more. SWCC will also test to validate that our turbine meets its power and performance specifications.

We estimate it will then take about three months to receive SWCC certification of the Sauer

Energy Turbine's power curve and validation of its performance. The power curve is the amount of electricity generated at various wind speeds. This prestigious SWCC validation is a critical milestone, as it then enables the Company to print (validated) sales sheets and begin selling to retailers and others.

At that time, we will begin to move into commercial production with the completion of a new manufacturing facility with production molds, manufacturing equipment, machinery, tooling, parts, inventory, warehouse and distribution. SWCC will continue to test for additional industry certifications as well as one-year durability.

At the same time, we will launch our sales and marketing campaign targeting mass-market home and appliance retailers as well as wholesale government and various direct sales organizations. We target full commercial manufacturing and distribution ramping up in the second half of 2011.

Sauer Energy 2011: Positioned for Success

The Sauer Energy VAWT was met with much anticipation at the WindPower 2010 trade show in Dallas, Texas. Since then, various media publications have interviewed management, reviewed our VAWT prototype and published articles -- many of which are posted on our website. We have received strong retail and government agency interest for purchasing and distribution.

With continued ability to raise equity capital, our growth strategy envisions a full commercial launch in the second half of 2011 with early revenue growth driven by strong market penetration. In the year ahead, our goals include:

• Raise Growth Capital. We will access the public markets for our lowest cost of capital to fund completion of development, commercial manufacturing and marketing to generate strong cash flow and reach profitability.

• Advance R&D. Our research and development continues to accelerate, and we plan to file and receive additional patents increasing the value of our intellectual property.

• Secure Top Industry Certification. We plan to receive the prestigious AWEA (American Wind Energy Association) Standard Certification from the SWCC (Small Wind Certification Council) in early 2011, as well as UL, ISO 9000 and other safety and manufacturing designations.

• Reinforce Management Team. As the Company grows, we will selectively add leading industry executives to key management and board of director positions. As we are tapping the public capital markets, we will announce the addition of a veteran Director of Investor Relations soon. We plan to add a Sales & Marketing Director and reinforce our management team in 2011.

• Build Manufacturing Capacity. To ensure quality control and facilitate distribution, we intend to manufacture in California and have already identified prospective facilities and vendors for the required capital equipment and parts.

• Execute Aggressive Marketing Strategy. While our VAWT addresses many market sectors from government and military to homebuilders and retail, we plan a focused, cost effective marketing strategy to maximize revenue and cash flow. We will also pursue partnerships with utility companies, model “green” cities and eco-friendly institutions.

• Form Strategic Alliances. We will look to form strategic alliances with industry suppliers, key customers and distributors that may include vertical integration, distribution, co-marketing, private label, JV or other agreements.

In summary, Sauer Energy has a revolutionary, plug & play home & enterprise-scale wind turbine that addresses vast unmet market demand. It is cost-effective, consumer friendly and capitalizes on a growing patent portfolio. Positive, preliminary third-party feedback increases our confidence it offers great value.

As a newly public company, Sauer Energy has greatly raised its visibility and increased its opportunities for growth. It is a privilege to lead this company into what I strongly believe to be an exciting and rewarding future.

Sincerely yours,
Dieter Sauer
President and Chief Executive Officer