

**PRIVATE & CONFIDENTIAL**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.**

**If you have sold or otherwise transferred all of your common stock in PolyFuel, Inc. (the “Company”), please send this document, together with the accompanying form of proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.**

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**POLYFUEL, INC.**

(Incorporated in the State of Delaware, USA)

Proposed cancellation of admission of the Company’s common stock to trading on AIM

Proposed liquidation and dissolution of the Company

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You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter to stockholders from the chairman of the board of directors of the Company (the “Board”), on behalf of the Board, which is set out on pages 2 to 4 of this document. This letter explains the background to and reasons for the proposed cancellation of admission of the Company’s common stock to trading on the AIM Market operated by the London Stock Exchange plc (“AIM”) and the proposed liquidation and dissolution of the Company, and contains a recommendation that you vote in favour of the resolutions to be proposed at a meeting of the Company, to be held at 4 p.m. London time/ 8 a.m. Pacific Standard Time on 11 September 2009.

A notice convening a special meeting of the Company, to be held at PolyFuel’s Corporate Headquarters located at 1245 Terra Bella Avenue, Mountain View, California, USA, 94043 at 4 p.m. London time, 8 a.m. Pacific Standard Time on 11 September 2009, is set out at the end of this document. A Form of Proxy for use by stockholders at the special meeting is enclosed. To be valid, a Form of Proxy must be completed in accordance with the instructions set out on it and returned so as to be received at the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 11:59 p.m. London time on 10 September 2009. Completion and return of a Form of Proxy will not prevent a Stockholder from attending and voting at the special meeting in person, should they so wish.

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### EXPECTED TIMETABLE

Posting of circular and form of proxy to stockholders	21 August 2009
Latest time and date for receipt of forms of proxy	11:59 a.m. London Time on 10 September 2009
Meeting	8 a.m. Pacific Standard Time / 4 p.m. London Time on 11 September 2009
Expected cancellation of trading of common stock on AIM	7.00 a.m. London Time on 21 September 2009

**LETTER FROM THE CHAIRMAN**  
**PolyFuel Inc.**  
(Incorporated in the State of Delaware, USA)

21 August 2009

Dear Stockholder,

**Cessation of operations, proposed cancellation of admission of the Company's shares of common stock to trading on AIM and proposed liquidation and dissolution of the Company**

**Introduction**

On August 13, 2009 the Company announced that the Company has ceased operations and intends to seek approval from its stockholders to cancel admission of its shares of common stock to trading on AIM and to liquidate and dissolve the Company.

The principal purpose of this letter is to explain the reasons why the Board is proposing to seek your approval to cancel admission of the Company's Shares to trading on AIM and liquidate and dissolve the Company at a Special Meeting of the Stockholders of the Company ("Meeting") convened for 4 p.m. London Time / 8 a.m. Pacific Standard Time on 11 September 2009 at 1245 Terra Bella Avenue, Mountain View, California, USA, 94043. Notice of the Meeting is set out on pages 5 through 14 of this document.

**Cessation of operations and liquidation and dissolution of the Company**

PolyFuel has previously announced that it was seeking additional sources of capital to help fund the completion of the Company's technology and product development and to achieve commercial introduction of the Company's products and technology. In PolyFuel's experience, equity capital for AIM-listed development stage companies is very difficult to raise in the current economic environment. Although PolyFuel made significant technical progress toward the goal of incorporating fuel cell technology into consumer electronics applications, unfortunately, despite much effort, the Company has been unable to secure its critical next financing round.

In addition to trying to secure a financing round, in light of the Company's financial situation, the Board also considered a number of strategic alternatives and directions for the Company prior to exploring the possibility of a liquidation and dissolution. Over the past several months, the Company has had discussions with certain potential strategic parties. In the belief of the Board, none of these parties expressed an interest in a significant partnership with the Company or acquisition in a period of time that was viable for the Company or that was on terms which were in the best interest of the Company and its stockholders.

Accordingly, without being able to secure additional financing, and without a partnership or strategic transaction on terms that were in the best interests of the Company and its stockholders, the Board has ceased operations of the Company and has terminated all but a few of its employees. As a result of the cessation of operations, the Board has recommended that the Company dissolve and liquidate its assets. After payments to creditors and to management and employees for severance, and for expenses associated with winding up operations, and a setting aside of certain amounts for any potential future liabilities or claims by creditors, any remaining amounts would be available for a distribution to stockholders. Given the financial position of the Company, there can be no assurances that any amounts will be available for distribution to PolyFuel's stockholders.

If the stockholders holding a requisite number of shares of common stock of the Company do not approve the liquidation and dissolution of the Company, the Board of Directors anticipates the Company will be forced to seek protection under Chapter 7 of Title 11 of the United States Code (the Bankruptcy Code). Under a Chapter 7 bankruptcy election, a court would appoint a trustee to sell all of the assets of the Company and to distribute the proceeds to its creditors and, if any assets remain, to the stockholders of the Company. The Board of Directors would like to avoid the expense and any delays associated with a Chapter 7 bankruptcy and recommends that the stockholders vote in favour of the dissolution and liquidation.

### **Background to and reasons for the Cancellation**

In the light of the cessation of operations and forthcoming dissolution of the Company, the Board has agreed that it would be in the best interests of the Company and its stockholders as a whole if the admission of the Shares to trading on AIM is cancelled (the "Cancellation").

This will enable the Company to reduce costs and conserve remaining cash resources for the liquidation and dissolution process. As the financial position of the Company in this phase is necessarily uncertain, it would in any event be difficult to ensure that a fair and transparent market in the Company's stock continues.

### **Effect of the Cancellation on Stockholders**

The principal effect of the Cancellation would be:

- there would no longer be a formal market mechanism enabling stockholders to trade their Shares and the CREST facility will be cancelled;
- the Company would not be bound to announce material events, nor to announce interim results; and
- the Company would no longer be required to comply with any of the corporate governance requirements for quoted companies.

### **Stockholder Meeting**

The Notice convening the Meeting, to be held at the Company's Headquarters located at 1245 Terra Bella Avenue, Mountain View, California, USA, 94043 at 8 a.m. PST/ 4p.m. London time on 11 September 2009, is set out on page 5 of this document. Arrangements have been made for any stockholders who wish to listen to the proceedings at the meeting to do so by conference call facility by dialing +44 (0)20 7162 0077, informing the operator that would like to join the PolyFuel conference call and quoting conference ID code 843897. Please note that attendance by conference call will not count towards the quorum requirements nor enable you to vote by phone. If you plan to listen to the meeting on conference call, you should complete and return the form of proxy in order to vote and be counted for the purposes of the quorum.

Proposal No. 1 in the Notice proposes the Cancellation. Under the AIM Rules, it is a requirement that any cancellation of shares to trading on AIM must be approved by not less than 75% of votes cast by stockholders at a special meeting. Accordingly, Proposal No. 1 requires the approval of not less than 75% of the votes cast by stockholders at the Meeting, whether in person or by proxy.

Assuming Proposal No. 1 is approved, it is expected that the cancellation of the admission of the Company's Shares to trading on AIM will be effective from 7.00 a.m. on 21 September 2009.

Proposal No. 2 in the Notice proposes the liquidation and dissolution of the Company. Under Section 275 of the General Corporation Law of the State of Delaware, the dissolution and liquidation of the

Company must be approved by a majority of the Board and a majority of the outstanding shares of the Company. Accordingly, Proposal No. 2 requires the approval of not less than 50% of the total number of outstanding shares of common stock.

**Action to be taken by Stockholders**

Stockholders will find enclosed with this document a Form of Proxy for use at the Meeting. The Form of Proxy should be completed in accordance with the instructions set out on it and returned so as to be received at the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 11:59 p.m. London Time on 10 September 2009. If a quorum is not obtained, the Company may postpone the meeting.

Completion and return of a Form of Proxy will not prevent a Stockholder from attending and voting at the Meeting in person, should they so wish.

**Recommendation**

The Board believes that the resolutions and proposals set out in the notice of the Meeting are in the best interests of the Company and stockholders as a whole. Accordingly, the Board unanimously recommends that the stockholders vote in favour of the resolutions and proposals, as they intend to do in respect of their own holdings amounting to 174,000 shares of common stock, representing 0.31% of the Company's issued share capital.

Yours faithfully

A handwritten signature in blue ink that reads "Robert Jecmen". The signature is written in a cursive, flowing style.

Robert Jecmen

Chairman of the Board of Directors, PolyFuel, Inc.

**NOTICE OF SPECIAL MEETING  
OF THE STOCKHOLDERS OF  
POLYFUEL, INC.**

Notice is hereby given that a Meeting of the Company will be held on 11 September 2009, at 4 p.m. London time/ 8 a.m. Pacific Standard Time at the Company's offices at 1245 Terra Bella Avenue, Mountain View, California, USA, 94043, to consider the following two proposals:

*Proposal No. 1* – That the admission of the common stock of the Company to the AIM Market operated by the London Stock Exchange plc be cancelled and the Board of Directors be authorised to take all steps they consider necessary or desirable to give effect to such cancellation, as set forth in the resolutions attached hereto as Annex A, which are incorporated by reference herein.

*Proposal No. 2* – That the dissolution of the Company and the Plan of Liquidation and Dissolution be authorized and approved, as set forth in the resolutions attached hereto as Annex B, which are incorporated by reference herein.

Stockholders of record at the close of business on August 14, 2009 are entitled to receive notice of, and to vote at, the Meeting or any adjournment or postponement thereof.

Whether or not you expect to attend the Special Meeting, please complete, sign, date and return the enclosed proxy as promptly as possible in order to ensure your representation at such meeting. Even if you have given your proxy, you may still vote in person if you attend the Special Meeting.

The presence, in person or by proxy duly authorized, of the holders of forty percent (40%) of the voting power of the company entitled to vote shall constitute a quorum for the transaction of business at the meeting.

You may inspect a complete list of stockholders eligible to vote at the meeting at our offices during normal business hours located at 1245 Terra Bella Avenue, Mountain View, California 94043, United States of America, during the ten days prior to such meeting.

By Order of the Board of Directors



**THOMAS CALDWELL**  
Interim Secretary

21 August 2009

**Registered Office**

c/o Corporation Service Company  
2711 Centerville Road  
Suite 400  
City of Wilmington  
County of Newcastle  
Delaware 19808

The enclosed Proxy is solicited on behalf of the Board of Directors for use at the Special Meeting to be held on 11 September 2009, at 8 a.m. local time at the offices of the Company at 1245 Terra Bella Avenue, Mountain View, California 94043, United States of America, or at any postponement or adjournment(s) thereof, for the purposes set forth herein and in the accompanying resolutions.

Annex A

**RESOLUTION FOR PROPOSAL NUMBER 1  
(DELISTING FROM AIM)**

**DELISTING FROM AIM**

**RESOLVED:** That the admission of the common stock of the Company to the AIM Market operated by the London Stock Exchange plc be cancelled and the Directors be authorized to take all steps they consider necessary or desirable to give effect to such cancellation.

**OMNIBUS RESOLUTIONS**

**RESOLVED:** That the Interim Secretary and any other officer of the Company be, and hereby are, authorized and empowered to certify and furnish copies as may be necessary of this and the foregoing resolution and statements as to the incumbents of the corporate offices of the Company and under the corporate seal, if requested, and any person receiving such a certified copy of statement is and shall be authorized to rely upon the contents thereof.

**RESOLVED FURTHER:** That the officers and the Board be, and hereby are, authorized and empowered, in the name and on behalf of the Company, to take or cause to be taken any and all such further actions and to approve, execute and deliver or cause to be approved, executed and delivered all such further agreements, documents, instruments and certificates as may be necessary or appropriate to carry into effect the purpose and intent of the foregoing resolution and the transactions contemplated thereby.

**RESOLVED FURTHER:** That any actions taken by the officers of the Company prior to the date of the foregoing resolution adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of this Company.

**Annex B**

**RESOLUTION FOR PROPOSAL NUMBER 2  
(LIQUIDATION AND DISSOLUTION OF THE COMPANY)**

**LIQUIDATION AND DISSOLUTION OF THE COMPANY**

**WHEREAS:** Due to the financial condition of the Company, the Company is no longer conducting business operations and desires to wind up its affairs and dissolve in an orderly manner.

**WHEREAS:** Section 275 of the General Corporation Law of the State of Delaware (the "DGCL") provides that the dissolution of a Delaware corporation may be authorized by either (i) a majority of the board and a majority of the outstanding shares or (ii) by all of the outstanding shares.

**WHEREAS:** The Board of Directors of the Company has approved the dissolution of the Company and the Plan of Liquidation and Dissolution in substantially the form attached hereto as Annex B-1.

**NOW, THEREFORE, BE IT RESOLVED:** That the stockholders hereby authorize and approve the dissolution of the Company pursuant to Section 280 of the DGCL.

**RESOLVED FURTHER:** That the officers of the Company are hereby authorized and directed to effect the dissolution of the Company.

**RESOLVED FURTHER:** That the stockholders of the Company approve the plan to wind up the affairs of the Company and liquidate and dissolve in an orderly manner.

**RESOLVED FURTHER:** That the Plan of Liquidation and Dissolution in substantially the form attached hereto as Annex B-1, and the actions contemplated thereby and powers granted therein, is hereby approved and adopted, with such changes and modifications to the Plan of Liquidation and Dissolution as the officers of the Company shall deem necessary or advisable and within the purposes of these resolutions.

**RESOLVED FURTHER:** That the officers of the Company are hereby authorized and empowered to execute, deliver and file a Certificate of Dissolution with the Delaware Secretary of State pursuant to the provisions of Section 275 of the DGCL.

**RESOLVED FURTHER:** That, forthwith upon commencement of dissolution proceedings, the officers of the Company shall mail or cause to be mailed to all known creditors and claimants whose addresses appear on the records of the Company, written notice of the commencement of proceedings to liquidate and dissolve the Company.

**RESOLVED FURTHER:** That, forthwith upon commencement of dissolution proceedings, the officers of the Company are authorized to execute, deliver and file a certificate of Corporate Dissolution or Liquidation (Form 966) with the Internal Revenue Service, as required by Section 6043(a) of the Internal Revenue Code of 1986, as amended, and to file any other documents required to be filed with the Internal Revenue Service.

**RESOLVED FURTHER:** That, forthwith upon completion of dissolution proceedings, the officers of the Company are authorized to execute, deliver and file Form 100, California Corporation Franchise or Income Tax Return, and to ensure that all taxes and other fees are paid promptly following such dissolution.

**RESOLVED FURTHER:** That the officers of the Company be, and they hereby are, authorized to sell or otherwise liquidate any and all remaining assets and properties of the Company which in their judgment should be sold or liquidated to facilitate the liquidation and dissolution of the Company and upon such terms and conditions as such officers, in their absolute discretion, deems expedient and in the best interests of the Company, its stockholder and creditors.

**RESOLVED FURTHER:** That the stockholders of the Company hereby determine that the Plan of Liquidation and Dissolution provides for the payment of or makes reasonable provision for the payment of all claims and obligations, including all contingent, conditional, unmatured claims known to the Company, and makes such provision as will be reasonably likely to be sufficient to provide compensation for claims that have not been made known to the Company or that have not arisen but that, based on facts known to the Company are likely to arise or to become known to the Company within 10 years after the date of dissolution.

**RESOLVED FURTHER:** That any remaining assets of the Company, after the payment in full or provision for the payment of all claims and obligations, shall be distributed to the stockholders of the Company in accordance with the Plan of Liquidation and Dissolution.

**RESOLVED FURTHER:** Any distributions to the stockholders of the Company pursuant to Plan of Liquidation and Dissolution hereof shall be in complete redemption and cancellation of all of such outstanding capital stock of the Company. As a condition to receipt of any distribution to the Company's stockholders, the Board of Directors, in their absolute discretion, may require the stockholders to: (i) surrender their certificates evidencing their capital stock to the Company or its agents for cancellation or (ii) furnish the Company with evidence satisfactory to the Company of the loss, theft or destruction of their certificates evidencing such capital stock, together with such other security or indemnity as may be required by and satisfactory to the Company. The Company's stock transfer books will be deemed closed upon the filing of the Certificate of Dissolution with the Delaware Secretary of State and thereafter certificates representing the Company's capital stock will not be assignable or transferable on the books of the Company.

**RESOLVED FURTHER:** Notwithstanding the approval of the Plan of Liquidation and Dissolution and the transactions contemplated thereby by the stockholders of the Company, if the Board determines that it would be in the best interests of the Company's stockholders or creditors for the Company not to dissolve, including in order to permit the Company to pursue (or more easily pursue) or defend any claims, obligations or amounts receivable by the Company, the Plan of Liquidation and Dissolution may be abandoned or delayed until a future date to be determined by the Board, to the extent permitted by the DGCL without further action by the stockholders.

## **OMNIBUS RESOLUTIONS**

**RESOLVED:** That the Interim Secretary and any other officer of the Company be, and hereby are, authorized and empowered to certify and furnish copies as may be necessary of this and the foregoing resolutions and statements as to the incumbents of the corporate offices of the Company and under the corporate seal, if requested, and any person receiving such a certified copy of statement is and shall be authorized to rely upon the contents thereof.

**RESOLVED FURTHER:** That the officers and the Board be, and hereby are, authorized and empowered, in the name and on behalf of the Company, to take or cause to be taken any and all such further actions and to approve, execute and deliver or cause to be approved, executed and delivered all such further agreements, documents, instruments and certificates as may be necessary or appropriate to carry into effect the purpose and intent of the foregoing resolutions and the transactions contemplated thereby.

**RESOLVED FURTHER:** That any actions taken by the officers of the Company prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of this Company.

## Annex B-1

### PLAN OF LIQUIDATION AND DISSOLUTION

OF

POLYFUEL, INC.

This PLAN OF LIQUIDATION AND DISSOLUTION (the “Plan”) is intended to accomplish the complete liquidation and dissolution of PolyFuel, Inc., a Delaware corporation (the “Company”), in accordance with the Delaware General Corporation Law (the “DGCL”) and the Internal Revenue Code of 1986, as amended (the “Code”):

1. **Approval of the Plan.** The Board of Directors of the Company (the “Board”) and the holders of a majority of the outstanding stock of the Company, have approved and adopted this Plan and the dissolution of the Company pursuant to and in accordance with this Plan, the Company’s Amended and Restated Certificate of Incorporation (the “Restated Certificate”) and the DGCL. The approval and adoption of the Plan by the stockholders shall constitute full and complete authority for the Board and the officers of the Company, without any further vote or action by the Company’s stockholders, to proceed with the wind-up, liquidation and dissolution of the Company.
2. **Wind-Up of Business.** The Company shall not engage in any business activities except to the extent necessary to preserve the value of its assets, wind up its business and affairs and distribute its assets in accordance with this Plan, including retaining such employees and consultants as necessary or desirable to effectuate the wind-up, liquidation and dissolution of the Company and communicating with former employees, creditors and stockholders.
3. **Liquidation Process.** Subject to the power of the Board to abandon or delay the dissolution and proposed implementation of this Plan as described in Section 13 below, the Company shall complete the following corporate actions:
  - a. **Liquidation of Remaining Assets.** The officers of the Company, under the supervision of the Board, shall collect, assemble or otherwise liquidate all of its remaining property and assets, the collection of accounts receivable and sale or other disposition of any remaining tangible assets, in one or more transactions upon such terms and conditions as the Board, in its absolute discretion, deems expedient and in the best interests of the Company and the stockholders and creditors of the Company, without any further vote or action by the Company’s stockholders.
  - b. **Payment of Obligations.** The Company shall pay or, as determined by the Board, make reasonable provision to pay, all claims and obligations, including all contingent, conditional, unmatured claims known to the Company, and make such provision as will be reasonably likely to be sufficient to provide compensation for claims that have not been made known to the Company or that have not arisen but that, based on facts known to the Board, are likely to arise or to become known to the Company within 10 years after the date of dissolution. Such claims shall be paid in full and any such provision for payment made shall be made in full if there are sufficient assets. If there are insufficient assets, such claims and obligations shall be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of assets legally available therefor. The

Company shall pay or provide for the payment of any severance and other compensation claims and payment of all accounts payable to third parties.

- c. **Liquidating Distributions to Stockholders.** The Board shall from time to time, in its sole and absolute discretion, determine the timing of all liquidating distributions of the Company's assets to the stockholders. Following the Board's determination to make a liquidating distribution of the Company's assets, the Company shall distribute and pay, or cause to be distributed and paid, to the stockholders on the date set by the Board, all or part of the available cash, including the cash proceeds of any sale, exchange or disposition of the Company's assets, but after payment of, or reservation of such amounts as in the Board's sole and absolute discretion determine are reasonably likely to be sufficient to provide for, the Company's claims, liabilities and obligations. Such liquidating distribution may occur all at once or in a series of distributions, shall be paid in cash and in accordance with the Restated Certificate and shall, at the sole and absolute discretion of the Board, as to each individual stockholder, be conditioned upon such stockholder executing and delivering a general release of any and all claims against the Company, and its directors, officers, employees, shareholders, counsel and agents, in form and substance satisfactory to counsel for the Company. If and to the extent deemed necessary, appropriate or desirable by the Board, in its sole and absolute discretion, the Company shall establish and set aside such amounts (the "Contingency Reserve") determined by the Board as are reasonably likely to be sufficient to provide compensation for claims that have not been made known to the Company or that have not arisen but that, based on facts known to the Company are likely to arise or to become known to the Company within 10 years after the date of dissolution including, without limitation, tax obligations not yet due and payable, claims for indemnification or claims that are the subject of pending litigation and other fees and expenses of persons rendering services to the Company in connection with the collection, sale, exchange or other disposition of the Company's property and assets and the implementation of this Plan.
4. **Cancellation of Capital Stock.** Any liquidating distributions to the stockholders of the Company pursuant to Section 3 and 6 hereof shall be in complete redemption and cancellation of the outstanding capital stock of the Company. As a condition to receipt of any final liquidating distribution to the Company's stockholders, the Board, in its sole and absolute discretion, may require the stockholders to: (i) surrender his, her or its certificates evidencing their common stock to the Company or its agents for the purpose of receiving in exchange therefor such liquidating distributions, thereon, and cancellation of such certificates by the Company or (ii) furnish the Company with evidence satisfactory to the Board or the Company of the loss, theft or destruction of their certificates evidencing the common stock, including an appropriate affidavit of loss, theft or destruction, together with such indemnity, surety bond or other security, in the form and amount as shall be required by the Company, and as it shall deem appropriate. If any stockholder shall fail to surrender his, her or its certificates evidencing their common stock of the Company in accordance with the terms and provisions hereof, the Company may withhold (without the payment of interest thereon) the liquidating distribution or portion of the Company's assets to which such stockholder shall be entitled until such time as his, her or its certificates for common stock are so surrendered or determined to have been lost, stolen or destroyed. The Company will finally close its stock transfer books and discontinue recording transfers of common stock on the earliest to occur of: (i) the close of business on the record date fixed by the Board for the final liquidating distribution, (ii) the close of business on the date on which the remaining assets of the Company are transferred to

the liquidating trust, as contemplated by Section 6, below, (iii) upon the filing of the Certificate of Dissolution with the Delaware Secretary of State or (iv) such other date on which the Board, in accordance with applicable law, determines to close such stock transfer books. Thereafter certificates representing common stock will not be assignable or transferable on the books of the Company except by will, intestate succession, or operation of law.

5. **Unclaimed Property; Escheat.** If any liquidating distribution to a stockholder cannot be made, whether because the stockholder cannot be located, has not surrendered his, her or its certificates evidencing their common stock as required hereunder or for any other reason, the liquidating distribution to which such stockholder is entitled (unless transferred to the liquidating trust established pursuant to Section 6 hereof) shall be transferred, at such time as the final liquidating distribution is made by the Company, to the official of such state or other jurisdiction authorized by applicable state escheat law to receive the proceeds of such distribution. The proceeds of such distribution shall thereafter be held solely for the benefit of and for ultimate distribution to such stockholder as the sole equitable owner thereof and shall be treated as abandoned property and escheat to the applicable state or other jurisdiction in accordance with applicable law. In no event shall the proceeds of any such distribution revert to or become the property of the Company.
6. **Liquidating Trust.** If deemed necessary, appropriate or desirable by the Board, in its sole and absolute discretion, in furtherance of the liquidation and distribution of the Company's assets to the stockholders, as a final liquidating distribution or from time to time, the Company shall transfer to a liquidating trustee (the "Trustee"), for the benefit of its stockholders and/or creditors, under a liquidating trust (the "Trust"), any and all assets of the Company. The Board is hereby authorized to appoint one or more individuals, corporations, partnerships or other persons, or any combination thereof, including, without limitation, any one or more officers, directors, employees, agents or representatives of the Company, to act as the initial Trustee or Trustees for the benefit of the stockholders and to receive any assets of the Company. Any Trustees appointed as provided in the preceding sentence shall succeed to all right, title and interest of the Company of any kind and character with respect to such transferred assets and, to the extent of the assets so transferred and solely in their capacity as Trustees, shall assume all of the liabilities and obligations of the Company, including, without limitation, any unsatisfied claims and unascertained or contingent liabilities. Further, any conveyance of assets to the Trustee shall be deemed to be a final liquidating distribution of property and assets by the Company to the stockholders for the purposes of Section 3 of this Plan. Upon such transfer and conveyance of the assets, the shares of common stock of the Company will be deemed thereafter to represent interest in the Trust. Any such conveyance to the Trustee shall be in trust for the creditors and the stockholders of the Company. From and after the date of the transfer and conveyance of assets to the Trust, the Company shall not have any interest of any character in and to any such assets and all of such assets shall thereafter be held by the Trust solely for the benefit of and ultimate distribution to the creditors and stockholders of the Company. The approval and adoption of the Trust by the stockholders shall constitute full and complete authority for the Trustee, without any further vote or action by the Company's stockholders, to proceed with the liquidation of the Company's assets on the terms contained in the liquidating trust agreement.
7. **Representative.** If deemed necessary, appropriate or desirable by the Board, in its sole and absolute discretion, in furtherance of the liquidation and distribution of the Company's assets to the stockholders, and for the benefit of its stockholders and/or creditors, the Board is hereby authorized to appoint one or more individuals,

corporations, partnerships or other persons, or any combination thereof, including, without limitation, any one or more officers, directors, employees, agents or representatives of the Company, to act as a Company and/or Representative (the “Representative”) for the benefit of the Company and/or its stockholders and to act on behalf of the Company and its stockholders to receive any assets of the Company and perform other actions in connection with the wind-down and dissolution of the Company. The approval and adoption of this Plan of Liquidation and Dissolution by the stockholders shall constitute full and complete authority for the Representative to act on behalf of the Company and such stockholders, without any further vote or action by the Company or such stockholders.

8. **Certificate of Dissolution.** Subject to Section 13, the officers of the Company shall, at such time as the Board, in its sole and absolute discretion, deems necessary, appropriate or desirable, obtain any tax clearance certificates required from the Delaware and California tax authorities. Upon obtaining such certificates, the Company shall file with the Secretary of State of the State of Delaware a Certificate of Dissolution in accordance with the DGCL. After the filing of the Certificate of Dissolution, the Company shall not engage in any business activities except to the extent necessary to preserve the value of its assets, wind up its business and affairs and distribute its assets in accordance with this Plan.
9. **Stockholder Consent to Sale of Remaining Assets.** Approval of the dissolution of the Company pursuant to this Plan by the holders of a majority of the outstanding stock of the Company shall constitute the approval of the stockholders of the sale or other disposition of any remaining tangible assets, in one or more transactions upon such terms and conditions as the Board, in its absolute discretion, deems expedient and in the best interests of the Company and the stockholders and creditors of the Company, without any further vote or action by the Company’s stockholders.
10. **Payment of Salaries and Other Compensation.** In connection with and for the purpose of implementing and assuring completion of this Plan, the Company shall, in the sole and absolute discretion of the Board, pay the salaries, severance, bonus and other compensation of the Company’s officers, directors, employees, agents, consultants and representatives, or any of them, in the ordinary course of business in connection with the implementation of this Plan. Approval of the dissolution of the Company pursuant to this Plan by the holders of a majority of the outstanding stock of the Company shall constitute the approval of the Company’s stockholders of the payment of any such compensation, without any further vote or action by the Company’s stockholders.
11. **Expenses of Dissolution.** In connection with and for the purposes of implementing and assuring completion of this Plan, the Company may, in the sole and absolute discretion of the Board, pay all expenses incurred in connection with the implementation of this Plan including, but not limited to, any consulting, professional and other fees and expenses of persons rendering services to the Company.
12. **Indemnification.** The Company shall continue to indemnify its officers, directors, employees, agents and representatives in accordance with its Restated Certificate and bylaws and any contractual arrangements, for the actions taken in connection with this Plan and the winding-up of the affairs of the Company. The Company’s obligation to indemnify such persons may also be satisfied out of the assets of any Trust. The Board, in their sole and absolute discretion, are authorized to maintain insurance as may be necessary or appropriate to cover the Company’s obligation hereunder, including seeking an extension in time (including purchasing tail coverage) and coverage of any applicable insurance policies currently in effect.

13. **Abandonment of Plan.** Notwithstanding the approval or consent of this Plan and the transactions contemplated hereby by the stockholders of the Company, if the Board determines that it would be in the best interests of the Company's stockholders or creditors for the Company not to dissolve, including in order to permit the Company to pursue (or more easily pursue) any retained claims or causes of action, this Plan or the dissolution of the Company pursuant to this Plan may be modified, amended, abandoned or delayed until a future date to be determined by the Board, without any further vote or action by the Company's stockholders, to the extent permitted by the DGCL.
  
14. **General Authorization.** The Board of the Company is hereby authorized, without further action by the Company's stockholders, to do and perform or cause the officers of the Company, subject to approval of the Board, to do and perform, any and all acts, and to make, execute, deliver or adopt any and all agreements, resolutions, conveyances, certificates and other documents of every kind which are deemed necessary, appropriate or desirable, in the absolute discretion of the Board, to implement this Plan and the transaction contemplated hereby, including, without limiting the foregoing, all filings or acts required by any state or federal law or regulation to wind-up its affairs.



# Form Of Proxy

For use at the Special Meeting to be held at the PolyFuel offices, 1245 Terra Bella Avenue, Mountain View, California, USA, 94043 4 p.m. London time on 11 September 2009.

I/We, whose name(s) and address(es) is/are shown below, being (a) member(s) of PolyFuel, Inc. (the "Company")  
 HEREBY APPOINT Jim Balcom and Thomas Caldwell, or either of them, or \* \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the Special Meeting of the Company to be held on 11 September 2009 and at any adjournment(s) or postponement(s).

\* If you wish to appoint someone other than Jim Balcom and Thomas Caldwell as your proxy, delete the reference to "Jim Balcom and Thomas Caldwell," insert the name of the person or persons you wish to appoint in the space provided and initial the alteration.  
 I/We direct that my/our vote(s) be cast on the resolutions to be considered at the meeting as indicated by an "X" in the appropriate space below. In the absence of any specific direction, my/our proxy/proxies may vote or abstain as he thinks fit.

PROPOSAL	FOR	AGAINST
1. To authorize and approve the cancellation of the admission of the common stock of the Company to the AIM Market operated by the London Stock Exchange plc and authorize the Board of Directors to take all steps they consider necessary or desirable to give effect to such cancellation, as set forth more fully in the resolution annexed to the Notice of Meeting, which is incorporated by reference herein.		
2. To authorize and approve the dissolution of the Company and the Plan of Liquidation and Dissolution, as set forth more fully in the resolutions annexed to the Notice of Meeting, which are incorporated by reference herein.		

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF POLYFUEL, INC. FOR THE SPECIAL MEETING**

The undersigned stockholder of PolyFuel, Inc., a Delaware corporation (the "Company"), hereby acknowledges receipt of the Notice of Special Meeting and Proxy Statement, dated 21 August 2009, and hereby appoints Jim Balcom and Thomas Caldwell, or either of them, or such other person(s) as set forth herein, as proxies and attorneys-in-fact with full power to each of substitution, on behalf and in the name of the undersigned to represent the undersigned at the Special Meeting of PolyFuel, Inc. to be held on 11 September 2009, at 4 p.m. local time/ 8 a.m. PST at the Company's offices at 1245 Terra Bella Avenue, Mountain View, California, USA 94043, or at any adjournment(s) or postponement(s) thereof, and to vote all shares of common stock that the undersigned would be entitled to vote if then and there personally present, on the matters set forth above, and in their discretion, upon such other matter or matters that may properly come before the meeting and any adjournment(s) or postponement(s) thereof.

This proxy will be voted as directed or, if no contrary direction is indicated, will be voted as follows: (1) FOR the authorization and approval of the cancellation of the admission of the common stock of the Company to the AIM Market operated by the London Stock Exchange plc and the authorization of the Board of Directors to take all steps they consider necessary or desirable to give effect to such cancellation; and (2) FOR the authorization and approval of the dissolution of the Company and the Plan of Liquidation and Dissolution, as set forth more fully in the resolutions in the Notice of Meeting, which are incorporated herein; and as said proxies deem advisable on such other matters as may come before the meeting and any adjournment(s) or postponement(s) thereof.

Date \_\_\_\_\_ Signature \_\_\_\_\_

Name: \_\_\_\_\_  
 (in BLOCK CAPITALS)

Address: \_\_\_\_\_  
 (in BLOCK CAPITALS)

**Notes:**

1. In the case of an individual, this Form of Proxy must be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, this Form of Proxy should be given under the hand of a duly authorised officer.
2. To be valid, this Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy thereof, must be received at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 11:59 p.m. London time on 10 September 2009.
3. Any alteration to this Form of Proxy must be initialled.
4. Completion and return of this Form of Proxy will not preclude a stockholder from attending the Meeting and voting in person.