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HISTORY-MAKING FIRST FLIGHT OF ROADABLE AIRCRAFT TURNS DREAM OF "FLYING CAR" INTO REALITY

Plattsburgh, NY – December XX, 2008: Terrafugia announced reaching a milestone in aviation history with the first flight of their Proof of Concept Transition® roadable aircraft. Terrafugia test pilot, Col. Phil Meteer (ret.), conducted the groundbreaking flight while chase pilot Giora Guth flew in close proximity, throughout testing. The history-making flight marks an event destined to change the way the aviation world views personal flying. In past decades, less than a handful of designers have successfully flown "flying cars" - aircraft that had detachable automotive portions for road use. However, the Transition® is the first fully-integrated, fixed-wing roadable aircraft to be successfully designed and tested. A roadable aircraft by definition flies in a manner similar to other airplanes in its category, but once on the ground, the pilot can convert the aircraft into a motor vehicle suitable for driving on streets and highways. As a true roadable aircraft, Terrafugia's Transition® solves two key challenges plaguing aviators since the 1900s: One, it is a total transportation solution providing complete flexibility. Since the Transition ® eliminates need for a hangar and a separate car, the pilot pays no hangar fees, car licensing, fuel, garage space or car maintenance. Two, the Transition® is a total weather solution: The pilot can land at the first hint of adverse weather and drive directly home in the same vehicle without compromising safety, experiencing weather delays, or incurring expenses from overnight hangar rental, ground transportation and motel stays.

Since the inception of the new Sport Pilot/Light-Sport aircraft Rule in 2004, flying has become more accessible than ever to the public and scores of newly-licensed sport pilots are taking to the air. The Transition® can be flown by holders of a Sport Pilot, Private Pilot and higher certificates, making a case for the thrill, utility and availability of aviation to a new crop of pilots, ready to - more -

ROADABLE AIRCRAFT (continued)

embark on recreational adventures in a new era of travel convenience. Never before have pilots been able to park their airplanes in their garages or fly, then drive them from a local airport directly to their vacation or business destinations. The Transition® will avail pilots of greater opportunities to utilize all 5000-plus public-use airports in the USA, bringing true, door-to-door convenience to private aviation and transportation.

Deliveries of the first production Transition® aircraft are anticipated to be in 2010. The Transition® production model will be certified as a 2-place, Light-Sport Aircraft fully-approved for road and highway use. In the air, it flies between airports at speeds comparable to other Light-Sport aircraft. After landing, the pilot activates the Transition's® wing-folding mechanism from the cockpit, and with wings completely folded, the aircraft safely drives on the road at highway speeds. The Transition® fits in a standard garage, making it the ultimate in transportation convenience for the pilot. Terrafugia CEO and Transition® co-designer Carl Dietrich states, "Flying cars have existed in the imagination of our society for the last 100 years. At long last, Terrafugia is turning this dream into reality today. Our aircraft represents a significant advancement in personal aviation that will make the freedom of flight much more convenient and practical for the 21st century pilot."

Terrafugia, Inc., of Woburn, MA, was incorporated in 2006. It is comprised of award-winning MIT graduates as well as a world-class team of engineers and businesspeople who share a passion for flight and the entrepreneurial process. Founded by five MIT-trained pilots together with an extended team of designers, engineers and advisors, Terrafugia's mission is the innovative expansion of personal mobility. "Terrafugia" is Latin for "escape from land."

For more information or to schedule an interview, Contact Terrafugia at (781) 491-0812 or e-mail: press@terrafugia.com