



December 27, 2007

Dear Cyberlux Shareholder:

Your Company's Board of Directors is pleased to advise you that the shift in manufacturing emphasis from consumer lighting products to Military, Homeland Security and Industrial solid-state lighting systems has proven to be a resounding success. During the past year, we have increased our employee base from eleven to twenty, expanded our internal engineering/logistics capability, perfected a manufacturing contract with a domestic ISO 9001:2000 fabricator and developed a proprietary supply relationship with a high-quality, high-performance volume circuit board producer.

Although the Congressional budget controversy has moved a significant portion of our anticipated 2007 sales of \$3.7 million forward into the first half of 2008, the pending, to be funded, commitments from our military customers have exceeded expectations. Earlier this year, we met with several Congressional Aides that are in active liaison with deployed war fighters who had become impressed with the Company's covert & visible solid-state BrightEye tactical lighting system. After product demonstrations to the Aides in the Capitol building, they enthusiastically recommended budgetary provisions for the BrightEye to their respective Representatives and Senators who responded with a line item inclusion of \$8 million in the military appropriations budget for fiscal year 2008.

On November 17, 2005 we submitted an unsolicited proposal to the Department of Homeland Security relative to consideration of a solid-state semiconductor lighting solution for the Secure Border Initiative. On January 10, 2006, we were asked to demonstrate the system at Homeland Security headquarters in Washington, D.C. On September 21, 2006, the Department of Homeland Security announced a \$2.5 billion contract award to the Boeing Company as the manager of the Secure Border Initiative *Net* (SBInet). On September 18, 2007, we filed a Form 8-K with the U.S. Securities and Exchange Commission which advised that Cyberlux had been awarded a Supplier Agreement by the Boeing Company for lighting equipment to be deployed in connection with SBInet. On November 30, 2007, we delivered our first special SSL Tower to Boeing for field trials and were promptly classified as a "Gold" status vendor.

In November of 2006, Cyberlux acquired the worldwide rights to Scattered Photon Extraction (SPE™) methodology developed at the Rensselaer Polytechnic Institute which was followed in January 2007 by the acquisition of a patented hybrid organic/inorganic LED technology from the University of California, Santa Barbara. The vision of the Company was to combine the two proprietary techniques into a single breakthrough

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technology, Hybrid Lighting Technology (HLT), which will enable the manufacture of solid-state semiconductor lighting fixtures at a cost competitive to fluorescent lighting while providing the expanded benefits of LED energy efficiency and substantially extended light life. The first "proof of principle" prototype was produced in May of 2007 in cooperation with RTI, International at its laboratories in Research Triangle Park, NC. Subsequently, a third party intellectual property appraisal firm quoted the breakthrough pre-commercialization value of the HLT process at \$5 Million. We have recently been approached by a major conventional lighting manufacturer that wishes to discuss licensing arrangements for use of the HLT process. If these discussions result in an agreement, we will so notify our shareholders and the SEC.

As noted in the foregoing paragraphs, the Company has realized significant progress over the past few years and now expects to grow exponentially based upon its foundations in technology, its creation of distribution channels and the vitality of its young management. We are particularly excited by continuing advances in technology and our ability to contribute meaningfully to the new revolution in lighting. During the next few months, we will carefully expand our Board of Directors, add to our accomplished technical staff and promote deserving officers.

Your management sincerely thanks you for your past and continuing support.

Best regards.

Cordially,
Cyberlux Corporation

A handwritten signature in black ink, appearing to read "Donald F. Evans", written over a thin red horizontal line.

Donald F. Evans,
Chairman/CEO