



August 27, 1990

Dear EXPRESS Builder:

We have temporarily suspended operations at Wheeler Technology. This action was necessary due the lack of sufficient new orders at Oshkosh and the reluctance of some builders to pay for scheduled kit shipments in the weeks following the crash of N210EX. Some said they just wanted to wait and see what develops. We could have continued operations without new orders and had lowered expenses to do so, but the unexpected burden of payment slowdown from existing builders reduced cash flow to the point where we could not sustain operations.

So where do we go from here? We are prepared to continue manufacturing the EXPRESS if our builders wish. We are dismayed at the circumstances which have left us in this unhappy position, and I think it's important to point out that we're not in these circumstances from mismanagement. In Lynch, Wyoming, we were just four hours from being able to fully recover from the crash in October. We, like you, have our dreams for the EXPRESS. Gail and I have sacrificed friends, family, weekends, a great deal of money and virtually any activity outside the EXPRESS. We felt the EXPRESS was worth everything we could give it, and so we gave. However, the crash and this shutdown are both setbacks which will require time and money to repair. We now need financial help if we are to complete the project. There is no one who better knows the project, who has more at stake or who can react more quickly than our builders, so it is to you that we turn for help.

We propose a plan in which builders who wish to participate would advance money to their account for purchasing avionics, flight instruments, etc. This money would be credited back to you as discounts towards these purchases. The discounts in this plan would be substantially greater than you could obtain elsewhere and the amount of discount would exceed the money advanced by the builder. These discounts are made possible by exchanging our normal profits on these items for the use of your money in advance. The amount of money from each builder need not be equal and would depend on how many builders participate, but we estimate from \$2,500 to \$4,000. With this plan, a minimum threshold of funds advanced from the builders would be set which insures the health of the company. The plan is intended to allow us to complete the manual, the kits and a new demonstrator. The money would be placed in a trust account until the threshold is achieved and, if it were not achieved, the participants would be given the opportunity to either increase their contribution or all monies would be returned.

This is a plan in which builders contribute funds to the company, but receive fair value in exchange, rather than merely increasing their cost for their EXPRESS. Perhaps there are other ideas out there, we're happy to listen. The issuance of stock is not viable because it is complicated, time consuming and expensive (legally). We are exploring other avenues, but none are as positive for the company (and builders), and none could happen so quickly as the above plan. As you would expect, we must move quickly to preserve our trained employees, our vendor relations, and the continuity of the company. We have absolute and unswerving confidence in the EXPRESS design, and believe most builders do also. Our past record is of addressing suspected safety problems thoroughly and quickly. That is part of the business of building airplanes. If we suspected or were given a

Wheeler Aircraft Company

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~~Express~~

Four place kit plane  
Composite construction  
200 miles per hour



reason to suspect a design flaw, we would address it immediately. However,

THE NTSB FOUND NO EVIDENCE OF AIRFRAME FAILURE, FLUTTER OR ENGINE FAILURE IN THEIR INVESTIGATION OF THE CRASH.

We cannot influence the findings of the NTSB for better or worse. We have reported what was told to us, and anyone can verify that information (which some of you have done) by calling the NTSB investigator, Bob Dickens, at (913) 492-1196, although a rash of calls will slow his efforts to produce the final report. N200EX had 1005 demanding hours, and N210EX had about 200 hours of likewise demanding flight, including in both cases flutter clearance to 265 MPH or better and plenty of high G maneuvers. Both planes flew in turbulence and in all the myriad of weather and flight conditions that can be found around the U.S. without structural problems of any sort. THERE IS NO REASON TO SUSPECT ANY AIRFRAME PROBLEM WHATSOEVER!

And now for the rumors and their perpetrators. Regardless of their lack of credibility or ethics, I have been asked to address them. Although I'm told that Hugh Smith, Steve Riley & Co. (Smooth Air) don't have much support, their rumors and allegations may still cause some concern. We don't know what their ultimate purpose is, but at their last meeting attended by our engineers George Happ and Rob Macdonald, Smith and his attorney both stated that their immediate goal is to drive Wheeler Technology into bankruptcy. Happ and Macdonald attended the meeting in order to correct some misinformation that Smooth Air (SMAIR) was operating under and disseminating, and attempt to create a more positive atmosphere as a result. Happ reported that Smith appeared to have little interest in learning the facts even though our engineers had personal knowledge of the issues.

Here are listed some of the SMAIR allegations/rumors we have heard.

1. SMAIR: Gary was afraid to fly N210EX, but I forced him to fly!  
Wheeler: Many of you flew with Gary in N210EX; did he fly timidly or express fear?
2. SMAIR: Chuck (or some other engineer) was afraid to fly in N210EX and Chuck had purchased an airline ticket to Oshkosh, but I made him fly in the EXPRESS.  
Wheeler: Chuck was very enthusiastic about flying in the EXPRESS to Oshkosh. Many of our employees are witnesses to that fact. The company, not Chuck, had purchased a commercial ticket for him to fly to Oshkosh, but he wanted to fly in the EXPRESS. Both of the other engineers flew in the EXPRESS and are confident of its safety.
3. SMAIR: Our statement that Gary planned to do aerobatics on the trip to Oshkosh is a coverup.  
Wheeler: We have signed affidavits from four employees who overheard Gary's plans to fly low level and to do rolls. Gary's plans for the flight "scared the hell out of me" said George Happ, our engineer. Moreover, since the crash, many of you have reported that Gary did these very things while you were in the plane.

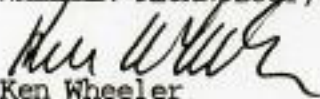


4. SMAIR: The Express had never been flown faster than 200 MPH.  
Wheeler: Gary flew faster than 200 MPH with many of you. Two days before leaving for Oshkosh, Gary did a 255 mph pass and a 3.5 G pullup over our airport with George Happ aboard and many witnesses on the ground.
5. SMAIR: The EXPRESS was not cleared for flutter above 230 MPH. (This contradicts allegation #4)  
Wheeler: We tested for flutter to 265 mph.
6. SMAIR: A part in the tail delaminated during ground vibration testing (GVT).  
Wheeler: True. Gary and our test pilot, Tom Wright discovered a problem in the tail prior to first flight. The GVT was ordered as part of our investigation of the problem. We determined that a critical element of the tail structure had been omitted, the tail was cut open and the structure repaired.

Dave Blanton (Javelin Ford V-6 engine conversion) has joined SMAIR in their attack, and mailed out a so-called "accident report" under NASAD (National Association of Sport Aircraft Designers) letterhead. Blanton is NOT a member of NASAD, and his action is disowned by NASAD according to NASAD president Rex Taylor. Blanton is no stranger to mail smear campaigns, and we are in good company in being attacked by him. I refer you to Kitplanes magazine, April, 1990. Blanton has been banned from giving any forums at Oshkosh thanks to other smear campaigns. His "report" contradicts NTSB information, and concludes structural failure in spite of the fact he didn't investigate the crash. At Oshkosh in 1988, I stated in the EXPRESS forum that the Blanton conversion did not make enough horsepower for the EXPRESS, nor did I think it reliable enough for a four-place airplane. He wrote a rather nasty letter to me about that, and I presume this is retaliation.

Back to the problem at hand. We need to hear from our builders immediately so we know what course of action we should take. Time is critical, so don't delay. If you think our avionics plan is a good one, please let us know the amount you would be willing to deposit to your account, and when you would be in a position to do so. If you have an alternative plan or any other comments or questions, please let us know. Telegrams are relatively inexpensive and overnight. Due to the volume of calls, we are not answering the phone because we don't have the staff. The FAX is on line and we now have an answering machine, but please bear in mind that while we would like to talk to all of you, there are great demands on our time during this period.

Regards,  
WHEELER TECHNOLOGY, INC.

  
Ken Wheeler  
President