

December 29, 1990

Wheeler Technology Inc.
1522 26th. Ave. NW
Gig Harbor, WA 98335

Dear Express Builder,

This letter is long overdue and for that I apologize. Gail and I have agonized over how and what to tell you, our valued builder. Your concerns regarding the future of WTI and completing your EXPRESS airplane are also our concerns. It has been four months since the temporary closing of WTI took place and we had expected to be open again within a few weeks ready to get on with the business of building airplane parts. Unfortunately, that didn't happen. We do, however, hope to be open and headed for a complete recovery within the next month. Be assured that our intent is to reestablish the business to produce the parts that will allow you to finish your EXPRESS. We started with that goal in mind and we intend to carry it through.

What next? We are presently requesting approval of the Bankruptcy Court to allow us to start up the business by selling the available kits and thereafter to begin producing parts. Our re-organization plan is being prepared to submit to the creditors committee and the court. We expect this plan to be approved and that it will give you, considering the circumstances under Chapter 11 filing, a fair and reasonable way for you to finish your EXPRESS airplane. You want to build your airplane and we want to produce the parts. As soon as we know these things can happen I will let you know.

In preparation and in anticipation of the re-opening, a group of your fellow builders are here at the Wheeler factory building a new EXPRESS demonstrator. They are building it "by the book" just as any other builders. Any changes or improvements are being documented. Using available documentation and recording what they are doing with photos, sketches, and text will give us the basis for the balance of the manuals you need to finish your airplane. This airplane will also be used as the test bed to finally put to rest rumors regarding its structural integrity. To date at least 25 volunteers have been involved in the project and many more are expected in January, February and March to help complete the new demonstrator. The goal is to have the new EXPRESS at SUN 'N FUN '91. I cannot express enough appreciation to these people who are freely giving of their time and working through rain, floods, snow and freezing cold to complete this project.

In order to provide you with adequate assurance that we will be able to deliver the parts you order, we are implementing a procedure whereby all deposits on orders will be handled through a trust arrangement. When placing your new order with WTI, the funds will be placed in a trust account set up and administered by an independent third party. Under this arrangement a portion of your deposit would be released to WTI as the cost of producing your kit is incurred. The balance would be released upon verification that the kit or parts have been shipped. Details of the arrangements are still

being worked out but we hope to have it in place shortly.

We had hoped by now to be able to ship resin and other parts. Although we expect to be able to do so shortly, we suggest that in the interim you purchase your resin and glass cloth from Stoddard-Hamilton (Glassair) in Arlington, Washington (206) 435-8533. The resin required is Dow Derakane 411-45, and the glass is style 7781. We apologize for this inconvenience.

A number of you have asked about FAA 51% eligibility of the kit at the factory level. We completed an analysis in May 1989 which indicates the complete EXPRESS kit comfortably meets the major portion rule. In order for the FAA to evaluate our kit however, we must have all the parts available. The volunteers will help collect the components for the complete kit and prepare it for inspection by the FAA, but it will take some time, given our priorities to complete documentation, the demo airplane, and get kits going out the door again. We expect however, to have received kit eligibility by the time most builders are ready for it. It's important to note that your local FAA inspector can also determine eligibility for you. The FAA has reported to me that they will not give blanket eligibility for anyone but the manufacturer.

You may wonder, after all the newsletters, etc., where WTI stands regarding WEBA. I strongly endorsed the formation of the group. It was obvious that I would be unable to communicate individually with nearly 300 builders. I felt it important that, as with other kitplane companies, there be an organization that could best serve the builders needs and one that WTI could work with and endorse. I also believed that a cooperative effort would most quickly resolve issues and get parts flowing to builders again. WEBA can perform a needed function and I would be pleased to work with them to that end.

Several of our builder/creditors have asked about WTI's financial condition and what it will take to achieve stable operations in the future. Most of these questions will be answered completely in a "Disclosure Statement" that we hope will be mailed to you within the next 30-60 days. This a formal detailed explanation of the company's history, current status and Plan of Reorganization, both financial and otherwise, that is mailed to each creditor as a part of the Chapter 11 process. The issue of your price guarantee is of great concern to us, and will be addressed in the re-organization plan.

But let me say in the meantime that our fundamental problems were in underestimating the complete costs of designing, developing and producing an aircraft of the quality of the EXPRESS. After personally investing over one million dollars we were able to achieve profitable production of the kits. The cash flow required to complete the tooling and development work and finance a rapidly growing organization was adequate until the crash of the first airplane. The first crash and its effect on sales proved to be a serious challenge, but nevertheless, we were able to build a replacement airplane, complete the tooling, and were close to completing kits 4 and 5 when the second crash

occurred. We had embarked on an effort to raise additional money that was suspended by the crash of the prototype in July.

We were in the process of trying to raise money under different circumstances when we were filed into bankruptcy.

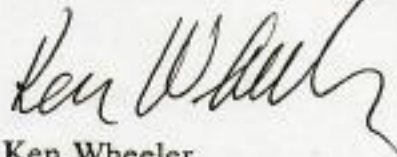
In spite of all these problems and the effort and delay they caused, I am confident we will be able to start up the company and produce the kits and parts you need. Due in no small measure to the unwavering support of you builders, we have demonstrated we can operate profitably and with the exception of manuals, the development work is virtually complete. While we hear rumors to the contrary, we are not aware of any fact that would suggest there is a structural problem with the aircraft. We are coming to grips with the bureaucracy and delays inherent in the bankruptcy process and hope to soon surmount its obstacles.

I fully recognize that with all that we have been absorbed in for the last 3 months we have not provided adequate communications to you and this void seems to have been filled by some surprising rumors and innuendos concerning our past operations. In that regard let me assure you that in restarting WTI, I intend to staff it with strong professional management and operate only on a fiscally sound basis.

In closing, I would like to thank you for placing your confidence in WTI in the past. I would ask that you now give us another chance to earn that trust.

Sincerely,

Wheeler Technology Inc.

A handwritten signature in dark ink, appearing to read "Ken Wheeler", with a stylized flourish at the end.

Ken Wheeler
President