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Wheeler Technology Inc.  
1522 26th Ave. NW  
Gig Harbor, WA 98335  
January 24, 1991

Dear and patient EXPRESS builder:

After nearly two months of delay due to negotiations with the Creditor's Committee, we are again open for business. We have already begun shipping from the 19 finished kits we had in inventory, and are bringing back former employees to begin producing kits again.

Thanks to the Volunteers, documentation for kits 4 and 5 is being completed now so you should be able to complete the rest of your EXPRESS without further interruptions. They are also completing the service documents that have kept some of you from closing wings and we expect to publish that information very soon. I am immensely satisfied with the new airplane being constructed by the Volunteers. I can say with confidence that this EXPRESS will be the best and lightest, and your airplane too will be the beneficiary of the Volunteer's efforts. Another benefit of their work for all is the immediate availability of the new control surfaces construction and installation procedure. You can now complete your ailerons and flaps if your wings are closed. These new techniques yield both easier construction and lighter weight than N210EX.

The reported excellent performance of Mike Bett's EXPRESS is particularly gratifying and encouraging. We also will be using a Lycoming engine, and thanks to less weight and a better tail installation, we should get even better performance. Like Betts, we originally experienced cooling problems with the Lycoming powered N200EX but resolved them easily, so we don't anticipate those problems with this airplane.

Getting back into production is an exciting step for us, but there is much work yet to be done and we will not be fully staffed for some time yet. Please bear with us during this time while we get things under way. We are doing our utmost to get everyone back to work on their kits as quickly as we can. We are prepared to produce and deliver kits one through four immediately, with the exception of some components which we will again have to suffer some lead time because we're starting over with those suppliers. We are prepared to produce the composite parts for Kit five, but again, vendor lead time for purchased parts will extend delivery until those components are delivered to us. At the time we closed, we had built the shipping rate to nearly 70 kits per month. Many of our former manufacturing personnel are returning to work and we anticipate being able to achieve that volume again in a few months, which means that we could deliver all kits to present customers in less than a year, if they desired. If you do not wish to order any kit immediately, but intend to do so later, please notify us of that also, so we can plan accordingly. We will proceed just as strongly and quickly as we have your commitment. In the meantime, we are now able to ship resin, glass and small parts. For the time being, please mail your orders for these items and we will call you to confirm price and delivery.

Because all kits must be re-ordered, the following terms and conditions will now apply for all kit orders:

**PAYMENT:** Kits must be paid in full, in advance, to be scheduled for production. All kit payments will be deposited to a trust account administered by our attorney's firm, Hatch and Leslie, which is one of Seattle's premier law firms. Payment will be made to WTI from the trust account upon shipment of your kit. Please make checks payable to Hatch and Leslie in Trust for WTI and mail, along with the description of what you wish to order, to Wheeler Technology Inc. We will then forward to you the requisite order form and other paperwork to be signed and returned.

**DELIVERY:** To protect your previous shipping priority, we will honor the shipping schedule as of August 22 for full payments received by February 4. After that, the kits will be shipped in order of receipt of payment.

**BACKORDERS:** While we will endeavor to ship all kits complete, backorders will inevitably occur. If we must backorder any parts, you will be notified in advance and given the option of taking delivery or waiting until all parts are available. If you choose to accept delivery, the value of the backordered parts will be held in the trust account or returned, at your option, until we ship the parts.



**PRICING:** Due to the bankruptcy laws prohibiting preferential treatment of creditors and because most of our customers are creditors, we are not allowed to sell the same product at different prices. We cannot therefore honor prior price guarantees or discounts. Further, the prices at which we now sell our product must generate sufficient profits to cover the costs of bankruptcy and to ensure healthy, long term operations. After careful analysis of past and projected operations, we have determined that Kits 1, 2 and 3 can be priced as published on the July 1, 1990 price list, which has little effect on existing customers.

The average price for kit 4 and 5 under prior price guarantees was \$3,289 and \$2,593 respectively. We must now increase those prices to \$4,775 and \$4,275, an average total increase of some \$3,200, which will insure profitability without the necessity of increasing your prices to the July 1, 1990 levels. Although we would have preferred to honor our original pricing and discounts, we are nevertheless pleased to be able to offer these kits at prices lower than the July, 1990 prices. The prices of Kits 4 & 5 will however, increase to the July 1 1990 pricing April 1, 1991. The current pricing for kits 4 and 5 is as follows:

	Cat. No.	
KITS 1&2	See July, 1990 price list (pink)	
KIT 3 Lower Fuselage Kit, FT	F-3-FT	\$4,825.00
KIT 4 Upper Fuselage Kit	F-4	\$4,675.00
KIT 5 Empennage/Finish Kit, FT, Std fuel	F-5-FT-SL	\$4,275.00
KIT 5 Empennage/Finish Kit, FT, Aux fuel	F-5-FT-DL	\$4,275.00

The RG must be temporarily placed on hold until we can again address the engineering. For those who wish to convert their RG's to FT, we have developed the procedures to do so, and it's a relatively simple conversion. We will mail ordering information to the RG builders shortly.

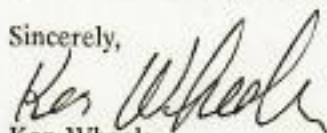
I would again like to express my deepest thanks and appreciation to the Volunteers. More than thirty customers have participated to date, with more on the way. Some have stayed a few days, some for the duration of the project. Their dedication, hard work and moral support has been the catalyst in resurrecting WTI. Their efforts have measurably improved the kits you will receive, and are chiefly responsible for our ability to begin shipping kits again. To a man they are work-a-holics with no mission, and I am honored to have the opportunity to work with them. Each has had much to contribute, in many more ways than just building the airplane. Oftentimes the Volunteers have served as an impromptu Board of Directors, and they have both shared and eased the emotional roller coaster of getting WTI operational under these challenging circumstances. I and all builders of the EXPRESS owe a tremendous debt of gratitude to the positive, can-do spirit of the Volunteers, their time so freely and generously given, and their determination to put WTI and the EXPRESS back on track. Because the Volunteer activity has been so successful and popular, we will continue the Volunteer tradition as long as builders wish to participate, even when the business returns to normal. We look forward to sharing this experience with many more of you. Please call me if you're interested.

On a less upbeat note I have received plenty of feedback from builders who attended the New Orleans builder's meeting. The organizers protested my attendance. Having heard what they said in my absence I can understand their position. However, if their intentions were honest, forthright and intended to benefit all builders, it would seem my presence would have been required in order to confront and resolve the issues. I ask you to look for substantiated facts, not rhetoric or innuendo. I would prefer to ignore the negativism, but this organized effort to discredit me cannot go undefended under present circumstances. I will mail a response shortly.

In closing I would like to say that Gail and I feel a deep obligation to pay all of the debt owed our customers, and I am very pleased with the reorganization plan we will be submitting shortly. Each of you will receive a copy.

If you have any questions, comments or suggestions, please feel free to call me.

Sincerely,

  
Ken Wheeler