



WHEELER TECHNOLOGY INC.

CUSTOMER NEWSLETTER



November 1991

Gig Harbor, Washington

CHAPTER 7

As you know, the Creditor's Committee recently petitioned the court to convert WTI's bankruptcy status from Chapter 11 reorganization to Chapter 7 liquidation, which would terminate the Company and liquidate its assets. Customers Pete Becker and Bill Copeland, believing that the Committee's motion was not in the best interests of the Customer/ Creditors, contacted some 175 customer-creditors (about 100 customers are not creditors) to determine the consensus. As of November 1, 118 of them had responded in opposition to the liquidation of the Company so Mr. Becker arranged to have the group represented in court by an attorney. Additionally, another customer hired his own lawyer to oppose the motion, and another customer being an attorney himself formally opposed the motion, and petitioned the court to remove Jim Reisinger as the Chairman of the Committee. Builders also independently sent many letters to the court in opposition to the motion. For all of this effort on the Company's behalf, we thank you.

The hearing was held on October 28th. After listening to both sides, the judge denied the Committee's motion. The judge then noted that the Company had been unable to confirm the present plan within the allotted time and allowed the Company until December 16 to file a revised plan of reorganization.

The main problem with the existing plan has been the difficulty raising the capital required to exit bankruptcy. The decline in the capital market due to the recession was unanticipated when the plan was written. Investors who were originally interested were unwilling to make the investment six months later into the recession. The plan did not provide for the Company to exit bankruptcy through accumulated earnings.

Another difficulty with the existing plan was the provision to repay customers 65% of their debt against kit orders. Without the anticipated investment, this caused a "Catch 22"; the Company needs orders to survive long enough to rebuild its sales and/or to attract capital to exit bankruptcy, yet this option discourages orders until WTI is out of bankruptcy which puts an impossible squeeze on the Company. Therefore, an option of this type cannot be included in the new plan.

YOUR ORDERS MAKE IT HAPPEN!

Orders since January have enabled WTI to purchase the engine, propeller and other equipment for N300EX, to hire consultants for testing N300EX, to finalize Kits 4 and 5, to show at Sun 'N Fun and Oshkosh, and to begin touring the EXPRESS to re-establish new sales. However, orders have

not provided enough cash flow for the Company to accomplish *all* the tasks at hand. The current staff is already overloaded and we cannot afford to hire the people we need to tackle essential but non-income producing projects. We are behind the power curve with the manual which understandably causes irritation (yours and ours), and we have not begun advertising, which is vital to marketing.

Some customers have expressed the opinion that the company should finish the manual before resuming marketing, and others have said they'll wait to order until the manual is complete. We understand those sentiments, but it is orders alone that enables the company to pay the salaries to write the manual, not to mention salaries for builder support, reception, bookkeeping, purchasing and other non-income producing personnel. Moreover, the rate of orders determines our rate of progress.

Marketing and sales are not frivolous activities which are pursued at the expense of supporting current builders, but are the very activities which generate the cash flow necessary for the Company to accomplish those activities.

Due to the circumstances, rebuilding sales will take time, but enthusiasm for the EXPRESS remains high. On our recent tour through Nevada, Arizona and California, N300EX created an instant airshow wherever it landed. In two instances, tower personnel called on the radio to ask if they could come down and take a look. As we rebuild our marketing program, new orders will follow.

Until we have established new sales though, it is mainly *your* orders which sustain operations and which provide the resources for the Company to reestablish its position in the marketplace. Additional orders from new customers will enable the Company to increase builder support and ultimately pay its debt to the Creditors.

BUILDER SURVEY

Thus far some 70 builders have returned the survey, enough to generate some interesting data which we'd like to share with you. The average builder is 48.5 years old and has some 1154 hours (not counting airline pilots) as a pilot. The oldest builder is 71, the youngest is 30. 15% are airline pilots and 3% don't have a pilot's license. 63% of the respondents have owned an average of 1.44 airplanes.

The average *documented* kit completion time is:

Kit 1	208 hours
Kit 2	183 hours
Kit 3	226 hours

We don't yet have enough data for Kits 4 and 5.

For power, 54% of the builders have chosen Lycoming, 25% Continental, and 4% auto conversions. The rest are undecided.

COMPUTER BULLETIN BOARD

In the builder survey, 65% of you requested a Computer Bulletin Board (BBS) for builder support, so we have a volunteer who is in the process of setting it up. For those with computers, the BBS will provide a convenient way to exchange information with both the factory and other builders. Builders will be able to download the latest newsletter, revisions of manual sections, service documents, etc. Builders can also have online forums and exchange building tips and hints.

Several builders have offered to assist in writing/revising procedures, so this will provide an excellent method to exchange files and information. We will ultimately build a database of construction problems and solutions through which the builders can browse, and of course builders will be able to leave messages and questions for the factory, or other builders as well.

Jim Warner's EXPRESS

Jim has experienced the usual variety of setbacks which makes predicting the first flight fool's play. Among other things, his engine overhauler incorrectly assembled gears in the accessory case causing a low fuel pressure problem which took some time both to locate and to solve (he had to remove the engine). Jim built his EXPRESS at home, and when we visited him, it was sitting in his driveway ready for flight. (I'll bet the neighbors got nervous after his first runup.) Unfortunately though, he's got a short driveway, so Jim had to face the biggest hurdle of dis-assembling all his hard work so he could take it to the airport. Jim got it done though, has painted it and is set for reassembly. It'll fly just as soon as it taxis faster than 60 mph. We'll keep you posted.

TOURS

The motion to liquidate derailed our tour schedule, so due to the advance time required for notifying everyone and not wanting to do demo flights in snowstorms, we probably won't be able to schedule the remaining tours until better weather returns early next year.



FALL? IT CAN'T
BE FALL! I
WASN'T THROUGH
WITH SUMMER!

N300EX

N300EX now has 200 hours on the clock, and continues to perform flawlessly. (We've solved the oil cooling problem). We've done no additional work on the plane lately, but we do have a list of minor clean-up details we'll take care of as time permits.

That's it for now folks. Keep on building and send an order when you get a chance. Many of you are making great progress and we look forward to your company at Sun 'N Fun.

