

GEVERS AIRCRAFT, INC.

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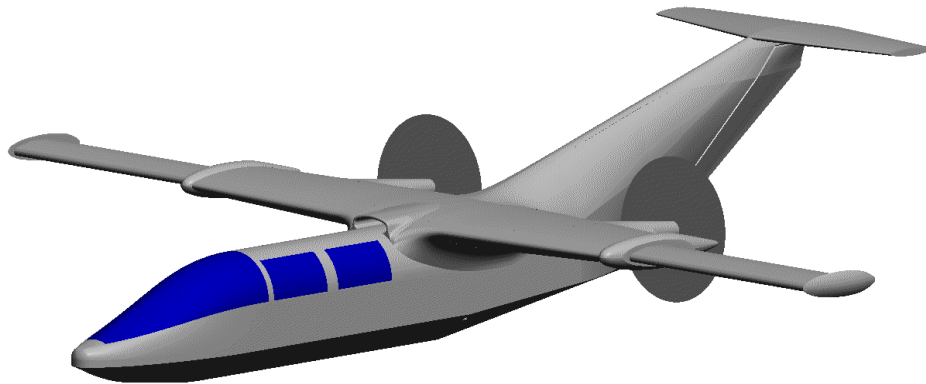
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Dear Potential Investor:

We would like to introduce our company Gevers Aircraft, Inc. and its product the Genesis aircraft. Gevers Aircraft has developed, patented, and is seeking funding to manufacture an innovative new aircraft with three unique systems that greatly improve aircraft safety, performance, and utility. The following is our executive summary. If you would like more information we would be glad to provide you with an extensive product brochure and business plan. You can also visit our web site at "www.geversaircraft.com" or look us up in Jane's All the World's Aircraft issues 1993/94 through 1997/98. Feel free to pass this information around.



Statement of Purpose

Gevers Aircraft, Inc. is seeking funding of \$12,600,000 to manufacture the Gevers Genesis aircraft. The initial funding requirement can be separated into smaller portions to accommodate various sizes of investors. For example initial funding of \$550,000 will suffice to build 'ground test units' to test and demonstrate the three new (and patented) aircraft systems that provide significant increases in aircraft safety, utility, and performance. Upon completion of the initial testing the remaining \$12,050,000 (which can also be segmented) will be used to build the flying aircraft, perform certification testing, and begin production.

The Company

Gevers Aircraft, Inc., PO BOX 430, Brownsburg, Indiana 46112, USA is located near Indianapolis, Indiana. David E. Gevers (CEO) can be contacted at (317)-852-2735.

Gevers Aircraft, Inc. was formed to investigate the feasibility of several innovative design features for a new general aviation aircraft. The design began in 1981 and the company was incorporated in 1988. During this time extensive design, optimization, and computer aided analyses were performed. In July 1997 US patent # 5,645,250 was issued covering all aspects of the Genesis aircraft design. Patents have also been issued in the United Kingdom, France, and Australia and are pending in Canada. The proof-of-concept components are beginning construction. Investors are being sought to expedite the construction of the prototype and begin production.

The Product

The Gevers Genesis is an innovative design of a twin engine, 'triphibious', 6 seat general aviation aircraft. Its unique features include major advancements in the areas of safety, utility, and performance. Gevers Aircraft, Inc. has designed and is beginning to build prototypes of three unique and highly versatile aircraft systems with production intent. The three systems described

below can be implemented on a single aircraft design of extraordinarily wide applicability or produced separately for specialized applications.

1. A simple gearbox connects both engines to both propellers through overrunning clutches. In the event of an engine failure, both propellers are still powered thus eliminating the conventional safety problems of one-engine-out asymmetric thrust.
2. An ingenious landing gear system allows takeoff and landing from virtually any surface: conventional hard surfaces, snow, and water ('triphilian'). In addition, the pilot can select each of these configurations in flight, which is something that no other aircraft can do.
3. An innovative, simple telescopic wing option provides lower landing speeds and higher cruise speeds along with inherent safety far beyond the competition. This wing design greatly improves performance and safety for any size aircraft.

Although the aircraft incorporates several innovative mechanical designs that give it unprecedented capabilities and performance, the aerodynamics, construction materials, and construction techniques are conventional (i.e. proven, economical, and safe).

These systems used together or individually give an aircraft unprecedented safety, performance, and utility. Our primary intent is to develop each of the three designs as separate projects in a parallel time frame resulting in production of a single remarkably versatile general aviation aircraft called the Gevers Genesis. A secondary outcome would be to separately manufacture or sell the manufacturing rights to each of the three individual designs.

Although the initial Genesis design is for a six seat aircraft its design features are applicable to many other sizes of aircraft including small drones through 12-15 passenger transports. The telescopic wing itself is applicable to all sizes of aircraft including very large cargo transports and even wing in ground effect (WIG) aircraft. The 6 seat Genesis is the ideal size for the initial development and testing efforts and leads directly to a marketable product and is the subject of the current business plan. Expansion into other sizes of aircraft either by directly manufacturing or selling the manufacturing rights to other manufacturers can be pursued once the 6 seat proof of concept is complete and the company's financial status allows for the additional efforts.

Financial Projections & Requirements

The project is proceeding in three phases.

Phase I has already been completed and involved developing the preliminary design resulting in patents being issued in the USA, United Kingdom, France, and Australia with patents pending in Canada. Funding of this phase has accumulated to over \$80,000 in cash and \$1,100,000 worth of time and services. Funding has come from the personal accounts of the owners of Gevers Aircraft, (David Gevers & Matthew Gevers).

Phase II utilizes funds of \$550,000 to build the proof of concept 'ground test units' (i.e. mockups) of each of the three major new design features of the Genesis aircraft. This includes: 1.) completing the existing mockup of the propeller drive system, 2.) building an operational multi-terrain landing gear, and 3.) building an operational telescopic wing. Each of these units will be tested on the ground for durability, operation, and aerodynamic characteristics. This phase has begun and can utilize the funding immediately.

Phase III requires \$12,050,000 to build the flying aircraft, perform certification testing, and begin production.

	Funding Required	Duration	Purpose
Phase I	-----	COMPLETED	Initial design & patents.
Phase II	\$550,000	9 Months	Ground test units.
Phase III	\$12,050,000	2 ¾ Years	Certification.
TOTAL	\$12,600,000	3 ½ Years	Total to reach production.

By accepting the financing in several phases a minimal investment is required in Phase II. This allows for smaller investors to secure a high rate of return portion of the total investment and also to provide a ‘comfort check’ for larger investors before spending the majority of funding on the detailed certification and production efforts.

Of the total \$12.6 million, \$550,000 or 4% is spent on the ground test units and an additional \$2.3 million or 18% is spent on the flying proof of concept. **This means that 78% of the total funding is required only after the Genesis concept is flying.** For this reason it is expected that the earliest investments will receive a higher rate of return than later ones due to the substantially lower risk after the first prototype flight.

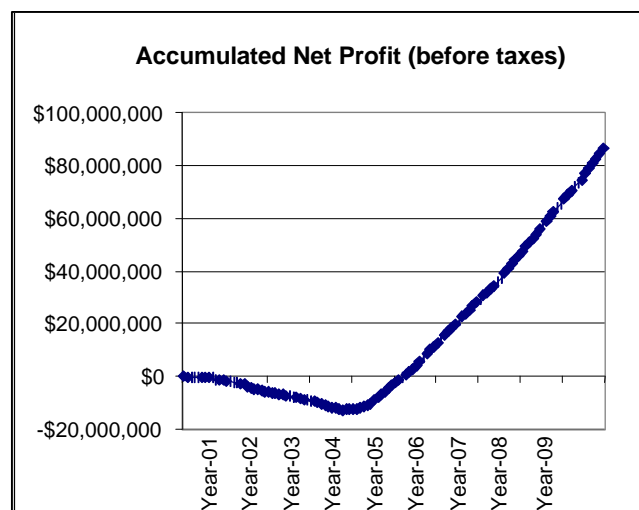
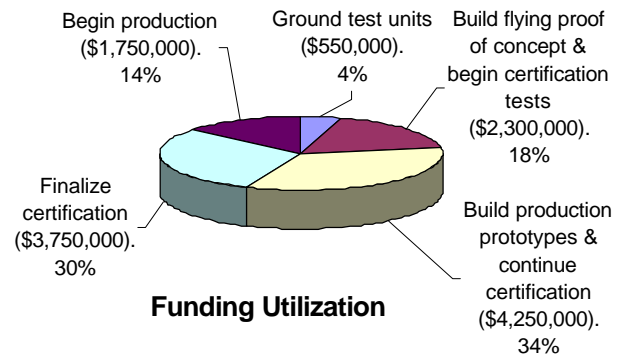
During the first year of production the production rate ramps up to 48 aircraft per year and will employ 85 people, 64 of which will be technicians. With a selling price of \$679,235 this gives annual gross sales at that time of **\$32,600,000**. Of this, 48% (\$15.6 million) is profit. The company breaks even and begins to make a profit during the second year of production. Allowances have been made for the company to grow in size for a 10% production increase per year since the aviation industry is also growing.

Market

The aviation industry is making a comeback from the low production rates of the 1980’s. However, the competition’s manufacturing plans are to either build new aircraft using 1950’s designs or to use expensive and complicated composites. Gevers Aircraft plans to take a different approach by applying the proven conventional manufacturing technology of aluminum structures to new product design features which the industry needs to survive.

Gevers Aircraft has done more than just design a single aircraft for a specific application. We have designed several new aircraft systems that apply to many potential aircraft models (sizes). Each of which has extraordinary safety, utility, and performance characteristics. The first step is to develop these design concepts in the most efficient manner by putting all three systems on the Genesis 6-seat triphibian.

As an additional note, someone outside the aviation industry has very recently contacted Gevers Aircraft to apply one of the three new innovations to their product. If these discussions are



successful portions of the design could be licensed to an entirely new market separate from aviation. This market is not included in the current business plan and would not incur additional development costs. It is only mentioned to indicate the vast potential that exists for Gevers Aircraft.

There are many advantages that make the Genesis concept an excellent long-term investment (broad market, increased safety, higher utility, higher performance, greater passenger comfort, increased efficiency).

Genesis has a broad market:

- 1.) The Genesis designs can be directly scaled from 4 to 12-15 passenger aircraft to provide a variety of models. And the telescopic wing is applicable to any size aircraft, even large transports.
- 2.) The Genesis can accommodate turbo props if desired increasing the performance even more.
- 3.) The triphibious landing gear will sell to a broad market because it operates from virtually any terrain (water, snow, hard surface, sod, and sand). The added snow capability is an integral part of the landing gear and does not decrease performance. It makes the Genesis a high utility aircraft.
- 4.) The Genesis also has military applications. The US military expressed interest in a 12-15 passenger version of the Genesis for use as a troop transport/reconnaissance aircraft to rapidly get into and out of a variety of landing conditions. The Genesis has many desirable characteristics that no other amphibian has; high performance, multi-terrain landing gear (triphibious), reduced Infrared-Acoustic-Radar signatures, truly redundant engine/propeller system.

Safety is increased with the Genesis:

- 1.) A twin engine design provides redundancy in the event of an engine failure whereas single engine planes have no backup in this case. However, twin engine controls are more complex than for the single engine. The Genesis also has both engines connected to both propellers so if an engine does fail both props are still powered eliminating the asymmetrical thrust of conventional twin engine designs. The Genesis has the best of both types of aircraft; the redundancy of twin engines and the control simplicity of single engine aircraft with greater safety than both.
- 2.) The telescopic wing is stronger than a conventional wing when retracted and gives low stall (landing) speeds when extended.

Controls are simple:

- 1.) The landing gear control is a single lever that the pilot moves to the appropriate position (retracted, hard surface, water, snow, and intermittent snow). Simple & easy.
- 2.) The telescopic wing control is actually simpler than a conventional flap control. It has a single lever with two positions (extend/retract).
- 3.) The propeller drive and engine controls are as simple to operate as a single engine aircraft and are much simpler than a conventional twin engine aircraft. A single lever engages/disengages the gearbox connecting both engines together. When engaged the controls act like a single engine aircraft. If the pilot wishes to he can disconnect the engines from each other and the controls will be the same as a conventional twin. This de-coupling allows the pilot to use differential (unequal) thrust, which greatly helps maneuvering in the water - in particular in docking and undocking. This differential thrust capability is a significant maneuvering advantage over any single engine design.

Passenger comfort is increased:

- 1.) Passenger access in and out of the cabin is easier with the Genesis due to the rugged structural design allowing larger doors for passengers and cargo. The Genesis is the only aircraft design (with more than 2 seats) in which every passenger sits next to an exit. This is a significant safety advantage in aircraft that operate on the water.
- 2.) Engine and propeller noise is reduced with the Genesis. The engine exhaust and propeller tips, which produce the majority of noise, are behind the passengers making a much quieter cabin.
- 3.) Passenger visibility is excellent due to the high wing being above and behind the passengers.

Appearance:

The Genesis looks like the clean, sleek, high performance aircraft that it is. Appearance goes a long way toward selling an aircraft.

Efficiency:

The Genesis is the most efficient amphibian design due to the following:

- 1.) Retracting the outriggers fills in the step in the hull creating a clean, smooth hull for efficient & fast cruise speeds.
- 2.) The internally mounted engines reduce drag by removing them from the airflow. Note that the typical engine position of conventional amphibians is mounted high on a pylon, which is not only inefficient but also unattractive.
- 3.) The thrust line of the Genesis is low on the wing for efficient cruise and high when landing for proper ground clearance. Typical amphibians have a high thrust line that is very inefficient in cruise, which is how the aircraft operates 99% of the time.
- 4.) The telescopic wing provides for higher cruise speeds and lower landings speeds as well as increased endurance and range over conventional wings.

Genesis (6 seat) performance summary from Jane's All the World's Aircraft 1996/97:

Cruise Speed = 260 mph (417 km/hr)

Useful Load = 2600 lbs (1180 kg)

Range = 2,200 miles (3,540 km)

Endurance = 8 hr 20 min

Rate of Climb = 1900 ft/min (580 m/min)

Ceiling = 24,600 ft (7,500 m)

Currently there are no twin engine amphibious aircraft in production and there have never been any designed to land on water, snow, and land without physically replacing landing gear components between models. This gives the Genesis the ability to fill a gap in the market for an aircraft that can land in any type of terrain. This is especially appealing to bush, search and rescue, and military pilots who routinely travel into undeveloped areas with many different landing requirements without detracting from the aircraft's appeal to the personal or executive pilots.

Since this is a multi-purpose aircraft customers will come from all areas of general aviation. Bush pilots desire the snow/water/dry surface landing gear and short field capabilities. The rugged structure makes for an exceptional trainer. The amphibious capabilities appeal to water based pilots near lakes and on the coasts. The aircraft has a high cruise speed for business trips and is economical to operate for personal pleasure trips. Special purpose applications such as search & rescue, aerial photography, cargo, etc. are also ideally suited with this aircraft. And everyone benefits from the increased safety.

The US Air Force has reviewed the Genesis design and has indicated there are several military applications for the new design features. An offer has also been made by the Air Force to assist with the design details and to make their testing facilities available to Gevers Aircraft.

Marketing analysis predicts that 71 (6 seat) Genesis aircraft can be sold per year in the current market. Since we plan to build 48 aircraft per year initially the expected demand will be 1.5 times greater than the supply. This means that even if our expected sales volume is greatly overestimated we will still sell 100% of our product. On the other hand if the expected sales is correct the market will allow us to expand our production rate by 50%.

In 1997 Markwell Research conducted a preliminary market survey of general aviation aircraft owners to determine the pilot's desire and acceptance of the Gevers' innovative designs. The respondents preferred the increased safety, utility, and performance of this system to a conventional

arrangement. In addition, nearly all the respondents chose the telescopic wing when given a choice between it and a conventional wing. The respondent's anticipated selling price of \$1.1 million is much higher than the projected \$679,235 per aircraft giving a comfortable margin for error in the cost estimates. These results show that the uniqueness of such a design is not a deterrent in the general aviation market and it demonstrates the market exists and is receptive to the new design.

Management & Resources

Many important tasks have already been accomplished. The initial design is already complete resulting in an extensive patent covering all three systems being developed. Facilities for building the development prototypes have also been secured which includes a hangar and runway. Key personnel with expertise & experience in the critical areas for development and production have already joined the project. Purdue University is also willing to develop a coop program between its Aviation Technology department and Gevers Aircraft, which reduces costs in some areas.

This management team has the broad backgrounds required for running all aspects of this type of company. The Gevers' and other members of the company have exceptional track records in all the manufacturing and design areas that are necessary in this project. Their years of engineering and management experience performing exactly the type of work required here will be combined into an extremely knowledgeable and effective management team. The vast wealth of engineering and aviation knowledge and experience that is brought together by all the members of this company make it capable of developing and running an extraordinarily efficient production process. All of the key personnel have excellent records of management and have known each other for many years and worked together on other projects.

If you have further interest in this project or have questions, please contact us.

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Sincerely,

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