

newsletter

EVOLUTION *owner's*

Lancair Looks to the Future With New Financial Strength, Management Team

Cites Future Growth, Enhanced Customer Service and Focus on Evolution Turboprop

Redmond OR; July 1, 2010

Mr. Gene Wolstenholme, the new majority owner and Chairman of LCTI/Lancair International, today announced the injection of new operating capital and a new management team at aircraft manufacturer Lancair International. "We are focused on the future," said Wolstenholme, "We have a world-class product in our 320 knot, \$1.2 million Evolution owner-built aircraft. With five aircraft flying, and 24 customer orders, we're off to a great start and we are going to focus on pushing through this down-economy and getting our incredible airplane to market."

In announcing the new ownership, Mr. Wolstenholme also announced new company leadership. Mr. Wolstenholme will be LCTI/Lancair International Chairman, and Robert Wolstenholme was named President & CEO of LCTI/Lancair International. "I have been associated with Lancair aircraft since 1990. Flying is, and has always been my passion and this new partnership is a chance to bring our proven management skills together with Lancair's high performance products with a focus on customer satisfaction."



Bob comes from an extensive background in manufacturing. Wolstenholme Machine located in Colmar, PA, specializes in precision parts for the medical, aerospace, and telecommunication industries. Subsidiary WMrobots designs and builds robots for bomb disposal and mine detectors for the US and Canadian markets. Bob built and flies his own award winning Lancair IV-P. As President & CEO, Bob Wolstenholme will oversee all business & management functions of LCTI/Lancair International.

Tom Bowen, whose General Aviation management and engineering experience spans 3 decades, will continue to head company operations management and is the principal spokesman for the company. He said, "This is a real win for general aviation and Lancair customers. But it is

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an even bigger win for Lancair employees, their families, and the communities of Redmond and Bend, Oregon. It is no secret that the Central Oregon area continues to suffer through double digit unemployment, and this once vibrant aerospace manufacturing center has also suffered with the failures of Epic and Columbia. I am determined to do everything I can to maintain Lancair as a world-class company and to grow it into the future as we continue to design, build and service premium aircraft.”

Joe Bartels, CEO of LCTI/Lancair International, since 2003, resigned as President and CEO according to the terms of a June 7, 2010, investment agreement, and will remain a minority percentage owner of LCTI/Lancair International. “Joe did a great job overseeing development of the Evolution aircraft,” said Bob Wolstenholme, “and we now need to move ahead and expand the manufacturing infrastructure and training programs to support the Evolution product line.”

A Note from Doug Meyer *Manager of Marketing and Sales*

When the recent ownership change was finalized, Bob Wostenholm asked what I thought the most important thing was that we could do immediately to foster additional sales. My answer to him was, “Do everything possible to see that the customers we already have, the people who have already purchased an Evolution, are completely satisfied. They should be and will be our best advertisement. There is nothing more valuable than a satisfied customer, especially in such a small community as General Aviation.”

So that is our focus and goal as we move forward. To get you, our customers, satisfied and proudly flying this wonderful aircraft.



A Progress Report on Product Completion and Improvements

We have been doing a poor job of keeping you informed regarding programs being conducted here at Lancair to bring your Evolution to the level of completeness that you paid for and expect. The most important of these are as follows :

There are several completion and update programs underway for the Evolution. We'd like to give you a status report on these programs and let you know that we always welcome your individual questions.

LANDING GEAR – Late last year, we discovered a machining error at a grease zerk hole which caused a stress concentration resulting in a cyclic fatigue crack in our gear trunions. We provided a service letter to facilitate a fix and periodic inspection for the aluminum trunions. Subsequently, as the result of an extensive digital finite element analysis, we felt that the fatigue life of the aluminum gear trunions was not up to Lancair standards. Therefore, we undertook a re-design of the trunions which uses a welded steel construction design which would yield an infinite life fatigue rating. Also, we've provided an interim strengthening kit for the existing trunions which will ensure reliable service until the new steel gear legs are available. Our test/demo aircraft, 927LE, has accumulated

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nearly 500 hours without any further problems with the gear. An order has been placed for the steel gear with a fabrication house that will be building the new production landing gear assembly for us. The new gear will fit in the existing envelope of the wing & use the existing trunions pivot mount points. There will be some small changes such as the location of the actuator spar bracket but the installation will be fully retrofitable without major repairs. The new gear has a slight weight increase but it is a significantly stronger design and will offer a fatigue life commensurate with the composite airframe. The expected delivery date to us is August 20 of the first articles and we will be doing fitment and actual strength and drop tests to validate the design. If specifications are met as we expect they will, you will see the production landing gear the 1st week of November. We have 10 ship sets on order and will distribute these on the basis of flight status and kit priority and we anticipate being able to support our entire customer needs.

AIR CONDITIONING – Currently the Evolution production air conditioning system is 90 % complete and the evaporator prototype is being evaluated by an outside air conditioning manufacturer to make production units. The evaporator / mixer / fan unit has been designed to ensure the maximum capacity for cooling, and we are confirming the fan requirements to ensure full flow is available to all passengers. We are expecting the preproduction unit from the manufacturer the last week in July and after evaluation and testing production units by late August. We have two separate vendors vying for this package to ensure second source availability. Some customers may have already received fans and servos for the evaporator box.

Lancair will be sending a notice requesting the return of these units as they are no longer applicable.

OUTFLOW VALVES/PRESSURIZATION – The first production run from Dukes was delivered last week. Outflow valves and installation instructions are being shipped out to customers as you read this update. You will be notified when your backorder is ready to ship.

DE-ICE – We have a set of non-functional evaluation boots for flight testing. When successfully evaluated we will be confirming the schedule for installation and validation of a functional system, the flight characteristics and speed penalty of the pneumatic boots. Additionally, RDD is working in parallel with the ThermX product with expected testing later this summer.

DOORS – Final testing is being done with a new window adhesive installation. The door production schedule has been delayed to ensure we take advantage of these efforts to reduce manufacturing cost and increase the production rates. We are confident of the quality with each door that has been shipped and will continue to make improvements which will reduce the labor to manufacture the doors, hence a shorter lead-time.

RUDDER PEDALS - We have the new design complete, and multiple vendors quoting the new system which incorporates full adjustability for both pilot positions, manufacturing improvements, increased functionality to improve the “rudder feel” and directional control. When the analysis is complete and the vendor has been selected, we expect to be able to deliver production units sometime in the fourth quarter.

***New Ownership –
New perspectives –
New PRIORITIES!***