



Maxwell Propulsion Systems, Inc.

Super Novo Vias

19132 59th Dr. NE

Arlington WA 98223

360.474.8118 Phone; 360.474.8299 Fax

Maxwell Propulsion Systems, Inc. October 2006 Update

Hello Everyone:

It has been a month since my last update, so I thought I would bring you up-to-date on the ongoing activities here at MPS.

ELECTRICAL SYSTEM UPGRADES

The most exciting thing in the last month was shipping the first five electrical system upgrades to customers with the NSI EJ-25 engine. Peter Nalis has been working at MPS so we would have an opportunity to learn from his experience what questions might arise. He started his retrofitted engine for the first time on October 4th. It started easily, and purred like a kitten. His plan is to complete some ground testing this weekend and, then with luck, will have it flying in the next day or so, assuming the weather cooperates.

Peter spent approximately 75 hours on his electrical system; broken down as follows. 25 hours removing old wiring, relays, etc; 25 hours installing the new system; 25 hours installing improvements unrelated to electrical system retrofit. Given this information, we guesstimate that a typical installation time will be between 40 and 60 hours.

Also on the electrical system front, we have completed the fuel map for the NSI EJ22 and are pleased to announce that the EJ22 runs equally as well as the EJ25 with the MPS electrical system. Next week we plan to ship three EJ22 retrofits and two additional EJ25 systems.

The cost for the MX1-EMS is \$3,950 plus shipping. This represents a \$1,000 discount off the \$4,950 retail price. There is still time to make a commitment for October's production run, so please let us know if you are interested in an October delivery date.

MPS ENGINE PACKAGE PRODUCTION

MPS has one complete engine package available and ready to ship. It has been run on the dyno for 20 hours and another five on our test stand. The engine is complete and ready to ship with the exception of the GlaStar cowlings that require about a week to fabricate. The new MPS propeller will be available in Mid-November (see below).

The list price for the complete propulsion package is \$34,950. We are keeping our offer to former NSI customers, who were hurt financially, of deep discounts through the end of the year.

A40 RETROFIT PLANS

We have completed testing an A40 with the clutch removed and the transmission locked up solid using eight bolts.

As a test stand we used a GlaStar mockup from the firewall to the rear of the steel cage. This test stand is mounted on a flatbed trailer. The testing process covered the full operating range, with special emphasis at the lower end prior to when the sprague clutch would have locked up. The results were that, at NO point during the test, even at an engine RPM of 1000, was there an increase in vibration.

We recently shipped our first A40 retrofit, nicknamed the A41. Ray Mason is hoping to fly it this weekend. We will give you an update as soon as we hear how it operates on an actual airplane.

The cost to retrofit the A40 into A41 is \$500.00 parts and labor. Anyone interested in an upgrade should contact us to schedule the rework. In general the flow time is approximately one week from the time we receive it.

PINION GEAR EVALUATION

In light of the problems identified earlier, we requested Global Machine Works Inc. to conduct an examination of all pinion gears, input shafts and bolts. We have now established a QC process to ensure that prior to shipping there will be a good match between the pinion gear, input shaft, washer and bolt. (Note: A key component of the problem experienced was that the bolt was ¼” too long.) We shipped Mark Kiedrowski’s replacements parts to him on Tuesday. He is hoping to have his engine back together by the end of the weekend and with luck be up and flying again.

MPS PROPELLER PRODUCTION

We are now gearing up for production of the new MPS 220 propeller and are ready to take orders from customers. Deliveries are anticipated to begin in Mid-November. The blades are comparable to the NSI CAP 200, however, the hub and prop cuffs have been completely redesigned to be much beefier than its predecessor. The expectation is that the prop should easily outlast the engine. The blades will rotate through a full 90 degrees without the problems present in the CAP 200. As a result it is available either as a full feathering or a beta prop.

As I said in my last posting, I am committed to keep you up-to-date as MPS continues its product development, design, and testing. Our goal is to produce a product that is cost-effective, reliable, and most critically, SAFE.

If you are interested in placing an order or have product-related questions, please contact me at jtgillespie@maxwellpropulsion.com or 360.474.8118.

With Best Regards,

John Gillespie
General Manager, Maxwell Propulsion Systems, Inc.