

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM



Hines Aircraft Ltd

A British Virgin Islands Corporation

US \$20,000,000

2,500,000 Units - Comprised of
2,500,000 Shares of Class "A" Common Stock and
Warrants, Class 1, 2 and 3.
No Par Value (NPV) per Share

Offering Price: US \$8.00 per Unit

Hines Aircraft Ltd., a British Virgin Islands Corporation (or the "Company") is offering on a "best efforts" basis, 2,500,000 Units, comprised of 2,500,000 Shares of Class "A" Common Stock and three Warrants (the "Class A Common Stock" collectively with the Warrants, comprise one (1) "Unit"). Each Class A Common Share has no par value per share. Subscriptions are irrevocable and the purchase price is non-refundable, as expressly stated in this Confidential Private Offering Memorandum (the "Memorandum" or the "Offering"). The Company, by determination of the Board of Directors, in its sole discretion, will only issue Units for cash. All proceeds to be received by the Company under subscriptions, pursuant to this Memorandum, will be remitted to the Company upon acceptance of subscriptions by the Company.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK AND SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT AFFORD THE LOSS OF HIS/HER ENTIRE INVESTMENT (SEE "RISK FACTORS")

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The date of this offering October 16, 2010

Private Placement Memorandum Number _____

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THIS OFFERING IS MADE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER UNITED STATES FEDERAL SECURITIES LAWS PROVIDED BY RULE 506 PROMULGATED UNDER REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THIS OFFERING IS MADE, AND THE SALE AND PURCHASE OF SECURITIES HEREUNDER WILL BE MADE, ONLY TO PURCHASERS WHO QUALIFY UNDER REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("THE ACT").

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM IS CONFIDENTIAL AND PROPRIETARY TO THE COMPANY AND IS BEING SUBMITTED TO OFFEREEES SOLELY FOR THE PURPOSE OF EVALUATING THE PURCHASE OF UNITS AS DESCRIBED HEREIN. WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF THE COMPANY, THE INFORMATION CONTAINED HEREIN, IN WHOLE OR IN PART, MAY NOT BE COPIED, DUPLICATED OR DISCLOSED TO ANY PARTY. THIS MEMORANDUM MAY NOT BE COPIED OR REPRODUCED, IN WHOLE OR IN PART, NOR MAY IT BE GIVEN OR DISTRIBUTED TO ANY PARTY, OTHER THAN THE SPECIFIC INDIVIDUALS TO WHOM THIS MEMORANDUM IS DELIVERED BY THE COMPANY. ACCEPTANCE OF THIS MEMORANDUM BY EACH OFFEREE IS WITH THE UNDERSTANDING THAT IT WILL BE RETURNED UPON REQUEST BY THE COMPANY.

THE SECURITIES OFFERED HEREBY ARE HIGHLY SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. (SEE "RISK FACTORS")

THIS MEMORANDUM IS SUBJECT TO WITHDRAWAL, CANCELLATION, AND/OR MODIFICATION BY THE COMPANY WITHOUT NOTICE. THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION.

OFFICERS, DIRECTORS AND SHAREHOLDERS OF THE COMPANY, AND ANY ADVISOR TO THE COMPANY MAY PURCHASE UNITS PURSUANT TO THIS MEMORANDUM.

THE SALE, TRANSFER OR OTHER DISPOSITION OF ANY SECURITIES PURCHASED PURSUANT TO THIS MEMORANDUM MAY BE RESTRICTED BY APPLICABLE FEDERAL AND STATE SECURITIES LAWS AND AS OTHERWISE STATED HEREIN.

THE UNIT PRICE, THE RELATED PRICES OF THE SECURITIES AND THE OTHER TERMS SET OUT IN THIS MEMORANDUM HAVE BEEN DETERMINED BY THE COMPANY AND ARE ARBITRARY, IN THAT THEY DO NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OR VALUE OF THE COMPANY, OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

OFFEREEES MAY, IF THEY SO DESIRE, MAKE INQUIRIES OF THE COMPANY WITH RESPECT TO ANY MATTER RELATING TO THE COMPANY, THE UNITS, THE PURCHASE OF THE UNITS AND THE UNDERLYING SECURITIES, AND MAY OBTAIN ANY ADDITIONAL INFORMATION SUCH OFFEREE DEEMS NECESSARY IN CONNECTION WITH AN INVESTMENT DECISION AND TO EVALUATE THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM (TO THE EXTENT THAT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE). IN CONNECTION WITH SUCH INQUIRY, ANY DOCUMENT THAT ANY OFFEREE WISHES TO REVIEW WILL BE MADE AVAILABLE FOR INSPECTION. IF A COPY OF SUCH DOCUMENT IS DELIVERED TO AN OFFEREE, SUCH DOCUMENT WILL BE SUBJECT TO THE SAME CONFIDENTIALITY RESTRICTIONS AND RETURN REQUIREMENTS STATED ABOVE. ANY REQUESTS FOR ADDITIONAL INFORMATION OR DOCUMENTS MUST BE MADE IN WRITING AND DELIVERED TO THE COMPANY AT THE COMPANY'S ADDRESS.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THE INFORMATION AND THE REPRESENTATIONS MADE DIRECTLY BY THE COMPANY AS SET OUT IN THIS MEMORANDUM. IF ANY OTHER INFORMATION OR REPRESENTATION IS RECEIVED, GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AND IT HAS NOT BEEN AUTHORIZED BY THE COMPANY.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, OTHER THAN THE SECURITIES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, ACCOUNTING, AND INVESTMENT OR TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT COMPETENT ADVISORS AS TO LEGAL, ACCOUNTING, INVESTMENT, TAX AND RELATED MATTERS CONCERNING AN INVESTMENT BY SUCH PROSPECTIVE INVESTORS IN THE SECURITIES OF THE COMPANY.

THE INFORMATION AND STATEMENTS CONTAINED HEREIN ARE BASED ON INFORMATION BELIEVED BY THE COMPANY TO BE RELIABLE. NO WARRANTY CAN BE MADE AND NO REPRESENTATION IS MADE AS TO THE CONTINUED ACCURACY OF SUCH INFORMATION OR THOSE CIRCUMSTANCES HAVE NOT CHANGED SINCE THE DATE SUCH INFORMATION WAS SUPPLIED. THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF DOCUMENTS RELATING TO THE COMPANY AND THE PURCHASE OF THE SECURITIES, AS WELL AS SUMMARIES OF VARIOUS PROVISIONS OF RELEVANT STATUTES AND REGULATIONS. SUCH SUMMARIES DO NOT PROPOSE TO BE COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXTS OF THE ORIGINAL DOCUMENTS, STATUTES AND REGULATIONS, WHICH ARE AVAILABLE UPON REQUEST AND THE TERMS OF SUCH ORIGINALS SUPERCEDE, TO THE EXTENT OF ANY CONFLICT WITH THIS MEMORANDUM, THE INFORMATION SET OUT IN THIS MEMORANDUM.

IT IS THE RESPONSIBILITY OF EACH OFFEREE CONSIDERING THE PURCHASE OF A UNIT TO FULLY OBSERVE THE LAWS, RULES AND REGULATIONS OF ANY JURISDICTION TO WHICH SUCH OFFEREE IS SUBJECT, IF ANY, OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE. SUCH OBSERVANCE MUST INCLUDE OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE REGULATIONS.

FURTHER CONSIDERATION OF THE PURCHASE OF UNITS PURSUANT TO THIS MEMORANDUM IS NOT ALLOWED, WITHOUT SPECIFIC REVIEW OF THE INFORMATION SET OUT IN THE SECTION TITLED “NOTICES FOR U.S. INVESTORS”.

	Proceeds to The Company (2)	Price to Investors	Commissions (1)
Per Unit (1) (2) (3)	\$8.00	\$8.00	\$0.00
Total Maximum (4) (5)	\$ 20,000,000.00	\$ 20,000,000.00	\$0.00

- (1) The Company is issuing this Memorandum and is making it available to qualified Offerees, directly.
- (2) The proceeds to the Company before deducting legal and other direct expenses of this offering that are payable by the Company, which are estimated at \$100,000.
- (3) Each Unit is comprised of 1 share of Class A Common Stock at a price of \$8.00 per share (the “Original Purchase Price”) and 3 warrants each of \$6.00, \$12.00 and \$18.00. The company does not anticipate any of the warrants to be exercised within the first year of operation.
- (4) The offering made pursuant to this Memorandum is on a “best efforts” basis.
- (5) The Company reserves the right to reject any subscription submitted to purchase one or more units for any reason.

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SUMMARY OF OFFERING MEMORANDUM

Introduction	This summary sets forth certain facts and highlights information contained in more detail in this Memorandum and is qualified in its entirety by reference thereto, including any exhibits and attachments. Each prospective investor is urged to read this Memorandum and the exhibits and attachments in their entirety.
Securities Offered	A maximum of 2,500,000 Units at \$8.00 per unit for a maximum of \$20,000,000. Each unit consists of 1 share of Class “A” Common Stock, and 3 Warrants. See “Company Securities” and “Securities Offered”.
Dividends	No dividends are contemplated on the Common Stock in the near future. See “Company Securities” and “Securities Offered”.
Liquidation Preference	In the event the Company is liquidated the holders of the Preferred Stock rank senior to holders of all other capital stock of the company with respect to the stated value. See “Company Securities” and “Securities Offered”.
Mandatory Redemption	The Preferred Stock will be redeemed, to the extent permitted by law. See “Company Securities” and “Securities Offered”. There is no redemption obligation with respect to the Common Stock.
Board Representation	The holders of the Preferred Stock, if issued, will be entitled to one seat on the Board of Directors of the Company. It is proposed that Mr. J. Paul Hines initially represent the holders of the Preferred Stock. See “Company Securities” and “Securities Offered”.
Pre-emptive Rights	If the Company offers any securities for the purposes of financing its business (other than shares issued in the acquisition of another company, or shares offered to the public pursuant to an underwritten public offering), the Company will first offer such securities to the holders of the Common Stock included in the Units on a pro rata basis for a period of thirty (30) days, on the same terms proposed to be offered to other investors. See “Company Securities” and “Securities Offered”.
Minimum Investment	\$8,000.00 (1,000 Units) unless reduced at the sole discretion of the Company.
Preferred Stock Outstanding	
Before Offering	10,000,000 shares of non participating voting Preferred Stock were converted to Common Stock.
After Offering	No new Preferred Shares are offered.

Common Stock Outstanding	
Before Offering	36,500,000 shares of Common Stock.
After Offering	39,000,000 shares of Common Stock assuming the sale of all 2,500,000 Units. The common stock has three warrants See “Company Securities”
Terms of the Offering	This Offering is on a “best efforts” basis.
Restriction on Transferability	the shares of the Common Stock offered and the Preferred Stock hereby will not be registered under the act or the securities laws of various States that exempt such sales from its registration requirements. The shares may not be resold unless subsequently registered or an exemption from registration is then available. See “Risk Factors - Restrictions on Shares” and “Plan of Distribution.”
Use of Proceeds	The proceeds will be used for payment of the engineering and development contracts for the propulsion system together with airframe, avionics, general corporate purposes and certain other items. See “Company” and “Use of Proceeds.”

GLOSSARY

100LL. means 100 octane aviation fuel with lead substitutes

The Hines Pod Propulsion System - is our Patent Pending dual counter rotating multi stage ducted Fans

IFR means Instrument Flight Rules FAR 23

VFR means Visual Flight Rules

NBAA reserve, means National Business Aircraft Association fuel reserves at the destination airport.

RPM means Revolution per Minute

P factor is a phenomenon experienced by a moving propeller that produces an asymmetrical center of thrust. The Aircraft has a tendency to yaw to port if using a right-hand propeller, and yaw to starboard with a left-hand propeller. The right-hand propeller is by far the more common.

SOURCE FOR STATISTICAL REFERENCES

General Aviation Manufactures Association

The American Owner Pilots Association

Experimental Aircraft Association

Canadian Owner Pilots Association

International Civil Aviation Organization

INDUSTRY

Personal air transportation until now has been rudimentary, at best, using technology and design principals that originated with the Wright Brothers’ Aircraft in 1902. While jets have improved in all aspects of design and comfort, personal Aircraft powered by piston engines have advanced little in the

four to eight seat markets. We are about to change all that forever. The light personal aircraft will become a viable transportation alternative as it was originally contemplated by Wilbur Wright and his brother Orville.

There are two primary types of aircraft; fixed wing and rotary wing (the helicopter). The fixed wing, our design area of interest, is broken down into two categories: propeller and jet. The jet uses a turbine engine that produces thrust which can be used in its pure form; turbo-jet, high-bypass fanjet, or prop-jet. The primary means of driving the propulsion system in light aircraft is the piston engine, either gas or diesel.

By far the largest numbers of aircraft in the world are piston powered with gasoline engines. Why? Because they are relatively inexpensive to produce; operate at altitudes between sea level and 20,000 feet with low fuel consumption; capable of short flights economically; can be maintained and owned at low hourly costs when compared to turbines. The turbine is not cost effective until it is operating at an altitude above 30,000 feet and costs many times that of a piston aircraft to produce. Jets go long distances and must operate at jet altitudes but most private aircraft owners' needs are for short distance flight for both business and pleasure. Pilot licensing to operate at turbine altitudes is demanding and requires special training not often obtained by recreational and business owner pilots.

The objective of Hines Aircraft is to set a new standard for light aircraft typically used by private and business owner pilots. Our Company intends to create a new classic in aircraft design and technology. The Hines Aircraft design permits revolutionary functionality when compared to current technology. The passenger compartment is luxury-car quiet with uniform climate control and pressurization.

A second objective is to revolutionize engine and propulsion functionality bringing about unparalleled performance, safety and economy. The location of the engine and the thrust point allows airframe balance and center of gravity improvements permitting a reduction in induced drag. As a result, climb and cruise performances are increased. Each of our models will have a jet-like appearance without the attendant costs.

Shipments by Type: Manufactured Worldwide

General Aviation Airplane Shipments by Type of Airplane Manufactured Worldwide (1994-2008)

Year	Grand Total	Single-Engine	Multi-Engine	Total Piston	Turboprop	Turbojet/ Turbofan	Total Turbine
1994	1,132	544	77	621	233	278	511
1995	1,251	605	61	666	285	300	585
1996	1,437	731	70	801	320	316	636
1997	1,840	1,043	80	1,123	279	438	717
1998	2,457	1,508	98	1,606	336	515	851
1999	2,808	1,689	112	1,801	340	667	1,007
2000	3,147	1,877	103	1,980	415	752	1,167
2001R	2,998	1,645	147	1,792	422	784	1,206
2002	2,677	1,591	130	1,721	280	676	956
2003	2,686	1,825	71	1,896	272	518	790
2004R	2,961	1,999	52	2,051	319	591	910
2005R	3,590	2,326	139	2,465	375	750	1,125
2006R	4,053	2,513	242	2,755	412	886	1,298
2007	4,272	2,417	258	2,675	459	1,138	1,597
2008	3,969	1,943	176	2,119	535	1,315	1,850

R = Revised

Source: GAMA

Market Analysis

General Aviation is one of the world's most important and dynamic industries. In the USA alone General Aviation is flying over 27 million hours carrying some 166 million passengers annually. More than 5,000 communities rely on General Aviation for their air transportation needs. By contrast, scheduled airlines serve at most 420 airports. Estimated billing for new manufactured General Aviation airplane billings have more than doubled from 9.9 billion USD in 2003 to 24.8 billion in 2008. In the last ten years, the industry has grown almost 300%.

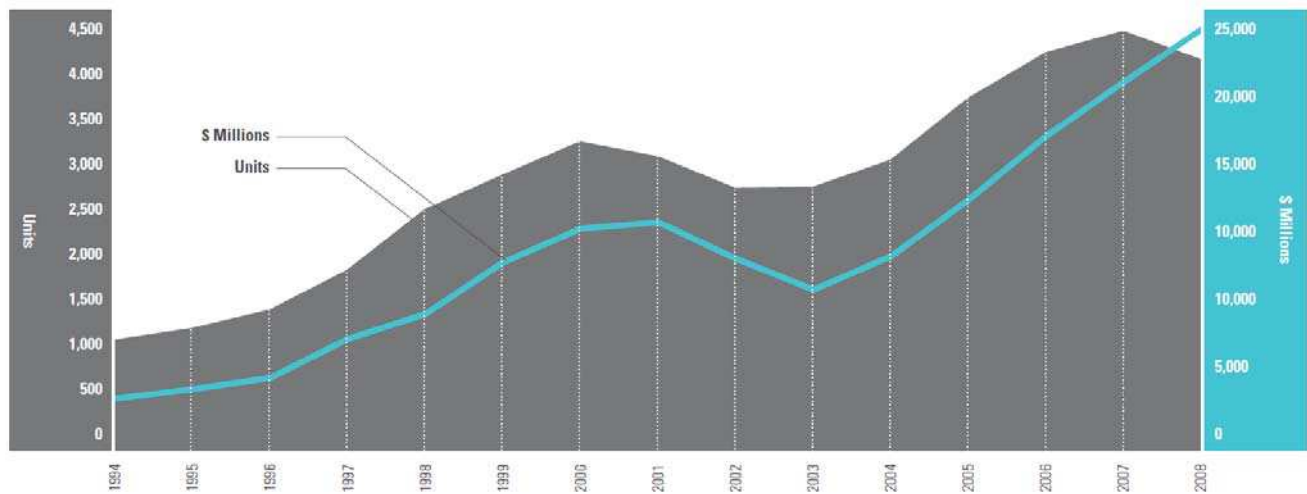
Estimated Billings (in Millions) for General Aviation Airplane Shipments by Type of Airplane Manufactured Worldwide (1994-2008)

Year	Grand Total	Single Engine	Multi-Engine	Total Piston	Turboprop	Turbojet/ Turbofan	Total Turbine
1994	3,749	*	*	111	714	2,924	3,638
1995	4,294	*	*	169	774	3,351	4,125
1996	4,936	*	*	191	864	3,881	4,745
1997	7,170	*	*	238	913	6,019	6,932
1998	8,604	*	*	377	1,011	7,216	8,227
1999	11,560	*	*	440	930	10,190	11,120
2000	13,496	*	*	512	1,323	11,661	12,984
2001	13,868	*	*	541	1,210	12,117	13,327
2002	11,778	*	*	483	868	10,427	11,295
2003	9,998	*	*	545	837	8,616	9,453
2004	11,918	*	*	692	997	10,229	11,226
2005	15,156	*	*	805	1,189	13,161	14,350
2006	18,815	*	*	857	1,389	16,569	17,958
2007	21,911	*	*	897	1,582	19,431	21,013
2008	24,837	*	*	945	1,947	21,946	23,893

Some totals do not add up due to rounding.

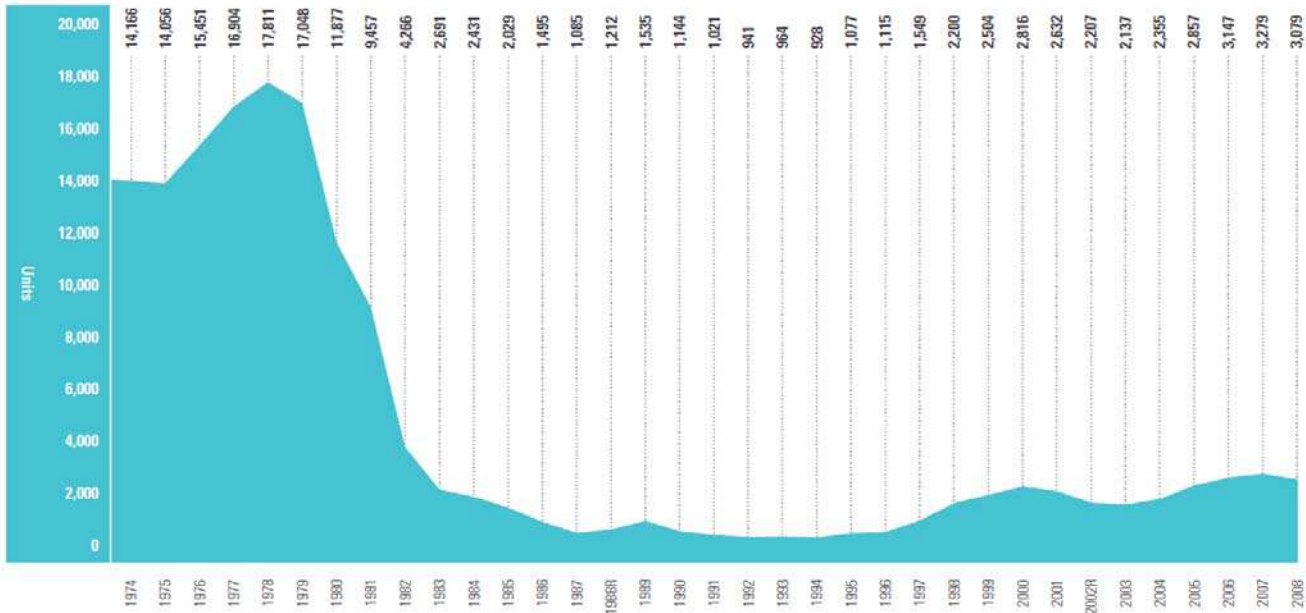
Source: GAMA

General Aviation Airplane Shipments and Billings Worldwide (1994-2008)



Shipments of Airplanes Manufactured in the U.S.

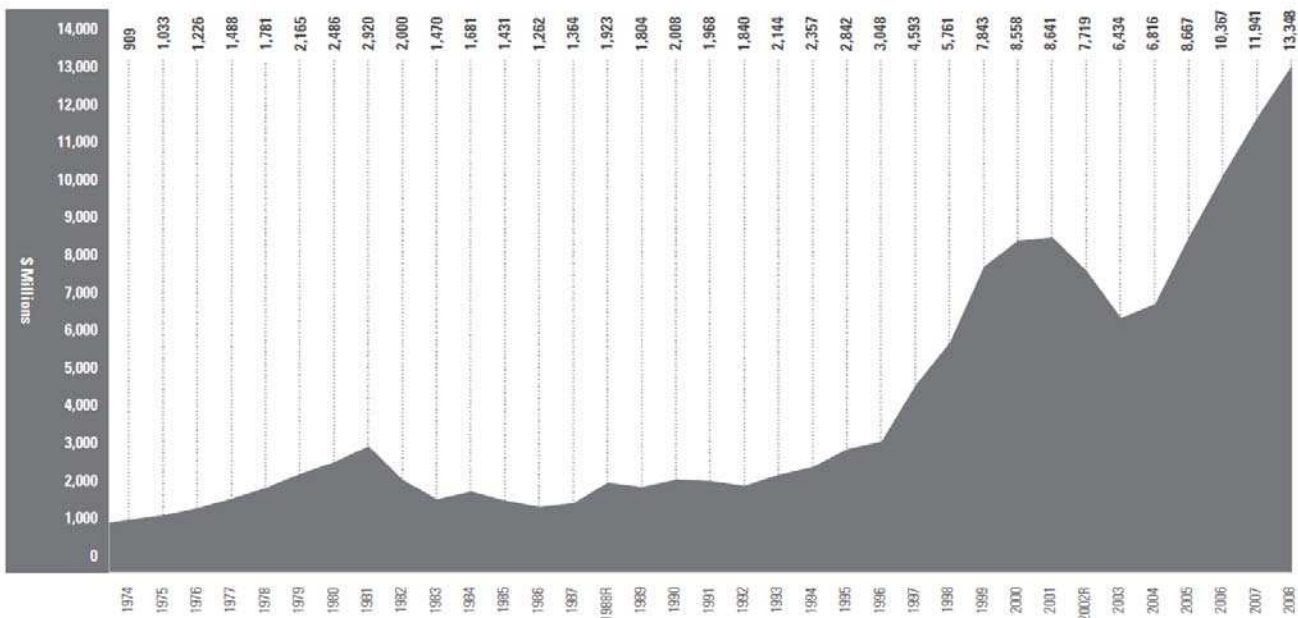
General Aviation Shipments of Airplanes Manufactured in the U.S. (1974-2008)



R = Revised

Source: GAMA

General Aviation Billings of Airplanes Manufactured in the U.S. (1974-2008)



R = Revised

Source: GAMA

Shipments of Airplanes Manufactured in the U.S.

U.S. Manufactured General Aviation Airplanes by Units Shipped, Number of Companies reporting and factory Net Billings (1946-2008)

Year	Units Shipped	Companies Reporting	Factory Net Billings (\$Millions)
1946	35,000	-	111.0
1947	15,594	15	57.9
1948	7,037	12	32.4
1949	3,405	11	17.7
1950	3,386	13	19.1
1951	2,302	12	16.8
1952	3,058	8	26.8
1953	3,788	7	34.4
1954	3,071	7	43.4
1955	4,434	7	68.2
1956	6,738	8	103.7
1957	6,118	9	99.6
1958	6,414	10	101.9
1959	7,689	9	129.8
1960	7,588	8	151.2
1961	6,778	8	124.3
1962	6,697	7	136.8
1963	7,569	7	153.4
1964	9,336	8	198.8
1965	11,852	8	318.2
1966	15,768	10	444.9
1967	13,577	14	359.6
1968	13,698	14	425.7
1969	12,457	14	584.5
1970	7,292	13	337.0
1971	7,466	11	321.5
1972	9,774	12	557.6
1973	13,646	12	828.1
1974	14,166	12	909.4
1975	14,056	12	1,032.9
1976	15,451	12	1,225.5
1977	16,904	12	1,488.1
1978	17,811	12	1,781.2
1979	17,048	12	2,165.0
1980	11,877	12	2,486.2
1981	9,457	12	2,919.9
1982	4,266	11	1,999.5
1983	2,691	10	1,469.5
1984	2,431	9	1,680.7
1985	2,029	9	1,430.6
1986	1,495	9	1,261.9
1987	1,085	9	1,363.5
1988R	1,212	11	1,922.9
1989	1,535	11	1,803.9
1990	1,144	14	2,007.5
1991	1,021	14	1,968.3
1992	941	16	1,839.6
1993	964	16	2,143.8
1994	928	13	2,357.1
1995	1,077	13	2,841.9
1996R	1,115	13	3,047.5
1997R	1,549	12	4,592.9
1998	2,200	12	5,761.2
1999	2,504	13	7,843.0
2000	2,816	15	8,558.4
2001R	2,634	14	8,641.1
2002R	2,207	12	7,719.2
2003	2,137	13	6,433.9
2004	2,355	13	6,815.7
2005	2,857	13	8,666.8
2006R	3,147	16	10,367.3
2007	3,279	16	11,940.8
2008	3,079	15	13,348.1

R = Revised

Source: GAMA

Shipments by Type: Manufactured in the U.S.

General Aviation Airplane Shipments by Type Manufactured in the U.S. (1960-2008)

Year	Grand Total	Single-Engine	Multi-Engine	Total Piston	Turboprop	Turbojet/ Turbofan	Total Turbine
1960	7,588	6,569	1,019	7,588	0	0	0
1961	6,756	5,995	761	6,756	0	0	0
1962	6,697	5,690	1,007	6,697	0	0	0
1963	7,569	6,248	1,321	7,569	0	0	0
1964	9,336	7,718	1,606	9,324	9	3	12
1965	11,852	9,873	1,780	11,653	87	112	199
1966	15,768	13,250	2,192	15,442	165	161	326
1967	13,577	11,557	1,773	13,330	149	98	247
1968	13,698	11,398	1,959	13,357	248	93	341
1969	12,457	10,054	2,078	12,132	214	111	325
1970	7,292	5,942	1,159	7,101	135	56	191
1971	7,466	6,287	1,043	7,330	89	47	136
1972	9,774	7,898	1,548	9,446	179	149	328
1973	13,646	10,780	2,413	13,193	247	206	453
1974	14,166	11,562	2,135	13,697	250	219	469
1975	14,056	11,439	2,116	13,555	305	196	501
1976	15,449	12,783	2,120	14,903	359	187	546
1977	16,907	14,057	2,195	16,252	428	227	655
1978	17,811	14,398	2,634	17,032	548	231	779
1979	17,050	13,286	2,843	16,129	639	282	921
1980	11,860	8,640	2,116	10,756	778	326	1,104
1981	9,457	6,608	1,542	8,150	918	389	1,307
1982	4,266	2,871	678	3,549	458	259	717
1983	2,691	1,811	417	2,228	321	142	463
1984	2,431	1,620	371	1,991	271	169	440
1985	2,029	1,370	193	1,563	321	145	466
1986	1,495	985	138	1,123	250	122	372
1987	1,085	613	87	700	263	122	385
1988	1,143	628	67	695	291	157	448
1989	1,535	1,023	87	1,110	268	157	425
1990	1,144	608	87	695	281	168	449
1991	1,021	564	49	613	222	186	408
1992	941	552	41	593	177	171	348
1993	964	516	39	555	211	198	409
1994R	929	444	55	499	208	222	430
1995	1,077	515	61	576	255	246	501
1996R	1,171	607	42	649	289	233	522
1997R	1,562	898	86	984	236	342	578
1998R	2,212	1,434	94	1,528	271	413	684
1999R	2,530	1,634	114	1,748	265	517	782
2000R	2,816	1,810	103	1,913	315	588	903
2001R	2,631	1,581	147	1,728	303	600	903
2002R	2,207	1,366	130	1,496	187	524	711
2003	2,137	1,519	71	1,590	163	384	547
2004	2,355	1,706	52	1,758	194	403	597
2005	2,857	2,024	71	2,095	240	522	762
2006R	3,147	2,208	79	2,287	256	604	860
2007	3,279	2,097	77	2,174	290	815	1,105
2008	3,079	1,700	91	1,791	333	955	1,288

R = Revised

Source: GAMA

This table was updated for turboprops in the 2008 data book for the years 1994 and 1996 through 2002 due to an entry error in earlier data books.

Current Technology

Worldwide Business Jet Shipments by Manufacturer (1997-2008)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Airbus	0	0	0	0	5	2	0	0	9	10	12	9
Airbus Corporate Jet	-	-	-	-	5	2	0	0	9	10	12	9
Avcraft (form. Fairchild)	0	0	0	0	4	4	9	9	1	0	0	0
Envoy 3	-	-	-	-	4	4	9	9	1	-	-	-
Boeing Business Jet	0	7	29	14	16	11	7	3	4	13	7	6
Boeing Business Jet	-	7	29	14	11	9	4	2	3	12	7	3
Boeing Business Jet 2	-	-	-	-	5	2	3	1	1	1	0	1
Boeing Business Jet 3	-	-	-	-	-	-	-	-	-	-	-	2
Bombardier Business Aircraft	78	100	173	207	179	101	70	129	188	213	226	247
Learjet 31A	21	22	24	27	17	9	2	-	-	-	-	-
Learjet 40XR	-	-	-	-	-	-	-	17	21	26	57	48
Learjet 45XR	-	7	43	71	63	27	17	22	28	30	-	-
Learjet 60	24	32	32	35	29	17	12	9	18	15	23	26
Challenger 300	-	-	-	-	-	-	1	28	50	55	51	60
Challenger 604 / 605	33	36	42	39	41	31	24	29	36	29	35	44
Global 5000	-	-	-	-	-	-	-	4	17	18	48	52
Global Express	-	3	32	35	29	17	14	20	13	22	-	-
CL 850/870/890	-	-	-	-	-	-	-	-	5	18	12	17
Cessna Aircraft Company	174	195	216	252	306	305	196	181	247	307	388	466
C510 Citation Mustang	-	-	-	-	-	-	-	-	-	1	45	101
C525 Citation CJ1	63	64	59	56	61	30	22	20	14	-	-	-
C525 Citation CJ1+	-	-	-	-	-	-	-	-	4	25	34	20
C525A Citation CJ2	-	-	-	8	41	86	56	27	23	1	-	-
C525A Citation CJ2+	-	-	-	-	-	-	-	-	-	36	44	56
C525B Citation CJ3	-	-	-	-	-	-	-	6	48	72	78	88
C550 Citation Bravo	28	34	36	54	48	41	31	25	21	18	-	-
C560 Citation Ultra	47	41	32	-	-	-	-	-	-	-	-	-
C560 Citation Encore	-	-	-	6	37	36	21	24	13	12	-	-
C560 Citation Encore+	-	-	-	-	-	-	-	-	-	-	23	28
C560 Citation Excel	-	15	39	79	85	81	48	23	-	-	-	-
C560 Citation XLS	-	-	-	-	-	-	-	32	64	73	82	72
C560 Citation XLS+	-	-	-	-	-	-	-	-	-	-	-	8
C650 Citation VII	8	11	14	12	-	-	-	-	-	-	-	-
C680 Citation Sovereign	-	-	-	-	-	-	-	9	46	57	65	77
C750 Citation X	28	30	36	37	34	31	18	15	14	12	17	16
Dassault Falcon Jet	51	47	69	73	75	66	49	63	51	61	70	72
Falcon 50EX	10	13	11	18	13	10	8	5	5	5	2	1
Falcon 900B	7	5	8	-	-	-	-	-	-	-	-	-
Falcon 900C	-	-	-	6	6	4	3	3	1	-	-	-
Falcon 900EX	16	15	16	23	21	17	6	1	-	-	-	-
Falcon 900DX	-	-	-	-	-	-	-	-	2	4	10	4
Falcon 900EX EASy	-	-	-	-	-	-	4	14	16	16	18	19
Falcon 2000	18	14	34	26	35	35	12	11	6	6	1	-
Falcon 2000DX	-	-	-	-	-	-	-	-	-	-	-	3
Falcon 2000EX	-	-	-	-	-	-	16	10	-	-	-	-
Falcon 2000EX EASy	-	-	-	-	-	-	-	19	21	30	33	24
Falcon 7X	-	-	-	-	-	-	-	-	-	-	6	21
Eclipse Aviation	0	0	0	0	0	0	0	0	0	1	98	161
Eclipse 500	-	-	-	-	-	-	-	-	-	1	98	161
Embraer	0	0	0	0	0	8	13	14	20	27	36	38
Phenom 100	-	-	-	-	-	-	-	-	-	-	-	2
Legacy Executive	-	-	-	-	-	8	13	24	20	27	36	36
Emivest (prev. Sino Swearingen)	0	0	0	0	0	0	0	0	0	1	1	0
SJ30-2	-	-	-	-	-	-	-	-	-	1	1	0
Gulfstream Aerospace	57	75	80	88	101	85	74	78	89	113	138	156
G100/150 (prev. IAI Astra)	6	14	9	11	5	9	24	22	26	42	59	68
G200 (prev. IAI Galaxy)	-	-	1	6	25	15	-	-	-	-	-	-
G300/350/400/450 (p. GIV/IVSP)	22	32	39	37	36	29	50	56	63	71	79	88
G500/G550 (p. GV / VSP)	29	29	31	34	35	32	-	-	-	-	-	-
Hawker Beechcraft Corporation	78	91	100	118	98	94	100	115	141	140	162	160
Premier I/A	-	-	-	-	18	29	29	37	30	23	54	31
Hawker 400XP	43	43	45	51	25	19	24	28	53	53	41	35
Hawker 750XP	-	-	-	-	-	-	-	-	-	-	-	23
Hawker 800XP	33	48	55	67	55	46	47	50	58	8	-	-
Hawker 850XP	-	-	-	-	-	-	-	-	-	56	35	15
Hawker 900XP	-	-	-	-	-	-	-	-	-	-	32	50
Hawker 1000	2	-	-	-	-	-	-	-	-	-	-	-
Hawker 4000	-	-	-	-	-	-	-	-	-	-	-	6
Total Number of Airplanes	438	515	667	752	784	676	518	591	750	886	1,138	1,315
% Change	39%	18%	30%	13%	4%	-14%	-23%	14%	27%	18%	28%	16%
Total Billings for Airplanes (\$M)	6,019	7,216	10,190	11,661	12,117	10,427	8,616	10,229	13,161	16,555	19,431	21,946
% Change	55%	20%	41%	14%	4%	-14%	-17%	19%	29%	26%	17%	13%

Worldwide Turboprop Airplane Shipments by Manufacturer (1997-2008)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Britten-Norman	2	3	0	0	0	0	0	0	0	0	0	0
BN-2T Islander	2	3	0	-	-	-	-	-	-	-	-	-
Cessna Aircraft Company	78	102	87	92	75	80	57	64	86	67	79	101
C208 Caravan 675	14	22	20	16	19	14	8	13	11	8	11	12
C208B Grand Caravan	64	80	67	76	56	66	49	51	75	59	68	89
Hawker Beechcraft Corporation	158	169	177	205	130	82	81	102	114	140	157	172
Beechcraft King Air 90	41	37	41	46	41	21	18	27	35	52	46	66
Beechcraft King Air 200	45	45	55	59	46	26	38	39	37	42	58	54
Beechcraft King Air 350	30	42	45	46	32	24	24	36	42	46	53	52
Beechcraft 1900D	42	45	36	54	11	11	1	-	-	-	-	-
Maule Air Incorporated	0	0	1	0	3	0	1	2	0	0	0	1
M-7-420AC	0	0	0	0	0	0	0	0	0	0	0	1
MT-7-420	0	0	1	0	3	0	1	2	0	0	0	0
Pacific Aerospace Corporation	0	0	0	0	1	0	2	8	10	5	10	15
PAC 750XL	-	-	-	-	1	0	2	8	10	5	10	15
Piaggio	0	0	0	6	12	14	12	16	14	19	21	30
P.180 Avanti	n/a	n/a	n/a	6	12	14	12	16	13	-	-	-
P.180 Avanti II	-	-	-	-	-	-	-	-	1	19	21	30
Pilatus	32	51	55	69	70	45	61	70	80	90	92	97
PC-12	32	51	55	69	70	45	61	70	80	90	92	97
Piper Aircraft, Inc.	0	0	0	18	98	25	24	26	40	49	53	52
PA-46-500 TP Meridian	-	-	-	18	98	25	24	26	40	49	53	52
Quest Aircraft Company	0	0	0	0	0	0	0	0	0	0	1	7
Kodiak 100	-	-	-	-	-	-	-	-	-	-	1	7
SOCATA	9	11	20	25	33	34	34	31	31	42	46	60
TBM 700	9	11	20	25	33	34	34	31	31	-	-	-
TBM 850	-	-	-	-	-	-	-	-	-	42	46	60
Total Number of Airplanes	279	336	340	415	422	280	272	319	375	412	459	535
% Change	-13%	20%	1%	22%	2%	-34%	-3%	17%	18%	10%	11%	17%
Total Billings for Airplanes (\$M)	913	1,011	930	1,323	1,210	868	837	997	1,189	1,389	1,582	1,947
% Change	6%	11%	-8%	42%	-9%	-28%	-4%	19%	19%	17%	14%	23%

n/a – Manufacturer did not report

Worldwide Piston engine Airplane Shipments by Manufacturer (1997-2008)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Adam Aircraft	0	0	0	0	0	0	0	0	2	4	3	0
A500	-	-	-	-	-	-	-	-	2	4	3	0
Alpha Aviation	0	0	0	0	0	0	0	0	0	5	13	1
120T	-	-	-	-	-	-	-	-	-	-	2	0
160A	-	-	-	-	-	-	-	-	-	5	9	1
160Ai	-	-	-	-	-	-	-	-	-	-	2	0
American Champion	46	74	91	96	56	53	63	94	89	60	70	54
7EC Champ	-	-	-	-	-	-	-	-	-	1	21	7
7ECA Aurora	6	6	9	3	2	3	2	2	3	2	4	3
7GCAA Adventurer	2	11	19	23	8	12	9	12	12	6	6	2
7GCBC Citabria Explorer	11	18	31	22	21	13	12	24	26	16	8	8
8GCBC Scout	7	14	5	23	6	11	8	18	9	14	8	10
8KCAB Super Decathlon	20	25	27	25	19	14	32	38	39	21	23	24
Aviat Aircraft	61	85	83	91	57	38	47	42	47	0	0	0
A-1 Husky	-	-	-	-	-	-	-	-	-	-	-	-
A-1A Husky	54	58	23	4	-	-	-	-	-	-	-	-
A-1B Husky	-	6	44	76	50	34	37	30	41	n/a	n/a	n/a
Husky Pup	-	-	-	-	-	-	3	3	1	n/a	n/a	n/a
S-1 11B Pitts	1	1	-	-	-	-	-	-	-	-	-	-
S-2B Pitts	6	3	-	-	-	-	-	-	-	-	-	-
S-2C Pitts	-	17	16	11	7	4	7	9	5	n/a	n/a	n/a
Bellanca	2	1	1	1	1	0	0	0	0	0	0	0
Super Viking 17-30A	2	1	1	1	1	-	-	-	-	-	-	-
Britten-Norman	0	1	1	2	0	0	0	0	0	0	0	0
BN-2B Islander	0	1	1	2	-	-	-	-	-	-	-	-
Cessna Aircraft Company	360	775	899	912	821	559	588	654	822	865	807	733
Cessna 172R Skyhawk	287	358	180	150	107	57	58	32	37	87	133	55
Cessna 172S Skyhawk	-	64	272	340	341	258	291	204	314	322	240	228
Cessna 182T Skylane	73	338	248	267	142	109	118	196	241	140	161	109
Cessna T182T Turbo Skylane	-	-	-	-	96	79	47	133	118	187	140	105
Cessna 206H Stationair	-	12	79	53	41	18	16	22	29	25	20	17
Cessna T206H Turbo Stationair	-	3	120	102	94	38	58	67	83	104	111	95
Cessna 350 Corvalis	-	-	-	-	-	-	-	-	-	-	1	14
Cessna 400 Corvalis TT	-	-	-	-	-	-	-	-	-	-	1	110
Columbia Aircraft (prev. Lancair)	0	0	0	5	27	24	51	78	114	185	152	0
Columbia 300	-	-	-	5	27	24	19	-	-	-	-	-
Columbia 350	-	-	-	-	-	-	32	28	25	39	34	-
Columbia 400	-	-	-	-	-	-	-	50	89	146	118	-
Cirrus Design Corporation	0	0	9	95	183	397	469	553	600	721	710	549
Cirrus SR-20	-	-	9	95	59	105	112	91	116	150	112	115
Cirrus SR-22	-	-	-	-	124	292	355	459	475	565	588	427
Cirrus SR-V	-	-	-	-	-	-	2	3	9	6	10	7
Commander Aircraft	14	13	13	20	11	7	0	0	0	0	0	0
Commander 114AT	-	-	-	-	-	-	-	-	-	-	-	-
Commander 114B	10	8	8	-	-	-	-	-	-	-	-	-
Commander 114TC	4	5	5	1	-	-	-	-	-	-	-	-
Commander 115	-	-	-	11	5	1	-	-	-	-	-	-
Commander 115TC	-	-	-	8	6	6	-	-	-	-	-	-
Diamond Aircraft	88	0	0	0	0	155	228	261	329	438	471	308
DA-20	88	n/a	n/a	n/a	n/a	70	75	58	54	55	58	69
DA-40	-	-	-	-	n/a	85	153	203	207	220	232	154
DA-42	-	-	-	-	-	-	-	-	68	163	181	85
Embraer	24	30	17	17	1	0	0	0	0	0	0	0
EMB-201A Ipanema	16	22	-	-	-	-	-	-	-	-	-	-
EMB-202 Ipanema	-	-	12	15	1	-	-	-	-	-	-	-
EMB-720 Minuano	1	1	2	-	-	-	-	-	-	-	-	-
EMB-810 Seneca II	7	7	3	2	-	-	-	-	-	-	-	-
Gippsland Aeronautics	0	0	0	0	0	0	19	20	22	20	17	19
GA-8 Airvan	-	-	-	-	-	-	19	20	22	20	17	19

n/a – Manufacturer did not report

Worldwide Piston engine Airplane Shipments by Manufacturer (1997-2008)(Continued)

	1997	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2008
Hawker Beechcraft Corporation	134	137	144	153	136	83	82	93	99	118	111	103
Beechcraft Bonanza A/G36	85	73	77	85	63	51	55	62	71	80	73	63
Beechcraft Bonanza B36TC	14	22	20	18	26	5	-	-	-	-	-	-
Beechcraft Baron B/G58	35	42	47	50	47	27	27	31	28	38	38	40
Liberty Aerospace	0	0	0	0	0	0	0	0	2	29	38	33
XL2	-	-	-	-	-	-	-	-	2	29	38	33
Maule Air Incorporated	54	63	68	57	54	46	31	25	27	38	36	27
M-4-180A	-	-	-	-	-	-	-	-	1	-	-	-
M-4-180V	-	-	-	-	-	-	-	-	-	7	5	-
M-6-235	-	-	-	1	-	-	-	-	-	-	-	-
M-7-235, A, B, C	18	11	24	24	19	21	12	8	11	8	6	7
M-7-260, C	-	2	16	10	11	3	4	3	4	2	4	4
MT-7-235	2	6	4	5	16	12	7	1	2	9	2	6
MT-7-260	-	-	2	1	4	1	-	-	2	4	-	-
MX-7-160, C	-	-	1	-	-	-	-	-	-	-	-	-
MX-7-180, A, B, C, AC	9	11	3	3	1	4	6	5	3	4	6	4
MXT-7-160	-	5	-	-	-	-	-	-	-	-	-	-
MXT-7-180, A, AC	25	28	18	13	3	5	2	8	4	4	12	6
M-8-235	-	-	-	-	-	-	-	-	-	-	1	-
Micco	0	0	0	6	10	0	0	0	0	0	0	0
SP-20	-	-	-	5	-	-	-	-	-	-	-	-
SP-26	-	-	-	1	10	-	-	-	-	-	-	-
Mooney	86	93	97	100	29	10	36	37	85	75	79	65
M20J Allegro	19	17	-	-	-	-	-	-	-	-	-	-
M20K Encore	15	18	-	-	-	-	-	-	-	-	-	-
M20M Bravo	18	17	25	26	8	-	5	9	20	5	1	-
M20R Ovation	34	41	24	-	-	-	-	-	-	-	-	-
M20R Ovation 2	-	-	10	55	16	8	30	28	65	63	20	21
M20S Eagle	-	-	38	-	-	-	-	-	-	-	-	-
M20S Eagle 2	-	-	-	19	5	2	1	-	-	-	-	-
M20TN Acclaim	-	-	-	-	-	-	-	-	-	7	58	44
Piper Aircraft, Inc.	222	295	341	377	343	265	205	163	193	189	168	216
PA-28-161 Warrior III	10	20	20	43	32	29	31	18	37	19	27	23
PA-28-181 Archer III	47	90	107	102	88	38	49	19	16	29	16	7
PA-28R-201 Arrow IV	3	2	6	18	23	26	16	12	9	5	8	1
PA-32-301FT Piper 6X	-	-	-	-	-	-	10	24	18	10	12	0
PA-32-301XTC Piper 6XT	-	-	-	-	-	-	11	14	16	11	-	-
PA-32R-301 Saratoga II HP	38	27	28	28	22	5	9	9	8	10	-	-
PA-32-301T Saratoga II TC	26	45	52	70	68	45	28	31	37	37	39	12
PA-34-220T Seneca V	38	54	57	42	38	43	28	10	12	26	22	27
PA-44-180 Seminole	7	2	8	11	62	60	16	11	29	11	14	24
PA-46-350P Malibu Mirage	53	55	63	63	10	19	7	15	11	31	30	21
PA-46R-350T Matrix	-	-	-	-	-	-	-	-	-	-	-	101
Quartz Mountain Aerospace	0	0	0	0	0	0	0	0	0	0	0	11
QMA 11E	-	-	-	-	-	-	-	-	-	-	-	11
Symphony Aircraft (prev. OMF)	0	0	0	0	0	0	19	1	10	5	0	0
Symphony 160	-	-	-	-	-	-	19	1	10	5	-	-
Pacific Aerospace Corporation	0	0	0	0	0	0	0	6	0	0	0	0
CT/4E Airtrainer	-	-	-	-	-	-	-	6	-	-	-	-
SOCATA	32	39	37	48	63	70	40	5	9	0	0	0
TB-9 Tampico	14	14	0	2	2	3	2	0	1	-	-	-
TB-10	4	0	2	5	8	7	7	3	4	-	-	-
TB-20	11	20	31	26	33	44	19	0	1	-	-	-
TB-21	1	2	4	8	12	14	9	2	3	-	-	-
TB-200	2	3	0	7	8	2	3	0	0	-	-	-
Tiger Aircraft	0	0	0	0	0	14	18	19	15	3	0	0
AG-5B Tiger	-	-	-	-	-	14	18	19	15	3	-	-
Total Number of Airplanes	1123	1606	1801	1980	1792	1721	1896	2051	2465	2755	2675	2119
% Change	40%	43%	12%	10%	-9%	-4%	10%	8%	20%	12%	-3%	-21%
Total Billings for Airplanes (\$M)	238	377	440	512	541	483	545	692	805	857	897	945
% Change	25%	58%	17%	16%	6%	-11%	13%	27%	16%	6%	5%	5%

Industry Growth Drivers

There are a number of motivators for growth of the private aircraft market, they include:

- Airport security checks and long line ups
- Frustrating airport check in experience
- High cost of airline tickets
- Limited service to smaller communities
- Highway traffic jams
- Personal safety
- Increased airport check in times
- Flight delays
- Annoying travel
- The general decline in service in all areas of air travel
- High stress experience

Declining Quality of Aircraft in Service

The majority of the current General Aviation fleet built in the 1970's and 1980's are due for replacement. We are perfectly timed to enter the market due to the fact that our technology provides a viable alternative because Hines Aircraft represents a new generation of aircraft.

General Aviation Registered Fleet by Age

Average Age of registered General Aviation fleet (2005-2008)

Aircraft Type	Engine Type	Seats	Average Age in 2005 in Years	Average Age in 2006 in Years	Average Age in 2007 in Years	Average Age in 2008 in Years
Single-Engine	Piston	1-3	37	38	38	48
		4	35	36	36	38
		5-7	30	31	32	34
		8+	44	44	43	49
	Turboprop	All	13	10	14	14
	Jet	All	34	34	35	44
Multi-Engine	Piston	1-3	32	32	33	49
		4	35	35	35	36
		5-7	36	36	39	39
		8+	38	39	40	42
	Turboprop	All	25	26	27	29
	Jet	All	16	16	16	16
All Airplanes			34	35	35	39

Source: GAMA

U.S. Fleet by Type and Use

General Aviation and On-Demand FAR 135 Number of Aircraft by Primary Use by Aircraft Type (2007)

Aircraft Type	Total Active	General Aviation FAR Part 91 Use												On-Demand FAR Part 135 Use		
		Personal	Business	Corporate	Instruc-tional	Aerial Apps	Aerial Obs	Aerial Other	External Load	Other Work	Sight See	Air Med ¹	Other	Air Taxi ²	Air Tours	Air Med
Total All Aircraft	231,607	152,514	24,993	10,864	14,650	4,164	5,188	1,358	188	936	1,275	222	5,776	7,942	880	657
% Std. Error	1.5	2.0	1.8	0.9	1.7	1.4	1.3	1.2	0.8	1.3	1.5	0.9	1.3	0.7	1.0	0.8
Piston Total	166,907	118,180	21,094	2,433	12,129	2,435	2,795	626	0	413	560	25	2,982	2,774	404	56
% Std. Error	2.4	3.1	2.3	2.2	2.0	5.3	2.1	2.5	0.0	2.2	3.6	0.8	2.3	0.8	1.2	0.6
One Engine	147,569	109,372	15,543	934	11,284	2,397	2,482	405	0	411	560	18	2,413	1,413	323	15
Two Engine	19,337	8,808	5,551	1,499	845	38	313	222	0	2	0	7	569	1,361	81	41
Turboprop Total	9,514	1,687	1,822	2,224	117	1,047	471	131	6	85	4	26	428	1,281	31	151
% Std. Error	0.3	0.3	0.4	0.4	0.4	0.3	0.4	0.3	0.4	0.4	0.5	0.4	0.4	0.3	0.3	0.3
One Engine Total	4,059	961	883	306	44	1,038	30	77	0	36	0	10	91	547	31	4
Two Engine Total	5,456	726	939	1,918	74	8	441	54	6	49	4	16	337	735	0	147
Turbojet Total	10,385	749	880	5,472	54	3	19	15	0	73	24	7	407	2,594	0	87
% Std. Error	0.3	0.4	0.4	0.3	0.4	0.0	0.5	0.4	0.0	0.3	0.3	0.5	0.4	0.3	0.0	0.3
Rotorcraft Total	9,567	1,492	567	537	1,083	585	1,760	505	175	69	97	159	585	1,196	396	362
% Std. Error	0.7	1.0	1.0	0.9	1.0	1.0	1.0	0.9	0.8	0.9	1.0	0.9	0.9	0.8	0.8	0.9
Piston Total	2,769	910	235	21	866	236	232	33	6	12	63	0	86	54	11	3
Turbine Total	6,798	582	332	516	217	349	1,528	472	169	56	34	159	499	1,142	384	359
- One Engine Turbine	5,431	552	304	312	212	342	1,455	391	134	51	34	82	313	738	372	139
- Two Engine Turbine	1,367	30	28	204	5	7	73	80	35	5	0	77	186	404	12	220
Gliders Total	1,947	1,635	2	10	211	0	0	0	2	8	44	0	34	0	0	0
Lighter-Than-Air Total	3,993	3,091	2	13	119	0	3	2	0	123	513	0	85	2	39	0
Experimental Total	23,228	20,404	594	168	422	93	106	78	4	147	18	4	1,084	95	11	1
Amateur Built	19,538	17,895	428	5	353	45	26	34	2	70	11	0	670	0	0	0
Exhibition	2,101	1,807	42	7	29	4	7	7	0	23	0	0	175	0	0	0
Other	1,589	702	123	156	40	44	73	36	2	54	7	4	240	95	11	1
Light-Sport Total³	6,066	5,277	32	7	514	2	32	0	0	17	14	0	171	0	0	0

1 Excludes Air Medical Services conducted under FAR Part 135.

Source: FAA

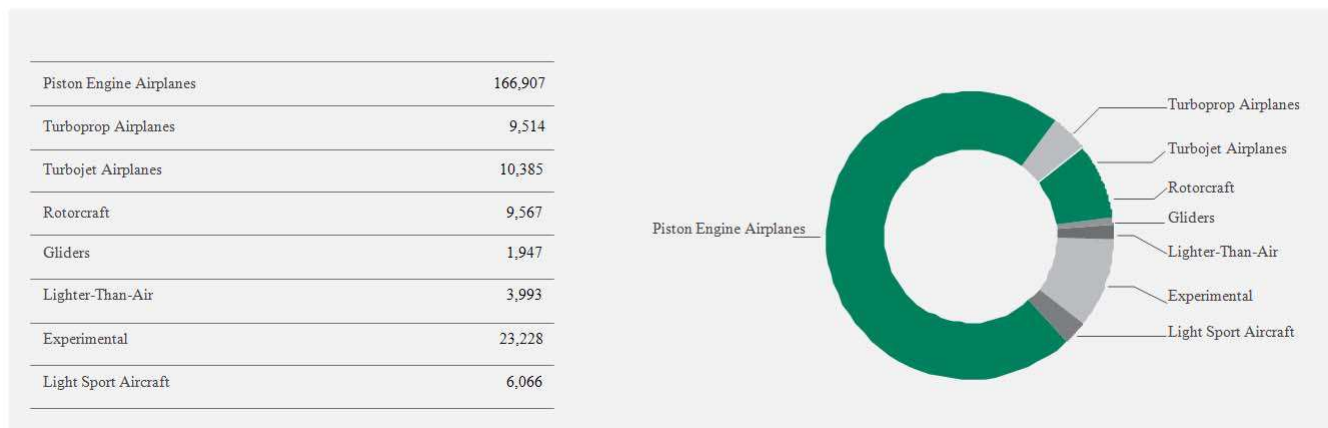
2 Excludes Air Tour and Air Medical FAR Part 135.

3 Estimated number of light-sport aircraft has increased significantly in 2007 due to mandatory regulation process changes.

The Use Categories are defined as part of the FAA General Aviation and Part 135 Activity survey. Starting in 2004, FAR Part 135 Air Taxi, Air Tours, Air Medical, and Commuter use categories were added and tabulated separately from other general use categories. Beginning in 2004, commuter activity is excluded from all estimates. 2003 and prior, commuter activity was included in the Air Taxi use category. Table cells that are populated by a small number of aircraft may display relatively high standard errors for the corresponding estimates. Estimates in these types of categories also may vary noticeably from year to year and should be interpreted with caution. Columns may not add to totals due to rounding procedures.

In 2004, the FAA expanded the General Aviation Air Taxi Activity & Avionics Survey to include 100 percent of turbine and non-scheduled Part 135 airplanes. Similarly, 100 percent of aircraft in Alaska were also surveyed. Furthermore, the FAA Registry sample was also adjusted. This change in survey methodology resulted in improved accuracy in the GAATAA information.

General Aviation and On-Demand Air Taxi Aircraft by Type (2007)



Demographic

Pilots by Certificate and Rating

Active U.S. Pilots and Non-Pilot Certificates Held (1987-2008)

Category	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Pilot–Total	613,746	590,349	597,109	609,737	618,633	625,011	631,762	612,274	625,581	635,472	618,298
Student	80,989	84,339	84,866	87,213	87,910	87,296	85,991	86,731	93,064	97,359	97,736
Recreational Airplane (only)	252	239	239	276	291	310	317	316	340	343	305
Sport (only)	2,623	2,031	939	134	*	*	*	*	*	*	*
Airplane ¹											
- Private	222,596	211,096	219,233	228,619	235,994	241,045	245,230	243,823	251,561	258,749	247,226
- Commercial	124,746	115,127	117,610	120,614	122,592	123,990	125,920	120,502	121,858	124,261	122,053
- Airline Transport	146,838	143,953	141,935	141,992	142,160	143,504	144,708	144,702	141,596	137,642	134,612
Rotorcraft (only):	14,647	12,290	10,690	9,518	8,586	7,916	7,770	7,727	7,775	7,728	6,964
Glider (only):	21,055	21,274	21,597	21,369	21,100	20,950	21,826	8,473	9,387	9,390	9,402
Flight Instructor											
Certificates ⁴	93,202	92,175	91,343	90,555	89,596	87,816	86,089	82,875	80,931	79,694	79,171
Instrument Ratings ^{4,5}	325,247	309,865	309,333	311,828	313,545	315,413	317,389	315,276	311,944	308,951	300,183
Non pilot–Total:	678,181	666,559	656,227	644,016	515,293	509,835	515,570	513,100	547,453	538,264	549,588
Mechanic ⁷	326,276	322,852	323,097	320,293	317,111	313,032	315,928	310,850	344,434	340,402	336,670
Repairmen ⁷	41,056	40,277	40,329	40,030	39,231	37,248	37,114	40,085	38,208	35,989	52,909
Parachute Rigger ⁷	8,248	8,186	8,252	8,150	8,011	7,883	8,063	7,927	10,477	10,447	10,459
Ground Instructor:	74,983	74,544	74,849	74,378	73,735	72,692	73,658	72,261	72,326	71,238	70,334
Dispatcher:	19,590	19,043	18,610	18,079	17,493	16,955	16,695	16,070	16,340	15,655	14,804
Flight Navigator	222	250	264	298	336	382	431	509	570	642	712
Flight Engineer	53,135	54,394	55,952	57,756	59,376	61,643	63,681	65,398	65,098	63,891	63,700
Flight Attendant ¹⁰	154,671	147,013	134,874	125,032	*	*	*	*	*	*	*

Category	1997	1996	1995 ⁶	1994 ⁶	1993	1992	1991	1990	1989	1988	1987
Pilot–Total	616,342	622,261	639,184	654,088	665,069	682,959	692,095	702,659	700,010	694,016	699,653
Student	96,101	94,947	101,279	96,254	103,583	114,597	120,203	128,663	142,544	136,913	146,016
Recreational Airplane ¹											
- Private	247,604	254,002	261,399	284,236	283,700	288,078	293,306	299,111	293,179	299,786	300,949
- Commercial	125,300	129,187	133,980	138,728	143,014	146,385	148,385	149,666	144,540	143,030	143,645
- Airline Transport	130,858	127,486	123,877	117,434	117,070	115,855	112,167	107,732	102,087	96,968	91,287
Rotorcraft (only):	6,801	6,961	7,183	8,719	9,168	9,652	9,860	9,567	8,863	8,608	8,702
Glider (only) ²	9,394	9,413	11,234	8,476	8,328	8,205	8,033	7,833	7,708	7,600	7,901
Lighter-than-air ^{3,4}	N/A ³	N/A ³	N/A ³	N/A ³	N/A ³	N/A ³	N/A ³	N/A ³	1,089	1,111	1,153
Flight Instructor											
Certificates ⁴	78,102	78,551	77,613	76,171	75,021	72,148	69,209	63,775	61,472	61,798	60,316
Instrument Ratings ^{4,5}	297,409	297,895	298,798	302,300	305,517	306,169	303,193	297,073	282,804	273,804	266,122
Non pilot–Total ⁷	540,892	534,427	651,341	571,358	559,726	540,548	517,462	492,237	468,405	448,710	427,962
Mechanic ⁷	332,254	329,239	405,294	411,071	401,060	384,669	366,392	344,282	326,243	312,419	297,178
Repairmen ⁷	51,643	50,768	61,233	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parachute Rigger ⁷	10,336	10,269	11,824	8,631	8,417	8,163	7,616	10,094	9,879	9,770	9,659
Ground Instructor ⁷	69,366	68,573	96,165	77,789	76,050	73,276	70,086	66,882	64,503	62,582	60,861
Dispatcher ⁷	13,967	13,272	15,642	13,410	12,883	12,264	11,607	11,002	10,455	10,020	9,491
Flight Navigator	782	847	916	990	1,039	1,154	1,225	1,290	1,357	1,400	1,445
Flight Engineer	62,544	61,459	60,267	59,467	60,277	61,022	60,236	58,687	55,968	52,519	49,328

Note: The term airmen includes men and women certified as pilots, mechanics or other aviation technicians.

Source: FAA

1. Includes pilots with an airplane only certificate. Also includes those with an airplane and a helicopter and/or glider certificate. Prior to 1995, these pilots were categorized as private, commercial, or airline transport, based on their airplane certificate. In 1995 and after, they are categorized based on their highest certificate. For example, if a pilot holds a private airplane certificate and a commercial helicopter certificate prior to 1995, the pilot would be categorized as private; 1995 and after as commercial.

2. Glider and lighter-than-air pilots are not required to have a medical examination; however, the totals above represent pilots who received a medical examination within the last 25 months.

3. Lighter-than-air type ratings are no longer being issued.

4. Not included in total.

5. Special ratings shown on pilot certificates, do not indicate additional certificates.

6. Data for 1996 and 1997 are not comparable to earlier years.

7. Numbers represent all certificates on record. No medical examination required. Data for 1996 and 1997 are limited to certificates held by those under 70 years of age.

8. Beginning in 1995, includes non-pilots who were excluded in prior years because of incomplete addresses and/or a request to be excluded from any mailing list.

9. 1994 counts based on medical certificates issued 27 or less months ago. All other years based on medical certificates issued 25 or less months ago.

10. First available from Registry in 2005.

N/A Not available. Prior to 1995, repairmen were included in the mechanic category. Recreational certificate first issued in 1990.

Active Pilot Certificates

Estimated FAA Active Pilot Certificates Held by Category and Age Group of Holder (December 31, 2008)

Age Group	Type of Pilot Certificate							
	Total Pilots	Student	Recreational	Sport Pilots	Private	Commercial	Airline Transport	CFI
Total	613,746	80,989	257	2,623	240,683	139,489	149,705	93,202
14-15	190	190	0	0	0	0	0	0
16-19	15,990	11,562	3	18	3,846	561	0	73
20-24	48,434	17,850	25	29	18,660	11,674	196	5,116
25-29	54,302	11,434	11	40	17,728	20,626	4,463	10,588
30-34	48,171	7,197	11	74	15,983	14,157	10,749	9,652
35-39	57,761	6,555	18	105	20,274	13,130	17,679	10,449
40-44	66,329	6,426	22	225	24,349	11,893	23,414	9,993
45-49	70,095	6,378	25	372	26,195	11,297	25,828	9,544
50-54	74,003	5,346	29	500	32,105	12,440	23,583	9,499
55-59	64,585	3,657	44	502	29,705	12,486	18,191	8,677
60-64	53,488	2,263	19	387	23,202	13,183	14,434	8,502
65-69	32,502	1,224	20	223	15,010	9,282	6,743	5,413
70-74	15,142	567	6	106	7,221	4,543	2,699	3,079
75-79	8,315	227	14	35	4,238	2,644	1,157	1,665
80 and over	4,439	113	10	7	2,167	1,573	569	952

Source: FAA

Average Age of Active U.S. Pilots by Category (1993-2008)

Year	Average All Pilots	Type of Pilot Certificate					
		Student	Recreational	Sport Pilot	Private	Commercial	Airline Transport
1993	41.3	33.7	45.5	*	42.7	41.9	44.1
1994	41.9	34.3	46.5	*	43.2	42.4	44.4
1995	42.9	34.5	48.3	*	44.6	43.7	44.9
1996	43.2	34.6	49.3	*	45.1	44.1	45.1
1997	43.6	34.6	49.5	*	45.6	44.6	45.6
1998	43.8	34.7	49.8	*	45.9	45.0	45.4
1999	43.6	34.6	49.5	*	45.6	44.6	45.3
2000	43.7	34.1	49.8	*	45.6	44.9	45.8
2001	44.0	33.3	50.8	*	46.0	45.0	46.0
2002	44.4	33.7	51.0	*	46.2	45.5	46.6
2003	44.7	34.0	51.5	*	46.5	45.6	47.0
2004	45.1	34.2	51.3	*	47.0	45.9	47.5
2005	45.5	34.6	50.9	53.2	47.4	46.0	47.8
2006	45.6	34.4	51.5	52.9	47.7	46.1	48.1
2007	45.7	34.0	52.4	52.9	48.0	46.1	48.3
2008	45.1	33.6	50.1	53.2	46.9	44.8	48.5

Source: FAA

Active U.S. Women Pilots and Non-Pilot Certificates Held (1998-2008)

Category	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Pilot-Total	37,981	35,784	36,101	36,584	37,243	37,694	38,257	34,706	35,607	36,233	34,679
Student	9,127	9,559	9,640	9,717	9,857	9,897	10,082	10,230	10,809	11,191	11,289
Recreational	20	17	17	20	21	24	23	20	26	25	24
Sport	79	64	26	7	0	0	0	0	0	0	0
Airplane ¹											
- Private	15,015	13,694	14,111	14,517	15,036	15,487	15,906	13,894	14,554	15,171	14,152
- Commercial	8,083	7,101	7,236	7,315	7,421	7,436	7,454	5,932	5,807	5,720	5,366
- Airline Transport	5,657	5,349	5,071	5,008	4,908	4,850	4,792	4,630	4,411	4,126	3,848
Flight Instructor Certificates²	6,293	6,232	6,158	6,067	5,970	5,811	5,667	5,386	5,193	5,028	4,926
Non pilot-Total	144,968	138,452	19,633	19,220	18,666	18,030	17,612	17,114	16,552	15,662	15,380
Mechanic ³	6,740	6,524	6,345	6,152	5,932	5,734	5,995	5,295	5,047	4,722	4,483
Repairmen ³	2,284	2,193	2,180	2,108	2,039	1,800	1,722	1,789	1,704	1,582	1,940
Parachute Rigger ³	615	594	584	556	540	521	500	475	509	494	483
Ground Instructor ³	5,785	5,726	5,669	5,612	5,500	5,385	5,321	5,169	5,154	5,016	4,904
Dispatcher ³	3,230	3,087	2,934	2,805	2,647	2,520	2,410	2,262	2,062	1,895	1,729
Flight Navigator	1	1	1	1	1	0	0	0	0	0	0
Flight Engineer	1,894	1,901	1,920	1,986	2,007	2,070	2,100	2,124	2,076	1,953	1,841
Flight Attendant ⁴	124,419	118,426	108,559	100,630	*	*	*	*	*	*	*

1. Based on their airplane certificate. In 1995 and after, they are categorized based on their highest certificate. For example, if a pilot holds a private certificate and a commercial helicopter certificate, prior to 1995, the pilot would be categorized as private; 1995 and after as commercial.

2. Not included in total.

3. Numbers represent all certificates on record. No medical examination required.

4. First available from Registry in 2005.

U.S. Civil Airmen

Estimated Total Active and Instrument-rated Pilots (1982-2008)

Calendar Year	Total Active Pilots	Instrument Rated	Percent of Total Pilots w/ Instrument Rating
1982	576,894	255,073	44.2%
1983	570,807	254,271	44.5%
1984	572,295	256,584	44.8%
1985	562,888	258,559	45.9%
1986	558,845	262,388	47.0%
1987	553,637	266,122	48.1%
1988	557,103	273,804	49.1%
1989	557,466	282,804	50.7%
1990	573,909	297,073	51.8%
1991	571,731	306,193	53.6%
1992	568,175	306,169	53.9%
1993	561,280	305,517	54.4%
1994	557,593	302,300	54.2%
1995	537,673	298,798	55.6%
1996	527,049	297,895	56.5%
1997	520,241	297,409	57.2%
1998	520,257	300,183	57.7%
1999	537,770	308,951	57.5%
2000	532,177	311,944	58.6%
2001	525,227	315,276	60.0%
2002	545,454	317,389	58.2%
2003	537,405	315,413	58.7%
2004	530,432	313,545	59.1%
2005	522,112	311,828	59.7%
2006	511,062	309,333	60.5%
2007	503,740	309,865	61.5%
2008	529,882	325,247	61.4%

Excludes student, sport and recreational pilots.

Source: FAA

Pilot Certificates Issued by Category (1978-2008)

Year	Student		Private		Commercial		Airline Transport		Helicopter (only)		Glider (only)	
	Original	Additional	Original	Additional	Original	Additional	Original	Additional	Original	Additional	Original	Additional
1978	137,032	*	58,064	16,048	11,789	17,501	6,912	5,921	1,122	287	759	188
1979	135,956	*	54,466	16,466	12,627	17,793	8,981	6,603	1,300	283	642	157
1980	102,301	*	50,458	16,035	12,452	16,015	7,116	6,289	1,721	272	583	151
1981	111,531	*	45,713	14,897	10,657	12,146	4,763	5,991	1,985	302	629	164
1982	90,816	*	52,144	16,276	11,048	11,910	5,037	7,956	2,256	330	793	184
1983	92,239	*	41,210	12,721	8,789	9,513	5,643	8,187	1,932	315	606	162
1984	90,167	*	36,545	11,784	7,702	8,895	5,099	9,335	1,808	319	524	139
1985	86,060	*	35,402	11,636	8,404	7,197	6,081	9,192	2,105	207	537	138
1986	88,699	*	34,816	12,672	8,889	9,241	6,498	10,372	2,209	234	514	109
1987	85,611	*	42,287	16,302	11,314	11,635	7,678	11,956	2,217	293	542	74
1988	86,193	*	39,900	15,800	12,042	10,597	7,461	11,209	1,947	287	475	28
1989	87,698	*	35,360	22,240	13,759	11,778	7,829	12,698	2,240	252	336	22
1990	88,586	*	41,749	19,299	15,500	12,584	8,013	13,540	2,700	266	378	41
1991	82,205	*	49,580	23,630	16,869	13,506	8,437	13,979	3,344	291	487	29
1992	78,377	*	39,968	19,419	14,354	11,630	7,699	13,391	2,684	291	376	32
1993	69,178	*	39,060	18,801	12,645	10,466	6,129	12,995	2,310	30	341	28
1994	66,501R	*	32,787	14,568	9,237	8,630	5,360	10,963	1,801	267	320	25
1995	60,497R	*	28,333	15,331	9,133	9,042	5,965	13,641	1,724	290	373	83
1996	56,653R	*	24,714	18,199	10,245	10,494	7,444	17,229	1,638	349	633	195
1997	60,941R	*	21,552	13,522	8,988	9,587	7,045	16,266	1,385	296	501	161
1998	63,037R	756	26,297	15,966	10,042	10,269	7,547	19,085	1,530	211	472	105
1999	58,278R	1,030	24,630	15,222	9,737	9,963	6,721	19,380	1,514	222	423	98
2000	58,042R	1,070	27,223	17,223	11,813	11,652	7,715	20,558	1,776	234	455	62
2001	61,897	1,161	25,372	16,807	11,499	11,115	7,070	21,357	1,698	218	403	77
2002R	65,421R	1,317	28,659	18,607	12,299	11,628	4,718	18,502	2,073	275	336	38
2003R	58,842R	1,230	23,866	14,899	9,670	8,872	3,892	13,196	2,013	269	312	47
2004R	59,202	1,302	23,031	14,234	9,836	9,635	4,255	15,328	2,736	366	309	43
2005R	53,576	1,418	20,889	12,952	8,834	8,874	4,750	15,534	2,917	521	290	27
2006R	61,448	1,551	20,217	13,079	8,687	9,603	4,748	15,942	3,569	816	298	42
2007R	66,793	1,450	20,299	13,970	9,318	9,574	5,918	15,973	4,073	1,041	263	14
2008E	*	*	17,585	13,061	8,438	9,098	5,102	15,228	3,032	917	202	4

E = Estimated, R = Revised

Source: FAA

1. An additional rating added to an existing pilot certificate (e.g., instrument rating added to a private certificate.)

Economics

Hines Aircraft will have similar fuel consumption to a 180 HP air cooled engine, approximately 10 gallons per hour at any cruising altitude, or in automobile terms about 22 – 32 miles to the gallon depending on altitude. The hourly maintenance costs are significantly reduced due to long oil change intervals and system design.

INDUSTRY SEGMENT

Market

Currently, the market is comprised of six major manufacturers of certified personal aircraft. They are Cessna Aircraft Company (a Textron company); Hawker Beechcraft Corporation; Piper Aircraft Inc.; Mooney Airplane Company; Cirrus Design Corporation; and Diamond Aircraft Industries. Additionally, a number of manufacturers specialize in turbine aircraft such as Bombardier Learjet (a wholly-owned subsidiary of Bombardier Aerospace); Gulfstream Aerospace Corporation (a wholly-owned subsidiary of General Dynamics), Cessna Aircraft Company, Embraer (Empresa Brasileira de Aeronáutica, S. A.), Socata (controlled by the Daher Group) and Pilatus Aircraft Ltd.. These models are aircraft which cruise at speeds in excess of 270 knots. The combined number of units produced exceeds 2500 annually in North America. Virtually all of the aircraft in the first category are piston driven and have a price range between USD \$375,000 for a Cessna 172 to USD \$1,250,000 for a twin-engine Beech Baron. All of the piston engine aircraft produced in North America use propeller technology which has not materially changed since 1920. Basically, this type of technology does not permit meaningful improvements to cabin environment, drag reduction, handling performance, vibration and noise.

It is our opinion that our superior design will cater to the existing market as well as capture a new untapped market in General Aviation. There exists a demand for an aircraft that performs and handles like a jet, but offers a quiet, secure, climate-controlled cabin at a price that is affordable. We believe that providing a product to redress the problems of the original design will attract between 900 to 1000 unit sales when our later models are launched. Eclipse Aircraft (now out of business) offered a very light jet (VLJ) that had a backlog of 2500 Aircraft. Hines Aircraft will be similar in appearance to the Eclipse and will be attractive to this segment of the market.

Growth

Federal Aviation Administration Forecast Information

FAA forecast – U.S. General Aviation and On-Demand FAR 135 Aircraft

As of Dec. 31	Fixed Wing				Rotorcraft		Experimental	Light Sport Aircraft	Other	Total General Aviation Fleet
	Piston		Turbine		Piston	Turbine				
	Single Engine	Multi-Engine	Turbo Prop	Turbo Jet						
Historical										
2000	149,422	21,091	5,762	7,001	2,680	4,470	20,407	NA	6,700	217,533
2001	145,034	18,192	6,596	7,787	2,292	4,491	20,421	NA	6,633	211,446
2002	143,503	17,483	6,841	8,355	2,351	4,297	21,936	NA	6,478	211,244
2003	143,265	17,491	7,689	7,997	2,123	4,403	20,550	NA	6,088	209,606
2004	146,613	18,469	8,379	9,298	2,315	5,506	22,800	NA	5,939	219,319
2005	148,101	19,412	7,942	9,823	3,039	5,689	23,627	170	6,459	224,262
2006	145,036	18,708	8,063	10,379	3,264	5,895	23,047	1,273	6,277	221,942
2007E	144,580	18,555	8,190	10,997	3,610	6,075	23,920	2,700	6,380	225,007
Forecast										
2008	144,220	18,385	8,300	12,000	3,970	6,245	24,785	3,800	6,450	228,155
2009	144,030	18,225	8,425	13,055	4,345	6,415	25,540	4,700	6,490	231,225
2010	144,015	18,055	8,565	14,220	4,725	6,575	26,285	5,600	6,510	234,550
2011	144,115	17,895	8,710	15,410	5,075	6,730	27,025	6,600	6,515	238,075
2012	144,325	17,725	8,855	16,590	5,395	6,875	27,755	7,600	6,505	241,625
2013	144,645	17,565	9,005	17,740	5,695	7,020	28,430	8,500	6,490	245,090
2014	145,075	17,410	9,155	18,805	5,995	7,155	29,100	9,500	6,475	248,670
2015	145,620	17,245	9,310	19,845	6,255	7,290	29,760	10,500	6,460	252,285
2016	146,280	17,085	9,470	20,870	6,495	7,415	30,365	11,500	6,445	255,925
2017	147,045	16,935	9,635	21,895	6,710	7,540	30,965	12,000	6,435	259,160
2018	147,925	16,775	9,795	22,910	6,905	7,665	31,560	12,500	6,425	262,460
2019	148,925	16,620	9,955	23,910	7,100	7,790	32,095	12,900	6,415	265,710
2020	150,035	16,455	10,110	24,900	7,295	7,915	32,625	13,200	6,405	268,940
2021	151,270	16,295	10,260	25,840	7,495	8,040	33,150	13,500	6,395	272,245
2022	152,620	16,130	10,405	26,775	7,695	8,170	33,670	13,800	6,385	275,650
2023	154,090	15,970	10,545	27,695	7,895	8,300	34,185	14,100	6,375	279,155
2024	155,685	15,815	10,685	28,610	8,095	8,430	34,695	14,400	6,365	282,780
2025	157,400	15,650	10,820	29,515	8,295	8,560	35,200	14,700	6,360	286,500
Avg. Annual Growth	0.5%	-0.9%	1.6%	5.6%	4.7%	1.9%	2.2%	9.9%	0.0%	1.4%

E = Estimated

Source: FAA 2008-2025 Aerospace Forecast

The current pilot population is aging. Student starts in the last 20 years have steadily declined. Current aircraft technology is not attracting enough interest to cause an increase in new pilot trainees.

We anticipate that our technology which has behavior characteristics similar to a modern jet will attract a new generation of pilots.

FAA forecast – U.S. Pilot Population

As of Dec. 31	Students	Recreational	Sport Pilot	Private	Commercial	Airline Transport Pilot	Rotorcraft Only	Glider Only ¹	Total Pilots
Historical									
2000	99,110	340	NA	251,561	121,858	141,598	7,775	9,387	631,629
2001	94,420	316	NA	243,823	120,502	144,702	7,727	8,473	619,963
2002	85,991	317	NA	245,230	125,920	144,708	7,770	21,826 ^{2/}	609,936
2003	87,296	310	NA	241,045	123,990	143,504	7,916	20,950	625,011
2004	87,910	291	NA	235,994	122,592	142,160	8,586	21,100	618,633
2005	87,213	278	134	228,619	120,614	141,992	9,518	21,369	609,737
2006	84,866	239	939	219,233	117,610	141,935	10,690	21,597	597,109
2007E	84,339	239	2,031	211,096	115,127	143,953	12,290	21,274	590,349
Forecast									
2008	83,900	240	4,200	205,050	116,200	144,550	14,250	21,580	589,970
2009	83,600	240	6,500	201,400	116,200	145,250	15,130	21,780	590,100
2010	83,450	240	8,500	199,100	114,900	145,950	15,510	21,910	589,560
2011	84,300	240	10,200	197,700	115,100	146,600	15,700	21,990	591,830
2012	85,150	240	11,000	196,900	115,400	147,150	15,800	22,020	593,660
2013	86,050	240	11,550	196,500	115,800	147,750	15,850	22,040	595,780
2014	87,150	240	12,150	196,400	116,250	148,350	15,870	22,050	598,460
2015	88,250	240	12,800	196,750	116,800	148,900	15,890	22,060	601,690
2016	89,400	240	13,450	197,450	117,400	149,450	15,930	22,080	605,400
2017	90,550	240	14,150	198,550	118,100	150,050	16,040	22,110	609,790
2018	91,700	240	14,900	200,000	118,850	150,650	16,200	22,140	614,680
2019	92,850	240	15,650	201,850	119,700	151,200	16,390	22,170	620,050
2020	94,050	240	16,450	204,100	120,600	151,850	16,600	22,200	626,090
2021	95,250	240	17,200	206,650	121,550	152,500	16,820	22,220	632,430
2022	96,450	240	18,000	209,600	122,600	153,150	17,060	22,250	639,350
2023	97,700	240	18,850	212,900	123,700	153,800	17,310	22,280	646,780
2024	98,950	240	19,700	216,550	124,900	154,500	17,570	22,310	654,720
2025	100,200	240	20,600	220,550	126,150	155,200	17,830	22,360	663,130
Avg. Annual Growth	1.0%	0.0%	13.7%	0.2%	0.5%	0.4%	2.1%	0.3%	0.6%

E = Estimated

Source: FAA 2008-2025 Aerospace Forecast

¹ In March 2001, the FAA changed the definition of glider pilot only. This added approximately 13,000 to this pilot category.

Note: Except for sport pilots, an active pilot is a person with a pilot certificate with a valid medical certificate.

THE COMPANY

Hines Aircraft Ltd. (The Public Company) is incorporated as a British Virgin Islands (BVI Company); the Company has 60,000,000 common and 60,000,000 preference shares authorized.

Hines Aircraft Inc. (A Nevada Company) is incorporated in Nevada, USA, and is a subsidiary of Hines Aircraft Ltd with the same authorized capital base.

At present there are 100 shares of Hines Aircraft, Nevada issued to the public company. No change is anticipated in the near future.

The Company is intending to trade in the United States on the OTC Bulletin Board or higher and as such has prepared this offering in reference to rule 506 notwithstanding the fact that the Company, (the public entity) is not incorporated in the United States. Additionally the company reserves the right to list its securities on the Frankfurt, Australian, or such other stock exchanges as deemed appropriate by the board of Directors prior to listing in the United States.

The Company, Hines Aircraft Ltd., reserves the right to re-domicile the public entity to the state of Nevada where it's wholly owned subsidiary is incorporated as Hines Aircraft Inc. Additional subsidiary companies will be formed when required in Asia, Canada, Europe, Africa and the Middle East.

Background

Both companies were formed in January 2007 to develop, manufacture and market the Hines Aircraft Technology. The inventor of the technology James Paul Hines has entered into an exclusive licensing agreement to Hines Aircraft Ltd. through his wholly owned holding company Ship Island Investments Ltd (a B.V.I. Corporation) in an affiliate transaction. Patents held by the inventor are in process (Pending in Canada & United States) with various patent offices world wide. The patents will be for the engine pod arrangements together with the pod device and numerous other systems.

The Technology

We use a short bloc high performance V8 engine. These engines idle at a minimum 700 RPM to a maximum of 5,500 RPM at take-off, with state-of-the-art advanced silencing systems. The engine and exhaust system is liquid cooled to improve efficiency. The engine is fitted with multi-port fuel injection, dual electronic ignition and shall be turbo-normalized permitting full engine operation to its maximum certified operating altitude. This means that the engine will maintain sea level manifold pressure at 30,000 feet. Systems are to be precision engineered to the highest tolerances with aircraft type certification. Engine operation will produce measurably lower vibration and will be silent when compared to current air-cooled engine systems. The Pod Propulsion System is about 27 inches in diameter and consists of multi stage Propfans™ housed in a shrouded duct. The Propfan™ housed in each pod counter rotates to eliminate P-Factor, vibration and noise while increasing propulsive efficiency.

Our propulsion pods are located aft of the passenger compartment over the rear 10% of the wing platform. This affords the opportunity to develop superior weight and balance as well as thrust characteristics. The engine is cradle-mounted low in the fuselage behind a sound-proof noise and fire barrier. Its location makes it possible to improve center of gravity range by having the engine weight and thrust point centered on the airframe. Our twin counter-rotating Propfans™ operate at near fanjet rotational speeds and are much more efficient than standard propellers. The design of each pod is such that the sound of the twin rotating Propfans™ is insulated, suppressed and muffled by the insulating components of the Pod which provides the quietest flight experience when compared to any other existing aircraft. At the same time, the Pod Duct system increases thrust. P-factor is eliminated and thrust is balanced on the left and right side by the propulsion-pods counter-rotating which evenly drives the aircraft forward straight and level. Hi-test automotive fuels may be used in place of 100LL where available.

Our aircraft seating, 4 to 8 people will be quiet inside and out - no propeller or exhaust noise, no vibration, and no propeller movement that can be seen from the passenger compartment. It is our intention that our aircraft will be so silent that it may be used in areas traditionally sensitive to noise abatement. This will dramatically increase our market.

Hines Aircraft Ltd. will develop an unmanned model, (pilotless aircraft) suitable for surveillance and weapons delivery systems. This aircraft will be stealthy, silent, not leave a heat signature and be able to travel at relatively high speeds for long distances while being remotely piloted from a ground base center. This means that a target will not be able to see or hear the aircraft coming and more than likely not even know that the aircraft was there. Unmanned search and rescue models provide the ability to operate 24 hours per day, 7 days per week in search and rescue environments. One remote pilot could operate as many as 4 unmanned Aircraft simultaneously. Border Patrol will be greatly enhanced using our technology.

Safety, performance and reliability are our primary concerns. The Pod Propulsion System is located well above ground on the fuselage protected by the shroud. Propellers do not have this advantage which means that our aircraft can operate from any runway and our Propfans are protected from foreign object damage (FOD). There is no risk of injuries by people or animals near or around the airplane. In the case of our water capable aircraft, water ingestion will not effect operations. The engine of choice is a proven and reliable power plant and will be many times more efficient than existing power plant technology requiring less maintenance than existing aircraft resulting in significantly lower operating costs.

The following table compares the Company’s aircraft capabilities versus those of its competitors: Adam Aircraft Industries, Beech Aircraft Corp, Bellanca Aircraft Inc, Cessna Aircraft Corp, Cirrus Aircraft, Columbia Aircraft, Diamond Aircraft, Eclipse Engineering Inc, Mooney Airplane Company and The New Piper Aircraft Ltd. are some of our competitors.

Hines Aircraft Ltd Projected Performance @ 21,000 Feet

Rate of Climb	2000+ ft/min	Service Ceiling	30,000 ft
Maximum Speed Level Flight	325 kts	Cruise Speed (75% Power)	270 kts
Stall Speed (Clean)	61 kts	Stall Speed (Dirty)	51 kts
Cruise, IFR Reserves (nm)	2000 (nm)	Rang Max., VFR Reserves	2600
Take-Off Runway, Max. Weight	1700 ft	Landing Runway, Max. Weight	1700 ft

PERFORMANCE	Adam A500	Beech Bonanza A36 AT	Bellanca Super Viking	Cessna Mustang	Cirrus SR 22 Turbo	Columbia Lancair IV-P	D-Jet	Eclipse 500	Mooney Acclaim	The New Piper Mirage
RATE OF CLIMB (fpm)	1368	1208	1210	3010	1400	1500	2600	3424	1240	1556
SERVICE CEILING (certified)	25000	25000	20000	41000	25000	29000	25000	41000	25000	25000
MAX CRUISE SPEED (kts)	250	176	183	340	235	-	315	370	-	220
CRUISE SPEED @ 75% (kts)	230	167	178	-	185	291	240	-	206	213
STALL SPEED (clean)	-	68	70	-	70	-	-	69	66	60
STALL SPEED (dirty)	75	59	-	-	59	65	63	-	59	59
CRUISE, IFR RESERVES (nm)	1150	875	1000	1167	1143	-	1350	1125	932	1345
RANGE MAX., IFR RESERVES (nm)	-	914	-	-	-	1100	-	-	1594	-
TAKE-OFF RUNWAY MAX. WEIGHT (ft)	2471	1913	-	3110	1594	1800	2372	2342	1620	2090
LANDING RUNWAY MAX. WEIGHT (ft)	-	1450	-	-	2344	1900	-	2250	-	1968

THE PRODUCT

Hines Aircraft Ltd is planning to manufacture four primary aircraft models:-

The H150 is a four seat fixed gear, trainer and cross-country personal aircraft powered by a 350 horsepower V8 turbo-normalized engine. This model will be certified IFR, night and flight into known icing conditions. The H150 is intended to climb at 2000 feet per minute and maintain a cruise speed of 235 knots at 6000 feet at 65% power. This model comes standard with pressurization and is climate controlled. It will cruise at 300 knots at 29,000 feet with NBAA IFR reserves and has a range of 2000 nautical miles.

The H500M is a military, search and rescue and patrol model, with retractable landing gear designed as a military trainer simulating jet operations and long range patrol aircraft. The H500M has a stick control system and is built to permit aerobatics. This model would also be made available to the civilian market on special request.

The H200 is an amphibious six seat, pressurized and climate controlled aircraft with retractable landing gear; is capable of operating from any runway as well as fresh or salt water. This model will be certified IFR for day and night flight into known icing conditions. The H200 will be powered by a 350 horsepower V8 engine and climb at between 2000 and 2500 feet per minute. Cruise speed will be 225 knots at 6000 feet at 65% power. At high altitudes, this aircraft will cruise at 300 knots at 25,000 feet with an NBAA IFR range of 2000 nautical miles. Choices in military, police and coast guard/patrol versions will be made available.

Our launch aircraft, the H325, is a six-seat, single-engine model (the H500 is the twin-engine version). The H400 is an eight-seat, twin-engine model. They have retractable landing gear engineered for commuter and high utilization. Like the other models, these aircraft will be pressurized and climate controlled. The H400 Executive replaces the last two seats with a lavatory restroom. The H400/500 will cruise at 325 knots at 29,000 feet with a rate of climb of 2000 feet per minute. The commuter version will have a range of 800 nautical miles, the executive 2000 nautical miles.

The Stealthjet H1000 is an unmanned remotely piloted Aircraft built on stealth principles using the Hines Aircraft propulsion system. It is designed to take off from any airport facility including unimproved runway surfaces. It has multiple applications including the capability to carry ordinance in a cruise missile configuration, search and rescue, border patrol, police surveillance, mapping etc. The H1000 is designed to be an expendable military/ policing Aircraft with the ability to stay airborne 8 to 10 hours. The key feature of the H1000 is to approach and leave a target area without being seen or heard while eliminating all risk to personnel.

Competitive Advantage

The major advantages with Hines Aircraft can be summarized as: vastly superior ease of operation, superior aircraft performance and silent operations giving the pilot and passengers a new class of flight experience, reduced cost of operation and purchase price, greatly reduced maintenance and service costs, increased reliability, noise abatement compliance and expanded operational capability. These characteristics make our aircraft the logical choice.

Ease of operation: Hines Aircraft start-up procedures are simple. There is no mixture or propeller control, no priming required, single lever operation similar to a jet with a key start similar to an automobile. There is no run up required and no engine warm up period is necessary. Our aircraft instrumentation includes but is not limited to ignition system, fuel system, oil pressure and quantity,

fuel quantity fuel flow. Propfan RPM and engine RPM are independently monitored. Our aircraft has dual electronic ignition systems, dual alternators, dual fuel pumps, dual turbo chargers, and automatic fuel air mixture control. The combination of single lever operation together with a detailed engine monitoring system allows the pilot to start and immediately taxi to the active runway for departure. The nature of the propulsion system allows for exceptional and unassisted cold or hot weather starting using the aircraft battery power.

Aircraft Performance: aircraft in the 270 to 350 HP range, single or twin, currently all operate in a narrow range of performance. Typically, they will climb between 1000 and 1800 feet per minute, level off at 6000 – 10,000 feet and cruise between 160 and 202 knots. The fuel flow ranges from 13 to 40 gallons an hour. Our research has determined that the Hines aircraft at these same altitudes described above will operate at 225 – 235 knots burning 10 gallons per hour. Our climb rate will be in the range of 2500 feet per minute. A light jet at these same altitudes will burn 80 to 100 gallons per hour. The majority of the current light aircraft are not normally operated above 10,000 feet due to breathing restrictions and the thinning atmosphere. The Hines aircraft advantage is that both the cabin and the engine air intake system are pressurized. This means that pilots can operate at altitudes above 10,000 feet safely and reliably. While current light aircraft do have oxygen masks available for pilots and turbo-charging for engines, both systems are limited in their application. Our aircraft do not require supplemental oxygen for the pilots and passengers and our turbo-charging system is supported by liquid cooling guaranteeing a constant, stable and reliable supply of pressurized air allowing the aircraft to maintain full engine power to the certified ceiling of 35,000 feet.

Flight quality: The Hines Pod Propulsion system is a world's first and will allow our aircraft to operate virtually silently with little or no vibration. The cabin is air conditioned and heated throughout by heating radiators and circulation fans providing a uniform temperature in all areas. During climb, the outside air temperature will change from ground level of 80 degrees, to minus 30 at a cruising altitude greater than 18,000 feet. The cabin environment will be automatically controlled through temperature sensors. Cabin pressure will be automatically controlled. Additionally, the design permits a 30% larger cabin area when compared to other light aircraft.

Cost of operation: Most aircraft require 50 hour maintenance intervals with an extensive list of items to be checked. As we have stated, fuel costs are significantly reduced. Oil changes and periodic maintenance will only be required every 100 hours as allowed by law.

Purchase price: The manned aircraft models will range in price from 650,000 to 1.2 million. The unmanned units will range in price from 350,000 to 550,000 without customer specified equipment. These prices are all quoted using 2007 cost estimates.

Reduced maintenance: Conventional aircraft maintenance is regulated by the US FAA and others. Frequency of mandatory maintenance inspections as well as items requiring inspection will change with the Hines aircraft. Our engine and propulsion system together with airframe design will permit us to seek a different set of aircraft maintenance protocols which will reduce service frequency and cost.

Reliability: The engine, exhaust and secondary systems to be used in our aircraft have demonstrated utmost reliability in numerous existing ground and experimental applications.

Noise Abatement: Due to the aircraft's virtually silent operation, our aircraft is one of the few able to fly into and out of all airports governed by noise abatement restrictions. At many regional airports, jet aircraft are prohibited. While we look and perform like a jet we are not, therefore we are able to fly from all airports without restriction.

Pilot Licensing Requirements: Pilot licensing is generally completed in stages, starting with a student’s licensing permit, then graduating through a number of stages to an Air Transport Rating (ATR). Our technology permits a pilot to start training as a student pilot and fly our aircraft reliably and safely through all stages of pilot license acquisition through to an ATR. As the pilot increases skill and develops more advanced ratings, our aircraft will meet performance expectations. Simply stated, we can be a primary trainer operating VFR up to 18,000 feet or operate at flight levels under instrument flight rules for extended cross country flights at speeds up to 325+ knots. At each learning level, the aircraft meets pilot expectations. Unlike the new light jet series of aircraft proposed or certified, no special licensing will be required to operate our aircraft at any of these levels.

Development Model and Costs

Phase 1	Design conceptualization and theory verification	1	Million (completed)
Phase 2...	Engineering and computer modeling,	10	
Phase 3...	Construction of a demonstration prototype	4	
Phase 4...	Production Engineering design and tooling	110	
Phase 5...	Pre-production certification and testing	30	
Phase 6...	Manufacturing and working capital	<u>30</u>	
Total development cost		185	Million

We anticipate 4 years to customer delivery of the first production aircraft.

BUSINESS MODEL

There are six phases in the growth of any new aircraft manufacturing company:

Phase One: is now complete - Mecachrome / Ryerson technical report produced

Phase Two: is now complete - 3-D Modeling and Precision Design of the pod propulsion system; Funds currently being provided are applied to the requirements in phase two. While the design concept is complete, there are engineering options that need review. Funds are currently being used to explore the options of refining technical parameters and establishing goals for a demonstration prototype. Work is continuing through the Ryerson Aerospace and Engineering Department to establish parameters and technical specifications.

Phase Three: Construction of a Demonstration Prototype and operating specifications; The Company is in negotiations to prepare for phase three which will be completed under contract to a specialty aerospace company (see consultants) that specializes in the construction of prototype aircraft. The prototype will be based on parameters established during phases one and two. We are in the process of reviewing the capabilities of various prototype builders.

Phase Four: Production Engineering and Tooling

Phase Five: Pre-production Certification and Testing; In phase five the Company will hire and assemble a team of engineers to facilitate aircraft certification and production. A number of skilled engineers have already contacted Hines Aircraft seeking employment.

Phase Six: Manufacturing; The Company is investigating the location of a plant and engineering facility for manufacture and testing of production units. During the entirety of the process we will be

seeking joint venture partner's world-wide to work with the Company through phases two, three and four.

Note: the certification process starts with the FAA and Transport Canada in phase two and continues throughout the development process.

STRATEGIC PLAN

Projected Revenue

	Year 1	Year 2	Year 3	Year 4	Year 5
Hines Aircraft Financing and Sales Revenue	15,000,000 from financings	30,000,000 from financings and grants	80,000,000 financing, debt, and grants	30,000,000 35 Unit sales & 32,000,000 debt	237,500,000 comprising 250 Aircraft unit sales
Hines Aircraft cost of Manufacturing and Sales	11,000,000 R&D prototype and design	25,000,000 systems engineering and testing	70,000,000 manufacturing tooling certification and flight testing	22,750,000 cost of Sales & 20,000,000 plant and equipment	162,500,000 aggregate cost of sales
Working capital year end (net cash)	4,000,000	9,000,000	19,000,000	26,250,000	103,250,000
Profit & (Loss)	(11,000,000)	(36,000,000)	(106,000,000)	(128,000,000)	75,000,000

Revenues in years 6 and 7, respectively, will be year 6: 500 Aircraft - \$487,500,000 in sales with \$100,000,000 pre-tax profit and; year 7: 750 Aircraft - \$712,500,000 in sales with a pre-tax profit of 150,000,000. We assume the average selling price will be US\$950,000 per Aircraft.

A Tax Rebate in the form of Research and Development tax credits are provided in Canada. Up to 41 percent of R&D expenditures will be applied as a tax credit against earnings. These numbers are not factored into our cash statements.

MANUFACTURING: HINES AIRCRAFT LTD

Market Size

Shipments by Type: Manufactured Worldwide

General Aviation Airplane Shipments by Type of Airplane Manufactured Worldwide (1994-2008)

Year	Grand Total	Single-Engine	Multi-Engine	Total Piston	Turboprop	Turbojet/ Turbofan	Total Turbine
1994	1,132	544	77	621	233	278	511
1995	1,251	605	61	666	285	300	585
1996	1,437	731	70	801	320	316	636
1997	1,840	1,043	80	1,123	279	438	717
1998	2,457	1,508	98	1,606	336	515	851
1999	2,808	1,689	112	1,801	340	667	1,007
2000	3,147	1,877	103	1,980	415	752	1,167
2001R	2,998	1,645	147	1,792	422	784	1,206
2002	2,677	1,591	130	1,721	280	676	956
2003	2,686	1,825	71	1,896	272	518	790
2004R	2,961	1,999	52	2,051	319	591	910
2005R	3,590	2,326	139	2,465	375	750	1,125
2006R	4,053	2,513	242	2,755	412	886	1,298
2007	4,272	2,417	258	2,675	459	1,138	1,597
2008	3,969	1,943	176	2,119	535	1,315	1,850

R = Revised

Source: GAMA

Estimated Billings (in Millions) for General Aviation Airplane Shipments by Type of Airplane Manufactured Worldwide (1994-2008)

Year	Grand Total	Single Engine	Multi-Engine	Total Piston	Turboprop	Turbojet/ Turbofan	Total Turbine
1994	3,749	*	*	111	714	2,924	3,638
1995	4,294	*	*	169	774	3,351	4,125
1996	4,936	*	*	191	864	3,881	4,745
1997	7,170	*	*	238	913	6,019	6,932
1998	8,604	*	*	377	1,011	7,216	8,227
1999	11,560	*	*	440	930	10,190	11,120
2000	13,496	*	*	512	1,323	11,661	12,984
2001	13,868	*	*	541	1,210	12,117	13,327
2002	11,778	*	*	483	868	10,427	11,295
2003	9,998	*	*	545	837	8,616	9,453
2004	11,918	*	*	692	997	10,229	11,226
2005	15,156	*	*	805	1,189	13,161	14,350
2006	18,815	*	*	857	1,389	16,569	17,958
2007	21,911	*	*	897	1,582	19,431	21,013
2008	24,837	*	*	945	1,947	21,946	23,893

Some totals do not add up due to rounding.

Source: GAMA

Projected Market Share

We anticipate a 20% market share and intend to create an entirely new market of an additional 10% from individuals that have not traditionally considered being pilots (see projected sales)

Federal Aviation Administration Forecast Information

FAA forecast – U.S. General Aviation and On-Demand FAR 135 Aircraft

As of Dec. 31	Fixed Wing				Rotorcraft		Experimental	Light Sport Aircraft	Other	Total General Aviation Fleet
	Piston		Turbine		Piston	Turbine				
	Single Engine	Multi-Engine	Turbo Prop	Turbo Jet						
Historical										
2000	149,422	21,091	5,762	7,001	2,680	4,470	20,407	NA	6,700	217,533
2001	145,034	18,192	6,596	7,787	2,292	4,491	20,421	NA	6,633	211,446
2002	143,503	17,483	6,841	8,355	2,351	4,297	21,936	NA	6,478	211,244
2003	143,265	17,491	7,689	7,997	2,123	4,403	20,550	NA	6,088	209,606
2004	146,613	18,469	8,379	9,298	2,315	5,506	22,800	NA	5,939	219,319
2005	148,101	19,412	7,942	9,823	3,039	5,689	23,627	170	6,459	224,262
2006	145,036	18,708	8,063	10,379	3,264	5,895	23,047	1,273	6,277	221,942
2007E	144,580	18,555	8,190	10,997	3,610	6,075	23,920	2,700	6,380	225,007
Forecast										
2008	144,220	18,385	8,300	12,000	3,970	6,245	24,785	3,800	6,450	228,155
2009	144,030	18,225	8,425	13,055	4,345	6,415	25,540	4,700	6,490	231,225
2010	144,015	18,055	8,565	14,220	4,725	6,575	26,285	5,600	6,510	234,550
2011	144,115	17,895	8,710	15,410	5,075	6,730	27,025	6,600	6,515	238,075
2012	144,325	17,725	8,855	16,590	5,395	6,875	27,755	7,600	6,505	241,625
2013	144,645	17,565	9,005	17,740	5,695	7,020	28,430	8,500	6,490	245,090
2014	145,075	17,410	9,155	18,805	5,995	7,155	29,100	9,500	6,475	248,670
2015	145,620	17,245	9,310	19,845	6,255	7,290	29,760	10,500	6,460	252,285
2016	146,280	17,085	9,470	20,870	6,495	7,415	30,365	11,500	6,445	255,925
2017	147,045	16,935	9,635	21,895	6,710	7,540	30,965	12,000	6,435	259,160
2018	147,925	16,775	9,795	22,910	6,905	7,665	31,560	12,500	6,425	262,460
2019	148,925	16,620	9,955	23,910	7,100	7,790	32,095	12,900	6,415	265,710
2020	150,035	16,455	10,110	24,900	7,295	7,915	32,625	13,200	6,405	268,940
2021	151,270	16,295	10,260	25,840	7,495	8,040	33,150	13,500	6,395	272,245
2022	152,620	16,130	10,405	26,775	7,695	8,170	33,670	13,800	6,385	275,650
2023	154,090	15,970	10,545	27,695	7,895	8,300	34,185	14,100	6,375	279,155
2024	155,685	15,815	10,685	28,610	8,095	8,430	34,695	14,400	6,365	282,780
2025	157,400	15,650	10,820	29,515	8,295	8,560	35,200	14,700	6,360	286,500
Avg. Annual Growth	0.5%	-0.9%	1.6%	5.6%	4.7%	1.9%	2.2%	9.9%	0.0%	1.4%

E = Estimated

Source: FAA 2008-2025 Aerospace Forecast

CONCLUSION

The development of a new aircraft requires collaboration by many participants from airframe, to power plant, propulsion systems, avionics and mechanical systems. Since aircraft are certified by all countries in the world for operation within specific territories, the Company will continue to work with regulators, universities and institutes specializing in aeronautics that will be instrumental in facilitating design improvements during development. We are following our original plan to approach each component supplier on a tender/bid basis to develop needed items.

As part of our ongoing development we are organizing to attract research funds and grants to assist the project. Our technology is proprietary and “Patent Pending”. The Company has filed the initial patent application for the Hines proprietary propulsion technology and is in continuing discussions with patent attorneys for ongoing additional patents. Unlike aircraft propeller technology, to simplify, Hines Aircraft has a pod on either side of the airframe. In the pods reside a multi-blade Propfan™

assembly and a mechanism behind the front Propfan™ that accelerates the air flow through the duct. These pods are relatively small in diameter when compared to a propeller. Propeller technology, which is limited in rotational RPM and effective propulsive surface by its length and number of blades, will not compare to our Propfan™ as analysed by our company. Presented on our website is a 3D CAD model with the Propfan™ positions in correct proportion to the airframe. The model was composed at the aerospace engineering department of Ryerson University supervised by our engineering team at Mecachrome International Inc. (Toronto office)

Our Propfan™ technology expands the blade surface area many times over conventional propellers and therefore increases propulsion. In addition to increased efficiency the Propfan™ operates at higher rotational RPM and is not limited like conventional propellers. Noise is reduced due to the pods muffling shroud encasing the blades. The engine is glycol (liquid) cooled, turbo-charged and silenced with mufflers and dampeners.

MANAGEMENT & BOARD OF DIRECTORS

J. Paul Hines, President (Director)

Paul has been a pilot for 30 years flying and owning many types of light Aircraft. He was born in Canada on 06.08.1954 he has over 20 years experience in business finance, development and consulting. Paul graduated from the University of British Columbia in Applied sciences. He specializes in new product design and development. He is the originator of the Hines Aircraft design concept and has been an active pilot for more than 25 years. Paul formed Invenco Inc., a company which specialized in creating and marketing new products. He has owned and successfully managed Sterling Image Silversmiths Ltd., Beaverton Wire and Metal Products Ltd. and Greystone Credit S.A. Mr. Hines is currently President of the founding public company, NatQuote Financial Inc. and has been since March 1992. He is also President of Ship Island Investments Ltd., operational since 1990, Ship Island Investments Ltd., locates and merges private companies into its public structures.

Christopher J Bracey-Gibbon, Vice President Finance (Director)

Christopher was born in Canada on 2.18.1956. He has over 25 years experience in financial management. His background includes accounting, SEC reporting, mergers and acquisitions, securing primary and secondary financing, from both the private and public sectors. Starting in the early 80's in the United Kingdom, where he was Managing Director of Lutreola Cosmetics Ltd and Dale Lock Security Ltd. In 1987, Christopher started as a licensed registered representative with Gordon Daly Grenadier Securities Ltd in Canada in the Provinces of Ontario and Nova Scotia. In 1988, he was promoted to a senior trader position and was one of the firm's top producers for a number of years. He left Gordon Daly Grenadier Securities Ltd. to pursue personal and business interests in the year 2000. In his career Christopher has assisted in excess of 200 companies in various sectors to raise capital. Christopher is also a Director of Firmware Technologies Inc and the Director of International Business Development for Contact Capital Group Inc.

Dr. Lucy Harris, Vice President (Director)

Dr. Lucy Harris is a Canadian citizen born on 07.17.1960 and is a graduate of York University in Education and Languages, and a graduate of the University of Toronto in Educational Administration, Theory and Policy. She has been associated with Ship Island Investments since its inception. Dr. Harris has much experience and insight into business assessment, development, equity finance and public market structure. In her capacity at Ship Island Investments Ltd., she oversees and coordinates all internal activities of its merger program from contractual, legal, registration information to interfacing with investors.

Two (2) Director Positions are open

Advisory Board & Consultants

Management Consultant

Iain Burnett, Project Management

Iain was born in Scotland on 06.15.1953 and is a Canadian citizen. Iain has a Masters in Business Administration from the University of Toronto, is a Certified Management Accountant from the Society of Management Accountants of Ontario, and has a Bachelor of Arts (Hons.) in Economics from the University of Strathclyde in the UK. He is the President and CEO of Halistra Inc., an aerospace consulting company. His 25 years of management experience is primarily in aerospace, most recently as CFO of a Boeing subsidiary, where he led the finance and business management functions of their Toronto operation. The focus was on leading the business, development and execution of strategy, project management, and maximizing value of the organization. He also has had numerous international assignments. Prior to that Iain was responsible for design, development, and production contracts for the military Lynx helicopters. Iain has a PPL, was certified as a gliding instructor by the RAF and instructed at a Royal Navy base.

Aircraft Design, Performance and Manufacturing

Dr Harold E Rafuse

Harold E. Rafuse, Ph.D. was born in Pennsylvania in 1943. Dr. Rafuse has over 46 years of experience in scientific, aerospace engineering, technology, educational, senior program management, information resource management, and administrative positions. He was a career officer in the USAF and was rated as a Command Missileer, Senior Space Operations Commander, Space Surveillance Expert, Master Acquisition Manager, Air Training Command Master Instructor, and Senior Pilot. His USAF assignments involved extensive aviation and space operational assignments and program management experience. He also served in senior administrative positions at Headquarters Air Force Systems Command and Headquarters USAF in the Pentagon. He was a Research Associate in the USAF's Executive Management Program on the White House staff in Washington, D.C. and he is a graduate of the Air War College, Air Command and Staff College, and the Defense Systems Management College, Program Manager's Course. After retiring from the USAF, he was a Vice President with Science Applications International Corporation (SAIC) for 9 years, and thereafter founded Advanced Concepts and Technologies International (ACT I). He retired after 10 years with ACT I in 2008 and now provides consulting services to multiple firms. He holds a Ph.D. in Engineering Management, a MBA in Management, and undergraduate degrees in Chemistry and Chemical Technology.

Air Vehicle New Product Development, Aircraft Integration, and Technology Integration

Perry DiClemente

Perry is a US Citizen born in 03.12.1958 Perry has close to 30 years experience in senior management, air vehicle development, technology insertion and new business startups with expertise in multiple disciplines. After learning to fly as a Naval Officer, he was a Senior Configuration Specialist at McDonnell Douglas (Now Boeing) where he led new air vehicle programs and developed technology maturation programs. His experience included numerous types of air vehicles from missiles thru large transports, mission specific vehicles with vertical takeoff capabilities, trainer thru fighter jets (F-18 program - 1999 Robert J. Collier Trophy recipient) thru very high speed vehicles. After a year of intense training he became their first certified conceptual designer. With his total vehicle expertise he left McDonnell Douglas in 1999 to start Eclipse Aviation as the Director of Integration Services. He was a key designer/developer of the Eclipse Model 500 (2005 Robert J. Collier Trophy). He was responsible for a majority of the engineering disciplines such as aerodynamics, configuration integration, safety, weights, loft, cost, human factors, configuration management and flight simulation. After the aircrafts successful first flight he took on another challenge with a Program Management position in 2003 for the U.S. Naval Air Warfare Center developing new concepts, instructing team personnel on air vehicle development, and leading the groups successful High Speed Weapons Program. While there, he obtained his Level III Certification: Systems Planning, Research, Development and Engineering, in Systems Engineering from the Defense Acquisition University. In 2005, started Air Vehicle Integration, Inc providing aircraft businesses with a broad range of services from obtaining finances, vehicle design, and prototyping thru production. Some of his customers and past designs included the Icon Aircraft A5, a light sport amphibian aircraft, the Sea Scout, an unmanned autonomous seaworthy air vehicle, and the Falcon, a quick build; low cost high speed 2-place home built aircraft. He holds a B.S.A.E and M.S.A.E in Aerospace Engineering from the University of Michigan. An entrepreneur, senior aircraft configuration specialist, a new product/technology developer, artist, angel investor and pilot, he can successfully put together a program from planning thru production and has expertise in the disciplines required in any phase.

Consultant Avionics cockpit function, flight displays, communications, navigation, surveillance

Daniel B. Schwartz

Dan was born in the United States on 10.07.1960. He has over 25 years experience in project management, marketing, sales, international business development with over 21 years spent in the Aviation business sector. His background includes nearly 18 years spent at ARINC, Inc. the World Leader in Transportation and Engineering where he held a variety of management positions in virtually all aspects of the aviation business. He worked on the development of avionics systems, leading a team split between the East and West Coast. Since leaving ARINC he has been with Iridium Satellite where he headed up the Worldwide Transportation Market, significantly increasing the Aviation market share of Iridium. He left Iridium in October of 2004 to start Aviation Unlimited, Inc. where he remains today. Companies represented have included Avionica, Avionics Support Group, IMS Consultants, Flight Explorer, EDMO Asia Pacific, Wingspeed Corporation and Satcom Direct. He has significant experience in project management and leading teams. Additionally, while at ARINC he led ARINC's participation in the Industry/NASA Advanced General Aviation Transport Experiment (AGATE) which was formed to revitalize General Aviation in the United States.

Consultant International Strategic Business Development

Simon Vietri

Born in Cape Town South Africa on 07.16.1962 Simon began his business career in the insurance industry and quickly rose through the ranks and within 5 years became one of the top insurance brokers in his area of operations in South Africa. Immigrating to Australia in 1982, he continued his insurance business and expanded his area of operations into the business brokerage field. Here he gained a broad and in-depth knowledge of IT and computer-related business and expanded his IT and computer operations into Asia. Simon expanded this business through a network of distributors he trained in more than 50 countries around the world. During the course of his career, Simon has worked with numerous Small/Cap and Fortune 500 companies to expand their business globally. Through his expertise in the international sales and marketing arena, his sales teams have generated hundreds of millions of dollars in sales revenue in many countries worldwide. Simon is CEO of King Marketing Management, Inc. and Strategic Business Consortiums, Inc. which specializes in marketing and business development strategies. He consults to companies aiming to expand their operations into the international markets and specializes in the Asian Region. Simon also Chairman of the Board and founder of Go Port Dynamics, Inc., a company tasked to establish an alternative air transportation system for both passengers and air cargo utilizing the next generation, super economical and virtually silent Hines Aircraft. This new air transportation system will operate from a network of private, boutique airports in highly desired near-city locations made possible due to the near-silent Hines Aircraft; these "Go-Ports" will operate in over 100 countries and will service 2,000 cities worldwide.

The Company is consulting with engineers and specialists in Aircraft design and analysis to produce the preliminary parameters for the propulsion system inherent to our Aircraft models. Coordinated by Iain Burnett, Mecachrome Toronto Limited and Ryerson Aerospace and Engineering Department have been engaged to complete the phase one comparisons, computational analyses, statistics and 3D modeling that will determine the specifications needed to test the propulsion mechanism. This analysis will be completed by August 31, 2009.

Corporate Attorney

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Law Office of Stewart A. Merkin
Rivergate Plaza, Suite 300,
444 Brickell Avenue,
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Accountants

Rotenberg & Company LLP
1870 Winton Road South
Suite 200
Rochester,
NY 14618

Transfer Agent

Olde Monmouth Stock Transfer Co.
200 Memorial Parkway
Atlantic Highlands, N.J. 07716

Financial Advisors

Surety Financial Group, LLC

Warren Rothouse, Partner

Warren was born in Pennsylvania in 1961. He has over 25 years experience in corporate management and consulting. His background includes working for Thulman Eastern, the largest distributor of engineered fireplaces in the country. His responsibilities included overseeing a sales force and the management of new acquisitions. Mr. Rothouse also owned his own retail store increasing its revenue over one hundred percent. For the last six years Mr. Rothouse has been a partner with Surety Financial Group, an Investor relations company which helps private companies prosper and public companies become known in the market place. Mr. Rothouse has been very successful in connecting the companies he represents to funding sources, allowing his clients to expedite their business plans.

Bruce M. Weinstein, CPA, Partner

Bruce was born in Miami Beach in 1962. He earned his BS degree from the University of MD and became a CPA thereafter. His twenty-five years of progressive business accounting experience includes both publicly traded companies such as Ryland Homes and large private companies such as Sweetheart Cup Company. The past ten years have been in upper level management. Bruce has been a partner with Surety Financial Group for the past five years.

INTELLECTUAL PROPERTIES

Patents Pending (Canadian Filing Certificate number 2,602,214) (US Filing Certificate number 12, 230, 81); on all aspects of the Hines Aircraft Design

EXECUTIVE COMPENSATION

Employment Agreements

Each of Messrs. Hines and Harris, & Bracey-Gibbon has entered into employment agreements with the Company for a term expiring on December 31, 2010. Pursuant to these employment agreements, Messrs. Hines and Harris have agreed to devote their business and professional time and efforts to the Company as its Chair, President, Executive Vice President, Director of Corporate Development, Director, and Director of Customer Satisfaction, respectively. The employment agreements provide that each employee shall receive a salary determined by the Board of Directors commensurate with the development of the Company. Each may be entitled to receive, at the sole discretion of the Board of Directors or a committee thereof, bonuses based on the achievement (in whole or in part) by the Company of its business plan and achievement by the employee of fixed personal performance objectives. None of these employees is entitled to participate in the Stock Option Plan, which is reserved for other employees or consultants. Each is entitled to participate in the Executive Bonus Plan. See "Stock Options" and "Executive Bonus Plan" below.

The employment agreements also provide for termination upon death or disability (defined as three aggregate months of incapacity during any 365-consecutive day period) or upon conviction of a felony, crime of moral turpitude or a material breach of the employee's duties to the Company. In the event the Company terminates any employment agreement without cause, the executive will be entitled to compensation for the balance of the term at the annual rate of pay then in effect. The Company intends to obtain key-man life insurance policies.

The employment agreements also contain covenants: (a) restricting the executive from engaging in any activities competitive with the Company's business during the terms of such employment agreements and for a period of one year thereafter and (b) prohibiting the executive from disclosure of confidential information regarding the Company at any time.

Stock Options

On January 15th 2007, the stockholders approved the 2007 Stock Option Plan, as previously adopted by the Board of Directors (the "Plan"). Under this Plan, the officers, directors, and/or key employees and/or consultants can receive incentive stock options and non-qualified stock options to purchase up to an aggregate of 4,000,000 shares of Class "A" Common Stock in each three-month period until the next annual meeting. No options have been awarded to date. The exercise price applicable to outstanding stock options will represent not less than 100% of the fair market value of the underlying Class "A" Common Stock as of the date that such options are granted, as determined by the Board of Directors. In the absence of a quoted price the option price shall be \$0.25 USD

The Plan requires that all such options have an expiration date, which is at least one day before the tenth anniversary of the date such options were granted (or the fifth anniversary of the date such options were granted in case the grantee held 10% or more of the Common Stock outstanding). However, with certain limited exceptions, in the event that the option holder ceases to be associated with the Company, or engages in or is involved with any business similar to that of the Company, such option holder's incentive options will immediately terminate. The aggregate fair market value of the stock for which any employee may be granted options in any calendar year shall not exceed \$100,000 plus any unused limit carried over to such year from any prior calendar year, as described in the Plan.

Executive Bonus Plan

On January 15th 2007, the Board of Directors determined its five-year Executive Bonus Plan (the "Bonus Plan") to reward executive officers and other key employees based upon the Company achieving certain performance levels. Under the Bonus Plan, commencing with the 2007 fiscal year and for each of the four fiscal years thereafter, the board has the discretion to award bonuses in an aggregate amount in each fiscal year equal to 10% of the consolidated net profit before tax for such fiscal year, provided that, the Company achieves a consolidated net profit before taxes of not less than 5% of consolidated net sales in each year. The Compensation Committee of the Board of Directors will determine the allocable amounts or percentages of the bonus pool, which may be paid annually to participants. Bonuses under the Bonus Plan are not exclusive of other bonuses that may be awarded by the Board of Directors or the Compensation Committee from time to time.

PRINCIPAL SHAREHOLDERS

The following table lists the ownership of the Company's securities on January 15th 2010 total outstanding is 36,500,000 Class A Common. The table lists ownership of the Common Stock by each person known by the Company to be the beneficial owner of over 5% of the outstanding Common Stock, and by officers and directors.

Name of officer, director or beneficial owner of over 5%	Shares of Common Stock Owned (5), Class A	Percentage of Class Owned, Class A, Preferred	Percentage of Total Outstanding Owned on Completion of Offering
J. Paul Hines	29,000,000		74.35%
C. J Bracey-Gibbon	4,000,000		9.75%

USE OF PROCEEDS

The net proceeds from the sale of all Units in this Offering are estimated to be \$19,900,000 if all Units offered hereby are sold, after deducting the expenses of \$100,000 for this Offering, including legal fees. The net proceeds are intended to be applied substantially as follows.

Use	Amount	Percentage
Equipment (1)	100,000	0.5 %
Inventory	100,000	0.5 %
Business Development (2)	200,000	1.0 %
Product Development	14,000,000	70.0 %
Operations and Administration, Accounting, Legal	800,000	4.0 %
Patents (Additional)	200,000	1.0 %
Marketing and Advertising	200,000	1.0 %
Consulting	100,000	0.5 %
Repayment of Bridge Loans (3)	800,000	4.0 %
Working capital	3,500,000	17.5 %
Total	\$20,000,000	100.0%

The major expenditures include:

- 1) Design Software and Terminals
- 2) Engineering services and Ryerson Aerospace Engineering design and development agreements
- 3) To Ship Island Investments Ltd. for funds advanced

The proceeds from the sale of Units will be directed into a Company controlled account maintained at TD Canada Trust (the "Special Account I") located in Toronto, Canada. Funds will be drawn out of the Special Account for the items set out above.

Sale of the 2,500,000 Units is made on a “best efforts” basis. All funds paid to Hines Aircraft Ltd. will be available for immediate use. There can be no assurance that any or all of the Units offered will be sold.

The above figures set forth are estimates and cannot be precisely calculated. No portion of the proceeds will be paid to officers or directors for expense reimbursement. The Company believes that the proceeds will be sufficient to fund its operations at anticipated levels. The Company may need additional funds to fully develop its business. The Company may attempt to get such additional funds through bank or other loans or additional equity financing. The actual application of funds cannot be precisely determined.

CAPITALIZATION

The following table sets forth the capitalization as of January 15th 2010.

Class	Authorized	Currently Issued and Outstanding	Following Present Offering (1)
Preferred Stock, no par value	60,000,000		
Common Stock, no par value	60,000,000	36,500,000	39,000,000

(1) Assumes sale of entire Offering.

DILUTION

Dilution represents the difference between the offering price of the Units and the Company's net tangible book value per share immediately after completion of the Offering. As a result of the sale of the maximum number of Units offered hereby, there would be a substantial increase in the net tangible book value of the Company's Common Stock and the purchasers of the Common Stock hereunder would suffer proportional dilution of their Shares.

THEREFORE, THE UNITS OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK. ANY PERSON CONSIDERING AN INVESTMENT IN THE UNITS SHOULD BE AWARE OF ALL THE RISKS SET FORTH IN THIS MEMORANDUM (SEE "RISK FACTORS") AND/OR SHOULD CONSULT WITH THEIR LEGAL, TAX, AND OTHER FINANCIAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE SECURITIES OFFERED HEREBY AND/OR AFFORD TO LOSE A PORTION OR ALL OF THEIR INVESTMENT AND HAVE NO NEED FOR A CURRENT RETURN ON THEIR INVESTMENT HEREOF.

The following table summarizes the total consideration paid and the average price per security paid by the Offerees purchasing Units.

Security	Number of Securities in Offering	Cost per Security (1)	Total (2)
Units (3)	2,500,000	\$ 8.00	\$ 20,000,000
Preferred Stock	0	0	0
Warrants 3	7,500,000	\$ 12.00	\$ 90,000,000

(1) Before deduction of estimated legal expenses.

(2) Assumes sale of all Units.

(3) Units consist of 1 Class 'A' Common Stock and 3 warrants one at \$6.00 and one at \$12.00 and one at \$18.00. The warrants will not be exercised during the year 2010. There is no guarantee that any of the warrants will be exercised.

COMPANY SECURITIES

The Common Stock

The Company is authorized to issue 60,000,000 shares of Common Stock of no par value. The holders of Common Stock are entitled to pro-rata dividends and distributions, with respect to the Common Stock when, as, and if declared by the Board of Directors from funds legally available for such dividends. No holder of Common Stock has any preemptive right to subscribe to any new stock, nor is any share subject to redemption. Upon the liquidation, dissolution or winding up of the Company and after payment of creditors and the preferred shareholders, assets will be liquidated and the proceeds divided pro rata on a share-for-share basis among the holders of the shares of Common Stock. All shares of Common Stock now outstanding and upon the sale of any Units are, and will be, fully paid, validly issued and non-assessable.

The Company has never paid any dividends to holders of the Common Stock. The declaration in the future of any cash or stock dividends will depend upon the Company's capital requirements and financial position, general economic conditions, and other pertinent factors. The Company does not presently intend to pay any cash or Common Stock dividends in the foreseeable future. Management intends to reinvest earnings, if any, in the development and expansion of the Company's business. No dividend may be paid on the Common Stock without approval of the Board of Directors.

The Stock is divided into two classes, Class "A" Common Stock and Class "A" Preferred Stock. The rights and privileges of both classes are identical, except that the holders of the outstanding Class "A" Preferred Stock are not eligible to receive dividends but have the right to elect a majority of the Board of Directors. The holders of the Class "A" Common Stock have the right to elect the remaining directors.

Warrants

The Class 1 Warrants (6.00) Each Class 1 Warrant entitles the holder to acquire one (1) Common Share. The Warrant must be exercised prior to the shares being called to trade on the OTC Bulletin Board or NASDAQ Small Cap. Warrant is exercisable at a price of USD \$6.00 per Share. If the Warrant is not exercised within that period the Warrant will lapse. The Warrants are severable and resalable in private transactions. The company Hines Aircraft Ltd has first right of refusal to buy the said warrant at any time.

The Class 2 Warrants (\$12.00) Each Class 2 Warrant also entitles the holder to acquire 1 Common Share and again the Warrant must be exercised within 2 years from the date the Company is called to trade. The Warrant is exercisable at a price of USD\$12.00 per Share. The Warrants are severable and resalable in private transactions, the Company Hines Aircraft Ltd has first right of refusal to buy the said warrant at any time within the period specified. If the Warrant is not exercised within that period the Warrant will lapse. Class 2 Warrants may be exercised at anytime and must be exercised by the holder after Hines Aircraft Ltd Shares trade on the OTC Bulletin Board or NASDAQ Small Cap at a price of not less than USD\$18.00 for more than 30 consecutive days. Once this occurs the Company will advise the holders of the Class 2 Warrants that they may be exercised. Once the holders of Class 2 Warrants have been notified of this, they have 30 days within which to exercise their Class 2 Warrants and remit the Warrant exercise price of USD\$12.00 per Warrant to the Company. If a holder does not exercise a Class 2 Warrant in that 30 day period the Warrant will lapse.

The Class 3 Warrants (\$18.00) Each Class 3 Warrant also entitles the holder to acquire one (1) Common Share and again the Warrant must be exercised within 3 years of the date the Company is called to trade. The Warrant is exercisable at a price of USD\$18.00 per Share. The Warrants are severable and resalable in private transactions. The Company has first right of refusal to buy the said warrant at any time. If the Warrant is not exercised within that period the Warrant will lapse. Class 3 Warrants may be exercised at anytime within the period defined and must be exercised by the holder after Hines Aircraft Ltd Shares trade on the OTC Bulletin Board or NASDAQ Small Cap at a price of not less than USD\$24.00 for more than 30 consecutive days. Once this occurs the Company will advise the holders of the Class 3 Warrants that they may be exercised. Once the holders of Class 3 Warrant have been notified of this, they have 30 days within which to exercise their Class 3 Warrants and remit the Warrant exercise price of USD\$18.00 per Warrant to the Company. If a holder does not exercise a Class 3 Warrant in that 30 day period the Warrant will lapse.

The Preferred Stock

Preferred shares issued are voting, non-participating, not eligible to receive dividends and may be converted to common stock on a one for one basis.

Original Purchase Price, Issue Date and Rank

- a. The stated issuance price of the Preferred Stock is of no par value (the "Stated Value").
- b. The date on which the first share of Preferred Stock is issued shall hereinafter be referred to as the "Original Issue Date".
- c. The Preferred Stock shall rank senior to the Common Stock and any other capital stock of the Company as to dividends and upon liquidation, dissolution or winding up.

Dividends

To the extent permitted by law and subject to the provisions of paragraph (b) hereof, the holders of shares of Preferred Stock (the "Holders") shall not be entitled to receive dividends.

Liquidation, Dissolution, or Winding up

In the event of any liquidation, dissolution or winding up of the Company (Liquidation"), the funds and assets of the Company legally available for distribution to its stockholders shall be distributed follows:

First, before any distribution shall be made to the holders of any shares of the Company, the holders of Preferred Stock then outstanding shall be entitled to be paid an amount per share equal to the Stated Value as defined in the licensing agreement between Ship Island Investments Ltd. and Hines Aircraft.

Second, to the holders of other classes of stock of the Company as required by law.

Written notice of a Liquidation, stating a payment date and the amount shall be delivered in person, mailed by certified or registered mail, return receipt requested, or sent by email, telecopier or telefax, not less than ten (10) days prior to the payment date stated therein, to the holders. Such notice is to be addressed to each holder at his/her address as shown on the records of the Company.

Voting

- a. Except as set forth in at law, each Holder shall be entitled to one vote for each share held of record with respect to any and all matters presented to the stockholders of the Company.
- b. Board of Directors. Effective with the Original Issue Date, the Board of Directors shall consist of not less than two(2) directors, as follows:
- c. so long as any shares of Preferred Stock remain outstanding, the Holders shall be entitled to elect one (1) director of the Company (the "Preferred Designee");
- d. the holders of the shares of Common Stock shall be entitled to elect the balance of the directors in accordance with the Company's Bylaws.
- e. Special Meetings. Notwithstanding anything to the contrary contained in the Bylaws of the Company, (i) any two (2) directors; (ii) the Chair of the Board of the Directors of the Company; or (iii) at least fifty-one percent (51%) of the Holders of Preferred Stock and the holders of Common Stock then outstanding, voting together as a single class; or (iv) at least fifty-one percent (51%) of the Holders of Preferred Stock then outstanding, shall be entitled to call a special meeting of the Board of Directors. The rights of the Holders to call a special meeting of the Board of Directors referred to in (iv) above shall be limited to once per annum.

Conversion

The holders of Preferred Stock shall have conversion rights on a one for one basis.

Pre-emptive Rights

If the Company should decide to issue any additional capital securities, it will first offer to sell such shares to the Holders on a pro rata basis. Notice of such proposed issuance shall be given to the Holders at least thirty (30) days prior to the proposed date of issue and they shall have a minimum of five (5) business days to notify the Company of their desire to purchase such additional shares.

Computation Definitions

The following definitions shall be used to calculate payable dividends on the Preferred Stock. All definitions apply to the period for which the calculation is made:

“Collected Gross Revenue” - cash received pursuant to invoices issued in connection with Product Sales.

“Cost of Goods Sold” - the direct costs of materials related to Product Sales.

“Finance Costs” - so long as the Company is not the borrower under any loan agreement, the amount of Accrued Dividends, and if the Company is such a borrower, then the amount of Accrued Dividends and the cost of servicing any loans.

“Manufacturing Expenses” - all costs related to fulfilling Product Orders, including allocated overhead, but excluding Cost of Goods Sold.

“Minimum Cash Balance” - an amount computed on the last business day of each month equal to the sum of estimated Cost of Goods Sold, Manufacturing Expenses and Operating Expenses for the succeeding 60 days, based on the Product Orders then held by the Company.

“Net Available Cash” – Operating Profit, less the sum of Minimum Cash Balance, the current month’s Dividend on and the amount of Accrued Dividends, if any.

“Operating Expenses” - all monthly costs, including accrued or paid taxes, incurred by the Company, excluding Costs of Goods Sold, Manufacturing Expenses and Finance Costs.

“Operating Profit” - the balance, if any, after deducting Cost of Goods Sold, Manufacturing Expenses and Operating Expenses from Collected Gross Revenue.

“Product Orders” - the actual number of aircraft ordered by customers.

“Product Sales” - the number of aircraft delivered and sold pursuant to Product Orders.

Redemption Obligation

In the event that all of the shares of the Company or substantially all its assets are sold to a third party, then the Company shall redeem (the “Redemption”) all but not less than all of the then outstanding shares of Preferred Stock at a premium that equals 125% of the funds due under the technology license agreement.

SECURITIES OFFERED

Units Offered

The company is offering, on a self-underwritten basis, at \$8.00 per Unit, up to 2,500,000 Units. Each Unit consists of 1 share of Class “A” Common Stock, no par value and 3 Warrants. For a further description of these Units, see “Company Securities.”

Non-Transferability

There is no market in the Class “A” Common Stock or in the Class “A” Preferred Stock. The Units are not transferable. A purchaser of the Units will not be able to liquidate his or her investment. The Units must be acquired by each purchaser for investment purposes only and not with a view toward distribution or resale. In reliance upon the exemption provided by Rule 506 promulgated under Regulation D of the Act, the Units are not registered under the Act or the securities laws of any State. Purchasers will have no right to require registration thereof.

Certain Federal Income Tax Considerations

In the opinion of the Company, certain material federal income tax consequences of acquiring, owning and disposing of the Common Stock are as follows, subject to the qualifications set forth in the two immediately following paragraphs.

This information is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, and Internal Revenue Service (the "IRS") rulings and judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action; any such changes could be retroactively applied in a manner that could adversely affect a holder of the Class “A” Common Stock. The following does not address all of the tax consequences that may be relevant to a purchaser in light of particular circumstances or to purchasers subject to special rules, such as foreign investors, retirement trusts, and life insurance companies. No information is provided

with respect to foreign, state or local tax laws, estate or gift tax considerations, or other tax laws that may be applicable to particular categories of investors.

This information assumes that purchasers of the Class “A” Common Stock will hold the Common Stock as a "capital asset" within the meaning of Code Section 1221.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO ANY FEDERAL, STATE, LOCAL AND FOREIGN OR OTHER TAX CONSIDERATIONS RELEVANT TO THEM.

Other Tax Aspects Associated with Investment

The following information is not intended to be tax advice. The following information is a summary of part of the applicable tax law. The tax law discussed is complex and contains many provisions not addressed here. Purchasers should consult with their own advisors as to the tax consequences of an investment.

The Internal Revenue Code has a provision giving preferential tax treatment to investments in small business corporations such as the Company. The provisions of the Internal Revenue Code giving preferential tax treatment to an investment in the Company are Section 1202 and Section 1045. Section 1202 allows 50% exclusion for gains recognized on stock in a qualified small business corporation in certain circumstances. Thus, an investor may be taxed on 50% of the profit only, assuming all applicable requirements are met. Section 1045 allows tax-deferred rollover of gain realized on the sale of stock in one qualified small business corporation if the gain is re-invested in the stock of another qualified small business corporation.

Qualified Small Business (“QSB”)

A company is a Qualified Small Business if (1) the company is a C corporation during substantially all of the holding period, (2) the taxpayer acquired the stock in an original issue from the company, (3) the company is a qualified small business under the law, and (4) the company is actively engaged in business under the law.

A taxpayer who receives the stock by gift or inheritance is generally deemed to have acquired the stock in the same manner as the previous owner.

A company is a Qualified Small Business if its aggregate gross assets do not exceed \$50 million and immediately after the issuance of the stock, the assets do not exceed \$50 million. Also, the company and its shareholders must agree to submit such reports to the Internal Revenue Service as may be required to carry out the purposes of Section 1202. Failure to make these reports can subject the company and the shareholders to penalties.

Section 1045

Section 1045 allows tax-deferred rollover of gain realized on the sale of stock in one qualified small business corporation if the gain is re-invested in the stock of another qualified small business corporation. The taxpayer must not be a corporation, the taxpayer must sell the stock, the taxpayer must have held the stock for at least six months, and the taxpayer must elect to apply Section 1045.

The taxpayer qualifying for Section 1045 treatment recognizes gain only to the extent that the amount realized from the sale exceeds the cost of any QSB stock purchased by the taxpayer within 60 days

after the sale reduced by any portion of that cost already used to shelter the amount realized on the sale of other QSB stock.

Section 1202

For taxpayers other than corporations, Section 1202 excludes from gross income 50% of the gain recognized on QSB stock held five years or more. For any one taxpayer, the maximum amount of eligible gain for a single issuer is the greater of \$10 million (less Section 1202 gain already recognized from the stock of that issuer) or 10 times the taxpayer's basis. The limit is \$5 million for married persons filing separate returns. A portion of the gain is treated as a tax preference item.

DISTRIBUTION PLAN

The Company may sell the Units in either of two ways: (i) directly to a limited number of purchasers or to a single purchaser or (ii) through registered broker-dealers.

The Units may be sold directly by the Company or through registered broker-dealer designated by the Company from time to time. Any registered broker-dealer involved in the offer or sale of the offered Units in respect of which this Private Placement Memorandum is delivered will be identified, and any commissions' payable by the Company to such registered broker-dealers will be disclosed to all Offerees.

Registered broker-dealers who participate in the distribution of the offered Units may be entitled under agreements which may be entered into by the Company to indemnification against certain liabilities, including liabilities under the Securities Act of 1933, or to contribution with respect to payments which the underwriters or representative may be required to make in respect thereof. There is no market for these Units and none is expected to develop.

THE OFFERING

The Company is offering, on a self-underwritten basis, at \$8.00 per Unit, up to 2,500,000 Units. Each Unit consists of one (1) Share of Class A Common Stock, no par value, and 3 Warrants.

There is no underwriter for this Offering. There can be no assurance that any or all of the Units being offered will be sold.

The Officers and Directors may buy Units in the Offering. None of the proceeds of the Offering will be used directly or indirectly to purchase Units in the Offering, nor will any credit be extended for this purpose. Affiliated purchasers will be making bona fide purchases for investment only. Purchases by Officers and Directors, held for investment purposes only, will be on terms identical to those applicable to the public investors. Units purchased by Officers and Directors will be restricted from transfer in compliance with Rule 144 of the Securities Act of 1933.

The Company reserves the right to reject any subscription to purchase the Units and to modify the terms of the Offering prospectively, from time to time.

In connection with the offering, the Company has agreed to indemnify its officers and directors with respect to certain liabilities including liabilities that may arise under the Securities Act of 1933. Indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of Hines Aircraft Ltd and any subsidiary pursuant to any charter, provision, by-law, contract, arrangement, and statute or otherwise. The Company has been advised

that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses in the successful defense of any such action suit or proceeding) is asserted by such director, officer or controlling person of the Company in connection with the securities being registered, the Company will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by the Company is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

DETERMINATION OF OFFERING PRICE

The offering price per share of the Units has been determined without negotiations between the Company and any Offeree. Since there is no established public market for the stock of the Company, the offering price of the Units hereunder has been arbitrarily determined. Among the factors considered in determining the price were the start-up nature of the Company, estimates of the Company's prospects, the background of the Company's management and directors and current conditions in the Company's industry. There is no relationship between the offering price and the Company's asset value, net worth or other established criteria of value, and in no event should the offering price be regarded as an indication of any future market price for the Units or the Common Stock. The offering price should not be considered to represent the actual value of the Units.

DIVIDEND POLICY

The Company has not paid any dividends since its inception and does not intend to pay any dividends on its Common Stock in the foreseeable future. The Company intends to retain earnings to finance the development and growth of its business. Except to the extent mandatory under the provisions pertaining to the Preferred, future payment of cash dividends, if any, will depend upon the Company's financial condition, results of operations, business conditions, capital requirements, future prospects and other factors deemed relevant in the opinion of the Company's Board of Directors.

REPORTS TO SHAREHOLDERS

The Company will send quarterly and annual reports to shareholders. The annual reports will include financial statements prepared internally by certified public accountants. The Company will provide shareholders with information necessary to prepare federal and state tax returns shortly after the end of each calendar year.

INDEMNIFICATION

The Company's by-laws provide for the indemnification of officers and directors relating to their Company activities to the fullest extent permitted under British Virgin Islands and Nevada corporation law. These statutes provide indemnification for any officer, director or other agent of the Company, if he acted in good faith and in a manner he believed to be in the Company's interests or, concerning criminal proceedings, if he had no reasonable cause to believe his conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 which may be permitted to directors, officers or persons controlling the registrant under the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission such indemnification is contrary to public policy as expressed in the Act and therefore is unenforceable.

LITIGATION

The Company knows of no litigation pending, threatened or contemplated, or unsatisfied judgments against the Company, or any proceeding in which the Company is a party. The Company knows of no legal actions pending or threatened or judgments entered against any of the Company's officers or directors in their capacity as such.

ADDITIONAL INFORMATION

You have the opportunity to make further inquiries of Hines Aircraft Ltd. on matters relevant to this investment. You are strongly advised to do so. Corporate records will be made available on request. You may ask questions of management.

OFFERING SUPPLEMENTS

This memorandum provides you with a general description of the securities we may offer. Each time we sell securities pursuant to this memorandum, we will provide a memorandum supplement that will contain specific information about the terms of that offering. The memorandum supplement may also add to or change information contained in this memorandum. If so, the memorandum supplement should be read as superseding this memorandum. You should read both this memorandum and any memorandum supplement together with additional information described under the heading "Where You Can Find More Information."

The applicable memorandum supplement to be attached to the front of this memorandum will describe the terms of any securities that we offer and any initial offering price to the public in that offering, the purchase price and net proceeds that we will receive and the other specific terms related to our offering of the securities. For more details on the terms of the securities, you should read the exhibits, of which this memorandum is a part.

RISK FACTORS

YOU MUST REVIEW THE RISK FACTORS VERY CAREFULLY AND CONFORM THEM TO YOUR COMPANY. MAKE SURE YOUR LEGAL COUNSEL REVIEWS THIS ENTIRE DOCUMENT.

PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN ADDITION TO THE OTHER INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM, THE FOLLOWING FACTORS FOR PURCHASING SHARES. THE ORDER IN WHICH THE FOLLOWING CONSIDERATIONS ARE PRESENTED DOES NOT NECESSARILY REPRESENT THE ORDER OF IMPORTANCE OR LIKELIHOOD OF OCCURRENCE.

THE SECURITIES INVOLVE A HIGH DEGREE OF RISK AND SHOULD BE PURCHASED ONLY BY PERSONS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THE RISKS AND SPECULATIVE FACTORS AFFECTING THE BUSINESS OF THE COMPANY PRIOR TO MAKING AND INVESTMENT.

THIS OFFERING MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS. THESE STATEMENTS RELATE TO FUTURE EVENTS OR FUTURE FINANCIAL PERFORMANCE. IN SOME CASES, YOU CAN IDENTIFY FORWARD-LOOKING

STATEMENTS BY TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "COULD," "EXPECTS," "PLANS," "ANTICIPATES," "BELIEVES," "ESTIMATES," "PREDICTS," "POTENTIAL," OR "CONTINUE." THE NEGATIVES OF SUCH TERMS ARE ALSO FORWARD LOOKING STATEMENTS. OTHER COMPARABLE TERMINOLOGY MAY ALSO BE USED. THESE STATEMENTS ARE ONLY PREDICTIONS. IN EVALUATING THESE STATEMENTS YOU SHOULD SPECIFICALLY CONSIDER VARIOUS FACTORS, INCLUDING THE RISKS OUTLINED BELOW. THESE FACTORS MAY CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM ANY FORWARD-LOOKING STATEMENT.

BUSINESS RISKS

The Company Has no Operating History, Limited Working Capital, And is in The Initial Commercialization Stage

The Company was organized on January 15th 2007. The Company has had no commercial operations to date. Since inception, it has been engaged principally in research and development, organizational activities, including developing a strategic operating plan, entering into contracts, and hiring personnel. The Company is considered a development stage company for accounting purposes because it has generated no revenue to date. Accordingly, the Company has no relevant operating history upon which you can evaluate performance and prospects. The Company is subject to all of the business risks associated with a new enterprise. These risks include, but are not limited to, risks of unforeseen capital requirements, failure of market acceptance, failure to establish business relationships, and competitive disadvantages as against larger and more established companies. See "Financial Statements."

The Company has generated no revenues to date. It will not generate material revenues until after the Company has successfully manufactured and sold its Aircraft in a significant number, of which no assurance can be given. See "Company" and "Financial Statements."

The Company is Unproven on a Large-scale Commercial Basis

The Company's manufacturing technology has never been used on a large-scale commercial basis. All tests and installations of the technology conducted to date have been done on limited quantities of material. There can be no assurance that the Company can get the same or similar results on a large-scale commercial basis or on any specific project. The Company has not used the technology under the conditions that will be required to be profitable. The Company has not used the technology in the volumes that will be required to be profitable. The Company cannot predict all the difficulties that may arise. Also, the ability to operate the business successfully will depend on a variety of factors, many of which are outside the control of the Company. These factors include competition, cost and availability of strategic components, changes in governmental initiatives and requirements, changes in regulatory requirements, and the costs associated with equipment repair and maintenance. See "Company."

The Market May Not Accept The Products

Many prospective purchasers of the Company's Aircraft have committed substantial resources to promoting the competition's products or have longstanding relationships with the Company's competitors. The growth and future financial performance of the Company will depend on its ability to demonstrate to prospective users the technical and economic advantages of the technology over the alternatives. There can be no assurance that the Company will be successful in this effort.

Furthermore, competing alternatives may be seen to have, or may actually have, certain advantages over the Company's technology. See "Company."

The Company Will Bear The Risk of International Operations

The Company will market its Aircraft in international markets. These markets include both industrialized and developing countries. International operations have various risks. These risks include political instability, economic instability and recessions, exposure to currency fluctuations, difficulties of administering foreign operations generally, and obligations to comply with a wide variety of foreign import and United States export laws, tariffs and other regulatory requirements. The competitiveness in overseas markets may be negatively impacted when there is a significant increase in the dollar's value against the currencies of other countries where the Company does business. In addition, the laws of certain foreign countries may not protect the Company's proprietary rights to its technology to the same extent as United States law. The Company may have no legal recourse in certain adverse circumstances in other countries. See "Company," "Company -- Intellectual Property" and "Company -- Competition."

The Company Will Face Competition And Technological Alternatives

The primary initial market for the Company's products will be the largest global distributors of aircraft. The Company has no experience in marketing the products. The Company has not previously had any employees or personnel whose primary responsibilities were sales or marketing functions. Other participants in both the private and public sectors include several large domestic and international companies and numerous small companies. Many of these companies have substantially greater financial and other resources. Generally, all of the competitors will already have relationships with the prospective customer that may be difficult to overcome. Many of these companies have more manufacturing, marketing and sales experience than the Company. In addition, as aircraft technology evolves, there exists the possibility that the Company's technology may be rendered obsolete by one or more competing technology. Any one or more of the competitors, or one or more other enterprises not presently known to the Company may develop technologies superior to the Company's technology. Alternative technologies, including improved propellers and low fuel consumption jet aircraft, may also compete with the Company's aircraft technology. To the extent that the competitors are able to offer more cost-effective alternatives, the ability of the Company to compete could be materially and adversely affected. See "Company."

The Company Will Face Business Risks

The aircraft business is subject to factors affecting the level of general business and economic activity including the level of private consumption, disposable income, interest rates, and availability of funds for capital investment, financial factors and the like. In bad economic conditions, people may delay Aircraft purchases. The Company may face price competition. The Company has little or no control over any of these factors. The Company may be adversely affected by these factors. See "Company."

The Company is at a Competitive Disadvantage

The Company will be in the aircraft manufacturing business. Large companies dominate the industry. All of these companies have far more experience, greater assets, financial and other resources than the Company. The Company will also compete with many other companies virtually all of which have substantially greater assets, financial resources and experience than the Company. No assurance can be given that the Company will have the financial resources, the personnel or the capability to compete effectively against any of these companies. Competition among these companies in the

Aircraft industry is especially strong. The Company will have to market the products and services in the face of this competition. If the Company is unable to successfully compete with these companies, it will rapidly lose any customers it may have and be forced to operate at a loss, or even cease operations. See "Company -- Competition."

The Company May Depend on a Few Customers

At the present time, the Company has no contracts pending. Although the Company believes that it will be able to secure such contracts, there is no assurance that such contracts will be concluded. The loss of any such contracts would cause the Company to lose a significant portion of its revenues and/or operating income. The loss of one or more key customers could substantially impair its operating results and could have a material adverse effect on its business, operating results and financial condition. See "Company."

The Company Will Risk The Effects of General Economic Conditions

The aircraft industry is sensitive to general economic conditions. The sales could be adversely affected by a sustained economic recession in the United States or in the Company's initial international markets, which include Europe, the United Kingdom, the Middle East, Mexico and Latin America. A substantial reduction in sales would have a material adverse effect on the business, operating results and financial condition. See "Company."

The Company is Not Diversified; The Company Will Concentrate on One Industry

The Company's marketing efforts initially will be concentrated in the aircraft industry. To the extent the Company will invest a relatively high percentage of the assets in this market; the Company may be more affected by any single adverse economic, political or regulatory event than its competition. See "Company."

The Company Will Depend on Key Management And Other Personnel

The Company is dependent on the efforts of the senior management and scientific staff, including Mecachrome Toronto Ltd and Ryerson University. Messrs. Hines and Harris have employment agreements and or development contracts with the Company. The proceeds of key man life insurance policies on the lives of such individuals may not be adequate to compensate the Company for the loss of any of such individuals. The loss of the services of any one or more of such persons may have a material adverse effect on the Company. See "Executive Compensation -- Employment Agreements."

The future success will depend in large part upon the ability to attract and retain skilled scientific, management, operational and marketing personnel. Prior to this Offering, the Company has not had any employees or personnel whose responsibilities were focused primarily on sales or marketing. The Company will face competition for hiring such personnel from other companies, government entities and other organizations. There can be no assurance that the Company will continue to be successful in attracting and retaining such personnel. See "Use of Proceeds," "Management" and "Executive Compensation."

TECHNOLOGY RISKS

The Company Has no Experience Manufacturing Aircraft on a Commercial Basis

To date, the Company has focused primarily on research and development and the Company is just beginning to market its products. The Company has no experience manufacturing aircraft on a commercial basis. Even if the Company is successful in developing the manufacturing of equipment, the Company does not know whether they will do so in time to meet the product commercialization schedule or to satisfy the requirements of the distributors or customers. See "Company."

The Company Will be Heavily Dependent Upon Distributors And Their Commitment to Develop The Market For The Products

A large portion of the revenue for the foreseeable future will be from sales of the products to the initial overseas distributors. The Company will grant to these distributors the exclusive territorial rights to market and distribute Hines Aircraft Ltd products. Under the distribution agreements, the Company will market the Aircraft directly to these distributors. These distributors will then seek to market the aircraft to end-users. The ability to market the aircraft is initially dependent upon distributor sales and distribution network and service capabilities. Any change in the relationship with the distributors, whether as a result of market, economic, or competitive pressures, including any decision by distributors to alter their commitments to the technology in favor of other technologies or to focus on different product solutions could harm the potential earnings by depriving us of the benefits of distributor sales and distribution network and service capabilities. See "Company."

The Company May Not Meet The Product Development And Commercialization Milestones

The Company has established internal product development and commercialization milestones and dates for achieving development goals related to technology and design improvements. The Company will use these internal milestones to assess the progress toward developing Hines Aircraft Ltd. The Company intends to be aggressive in setting the internal milestones and expect to be generally successful in meeting them. If the Company does experience delays in meeting the development goals or if the aircraft exhibit technical defects or are unable to meet cost or performance goals, including output, useful life and reliability, the commercialization schedule could be delayed. In such event, potential purchasers of the aircraft may choose alternative sources. The Company cannot guarantee that the Company will successfully achieve the milestones in the future. See "Company."

The Company May Face The Risk of Product Liability

There exists the possibility of claims for personal arising out of the products. While the products meet federal regulatory requirements, there can be no assurance that the product liability insurance will provide coverage against all claims. Claims may be made against the Company (even if covered by the insurance policy) for amounts substantially in excess of applicable policy limits. Any such event could have a material adverse effect on the business, financial condition and results of operations.

FINANCIAL RISKS

The Company is Dependent on The Proceeds of This Offering And May Need Additional Financing

The product commercialization schedule could be delayed if the Company is unable to fund the development of its manufacturing and marketing capabilities. While the Company expects that the net proceeds of this Offering, together with all other existing sources of capital, will be sufficient to fund the establishment of the Company's activities, there can be no assurance that in fact the proceeds will be sufficient. The Company may need to raise additional funds to achieve full commercialization of the product. Should that be the case the Company does not know whether it will be able to secure additional funding, or funding on terms acceptable to us. See "Use of Proceeds."

In the target markets, the Company may not be able to enter into favorable business collaborations. In addition, the lack of operational experience and limited capital resources could make it difficult, if not highly unlikely, to successfully secure major contracts. In such event, business development efforts could be limited to smaller unit orders with significantly lower potential for profit.

The business expansion will require the commitment of significant capital resources toward the hiring of technical and operational support personnel, the development of a manufacturing and testing facility for the equipment, and the building of equipment to be used both for on-site test demonstrations and off-site production. In the event the Company is presented with one or more significant contracts, the Company may require more capital to take advantage of such opportunities. There can be no assurance that such financing will be available or, if available, that such funding will be on favorable terms. If adequate financing is not available, the Company may be required to delay, scale back or eliminate certain of its development plans. To the extent the Company raises additional capital by issuing equity securities; the investors in this Offering could be diluted. See "Use of Proceeds."

The Company May be Unable to Raise Additional Capital to Complete Its Commercialization Plans

The Company's manufacturing and marketing schedule could be delayed if the Company is unable to fund the development of its manufacturing capabilities. The Company expects that the net proceeds of this Offering and all other existing sources of capital will be sufficient to fund these activities however no assurance can be given that in fact these funds will be sufficient. The Company may need to raise additional funds to achieve full commercialization of its products. The Company does not know whether the Company will be able to secure additional funding, or funding on terms acceptable to the Company. See "Use of Proceeds."

The Company Has Broad Discretion in The Application of The Proceeds

The Company has allocated approximately 25% of the net proceeds of this Offering, if the maximum amount is sold, for working capital and general corporate purposes. Accordingly, the Company will have broad discretion as to the application of a significant portion of the net proceeds of this Offering. See "Use of Proceeds."

The Industry is Cyclical

The Company is in the aircraft industry. The aircraft industry is cyclical. The Company will be subject to large swings in the business cycle. These swings in the business cycle will affect the demand for the

products. The Company will have little control over the swings in demand caused by the business cycle. See "Company."

The Company May Face Financial Risk

The development and operation of the Company will entail uncertain cash flows. This will increase the financial risk. See "Company."

LEGAL RISKS

The Company May Not be Able to Protect Important Intellectual Property

Mr. Hines first developed the aircraft technology. The Company believes they can achieve a significant proprietary position on the basic technologies used in the products. However, the ability to compete effectively against other companies will depend, in part, on the ability to protect the proprietary technology, equipment designs and manufacturing processes. The Company does not know whether any related pending patent applications will issue or, in the case of patents issued or to be issued, that the claims allowed are or will be sufficiently broad to protect the technology or processes. Even if all the patent applications are issued and are sufficiently broad, they may be challenged or invalidated. The Company could incur substantial costs in prosecuting or defending patent infringement suits. While the Company has attempted to safeguard and maintain the Company's proprietary rights, the Company does not know whether the Company has been or will be completely successful in doing so.

The Company's business would be seriously impaired if its rights in the Hines Aircraft Ltd technology are compromised in anyway. While the Company believes its patents will be strong and comprehensive there can be no assurance the patents will not be compromised. It is always possible that challenges to the science or to the processes covered within its patents may be filed by competitors, and that it may be required to expend considerable resources in defending its rights. Where patent protection is possible, it is often expensive and time consuming to obtain. Even though we maintain a patent and intend to obtain additional patents, there can be no assurance that unauthorized persons or entities will not utilize some or all of the Company's technology without compensation to the Company. In addition, third parties may allege that there has been an infringement on their patents or patent rights. Such allegations could result in protracted settlement negotiations or expensive litigation, either of which could adversely affect the Company. Furthermore, future challenges to the Company's ownership of the patents may be filed by competitors or others who allege a prior interest.

Further, competitors may independently develop or patent technologies or processes that are substantially equivalent or superior to ours. If the Company is found to be infringing third-party patents, the Company does not know whether the Company will be able to obtain licenses to use such patents on acceptable terms, if at all. Failure to obtain needed licenses could delay or prevent the development, manufacture or sale of the aircraft.

The Company will rely, in part, on contractual provisions to protect the trade secrets and proprietary knowledge. These agreements may be breached, and the Company may not have adequate remedies for any breach. The trade secrets also may be known without breach of such agreements or may be independently developed by competitors. The inability to maintain the proprietary nature of the technology and processes could allow competitors to limit or eliminate any competitive advantages the Company may have. See "Company."

Risk of Loss of J. Paul Hines

J P Hines, Chair of the Company, is a recognized and respected presence in the Aircraft industry. Mr. Hines supplies general aviation knowledge and aircraft design know-how and tradecraft valuable to the Company. Loss of the services of Mr. Hines could result in a significant impairment of the Company's future product development efforts.

Patent protection can be unpredictable and the Company may lose the advantage of its proprietary technology

Hines Aircraft Ltd currently has one Canadian patent pending and we are in the process of filing additional patents. Under the law the company is protected by international treaty in 175 other countries. The Company will in the future file foreign patent applications. The Company's success depends, in part, on the ability to obtain patents, maintain trade secrecy, and operate without infringing on the proprietary rights of third parties. There can be no assurance that the patents of others will not have an adverse effect on the ability to conduct the business, or that any of the pending patent applications will be approved. There can be no assurance that the Company will develop additional proprietary technology that is patentable or that any patents issued to us will provide us with competitive advantages or will not be challenged by third parties. Furthermore, there can be no assurance that others will not independently develop similar or superior technologies, duplicate elements of Hines Aircraft Ltd's technology, or design around the technology.

In addition to patent protection, the Company will also rely on trade secrets, proprietary know-how and technology that the Company seeks to protect, in part, by confidentiality agreements and non-competition agreements with the prospective working partners and collaborators, employees and consultants. There can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach, or that the trade secrets and proprietary know-how will not otherwise become known or be independently discovered by others. See "Company -- Intellectual Property."

The Registration Exemptions The Company is Relying on May be Unavailable

The Securities are not registered under the Securities Act of 1933 or under the securities laws of the jurisdictions where they will be offered and sold. This is in reliance upon certain claimed exemption from registration. The exemption from federal registration is complex and is often difficult to comply fully. In addition, exemptions from registration under state securities laws often depend upon the availability of exemptions from federal registration. If for any reason the Company is subject to civil liability, and the legal expense of defending any action or proceeding challenging the availability of such exemptions, this could have a material adverse impact on the Company's financial condition.

RISKS INHERENT IN THE COMPANY

The Company is A Startup Business And Your Basis For Evaluating Is Limited

The Company was formed on January 15, 2007 to engage in the aircraft business. Accordingly, you have only a limited basis upon which to evaluate the business and prospects of the Company. You should consider the challenges, expenses and difficulties that the Company will face as a development stage company seeking to develop and manufacture a new product.

The Company May Have Losses in The Foreseeable Future

The Company may not be profitable until the Company can produce sufficient revenues to cover its costs. Even if the Company does achieve profitability, the Company may be unable to sustain or increase the profitability in the future.

The Units Lack a Public Market

At present, no market exists for the Units. No market for the Units will develop or be sustained in the near future. You will be unable to resell your Units should you want to do so. Furthermore, it is unlikely that a lending institution will accept the Units as pledged collateral for loans. See "Securities Offered."

Certain Provisions of The Certificate of Incorporation May Affect us

Certain provisions of the Certificate of Incorporation and Bylaws may make it more difficult and time consuming to acquire the Company. This may reduce the vulnerability to an unsolicited proposal for the takeover. These provisions are outlined below. See "Company Securities" The Certificate also contains restrictions regarding certain mergers, consolidations, asset sales and other "Business Combinations." "Business Combinations" are defined in the Certificate of Incorporation. The above provisions could have the effect of depriving shareholders of any opportunity to sell their shares at a premium over prevailing market prices because takeovers frequently involve purchases of stock directly from shareholders at such a premium price. Further, to the extent these provisions make it less likely that a takeover attempt opposed by the incumbent Board of Directors and management will succeed; the effect could be to assist the Board of Directors and management in retaining their existing positions. In addition, the Certificate also provides that the provisions outlined herein cannot be amended, altered, repealed, or replaced without a "super-majority" vote or the approval of a majority of Continuing Directors. See "Company Securities."

The Company Relies Upon a Few Officers

The Company is wholly dependent on the personal abilities of its officers in order to develop and conduct the operations. Success will be largely dependent on the personal efforts of the key officers and the directors. The loss of the services of any key officers would have a material adverse effect on the business and prospects. The success also may be dependent, in part, upon the ability to hire and retain additional qualified sales and marketing personnel. There can be no assurance that the Company will be able to hire or retain such necessary personnel. See "Management."

The Present Shareholders Will Retain Control

Following the completion of this Offering, assuming sale of all Units, the present shareholders will own 85.1% of the outstanding Common Stock. As a result of this percentage of ownership, the existing shareholders will be able to control the management at least for the foreseeable future (see "Company Securities"). The Preferred Stock purchasers will have the right to elect one director. See "Company-Management," "Principal Shareholders" and "Company Securities."

The Promoters Will Receive Substantial Benefit

The existing shareholders have acquired their interest at virtually no cost or investment. Therefore, the risk of loss to the promoters is minimal. The risk of loss to the investors is real and substantial. Should the Company fail in the business; the loss will fall almost entirely upon the purchasers of Units offered hereby. Should the Company succeed in the business; the profits will accrue in large part to the promoters. See "Company."

The Current Principals Will Have Voting Control

At the present time, two shareholders and their affiliates own substantially all the outstanding Class A voting stock (33,000,000 shares). Even after the completion of this Offering, these shareholders will have full voting control of the Company and the Board of Directors. See "Principal Shareholders."

The Liability of The Directors And Officers is Limited

The Certificate of Incorporation includes provisions to eliminate, to the full extent permitted by British Virgin Islands and Nevada corporate law as in effect from time to time, the personal liability of the directors for monetary damages arising from a breach of their fiduciary duties as directors. The Certificate of Incorporation also includes provisions to the effect that (subject to certain exceptions) the Company shall, to the maximum extent permitted from time to time under British Virgin Islands and Nevada law, indemnify, and upon request shall advance expenses to, any director or officer to the extent that such indemnification and advancement of expenses is permitted under such law, as it may from time to time be in effect. In addition, the By-Laws require the Company to indemnify, to the full extent permitted by law, any of the directors, officers; employees or agents for acts which such person reasonably believes are not in violation of the corporate purposes as set forth in the Certificate of Incorporation. As a result of such provisions in the Certificate of Incorporation and the By-Laws, stockholders may be unable to recover damages against the directors and officers for actions taken by them which constitute negligence, gross negligence or a violation of their fiduciary duties, which may reduce the likelihood of stockholders instituting derivative litigation against directors and officers and may discourage or deter stockholders from suing the directors, officers, employees and agents for breaches of their duty of care, even though such action, if successful, might otherwise benefit the Company and the stockholders. See "Indemnification."

RISKS IN THE OFFERING AND THE SECURITIES

The Officers, Directors And Existing Shareholders May Purchase Units in This Offering

The officers, directors and existing shareholders reserve the right to purchase any Units not subscribed for by the public. Purchases by officers, directors and existing shareholders, held for investment purposes only, will be on terms identical to those applicable to the public investors.

The Investors Will Experience Dilution

Assuming the sale of all Units offered, an investor will experience an immediate dilution per share of Common Stock acquired by an investor in this Offering. Additional dilution to future net tangible book value per share may occur if the Company issues additional equity securities in the future. See "Dilution."

There is No Liquidity in The Common Stock

The Common Stock will be non-negotiable and will be offered pursuant to an exemption from registration under the Securities Act of 1933 in reliance upon intended compliance with provisions of Regulation D there under. Accordingly, the Common Stock will not be registered under the 1933 Act. To comply with this exemption, the Common Stock must be acquired by each investor for investment purposes only and not with a view to, or for resale in connection with, the sale of such Common Stock. See "Securities Offered."

The Company Does Not Expect to Pay Dividends on The Common Stock

The Company has never paid any dividends on the Common Stock. The Company has no plans to pay dividends on the Common Stock in the foreseeable future. Furthermore, pursuant to the terms governing the Preferred Stock, it is not eligible to receive dividends except in special circumstances as defined but retains voting rights.

The Company May Not Generate Sufficient Cash Flow to Pay Dividends And Redeem The Preferred Stock

The Company is a new business. There is no assurance that the Company will meet the sales projections and generate enough free cash flow to pay dividends on, or redeem the Preferred Stock.

FORWARD LOOKING STATEMENTS

The Company is using forward-looking statements:

Information contained in this Memorandum, including, without limitation, information in the "Company" section may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology as "may", "will", "would", "expect", "anticipate", "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. Certain factors including regulation by federal, state and local governments, competition and general economic conditions, among others, could cause actual results to differ materially from those in such forward-looking statements. See "Risk Factors."

NOTICES FOR U.S. INVESTORS JURISDICTIONAL NOTICES

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NASAA UNIFORM LEGEND:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

BLUE SKY NOTICES:

IT IS ANTICIPATED THAT THE SECURITIES DESCRIBED HEREIN MAY BE OFFERED FOR SALE IN SEVERAL STATES. THE SECURITIES BLUE SKY LAWS OF SOME OF THOSE STATES REQUIRE THAT CERTAIN CONDITIONS AND RESTRICTIONS RELATING TO THE OFFERING BE DISCLOSED. A DESCRIPTION OF THE RELEVANT CONDITIONS AND RESTRICTIONS REQUIRED BY THE STATES IN WHICH THE COMPANY MAY OFFER ITS SECURITIES FOR SALE IS SET FORTH BELOW, OR ATTACHED.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements under the captions "Summary of the Offering Memorandum," "Risk Factors," and "Company" and elsewhere in this Offering Memorandum are "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 ("Reform Act"). These forward-looking statements involve known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause the actual results, performance and achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See "Risk Factors."

SUITABILITY STANDARDS

Purchase of the Units offered hereby involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in investments. This Offering is intended to be made pursuant to an exemption from registration under the Securities Act. A substantial number of State Securities Commissions and securities industry associations have established investor's suitability standards for the marketing within their respective jurisdictions of offerings of securities. Some have also established minimum dollar levels for purchases in their states. The Company intends to comply with these restrictions.

The satisfaction of suitability standards does not necessarily mean that the securities are a suitable investment for a prospective investor. The Company may make or cause to be made such further inquiry and each subscriber may be required to provide such additional information as the Company deems appropriate with regard to the suitability of prospective investors. The Company in its absolute discretion may reject subscriptions, in whole or in part.

All representations by prospective investors will be reviewed and relied on by the Company in determining the suitability of such persons under applicable securities laws and regulations. No assurance can be given that a market will develop for the Preferred Stock or the Class 'A' Common Stock or if it develops that it will be maintained to allow purchasers herein to sell their securities or that resale will qualify for an exemption from registration under the state securities laws applicable to such resale. The Company does not intend to register the Preferred Stock or the Class 'A' Common Stock under any such laws.

The Company may require any subscriber acting in a fiduciary or representative capacity to submit documentary evidence of the subscriber's power and authority to subscribe for securities and invest in the Company on behalf of a person for whose account the subscriber purports to act. Whether or not

the Company requests such documentation will not affect whether the fiduciary or representative has the power and authority to subscribe for securities or make the investment on behalf of such person.

STATE NOTICE REQUIREMENTS

NOTICE REQUIREMENTS IN STATES WHERE SHARES MAY BE SOLD ARE AS FOLLOWS:

1. FOR ALABAMA RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE PURCHASE PRICE OF THE INTEREST ACQUIRED BY A NON-ACCREDITED INVESTOR RESIDING IN THE STATE OF ALABAMA MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

2. FOR ALASKA RESIDENTS: THE SECURITIES OFFERED, HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.500-3 AAC 08,506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR WILL MAKE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED AN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF A. S. 45.55.170.

THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

3. FOR ARIZONA RESIDENTS: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF ARIZONA, AS AMENDED, AND ARE OFFERED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844(1). THE SECURITIES CANNOT BE RESOLD UNLESS REGISTERED UNDER THE ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION.

4. FOR ARKANSAS RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 14(b) (14) OF THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE; APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE PURCHASE PRICE OF THE INTEREST ACQUIRED BY AN UNACCREDITED INVESTOR RESIDING IN THE STATE OF ARKANSAS MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

5. FOR CALIFORNIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE CALIFORNIA CORPORATIONS CODE, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

6. FOR COLORADO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1981, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

7. FOR CONNECTICUT RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. CONNECTICUT HAS ADOPTED THE ACCREDITED INVESTOR EXEMPTION. A SINGLE FORM MUST BE FILED WITHIN 15 DAYS AFTER THE FIRST SALE IN THE STATE.

8. FOR DELAWARE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE SECURITIES ACT AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 7309(b) (9) OF THE DELAWARE SECURITIES ACT AND RULE 9(b) (9) (11) THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE ACT OR AN EXEMPTION IS AVAILABLE.

9. FOR DISTRICT OF COLUMBIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DISTRICT OF COLUMBIA SECURITIES ACT SINCE SUCH ACT DOES NOT REQUIRE REGISTRATION OF SECURITIES ISSUES. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

10. FOR FLORIDA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE FLORIDA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE SECURITIES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA

SECURITIES ACT. THE SHARES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SAID PURCHASER, WHICHEVER OCCURS LATER.

11. FOR GEORGIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECURITIES ACT OF 1933, AS AMENDED, OR SECTION 10-5-5 OF THE GEORGIA SECURITIES ACT OF 1973 AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS THEREFROM. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.

12. FOR HAWAII RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE HAWAII UNIFORM SECURITIES ACT (MODIFIED), BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING.

THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

13. FOR IDAHO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF IDAHO ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

14. FOR ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

15. FOR INDIANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 3 OF THE INDIANA BLUE SKY LAW AND ARE OFFERED PURSUANT TO AN EXEMPTION PURSUANT TO SECTION 23-2-1-2(b)(10) THEREOF AND MAY BE TRANSFERRED OR RESOLD ONLY IF SUBSEQUENTLY REGISTERED OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

INDIANA REQUIRES INVESTOR SUITABLY STANDARDS OF A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF THREE TIMES THE INVESTMENT

BUT NOT LESS THAN \$75,000 OR A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF TWICE THE INVESTMENT BUT NOT LESS THAN \$30,000 AND GROSS INCOME OF \$30,000.

16. FOR IOWA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IOWA UNIFORM SECURITIES ACT (THE "ACT") AND ARE OFFERED PURSUANT OT A CLAIM OF EXEMPTION UNDER SECTION 502.203(9) OF THE ACT REQUIRING SALES TO ACCREDITED INVESTORS ONLY. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

17. FOR KANSAS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE KANSAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

18. FOR KENTUCKY RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF KENTUCKY, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO AN EXEMPTION FOR ACCREDITED INVESTORS. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

19. FOR LOUISIANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE LOUISIANA SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 25% OF THE INVESTORS NET WORTH.

20. FOR MAINE RESIDENTS: THESE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502(2)(R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND AS SUCH THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS PURSUANT TO REGISTRATION UNDER STATE OR FEDERAL SECURITIES LAWS OR UNLESS AN EXEMPTION UNDER SUCH LAWS EXISTS.

21. FOR MARYLAND RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MARYLAND SECURITIES

ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO AN EXEMPTION FOR ACCREDITED INVESTORS. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

22. FOR MASSACHUSETTS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

23. FOR MICHIGAN RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 451.701 OF THE MICHIGAN UNIFORM SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF MICHIGAN ONLY IF REGISTERED PURSUANT OF THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

24. FOR MINNESOTA RESIDENTS: THE SECURITIES REPRESENTED BY THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR NOT OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

25. FOR MISSISSIPPI RESIDENTS: THE SECURITIES, IF OFFERED, MUST BE OFFERED PURSUANT TO A CERTIFICATE OF REGISTRATION ISSUED BY THE SECRETARY OF STATE OF MISSISSIPPI PURSUANT TO RULE 477, WHICH PROVIDES A LIMITED REGISTRATION PROCEDURE FOR CERTAIN OFFERINGS. THE SECRETARY OF STATE DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES THE SECRETARY OF STATE PASS UPON THE TRUTH, MERITS, OR COMPLETENESS OF ANY OFFERING MEMORANDUM FILED WITH THE SECRETARY OF STATE, ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

26. FOR MISSOURI RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MISSOURI UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

27. FOR MONTANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF MONTANA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS

THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

28. FOR NEBRASKA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF NEBRASKA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

29. FOR NEVADA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEVADA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

30. FOR NEW HAMPSHIRE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW HAMPSHIRE UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTORS NET WORTH.

31. FOR NEW JERSEY RESIDENTS: THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. NOR HAS THIS DOCUMENT REFLECTING THE WITHIN OFFERING BEEN FILED WITH THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

32. FOR NEW MEXICO RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE NEW MEXICO DEPARTMENT OF REGULATION AND LICENSING, NOR HAS THE SECURITIES BUREAU PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM, ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

33. FOR NEW YORK RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, IF SUCH REGISTRATION IS REQUIRED.

THIS PRIVATE OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

PURCHASE OF THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. THIS PRIVATE OFFERING MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING, IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

34. FOR NORTH CAROLINA RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING MERITS AND RISKS INVOLVED. THE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES ARE SUBJECT TO RESTRICTIONS OR TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR SOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATUTE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

ALL PURCHASERS MUST BE PURCHASING FOR INVESTMENT.

35. FOR NORTH DAKOTA RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

36. FOR OHIO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OHIO SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING LIMITATIONS IN WHO MAY PURCHASE THOSE SECURITIES OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

37. FOR OKLAHOMA RESIDENTS: THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OKLAHOMA SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED FOR VALUE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR THE OKLAHOMA SECURITIES ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR ACTS.

38. FOR OREGON RESIDENTS: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE CORPORATION COMMISSIONER OF THE STATE OF OREGON UNDER PROVISIONS OF OAR 815 DIVISIONS 36. THIS DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE COMMISSIONER.

THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

39. FOR PENNSYLVANIA RESIDENTS: THE SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER SECTION 201 OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (THE "ACT") AND MAY BE RESOLD BY RESIDENTS OF PENNSYLVANIA ONLY IF REGISTERED PURSUANT OT THE PROVISIONS OF THAT ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d),(f),(p), OR (r), DIRECTLY FROM AN ISSUER OR AFFILIATE OF AN ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY), OR ANY OTHER PERSON WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO WRITTEN BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE/SHE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED.

NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

40. FOR RHODE ISLAND RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE BLUE SKY LAW OF RHODE ISLAND, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

41. FOR SOUTH CAROLINA RESIDENTS: IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE PERSON OR ENTITY CREATING THE SECURITIES AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY

FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

42. FOR SOUTH DAKOTA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER CHAPTER 47-31 OF THE SOUTH DAKOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION, EXEMPTION THEREFROM, OR OPERATION OF LAW.

EACH SOUTH DAKOTA RESIDENT PURCHASING ONE OR MORE SHARES MUST WARRANT THAT HE HAS EITHER (1) MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$30,000 AND A MINIMUM ANNUAL GROSS INCOME OF \$30,000 OR (2) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$75,000. ADDITIONALLY, EACH INVESTOR WHO IS NOT AN ACCREDITED INVESTOR OR WHO IS AN ACCREDITED INVESTOR SOLELY BY REASON OF HIS NET WORTH, INCOME OR AMOUNT OF INVESTMENT, SHALL NOT MAKE AN INVESTMENT IN THE PROGRAM IN EXCESS OF 20% OF HIS NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES).

43. FOR TENNESSEE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TENNESSEE SECURITIES ACT OF 1980, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

44. FOR TEXAS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TEXAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

45. FOR UTAH RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE UTAH UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED LIABILITY OF THE OFFERING.

THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

46. FOR VERMONT RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VERMONT SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS HEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

47. FOR VIRGINIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VIRGINIA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

48. FOR WASHINGTON RESIDENTS: THIS OFFERING HAS NOT BEEN REVIEWED OR APPROVED BY THE WASHINGTON SECURITIES ADMINISTRATOR, AND THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT (THE "ACT") OF WASHINGTON CHAPTER 21.20 RCW AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF WASHINGTON ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

49. FOR WEST VIRGINIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WEST VIRGINIA UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

50. FOR WISCONSIN RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WISCONSIN UNIFORM SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING.

THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

51. FOR WYOMING RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WYOMING UNIFORM

SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

WYOMING REQUIRES INVESTOR SUITABILITY STANDARDS OF \$250,000 NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES), AND AN INVESTMENT THAT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.



Hines Aircraft Ltd

A DEVELOPMENT STAGE COMPANY

FINANCIAL STATEMENTS
For the fiscal period ending January 15th 2008
Un-audited

HINES AIRCRAFT LTD
(A Development Stage Company)

STATEMENT of INCOME & EXPENSE
For the Period Ending January 15, 2008

(Un-audited)

Income and expenses are for the period January 15th 07 to January 15th 08. The company has no sales and is entirely reliant on the placement of shares and advances from its directors for operating capital.

Period to: January 15 2007 January 15 2008

RECEIPTS

From Directors	500,000	390,000
From share sales	0	<u>420,000</u>
Total for the period		810,000

EXPENSES

Management fees, deferred		
Dr L Harris, deferred		70,000
J P Hines, deferred		144,000
C Bracey-Gibbon, deferred		50,000
Consulting fees: see financing model		244,000
Design contracts		27,000
Financing fees		18,500
Management fees (outside)		30,000
Legal		10,000
Accounting		
Travel and Entertainment		8,000
Overheads		<u>24,000</u>
Total for the period		625,500
Less deferred management fees		<u>264,000</u>
Cash Expended (net of deferred fees)		361,500

Note: no expenses were charged for period leading up to the formation and start up of the company

HINES AIRCRAFT LTD
(A Development Stage Company)

BALANCE SHEET
For the Period Ending January 15th, 2008

(Un-audited)

ASSETS

Current

For the period ending	January 15 th 2007	January 15 th 2008
Cash	50,000	9,000
Stock and negotiable Securities	297,500	422,500
Due from the sale of securities	0	175,000
Total Cash and Securities	\$347,500	606,000

Fixed

Furniture & Fixtures	4,000	4,000
Vehicles Note (1)	120,000	95,000
Licensing rights Note (2)	10,000,000	10,000,000
Total fixed Assets	10,124,000	<u>10,099,000</u>
Total Assets	\$10,471,500	10,705,000

LIABILITIES

Accounts payable	3,500	21,500
Contracts Note (3)	27,500	22,500
Notes payable Note (4)	\$10,000,000	8,500,000
Total Liabilities	\$10,031,000	8,544,000
Equity, Capital stock <i>Note (5)</i>	440,500	<u>2,261,500</u>
<u>BALANCE</u>	\$10,471,500	10,705,000

HINES AIRCRAFT LTD
(A Development Stage Company)

STATEMENT OF CASH FLOW
For the Period ending January 15, 2008

(Un-audited)

The company is reliant on the proceeds from its offering and management advances for all operations.

Sale of capital stock @\$4.00 per share	419,500
Advances from management: Dr. L. Harris deferred fees	100,000
J Paul Hines advances	240,000
Chris Bracey- Gibbon deferred fees	<u>50,000</u>
Total	809,200

HINES AIRCRAFT LTD
(A Development Stage Company)

STATEMENT OF CHANGE IN STOCKHOLDER'S EQUITY
For the Period Ending January 15, 2008

(Un-audited)

Shares issued from the sale of stock	105,000
Issue to J P Hines for license rights	10,000,000
Shares issued at the begins of the period	21,000,000
Issued during the fiscal year for 1) Share purchases	4,105,000
2) Reduction in license fee	<u>10,000,000</u>
Total at the end of the period	34,105,000

HINES AIRCRAFT LTD.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
For the Period Ending January 15, 2008

(Un-audited)

As at January 15, 2008:

HISTORY AND OPERATIONS

Hines Aircraft Ltd was organized on or before January 15, 2007 under laws of the British Virgin Islands with a subsidiary in the Nevada USA. Since inception, the primary business of the Company has been the development of our Aircraft and its proprietary propulsion system for the production of Aircraft. Patents were filed in September 2007 which gives the company “Patent Pending” status.

BASIS OF ACCOUNTING

The Company had selected January 15th as its fiscal year end with its next annual financial report was to be due January 15th 2009. In a meeting held on January 15th 2008 the date for the next annual report was extend by 6 months to June 30th 2009. Interim reports will be filed. The company has adopted the accrual method of accounting.

SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

1. Cash and cash equivalents: Cash and cash equivalents are comprised of cash and liquid investments with maturity of three months or less when purchased. Securities are valued at market value.

2. Equipment and furniture: Equipment and furniture are stated at their acquisition cost. The cost of replacements, renewals, and betterments, that neither add materially to the value of the equipment and furniture, nor appreciably prolong their lives are charged to “expense” as incurred. Depreciation is provided using the straight-line method over the estimated useful lives, which generally ranges from two to five years.

See Note 1, is an Aircraft, A Cessna 210D SN58303 with the call sign C-GZTR

3. Intangible assets: Intangible assets, such as technology rights licensed by the inventor are owned by the Company and are carried at cost, less amortization. Research and development expenses are capitalized.

Note (2), is the licensing right to produce the technology invented by J Paul Hines, President and CEO.

4. Income taxes: The provision (benefit) for income taxes is based upon the pre-tax earnings (loss) reported in the financial statements, adjusted for transactions that may never enter in the computation of income taxes payable. A deferred tax asset or liability is recognized for the estimated future tax effect attributable to temporary differences in the recognition of income and expense or financial statements and income tax purposes. A valuation allowance is provided in the event that the tax benefits are not expected to be realized.

5. Earnings (loss) per share: Earnings (loss) per common shares are based upon the weighted number of common shares outstanding during the period.

6. Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Revenue recognition: The Company expects to derive revenue from sales of its products. Revenues will be recognized upon the delivery of its products.

8. Research, development, advertising and start-up costs: Research and development, advertising, and start-up costs are charged to expenses as incurred.

9. Concentration of risk and credit risk: The Company is operating solely in the Aircraft manufacturing industry specializing in an improved propulsion system. Its operations in this area require aggressive market penetration. Competing entities generally have more extensive resources and have been operating for longer periods of time. The Company does not have a material concentration of accounts receivable or other credit risk at the present time.

10. Impairment of long-lived assets: The Company has not recognized any charges from impairment of its long-lived assets, as it believes that its long-lived assets have not been impaired.

11. Financial instruments: Assets and liabilities, as a matter of accounting policy, are reflected in the accompanying financial statements at values that the Company considers representing their respective fair values.

12. Technology: the Company owns its intellectual property outright for the manufacture of Aircraft and other related equipment.

COMMON AND PREFERRED STOCK

Preferred stock: The Company is authorized to issue 60,000,000 shares, no par value per share of preferred stock, in various series with the rights and preferences of the each series determined by the Board of Directors. As of January 15, 2008, no shares had been issued.

Common stock: The Company is authorized to issue 60,000,000 Class 'A' Common shares of no par value per share. As of January 15, 2008, 24,105,000 shares were issued and outstanding.

Note 3: Contract for preliminary design and verification of theories with:

(a.) Ryerson University...

(b.) Mecachrome International Inc., Toronto Office... (Expired)

Note 4: The note payable is to license the technology from Ship Island Investments Ltd (Ship). All right title to place the license was conveyed to Ship by J. Paul Hines, inventor of the technology.

Note 5: Certain assets owned by Ship Island Investments have been transferred to the project to provide the initial and sustaining capital

Prepared by management:

J. Paul Hines

J Paul Hines
President & CEO