



### US Aerospace, Inc. (OTCBB:

**USAE)** is engaged in the production of aircraft assemblies, structural components, and highly engineered, precision machined details for the United States Department of Defense, United States Air Force, Lockheed Martin Corporation, The Boeing Company, L-3 Communications Holdings, Inc., the Middle River Aircraft Systems subsidiary of General Electric Company, and other aircraft manufacturers, aerospace companies, and defense contractors. USAE supplies structural aircraft parts for military aircraft such as the P-3 Orion, and wide-body commercial airliners such as the Boeing747.

USAE is also a leading manufacturer and remanufacturer of specialized aircraft machining tools, including vertical boring mills and large Vertical Turning Centers ("VTCs") used to manufacture the largest jet engines, airplane landing gear and other precision components for aerospace and other industries.

In our opinion, USAE presents an opportunity of epic proportions. This could be one of the first times investors have had the chance to get in on the ground floor of a company that has such tremendous potential in a \$200 billion industry. We suggest you do your homework and get involved in this growing company now.

Incorporated in the state of Delaware on August 1, 1980, USAE operates through its wholly-owned subsidiaries, Precision Aerostructures, Inc. ("PAI") and New Century Remanufacturing, Inc. ("NCR").

### Precision Aerostructures

On October 9, 2009, USAE entered into a share exchange agreement to acquire PAI pursuant to which the sole shareholder of PAI agreed to transfer all capital stock of PAI to USAE.

Through PAI, USAE is an emerging world class supplier of complex structural airframe machined components and assemblies for commercial and military aircraft builders in the United States and around the world. PAI specializes in engineering, and manufacturing of precision computerized numerical control ("CNC") machined multiaxis structural aircraft components, with tolerances of up to +/- .0001" on ferrous and non-ferrous metals.

PAI's capabilities include high speed three, four and five axis precision CNC machining of titanium, aluminum, stainless steel, and nickel-chromium-based superalloys. PAI's aircraft component products include wing ribs, stringers, spars, longerons, bulkheads, frames, engine mounts, chords, and fittings. In addition, PAI designs and fabricates tools and fixtures.

### Century Turn

NCR manufactures large VTC lathes and attachments under the trade name Century Turn. Through NCR, USAE is also engaged in acquiring, re-manufacturing and selling pre-owned CNC machine tools to manufacturing customers. In addition, NCR provides rebuilt, retrofit and re-manufacturing services for numerous brands of machine tools. The re-manufacturing of a machine tool,

OTCBB Symbol: USAE

Current Price: \$0.20

Shares Outstanding: 21.05 million

Market Cap: \$3.16 million

52 Week Trading Range:

52-Week Low: \$0.01

52-Week High: \$0.30

Corporate Offices:

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Santa Fe Springs, CA 90670

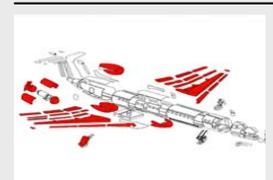
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Through its Precision Aerostructures unit, USAE is an emerging world class supplier of complex structural airframe machined components and assemblies for commercial and military aircraft builders around the world.



USAE boasts customers like the United States Department of Defense, United States Air Force, Lockheed Martin Corp., The Boeing Company, L-3 Communications Holdings, Inc., the Middle River Aircraft Systems subsidiary of General Electric Company.

typically consisting of replacing all components, realigning the machine, adding updated CNC capability and electrical and mechanical enhancements, generally takes two to four months to complete. Once completed, a remanufactured machine is a "like new," state-of-the-art machine with a price ranging from \$275,000 to \$1,000,000 or more, which is approximately 40%-50% of the price of a new machine.

CNC machines use commands from onboard computers to control the movements of cutting tools and rotation speeds of the parts being produced. Computer controls enable operators to program operations such as part rotation, tooling selection and tooling movement for specific parts and then store the programs in memory for future use. The machines are able to produce parts while left unattended. Because of this ability, as well as superior speed of operation, a CNC machine is able to produce the same amount of work as several manually controlled machines, as well as reduce the number of operators required; generating higher profits with less re-work and scrap. Since the introduction of CNC tooling machines, continual advances in computer control technology have allowed for easier programming and additional machine capabilities.

A vertical turning machine permits the production of larger, heavier and more oddly shaped parts on a machine, which uses less floor space when compared to the traditional horizontal turning machine because the spindle and cam are aligned on a vertical plane, with the spindle on the bottom.

Over the last five years, NCR has designed and developed a large



horizontal CNC turning lathe with productivity features new to the metalworking industry. NCR has applied for a patent for the Century Turn Lathe. In our opinion, a potential market for the Century Turn Lathe, in addition to the markets mentioned above, is aircraft landing gear.

### Management

**David Duquette, Chief Executive Officer** - Mr. Duquette has served as CEO and a member of the board since 2001. Over the last 40 years, Mr. Duquette has manufactured or remanufactured over 1,000 machine tools serving various industries with an emphasis on aerospace. He has been responsible for manufacturing the first-piece produc-

tion part for aircraft engine components, landing gear, and aerospace parts.

Mr. Duquette has designed, built, remanufactured and sold equipment to the world's largest aerospace defense contractors and aircraft manufacturers, including General Dynamics Corporation (NYSE: GD), Northrop Grumman Corporation (NYSE: NOC), McDonnell Douglas Corporation, The Boeing Company (NYSE: BA), and many others. He founded US Machine Tools, which was sold to Bendix Corporation, now a division of Honeywell International, Inc. (NYSE: HON). Mr. Duquette began his career at the Pratt & Whitney Aircraft Division of United Aircraft Corporation, now United Technologies Corporation (NYSE: UTX).

He studied Electrical Engineering at University of Wisconsin and in the U.S. Naval Reserves.

**Michael Cabral, President -**

Mr. Cabral has over 30 years experience in the aerospace industry. Mr. Cabral founded Precision Aerostructures, Inc., which holds multiple certifications and is approved as a direct supplier to the United States Department of Defense, in 2007. He has designed, engineered and supplied precision aircraft assemblies, structural aircraft components, and precision machined details for Lockheed Martin Corporation (NYSE: LMT), L-3 Communications Holdings, Inc. (NYSE: LLL), the Middle River Aircraft Systems subsidiary of General Electric Company (NYSE: GE), and many other aerospace companies, defense contractors, and aircraft manufacturers around the world.

Mr. Cabral has been employed in various executive, manufacturing and quality engineering capacities with McDonnell Douglas, The Boeing Company (NYSE: BA), Hughes Helicopter Division, Honeywell International, Inc. (NYSE: HON), Allied Signal Division, and Goodrich Corporation (NYSE: GR), Rohr Industries Division, as well as serving with some of the country's leading aerospace engineering and manufacturing subcontractors.

**Board of Directors**

**Jerrold Pressman, Chairman -**

Mr. Pressman founded Master Protection Corporation, now a division of Tyco International Ltd. (NYSE: TYC), and served as its President and CEO for more than 20 years, expanding the business to one of the largest safety protection companies in the world, with more than 50 branch offices, 400 franchises and 2,000

trained technicians throughout the United States.

For more than 20 years, Mr. Pressman has been a principal investor and business advisor to True Position Technologies, Inc., a world-class manufacturer of precision machined parts and assemblies for the aircraft, aerospace, and commercial industries. He has founded and served as Chairman of numerous companies in investment, technology and business development, including since 2003, EPD Investment Co., LLC, which funds private and public companies, and finances aerospace and other equipment leasing and acquisition.

Mr. Pressman served the Federal Government for a period of 10 years as Co-Chairman of the Board of Visitors, via appointments from two U.S. Presidents, and represented the Federal Emergency Management Agency (FEMA) with the U.S. Congress in implementing legislation throughout the country, and interfacing with state emergency management agencies.

He served on the staff of California State University, Los Angeles, as an Instructor and Chairman of the Research and Scholarship Committee.

**Michael Goldberg, Director -**

Mr. Goldberg has served as a director and CEO of IDO Security Inc. (OTCBB: IDOI), which designs and develops electromagnetic homeland security devices for airport screening, since July 2006.

He served as a director and qualified audit committee financial expert for aerospace company Kreisler Manufacturing Corporation (NASDAQ: KRSL), which manufactures precision machined

components and high-quality engineered assemblies for military and commercial aircraft engines, from August 2003 to December 2006.

There and as a consultant for OAO Corporation, now the Technology Services unit of Lockheed Martin Corporation (NYSE: LMT), Mr. Goldberg has experience with the procurement, bidding and protest processes inherent in the aerospace industry as it relates to large contracts and the federal government. OAO subcontractors included Digital Equipment Corporation, Hewlett-Packard Company (NYSE: HPQ), and User Technology Associates, Inc., now a division of DigitalNet Holdings, Inc. (NASDAQ: DNET).

Over a 25-year career, Mr. Goldberg has served as senior executive, legal counsel and advisor for numerous private and public companies.

**James D. Henderson, Director**

Mr. Henderson served as Chief of the Los Angeles Strike Force on Organized Crime and Racketeering for the United States Department of Justice, with primary responsibility for the conduct of all federal law enforcement agency organized crime investigations and prosecutions in the Southwestern United States. He also supervised and conducted covert operations throughout the United States which uncovered corruption by organized crime figures and government officials.

Mr. Henderson has more than 20 years in private practice, consulting clients extensively in the areas of U.S. Securities Exchange Act compliance for public companies, Federal Government contracts investigations, Foreign Corrupt Practices Act compliance, SEC investigations, international

legal matters, and enforcement of Federal statutes and administrative regulations. He is a former member of the American Bar Association's Grand Jury and Pretrial Procedures Committee, and maintains working contacts with U.S. Government attorneys and officials throughout the country.

Mr. Henderson holds a B.S. in Political Science from Northwestern University, and a J.D. from Arizona State University College of Law.

***Randall Humphreys, Director***

- Mr. Humphreys founded and has served as Chairman and a Managing Director of Glenwood Capital, LLC, providing operational and turnaround management consulting, and principal investing in private and public companies, since 1997.

In 1996, Mr. Humphreys led the diversification effort of St. Joseph Light & Power Company, a 125 year old, New York Stock Exchange listed, investor owned utility. Previously, he was a member of the investment team Brierley Investments Limited, North American operations, where he served as a senior officer and board member of BIL portfolio companies, including formation of strategic joint ventures.

Mr. Humphreys has served as a director or strategic advisor to multiple public and private companies. He received a B.S. in Milling Science from Kansas State University.

***Kenneth Koock, Director*** - Mr. Koock served as director and Vice-Chairman of M.H. Meyerson & Co., Inc. (NASDAQ: MHMY), a licensed broker-dealer and market maker in over 4,000 NASDAQ and over-the-counter securities,

from 1977 to 2003.

Mr. Koock was involved with raising hundreds of millions in equity funding through IPOs, follow-on public offerings and private placements with several investment banks. He has served as Chairman of Angstrom Technologies, Inc., specializing in security and detection systems, since 2001. He is also Chairman & CEO of Sydys Corporation. Mr. Koock previously served as Co-Chairman of VSUS Technologies, Inc., and as a director of several other public companies.

Mr. Koock received his BA from Duke University and JD from St. John's University School of Law.

**Industry Overview**

PAI's primary industry segment is the manufacture of component parts for the aircraft industry. The U.S. aerospace industry market for parts is estimated to be over \$200 billion annually. The primary industry segments in which NCR machines are utilized to make component parts include aerospace and military.

Although there are near-term market uncertainties, the long-term outlook for the aircraft industry is positive due to the fundamental drivers of air travel growth: economic growth and the increasing propensity to travel due to increased trade, globalization and improved airline services driven by liberalization of air traffic rights between countries. Boeing's 20-year forecast is for a long-term average growth rate of 5% per year for passenger and cargo traffic based on a projected average annual worldwide real economic growth rate of 3%. Based on long-term global economic growth projections, and factoring in increased utilization of the

worldwide airplane fleet and requirements to replace older airplanes, a \$3.2 trillion market for 29,000 new airplanes is projected over the next 20 years.

Because many of USAE's machines and parts are ultimately used for the U.S. Military, the national defense budget and procurement funding decisions drive demand for its business. The U.S. Department of Defense (DoD) budget has been increasing over the past few years, and government spending requirements for procurement, operations and maintenance for 2010 and beyond will continue to be affected by the global war on terrorism and the related fiscal consequences of war. Spending on recapitalization and modernization of defense and homeland security assets is also expected to continue to be a national priority. The United States faces a complex and rapidly changing national security environment. The recently released 2010 Quadrennial Defense Review emphasizes the related challenge of rebuilding readiness at a time when the DoD is pursuing growth and modernization. In our opinion, we do not expect defense requirements to change significantly in the foreseeable future, and the size of national security budgets is expected to remain responsive.

NCR provides manufactured and remanufactured machines as part of the machine tool industry. The machine tool industry worldwide is approximately a \$30 billion business annually. The industry is sensitive to market conditions and generally trends downward prior to poor economic conditions, and improves prior to an improvement in economic conditions. The

market for machine tools is also sensitive to economic conditions, production capacity utilization and the general level of business confidence.

NCR machines are also utilized in a wide variety of other industry segments, including green technology power generation turbines such as windmills, large medical diagnostic equipment, energy, valves, fittings, oil and gas, machinery and equipment, and transportation.

### **Customers, Suppliers, and Marketing**

PAI has three primary customers, the largest of which is General Electric. PAI markets to aerospace companies worldwide.

Each year NCR has approximately 50% new customers and 50% repeat customers. NCR has on average between 14 and 30 machines under contract. In 2009, NCR had 10 customers and in 2008 had 19 customers. NCR sells its products to customers in the United States, Canada and Mexico.

PAI's largest suppliers are Morrells, Peen-Rite and Castle Metals. NCR's three largest suppliers are GE Fanuc Automation, Bearings and Drives and Sandvik Coromant.

PAI obtains contracts for its products and services primarily through the process of competitive bidding. Average sales cycles, which generally commence at the time a prospective customer issues a request for proposal and ends upon delivery of the final product to the customer, may range from less than six months to more than two years. All U.S. Government contracts, including subcontracts where the U.S.

Government is the ultimate customer, may be subject to termination at the election of the government.

The primary limitation on or ability to bid for and obtain more contracts is usually a lack of liquidity and capital resources. In our opinion, access to the public markets could make this less of a challenge for USAE.

NCR markets its CNC turning lathes primarily through direct sales and independent representatives throughout the United States. NCR also markets its lathes through advertising in industrial trade publications. NCR has engaged the services of three independent sales representatives.

Additionally, NCR markets its CNC vertical boring mills by advertising in regional and national trade publications and distribute product literature explaining the differences between used and remanufactured machinery.

### **Business Strategy and Market Development**

USAE's business strategy is to develop and maintain positions of technical leadership in the aerospace and defense markets, to grow the amount of content and volume of product sold to those markets, and to selectively acquire businesses with similar technical capabilities. There is unmet demand and a backlog of orders for many suppliers within the aerospace and defense industries, which, in our opinion, represents a significant opportunity for growth.

PAI's business is generally not seasonal. NCR's business is subject to seasonal fluctuations

in sales, with a pattern of net sales being lower in the second fiscal quarter, due to plant closings in the summer months and vacations.

### **Summary**

As contracts fall into place for this up and coming defense contractor, we expect to see the USAE share price go ballistic. USAE only has 21 million shares outstanding and almost no debt. Its management team has combined industry experience of more than 70 years, including the big boys like Boeing, Hughes Helicopter, Pratt and Whitney, and Goodrich Aerospace. You don't get to call the shots at a multi-billion company without knowing a thing or two about the Aerospace business.

As a result of opportunities in the industry, we expect to see the share price of US Aerospace, Inc. (OTCBB: USAE.) move significantly higher, possibly over the next 30 to 45 days. It's not often that an opportunity of this magnitude comes along, but when it does, fortune usually goes to the ones who are bold enough to act decisively. We don't need to tell you this, but as a reminder: no one ever made a dime in small-cap stocks by sitting on the sidelines.

And for those of you who missed out on other recent winners – stocks like Revett Minerals (500%), Pacific Webworks (420%), and KCM Holdings (400%) – I have this to tell you: DON'T MISS OUT AGAIN. Step up to the plate, and take a position in UAC America, Inc. before the wave of Wall Street buying sends this stock (NCNC) into overdrive.