Aerospace Program Funding: Stavatti's "Mustang Model" Approach in Context
10 March 2026

Aerospace Program funding has long balanced private company risk with strategic customer commitments, a model that produced many of history's most successful aircraft. Stavatti Aerospace Ltd is deliberately following this proven pathway, often called the "Mustang Model" in its current $850 million Regulation D Rule 506(c) equity offering launched in February 2026. This private placement, open exclusively to accredited investors at $5 per common share, funds prototyping and early production of the SM- 26 Sleek, SM-28 Machete, SM-31 Stiletto, SM-39 Razor, SM-100 Transport, and SM-150 Sportplane while initiating the Stavatti EV program. By raising private capital first, Stavatti mirrors the entrepreneurial risks and rapid execution that defined iconic programs rather than relying on traditional government led development cycles.

The P-51 Mustang exemplifies this approach. In April 1940, Britain's Purchasing Commission sought licensed production of the Curtiss P-40. North American Aviation instead proposed an entirely new fighter. The British accepted a conditional contract for 320 aircraft based on a concept, with the prototype required in 120 days. North American delivered the NA-73X prototype in just 102 days. The result: 15,875 Mustangs produced and one of the greatest fighters of all time. Similarly, Boeing "bet the company" on the B-17 Flying Fortress prototype in the 1930s, absorbing overruns to win production contracts. For the KC-135 Stratotanker and 707 jetliner, Boeing privately funded the Dash 80 prototype with $16 million (two thirds of its cash reserves) to meet anticipated military tanker and commercial jet needs. This single company funded aircraft spawned both the KC-135 program and the 707, which generated over $1 billion in profits for Boeing.

The F-4 Phantom II followed a parallel private venture path. McDonnell Aircraft developed the design unsolicited as an evolution of the F3H Demon. Navy interest led to prototypes, then full production without a lengthy government directed demonstration phase. Northrop's early success with the N-3PB patrol bomber for Norway in 1940 further shows how a new company, backed by private capital and an initial customer order, could rapidly scale into major U.S. programs like the P-61 and F-89.

These historical models contrast sharply with today's dominant U.S. military procurement approach. Most modern programs, such as the F-35 Joint Strike Fighter, rely on extensive government funding through formal RFPs, competitive bids, and multi year development contracts. While this provides stability, it often results in 10 to 20 year timelines, heavy bureaucratic oversight, and shared (or shifted) risk via fixed price contracts that have produced billions in contractor losses for programs like Boeing's KC-46. Government funding drives requirements creep and risk aversion, slowing innovation.

Boeing's commercial aircraft strategy offers another instructive parallel. The company has repeatedly self funded major programs, including the 727, 737, 747, 777, and 787 using internal capital and private financing to develop aircraft ahead of firm airline orders. This "sell what you make" approach allowed Boeing to capture market leadership by demonstrating capability first, then scaling production once demand materialized. The 707/KC-135 example shows how private investment can simultaneously serve military and commercial markets.

Stavatti's $850 million raise directly applies these lessons. As a private offering under Regulation D Rule 506(c), it provides dedicated program development capital without the delays or strings of traditional government contracts. Proceeds of this offering will enable the engineering development of aircraft as well as their prototying and flight testing. This in-turn will de-risk new aircraft and secure initial customer commitments (Letters of Intent or conditional orders), exactly as the British did with the Mustang or Boeing did with the Dash 80. With the flight testing and demonstration of prototypes, Stavatti can leverage backlog for production financing, debt, or further rounds, positioning the company for the rapid scaling seen in historical successes.

Under this private equity structure, it is necessary for patriotic accredited investors to step forward and participate as equity investors in order to ensure the success of Stavatti aircraft projects. Many of these projects are critical to national defense and national security for both the United States and NATO allies

as the current development and procurement model is unable to deliver effective, high performance weapon systems that are affordable to enable the purchase of sufficient quantities of military aircraft to address genuine force structure needs, especially in a time of war. Failure of sufficient investors to participate poses significant challenges, including potential delays in prototyping, flight testing, and production timelines that could slow the realization of the company's $1.5 trillion revenue pipeline. In such circumstances, a public private partnership structure may become essential to complete a successful fundraise. This model would involve government entities, such as the Department of Defense or allied air forces, providing conditional procurement contracts, matching funds, loan guarantees, or performance based milestones in tandem with private equity commitments, directly replicating the historical Mustang Model and Tomcat Model that enabled rapid development through combined private venture risk and customer orders.

Launched on 1 February 2026, Stavatti's $850 million Regulation D Rule 506(c) offering directly applies these lessons by providing flexible early private capital to de risk prototypes and secure customer commitments. Once performance is proven, backlog can support further financing and rapid scaling.

Stavatti advocates defense establishments, in particular the Department of Defense, to embrace genuine procurement and acquisition reform, a key component of which is adopting a public private partnership approach whereby the Department of Defense assists in the commercial development of new advanced defense products, such as next generation military aircraft, in a manner that works effectively for both industry and the service branches to develop and procure defense products affordably.

Under Stavatti's proposed model, private sector investors and lenders, including top tier banks, will fund the development of next generation aircraft so long as a purchase order or contract exists that guarantees the procurement of a specific number of new aircraft upon the successful development and production launch of the aircraft, provided the aircraft meets clearly defined specifications and performance requirements within an acceptable target margin. This kind of performance based bank guarantee would allow the investment and financial community to support funding new military aircraft development knowing that they will achieve a return on investment based upon a firm order provided the product developed meets clearly defined and achievable requirements. This performance driven contract award approach is largely identical to the historical Mustang Model while blending private sector funding of development that is secured and guaranteed by a known promise of procurement.

Stavatti's strategy revives the entrepreneurial, customer committed private venture model that built American aerospace dominance. The $850 million private raise is the modern equivalent of North American's Mustang gamble or Boeing's Dash 80 investment: disciplined private capital funding prototypes to unlock orders, innovation, and long term value creation in an industry historically transformed by bold company risk rather than bureaucratic process alone. Full documentation, including the 850M Pitch Deck, Use of Funds, historical Mustang Model analysis, and Regulation D offering materials, including a the 850M Private Placement Memorandum (PPM) are available to qualified accredited investors. Complete program briefings, including white papers, business and strategic production plans as well as draft and unsolicited proposals are available for the DoD as well as allied defense reformers.

NIAGARA FALLS
9400 Porter Road
Niagara Falls, NY
14304 USA

MAIL STOP
P.O. Box 3010
Niagara Falls, NY
14304 USA

MN TEL: 651-238-5369
NY TEL: 716-205-8396
email: aerospace@stavatti.com
https://www.stavatti.com

CAGE: 8GT89 • DDTC: M45748 • DDTC: K-8265 • UEI: GSJ9JXA9FEE4

STAVATTI
STAVATTI AEROSPACE LTD