

CESSNA AIRCRAFT



Jack Pelton, President of Cessna Aircraft

Jack J. Pelton is chairman, president and chief executive officer for Cessna Aircraft Company, the leading worldwide manufacturer of general-aviation (GA) aircraft. Headquartered in Wichita, Kan., Cessna has produced more than 191,000 aircraft since its founding in 1927, including the largest global fleet of approximately 5,400 business jets. *Flying Adventures* spoke with Mr. Pelton about how the current economic downturn is affecting GA.

FA: The current economic downturn has affected all aviation manufacturers. Does Cessna have any kind of forecast for when things will begin to trend back toward prosperity?

JP: The crystal ball has great clarity for the end of each week. All kidding aside, it is very difficult to understand when we will recover from the economic crisis. There are many factors that have to improve. Housing, employment and lending are the primary indicators. Our planning assumes that 2009 will be a down year with a recovery not occurring until 2010.

FA: Is Cessna's piston singles or Citation business affected more than the others? If so, why?

JP: We really saw our piston business begin to be affected in early 2008 due to the high cost of fuel. We made the adjustments in production volumes to account for the slowdown in 2008. The good news is fuel prices are going down, finally. Our Citation business was impacted in October 2008 by the global financial meltdown. We saw a significant drop in order intake and a new phenomenon of financing difficulty for current customers.

FA: Car manufacturers have reduced their retail prices in an effort to stimulate new car sales. Do you expect to see similar incentives from the aviation manufacturers, as well?

JP: We have seen all manufacturers offer programs to stimulate their single-engine sales, not direct price reductions – but added features, such as Synthetic Vision or fuel

cards. I think more important incentives need to be developed, like extension of bonus depreciation into the coming years and other public policy that stimulates the economy through aircraft sales.

FA: Do you have any advice on how best to weather this economic storm for pilots and aircraft owners?

JP: We all need to make sure that, personally, we are getting financial advice from professionals to ensure we can weather the storm. For our industry, it is critical that we provide the facts to the nay-sayers and that we rebut any negative stories that have incorrect facts. We are an industry that provides good jobs and high economic leverage for our economy. Further, aircraft owners use their planes in many ways that allow for businesses to thrive and humanitarian efforts be achieved.

FA: Cessna is doing a great job filling every niche in the jet market, especially with the announcement of the Corvalis. With the recent addition of the 350 & 400, you're now well represented in the high-performance single category. Does Cessna have any interest in adding a turbine single or twin to its family of aircraft?

JP: Expect additional models to be developed off the 400 platform. I think a turbine single would be a nice fit. We just need to find a solution that has a business plan that makes sense. A twin is even tougher. It needs to be priced below the Mustang, and that means a new low-cost engine would be required. If that happens...stay tuned.

FA: Cessna took some heat for building the new C-162 Skycatcher in China. Were there any reasons for doing that beyond simple economics?

JP: The economic story is the one most people understand. It is very complex in that the economic story is not about labor. It really is about capacity, capital and investment. All of this to hit a market target price that makes it viable.

FA: More and more commercial aircraft components are being made outside of the United States. Do you expect GA manufacturers to follow suit? Why?

JP: The pressure all manufacturers have is price. We cannot continue to escalate prices at rates beyond what the market will bear. This puts enormous pressure on all of us to find ways to reduce cost. Also, there is not an overabundance of aircraft mechanics to draw on for our workforce. The commercial aircraft manufacturers do a lot of work outside the U.S. as part of what it takes to sell overseas. Many deals are contingent on putting work into a country. In GA we do not have that issue. GA is more focused on improving efficiencies in our current factories while carefully placing some work outside the U.S., but at the magnitude of the commercial jet manufacturers.

FA: Technologies, especially GPS, have created evolutionary changes in GA. Do you see any other evolutionary changes coming in the next 10 years? What about in powerplants or airframes?

JP: The future is exciting. I am pushing for engine technology. We need low-cost diesel/

Jet A solutions. This will open up opportunities for aircraft sales into regions around the world that do not have avgas. At a minimum, we need solutions for the reality of 100LL one day going away here at home. Now, the ultimate will be a turbine technology to migrate into the small single-engine market, provided it can meet the current price points.

FA: You donate a good amount of your time to charitable efforts, such as the Special Olympics. What are your other favorite causes?

JP: My wife and I are very involved with Habitat for Humanity here in Wichita, Kan. It is a great organization that gives a hand up to those who work for it. Rose and I have sponsored a

complete house that was built in 2007, and we hope to be able to build another one in 2010. Rose manages the project, and we both work on the house with the help from our friends. Cessna also sponsored a home in 2007 and will do another house in 2009. I give employees paid time-off to work on the houses. We believe, at Cessna and in the Pelton household, in giving back and having fun. These projects do both.

FA: We understand you have a beautiful Cessna 195. How often do you get to fly it and when do you like to go?

JP: I am very fortunate to have a C-195. It was once owned by the former chairman of Cessna and nephew of Clyde Cessna, Dwane

Wallace. It had sat in a museum for 17 years. Dwane's widow Velma offered to sell it to me, which I jumped at. It took about a year to get it airworthy. Rose and I flew it to AirVenture in 2007 and displayed it at the Cessna booth. I was flying it a lot in 2007. The highlight was landing at Pioneer Field and putting the plane in the EAA museum for a night. In 2008, we spent a lot of time flying our Cessna 206 to visit our first grandchild. So, the 195 has not gotten its fair share of air time. When I take it out, I enjoy flying to the local haunts of Wichita, like Ponca City, Okla., for Mexican food and Beaumont, Kan., to the Inn for a great breakfast. The flight to Oshkosh, Wis., is the longest trip we have taken in the C-195.

For more information, contact Cessna Aircraft at 800.4.CESSNA or log on to Cessna.com.

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