

## Jack Pelton's letter to Cessna employees

Fellow Cessnans,

You have seen these work force updates often enough to know that it usually means our industry continues to struggle. We continue to deliver new aircraft; we continue to develop new products; we continue to support our customers through our world-class service network. But the industry continues to struggle as the economic recovery remains very slow and the negative perception surrounding business jets creates a battle to keep our customers sold.

While the stock market seems to have rebounded from its March lows and consumer confidence has risen, economists are still waiting to see positive trends in key areas such as the housing market and unemployment. The latest economic information indicates that while the recession may have reached a bottom in March, it will still be some time before we see the kind of growth in the economy that will assure us that our customers will take delivery of our products and order new planes in the coming years.

Order cancellations have not stopped. The market for new aircraft remains frozen as customers wait to see if the recovery forecasted comes to fruition. In the aftermarket arena, it appears that the average daily utilization continues to decline, taking it to significantly lower rates than we have seen in years. Even with a new commitment for lending support from America's export bank, aircraft financing remains difficult for our customers. With this said the reality of the market for the next few years is forcing us again to revise our production outlook. Regrettably, this will bring another reduction in the workforce and the potential of additional furloughs. As we have done in the past, employees identified for layoff will receive a 60-day notice in accordance with the Worker Adjustment and Retraining Notification (WARN) Act. We expect these notices to be made no later than June 19.

We are offering the Voluntary Layoff Plan (VLP) for our employees in all payroll categories at all Cessna facilities except Bend. Employees may apply for the VLP between now and June 9. More information about the VLP, along with the forms and process, can be found on ERIC and MyCessnet.

Fellow Cessnans, we do not have the ability to see the future; we can only see today and try to predict the future. What I see today are proud men and women giving their all in the face of great adversity, working as a team to meet these challenges head-on. This is an industry cycle and it will recover. This year and next we will continue to focus on our customers while taking the necessary actions to reduce inventory, cut cost and resize the business to ensure we are poised to capitalize on the future. You deserve to know what I can share, so as always, I pledge to maintain an open line of communication.

**Jack Pelton**