



MEMORANDUM

To: All Employees

From: Brent Wouters, President & CEO

Date: November 10, 2009

Re: **Company Update**

In early October we held area meetings to update you on our progress and priorities moving forward. We talked about the exceptional work everyone has done over the last year to adjust to the changing market conditions and increase focus on business process efficiency and effectiveness. *Thank you.*

Since then we have had further opportunities to look forward into 2010 and evaluate market conditions that remain volatile by historical standards. While Cirrus leads the market in share and best-in-class aircraft, we are planning conservatively for a modest recovery toward greater delivery volume and even greater market share. This pace of recovery will require more patience, perseverance, and continued expense discipline.

You are aware that Cirrus made a purposeful decision to retain higher-than-demand staffing levels in manufacturing and manufacturing overhead to deliver on pending institutional orders. Although we continue to pursue these opportunities and feel very confident about favorable outcomes, we need to structure our manufacturing operations for the desired costs at today's actual demand. Expense levels in other areas also need to be refined further to achieve desired expense levels, but these changes will primarily focus on non-payroll expenses.

We continue to make significant progress in achieving a sound business foundation, and having the courage to make such changes has dramatically improved our overall financial performance. Sales of new airplanes have improved markedly from mid year, and the pre-flown demand remains strong. In the past twelve months, revenue per delivery has increased 15% as we introduced valuable features such as FIKI and Cirrus Perspective™ by Garmin. Our fixed costs have dropped 50%. Further, our inventory levels have declined 58%, and our liabilities are 15% below the prior year. Importantly, our earnings have improved by 65% from March 2009 on the same number of deliveries. All these measures illustrate that our business continues to strengthen as we emphasize the customer and product innovation.

We also continue to invest in the future with the Vision SF50 Jet program, and our team has recently achieved several SF50 milestones including validation of drag, cruise, and range goals as well as freezing the wing, fuselage, and empennage loft design. Although we have fewer resources to invest today than we would like, our focused internal Product Development team continues forward progress on critical path items including completion of V1 flight test, avionics and autopilot integration, natural ice testing, and CAPS system development. We will also continue our efforts to secure additional

funding to accelerate the Jet program.

Our progress to date is part of a longer-term plan that will lead to renewed growth and prosperity. Our plan focuses on:

- **“Customer First, Airplane Second”** – Grow & leverage our Cirrus partner network of Authorized Service Centers, Cirrus Training Centers, and regional centers to improve transparency with the customer, deliver better customer service, and renew our commitment to flight training;
- **Improve Marketing & Sales Execution** – Target aviation and non-aviation customer segments and achieve sales goals and consistency;
- **Win Institutional Sales Opportunities** – Emphasize domestic and international opportunities for institutional fleets to build the foundation for continued worldwide growth;
- **Deliver Airplane Value Improvements & Innovation** – Introduce certain improvements to the SR2x line and the Vision SF50 Jet that improve quality, safety, performance, and utility.
- **Achieve Strong Financial Performance** – Capture new revenue opportunities and maintain low materials costs, inventory and expenses to pave the way for new capital infusion and future growth.

Many of you have noticed my more frequent visits to the plant floor, the lunch room, or your office area. I will continue to visit with you to get your feedback and understand the activities taking place. We are doing the right things to strengthen and grow Cirrus. We are confident that we have the right operating and financial plans to achieve success in 2010. Cirrus has the best airplanes, the best employees, and the best company in the industry.

Now that the business climate has stabilized and begun to improve, let's leave behind the challenges of 2009 and move forward into 2010 with a growing sense of optimism. Thank you for all of your dedication and hard work.