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Thank you, Steve, for that introduction and congratulations on organizing a great convention program. I'm looking forward to walking the show floor a little later.

It's an honor to speak to such a diverse group, especially after spending the past several days talking to many Cessna customers, aviation enthusiasts and some of the key people who are working to further develop aviation in Australia.

At the outset, I have to tell you what a thrill it is for me to be back in this incredible country of yours. This is my first visit here as Cessna CEO, but our company has a long tradition here. My last visit was back in the 90s when I was with Douglas Aircraft, and I have been looking forward to this return for many years.

It's great to be back.

Cessna and Australia have a long tradition in aviation. By the time Cessna began business in Wichita, Kansas, in 1927, Australians had clearly embraced flight.

Harry Houdini had made the country's first controlled flight.

The first Australian-made aircraft had been designed and built.

Airmail was helping to connect the remote areas of such a large continent.

Qantas had been established and was continuously adding routes – not only for mail and delivery service, but passenger service as well.

Dr. John Flynn had founded the Flying Doctor Service.

It didn't take long for aviation to make an impact on Australia's defense, employment, economic development and tourism...and that impact continues today.

Through 82 years of manufacturing airplanes, Cessna has delivered piston aircraft, turboprops and jets to Australia for a variety of missions –

- recreational use
- business transportation
- training
- cargo transport
- charters
- tour operators in Sydney Harbor

- the Royal Flying Doctor Service
- just to name a few.

We have three service operators in-country and excellent relationships with our sales reps, Aeromil Pacific and Airflite. Steve, your RAAA conference chairman, and his team at Aeromil have brokered our Citation line of business jets for the entire country since 2005. During that time they've placed 20 new Citations here and have about the same number on order.

So as you might imagine when my mate Steve asked me visit there was no hesitation on my part.

We see Australia, and the entire Asia Pacific region, as one of our best growth markets. It's really been incredible to watch the concept of business aviation take hold throughout the world.

In 2004, about 30 percent of Citation sales were to international customers. In 2008, the percentage was more than 50 percent.

It's clear today that general aviation is a critical component of the national infrastructure in Australia, and it's wonderful to see groups like RAAA working to promote and maintain the industry.

But we have our work cut out for us – here in Australia, in the United States and around the globe. Every region of the world has its own issues to deal with and each issue is complex, requiring dedicated and reasoned discussion among the principals.

I'd like to spend my time with you today sharing my perspective on the state of the global general aviation market, and the opportunities and challenges that will affect all segments of the aviation industry going forward.

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You don't need the CEO of Cessna to come here and tell you the global economic crisis has had the biggest impact on our business in the past two decades.

No doubt, the speed and the severity of this economic downturn caught all of us off-guard. Fortunes vanished, fear gripped financial markets, securities plummeted, financing capital disappeared. And the people who once had money to own and fly general aviation aircraft simply stopped flying.

At Cessna, we went from handling record orders and deliveries and preparing for increased production rates in 2009 .... to witnessing cancellations and delivery deferrals like we've never seen before.

Across the industry, production rates have been cut which has resulted in workforce reductions and the ensuing chain reaction through our communities.

Our early reaction was that we had a healthy backlog of firm orders where people had placed sizeable nonrefundable deposits on an aircraft, and we felt that would hold us through a downturn of several years.

But what became most surprising was that these people began to simply walk away, leaving their deposits behind.

We quickly saw the developing trend and we immediately began to plan for a drastic downturn in production. We resized the business and reduced our workforce but our cancellations and deferrals snowballed – and new orders never appeared.

It soon became clear we would need to not only reduce our production and our workforce, but also completely change how we would do business in the future. In short, we have restructured Cessna to better handle fluctuations in the future.

We will see an increase in production in the future as the economy rebounds, but it will be quite some time before we see the high production numbers some had predicted prior to the downturn.

And so, we are redefining and reshaping our company for the new world order. We reduced our global workforce – from just over 16,000 to about 8,000 since November. We instituted mandatory furloughs of all our employees, for seven weeks this year.

The market demand for our large cabin Citation Columbus project in development evaporated, forcing us to cancel the program. We are consolidating facilities and accelerating our initiatives to make us a leaner and even more productive operation.

In spite of the hand we have been dealt we remain profitable and will remain profitable through this down cycle.

Long known for our attention to customer service, we have reorganized the entire company to be even more responsive.

It is important to note here that we have maintained R&D spending at about 6 percent of revenues as we focus on existing customers and existing market segments.

While the Columbus may have been deferred for now it will be back. And until it is we will continue to field other new products and services like our new CJ4, Skycatcher and yet to be announced new products.

Together, Cessnans have pulled together in ways we never thought possible.

Though we are living through an incredible crisis, we have maintained our vision of the future and never waived on our commitment to our customers.

As head of a company, it is easy to be proud of your team when times are good. But today I tell you I couldn't be prouder of the men and women of Cessna the past year as we worked our way through this difficult crisis.

They are true heroes in my book, and it is an honor to lead them.

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So here we are today.

Around the world, we see signs of recovery. In the United States, stocks are stronger, housing is improving, people are spending again – all good news for our economy.

Here in Australia, the crisis did not seem to have the same impact as in the States, but what happens in the United States and Europe is felt here. So the good news on the other side of the globe is good news here.

But though we finally see trends that the economic free-fall has ended, general aviation historically lags well behind the economic cycle.

While our customers' economic health may have stabilized, their decision to take delivery of the jet they ordered two years ago or to fly the jet sitting in the hangar now hinges on increased profitability, which is still some time away.

Besides the general economy, two other leading indicators of new business jet sales are used aircraft inventory and average daily utilization of business jet fleets.

The number of pre-owned business jets on the market reached all-time highs this year but we've now seen two declines in the past three months after 18 consecutive monthly increases. This is good news. Still, the pre-owned inventory is 36 percent higher than it was a year ago.

This summer the industry also saw a flattening of average daily business jet utilization, more good news – but only after more than 18 months of decline and record low utilization. August year-to-year numbers show flight activity down 21 percent.

The bottom line: our industry will recover, but it is going to be a slow climb back up.

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Now – just when you thought things couldn't get any worse . . . they did.

Besides the devastating effects of the economy, our industry faces a lot of headwinds.

In the States right now, we are tackling big issues that will have long-term, monumental consequences.

And we're working with a new administration in the White House, new leadership for the Department of Transportation and new leadership at the FAA.

Right now our biggest issues are:

- Security and safety
- Modernizing the air traffic control system
- Environmental concerns

In all three cases, we know there will be new regulations. But we must work closely with the government to ensure the regulations make sense for the way general aviation operates while providing real benefits.

And we must make sure these issues are considered on a global scale; it's imperative we create multilateral policies to create a cohesive global industry.

We all know that increasing costs is the biggest barrier to new pilot starts, and we're all grappling with the shortage of pilots and aviation professionals.

Increasing costs and adding bureaucracy also means fewer people taking on aircraft ownership.

Organizations such as RAAA here and GAMA, NBAA and AOPA in the US are an important part of the solution – but they rely on participation from businesses and aircraft owner/operators. We all must be active in shaping future legislation in a way that protects our industry.

I thought I would share my perspective on a couple of the more profound issues we face in the States. Not all are the same as you face in Australia or to the same degree, but I think you will at least find the discussion interesting.

Let's start with security.

Our Transportation Security Administration was established in the wake of the 2001 terrorist attacks in the U.S. and has a very important role now in our industry.

But sometimes they want to act without considering other implications.

Under the latest proposal, the Transportation Security Administration was concerned about terrorist access to general aviation aircraft so they proposed to apply the same procedures used with the airlines to GA.

Well GA does not operate at all like the airlines and unilaterally imposing airline security to GA does not enhance safety – and that is the goal.

Working through our industry associations in Washington, we successfully lobbied to have the Transportation Security Administration work together with GA interests to arrive at regulations that make sense for GA operations while making meaningful improvements to security.

The other major issue is that of future funding of airspace management and funding of improvements to that management – what is commonly called in the United States – Next Gen – or the next generation of air traffic control. Next Gen is going to be the same issue around the world and each country will have to wrestle with funding.

In the States, there are two accepted methods of revenue generation in aviation.

One is through a tax on fuel. This is the current method. It has been place for decades and the government’s own accounting agency says this method – albeit with an increase in the percent of tax – is sufficient to fund Next Gen at the timeline called for by the FAA.

But an alternate proposal is gaining momentum and it centers on user fees, and we in GA in the States oppose this proposal.

Now in most parts of the world, including Australia, you already have a type of user fee or enroute charge and don’t readily see what we are up in arms over.

The issue is that it will add a new level of bureaucratic red tape where there doesn’t need to be any.

General aviation already pays its fair share through the gas tax.

The true design of the air traffic control system is to manage airline traffic around hub airports at peak use times. GA aircraft, while representing a radar dot that has to be controlled, don’t generally use hub airports.

The new proposal – new to us – will create a new department within the government to collect and manage the program, and that increases taxes.

It will force all GA aircraft operators to add new processes to their business that will only give them pause when considering using an aircraft.

That in turn, will result in decreased revenue to the agency, which will then raise the user fees to meet funding requirements – which will reduce further GA aircraft usage . . .

You see my point.

We have a system already in place that works well and will provide the necessary funding for improvement to the airspace management system. Why change it?

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I want to discuss a uniquely American issue that came out of nowhere – but it has contributed to the downward spiral of the past year on our business.

This is the headwind created by the continuing misrepresentation of business aviation.

A year ago, the CEOs of Ford, General Motors and Chrysler flew to Washington, D.C., on company aircraft to ask for bailout money.

Instead of the discussion focusing on the jobs and the people and America's competitive advantage as an automotive giant, it turned to how these guys got there.

And instead of standing up proudly to say the business jet is a business tool and source of leadership for America, these executives caved in to pressure and that sparked a public relations backlash that is still felt to some degree around the world.

Suddenly, it became popular to bash business jets and for the media to portray all use of business aviation as extravagant.

The main reason for the inaccurate portrayal of business aircraft use is a lack of understanding of the benefits and scope of business aviation.

Cessna has launched its own campaign – the RISE campaign – and worked with numerous industry groups to share the complete story of why individuals and companies have business aircraft and how they use them as they would any other productivity tool.

If I may shamelessly pitch the campaign, you can see it at [cessnarise.com](http://cessnarise.com).

The truth is that there's an increased importance on business jets. Companies of all sizes, all around the world, fly many types of aircraft as they compete in a global marketplace that demands speed, flexibility, efficiency, security, confidentiality and productivity.

Australia's use of airplanes provides a perfect example of the advantages of using business aircraft:

- reaching multiple destinations in a single day
- moving equipment and people efficiently
- reacting quickly to customer needs
- providing safe and secure travel for employees
- accessing places where there is little or no commercial airline service

For all of these reasons and more, general aviation has become essential to the world's transportation system and the global economy.

But GA is more than business travel and one has only to look at the countless flight hours of humanitarian efforts through organizations like

- the Corporate Angel Network,
- the Citation Special Olympics Airlift in the US
- and the Royal Flying Doctor Service here in Australia.

In the U.S. alone, volunteer pilots fly more than 118,000 hours each year on charitable and medical missions –

- disaster relief,
- shipping food,
- delivering medicine and clothing where it's needed,
- transporting patients and organs for life saving medical procedures
- and volunteer transportation for so many great causes.

We've just started to develop the global market for our industry, and the world's transportation needs will only continue to increase.

There's no doubt general aviation faces many near-term challenges. But in taking a long-term perspective, my outlook for the industry is positive and my vision is that the best is yet to come for the businesses, communities and families benefiting from general aviation.

Advanced engineering, more automated manufacturing processes, further use of advanced materials, the successful pursuit of alternate fuels, more efficient engines, new avionics technologies and worldwide modernization and synchronizing of air transportation systems – all will allow general aviation to flourish by lowering the cost of owning and operating an airplane; enhancing safety, improving speed, range and efficiency; and providing the ultimate in comfort for pilots and passengers alike.

As we progress in these areas, manufacturers will continue bringing to market new categories of aircraft – like the Cessna Skycatcher light sport aircraft and the Citation Mustang entry-level jet. The possibilities are endless.

The safety of general aviation flying, already with a stellar track record, will continue to improve with developments among industry partners in flight training initiatives, airframes, engines and avionics – like advanced in-cockpit weather products and systems monitoring and auto-troubleshooting.

While safety is always fundamental to all of us it is also a given in our industry. Our collective future is dependant on ensuring regulators do not take us down a path by trying to regulate safety. It simply cannot be done. Rules are the guidelines we operate too but safety is a culture and mindset that trumps regulations.

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If you haven't yet sensed this – I love what I do for a living, and I love this industry.

I fly airplanes, I own airplanes, I restore airplanes – this is my life.

So, better stop now or I will keep you past Oktoberfest tonight.

I can't tell you what an honor it is for me to be here with you today and to be in Australia to experience the passion you have for flight.

I look forward to the rest of the convention.

Thank you for listening, and thank you for your great Aussie hospitality.