

Fellow Cessnans

We are all watching the news these days with somewhat more focus than we might have in the past. We are bombarded with economic terms and theory as the experts interpret details of each day's events in the global economic crisis. I've never seen any situation as dynamic as this.

In recent weeks, many of these experts have pointed to signs in the economy that seem to indicate that we may be approaching the bottom of the economic cycle. We have seen a trend of consecutive stock market increases, and we're seeing some favorable indicators in the housing market and retail sales. Recently the chairman of the Federal Reserve said it appears the recession could end later this year.

We take hope in all this, though it is tempered when the focus returns to our business and our industry, which historically lags well behind the economic cycle.

While our sales team has risen to the challenge of the times and recorded a number of orders in recent months, we continue to see a slowdown. Financing continues to be problematic for many customers. Their economic health may have stabilized, but their decision to take delivery of the jet they ordered two years ago now hinges on increased profitability which is still some time away. The net result continues to be a reduction in firm demand by way of delivery deferral, and in many cases, outright cancellation. And though we have vigorously fought to defend our industry, the misperceptions surrounding the use of business aircraft continue.

I do wish I had different news, but as a result of this continued decline, we have revised our production schedules for 2009 and 2010, and that means we will need to further reduce our workforce. Additionally, we are planning a companywide two-week shutdown Monday, July 6 through Friday, July 17. Employees required to work to support customer deliveries and services during this period will be notified by their supervisor.

We will be refining our projections to determine exactly what this means in terms of the extent of the workforce reduction, and we will let you know the details by the end of April.

I know you have questions and concerns for yourself, your coworkers and your families. We are working as hard as possible to minimize the impact on you. Your dedication, your attention to your work and the quality of the product we put out continues to set the standard in the industry, and that remains the key to our future.

Thank you for your understanding and continued support during this very difficult period.

Jack