

Remarks

by

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to

Washington Aero Club Monthly Luncheon

June 21, 2010

Cooperation is key to the future of aviation

Good afternoon.

Thank you for inviting me to join you today.

It's been a little more than four years since I last spoke to this group. That was February of 2006, and I discussed the myths and realities around FAA funding.

At that time, the stage was just starting to be set for a comprehensive bill to reauthorize the FAA.

Since then we've had so many extensions of the old law that most people, including insiders, have lost count. I'm told we've had 13 extensions to date.

But it looks like we're very close to making it happen – we need the House and Senate to work through their differences so we can send a compromise bill to the President.

This reauthorization bill is absolutely essential to preserving aviation's critical role

From the perspective of general aviation and Cessna Aircraft Company, my trip here in 2006 is a world away from where we are in 2010.

The general aviation manufacturers have gone from making record deliveries and building record backlogs to taking on an economic storm that gathered strength in late 2008 when the automakers made their memorable appearance before the congressional committee here in Washington.

We've seen cancellations of orders for new airplanes swell, some flight departments simply shut down and at one time the preowned market for business jets was 18 percent, which meant that nearly 1 in 5 of the business jets flying today was up for sale. Worldwide GA shipment and billings figures in 2009 reflected a reversal of a five-year period of double-digit revenue growth.

The Cessna I represent today is half the size we were in 2008 – in terms of revenue and employees. Our deliveries in 2009 were a fraction of what we had planned – 289 Citation business jets compared to our original plan of 535. This year, we're scheduled to deliver 225 Citations.

Market conditions have stopped freefalling – new orders are starting to come in again, cancellations have slowed, flight hours are going in the right direction and the preowned business jet inventory is down from 18 percent but still far from the traditional 12 percent level. This will not be a fast ascent. It will be a slow recovery.

During the next few minutes, I want to share the most important lesson we must take away from the past 20 months...and examine how that lesson can be applied to three areas that will significantly impact aviation's growth across all sectors.

That important lesson learned over the past 20 months is this: to have a healthy aviation industry, we must work together.

The negative rhetoric around business aviation has died down ... thanks to a focused effort among all of general aviation's stakeholders. Industry associations and companies like Cessna have pulled together for a truly grassroots and grasstops campaign to share the positive contributions of GA.

- **The 1.2 million jobs across the country**
- **The \$320 billion contributed annually to the U.S. economic output**
- **The significant trade surplus we provide**
- **The fact that GA supplies a lifeline to communities of all sizes by offering air transportation through 5,000 U.S. airports compared to the roughly 500 airports serviced by commercial aviation. We help thousands of businesses of all sizes be more productive, and we provide humanitarian services to those in need, throughout the U.S. and around the world.**

Our combined efforts to inform decision-makers of the impact of general aviation have paid off.

General aviation caucuses have been formed in both the House and Senate, ensuring GA's essential role in every state and most Congressional districts is considered by lawmakers.

Rather than hearing negative comments about the use of business aviation, we're hearing acknowledgement of the value of business aviation. In recent months, numerous states, cities and counties have declared "GA appreciation months" to recognize our industry's significance to the local and national economy.

This cooperation we've experienced in GA must span all areas of aviation.

The Future of Aviation Advisory Committee is an excellent start. By creating this 19-member panel, Transportation Secretary LaHood is supporting the needs of aviation across the country. He's gathered a cross-section of the aviation community – airlines, transportation unions, manufacturing, academia, finance, consumer groups, and I am please to be a representative of general aviation.

Last month, at our first meeting, we framed the five areas of focus:

- **Ensuring aviation safety**
- **Ensuring a world-class aviation workforce**
- **Balancing the industry's competitiveness and viability**
- **Securing stable funding for aviation systems**
- **Addressing environmental challenges and solutions**

Five subcommittees will focus on those areas. I'm chairing the funding subcommittee, but I'm looking forward to bringing the voice of general aviation to the entire panel.

GA must be a part of these discussions because we are the foundation for all of aviation. General aviation provides a pipeline of pilots and other trained aviation personnel who are the lifeblood of the air transportation system.

This leads me to the three key issues I see most impacting our industry: the pilot population, environmental concerns and the Next Generation Air Transportation System.

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**FAA forecasts that the number of student pilots nationwide will drop to a 10-year low of about 69,000 next year. That's about a 30 percent decrease in a decade.**

**This is a problem for all of us in aviation...and all of us should be part of the solution.**

**Fewer pilots equate to less business for all of us, and it threatens the strong, sustainable aviation system our nation counts on.**

**General aviation is the pipeline for flight instructors and regional and commercial pilots. A smaller pool of qualified pilots could prevent airlines from expanding to new routes, and it could also mean lower training requirements.**

**Gone are the days when the military was producing all the pilots the airlines could absorb, or when a broader GI Bill funded expansive flight training for veterans returning to civilian life.**

**Gone are the days when flying captured the excitement of young people.**

**Times are much different now.**

**Our industry competes with the tools of immediate gratification – the internet, video games, texting and tweeting... all those technologies that have made learning to fly less exciting and less appealing.**

**Because of this uphill battle, we must make learning to fly, and flying, more accessible, and that means more affordable.**

**The new light sport aircraft category is one way to do this. In the past six months, our new Cessna Skycatcher light sport aircraft has entered service. At a price of about \$115,000, we are seeing many individuals buying a Skycatcher and flight schools are offering rental of a Skycatcher as low as \$98 an hour.**

**It's not the total solution, but it's a start.**

**We must also make being a pilot an attractive career choice by offering salaries and benefits that encourage the next generation to incur the cost it takes to get the necessary training. Congress should give serious consideration to permitting flight training under the Post 9/11 GI Bill.**

**Additionally, we must aggressively fight legislation like that recently passed in California that puts a financial burden designed for larger classroom-type institutions on the primarily small business-owned flight training industry. This type of legislation could end the careers of many flight instructors and force flight schools out of business, and this legislation could easily spread to other states.**

**That would certainly put a stake in the heart not only of general aviation, but all of aviation.**

**This is not what we need for aviation right now; we need legislation that fosters and stimulates our industry.**

**Avoiding legislation that cripples our operators is also what we are fighting on the environmental front.**

**Aviation has established an outstanding track record in reducing its environmental impact as we grow to meet rising demand for transportation around the world. The market demands efficiency. And because of our aggressive pursuit of greater fuel efficiency, carbon dioxide emissions from all of aviation represent only about 2 percent of total CO2 emissions arising from the burning of fossil fuels. General aviation is a fraction of this number.**

**Still, we recognize there is much more we must do.**

**The philosophy of the Lindbergh Foundation has it right – we must pursue policies and practices that balance progress and technology with environmental sensitivity.**

**Funding is a vital element to finding the best solutions – finding an alternative to leaded fuel is an example: there's still much work to be done to find a fuel that works for the legacy fleet as well as new aircraft.**

**Right now that funding is tied up in the stalled reauthorization bill.**

**Reauthorization holds the key to moving forward in a number of areas.**

**This brings me to my third and final key issue: NextGen.**

**We've seen a flurry of activity in this area lately – the ADS-B Out mandate, recent FAA contracts to develop and demonstrate potential NextGen processes. Still, funding and implementation must accelerate.**

**Cessna is a member of the team headed by Boeing that recently won one of three FAA contracts to help reinvent the National Airspace System. Our involvement will help ensure continued access to airspace for our customers and everyone in general aviation.**

**The jury is still out on the real benefits of the ADS-B Out mandate, and we don't yet know about incentives for operators to equip their aircraft.**

**ADS-B Out is just one step in modernization; we really need to see and understand what the full roadmap looks like for our future air transportation system.**

**What we do know is that the migration to a new satellite-based system must weigh cost versus benefit for all sizes of aircraft.**

**The win with the ADS-B Out mandate, though, is an implementation plan that gives the FAA and industry a decade to work together to find low-cost, effective solutions.**

**It's encouraging to see this type of cooperation and I hope it will continue as we look to deploy other components of the NextGen program. That is the only way to truly ensure the safety, efficiency, and economic and environmental benefits we are all counting on from NextGen.**

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These three areas – new pilot starts, environmental issues and air transportation system modernization – illustrate that to have a healthy aviation industry, we must work together.

I'm often asked – will the business aviation market come back to where it was?

The short answer is: Yes, in time.

Business aviation typically lags by about eight quarters after corporate profits return. The consensus among industry forecasts is that we'll start to see modest growth in the next few years.

My optimism is anchored in the concept that despite the challenges in the world's economy, the business case for general aviation remains.

Let's not forget GA provides humanitarian and disaster relief. We've had fresh reminders of the critical need of helicopters and fixed-wing aircraft during the Haiti earthquake earlier this year and more recently the oil spill in the Gulf – where, for

example, GA aircraft are making daily flights to gather digital images and data to assist with the cleanup efforts.

Next month, Cessna is coordinating its sixth Citation Special Olympics Airlift, transporting hundreds of athletes to compete in the Special Olympics USA National Games thanks to the generosity of Citation owners across the country.

The demand for air transportation will continue to grow. The key to protecting the growth of our industry is cooperation.