



Brian Foley Associates

News Release

For Immediate Release

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Latest Industry Delivery Forecasts Unrealistic *Predictions Unveiled at NBAA Too Optimistic*

SPARTA, NJ, October 16, 2008 – Calling recent delivery forecasts outdated the day they were published, Brian Foley Associates (BRiFO) asserts that the future will not be as rosy as others predict. “If they haven’t already, new aircraft orders are poised to fall off a cliff. Who in their right mind would part with tens of millions of dollars in this economic environment to buy an aircraft?” warns BRiFO consultancy President Brian Foley.

“The record order books will not be as firm as OEMs would like to think, and we’re warning our clients to expect double-digit percentage order cancellations depending on the manufacturer. Those OEMs with an exposure to start-up charter, air taxi and fractional programs are most at risk, as are those who always seemed to have near-term delivery positions available while the rest of the industry had multi-year waits.”

Due to order cancellations and “deferrals” (another polite word for cancellation according to Foley) worldwide new aircraft deliveries will peak a full year before others predict. “For the next few months, OEMs will provide earlier delivery slots to solid contract holders as others cancel or are unable to make progress payments. This will keep deliveries strong only for the rest of this year and next. Eventually the smart money will opt to keep their out-year delivery slots in hopes that the dust will have settled from the current economic situation by then.”

In BRiFO's proprietary 10 year forecast by model and OEM, delivery totals this year will not be all that different than next. Not long thereafter, deliveries will fall precipitously for a double-digit percentage loss. Unlike others' prediction of a quick bounce back, it's believed there will be an extended trough followed by a very slow recovery lasting until the end of the forecast period. As such the number of unit deliveries over the next 10 years are much more conservative than other industry estimates.

"Right now market indicators are already pointing towards this slowdown" cautions Foley. "Used inventories are up, particularly relatively new aircraft. At least one broker believes used asking prices need to fall another 15% just to match today's buyer environment. The number of new aircraft position holders trying to sell their upcoming delivery slots are rising at alarming rates. Add to that decreasing business jet flight activity and fuel sales and you've pretty much painted a picture for the future. The next blow will come from disappointing corporate earnings reports."

According to Foley, the life ring from the international market will not be there to buoy the next downturn as others seem to think. Overseas stock markets have been decimated, the dollar has significantly strengthened, and worldwide GDP forecasts are not as robust. The percentage of international deliveries will soon peak at well over 50 percent. After that they'll eventually return down to more historical levels, albeit a little higher due to a fundamental increase in overseas interest.

As for the industry as a whole, Foley believes recent start-up companies will continue to fall by the wayside. "DayJet and Adam Aircraft were some of the first but certainly won't be the last. Recent foreign investors who didn't come to us for advice are particularly vulnerable and will soon learn the adage in our industry of how to make a small fortune in business aviation (start with a large one)."

About Brian Foley Associates (BRiFO)

The Brian Foley Associates consulting practice is used by the investment community to provide market due diligence on business aviation companies and sectors. They're also used by companies involved in the industry for strategic advice and market research. It was formed in 2006 by industry veteran Brian Foley, a former Officer at a major business jet OEM for over 20 years. For more information visit www.BriFo.com.