



Brian Foley Associates

News Release

For Immediate Release

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Negative Order Year for Business Jets

More Cancellations Than Orders a Possibility

SPARTA, NJ, July 31, 2009 - 2009 is shaping up to be one of the most challenging years on record for new business jet orders. "We could easily end the year with the industry as a whole having more order cancellations than new ones" according to Brian Foley Associates President Brian Foley. "Some companies will buck that trend but taken as a whole the industry could see net-negative orders for the year."

While cancellations have subsided, additional fallout can still be expected as more aircraft progress payments can't be met. "Whereas some buyers had the financial wherewithal to pay for their jets back when they ordered them, they're now scrambling to find financing to make their next progress payment as their airplane nears final delivery. They'll find credit markets stubbornly tight and more restrictive with a bias towards only the of best credit risks and aircraft. The easy credit culture is gone, and with 50% of all business jet purchases involving some form of funding that really impacts the industry."

"In our view, some but not all manufacturers may be playing "backlog roulette" by being overly-accommodating and giving weak customers the option to defer their order in lieu of cancelling. These buyers gladly accept deferrals rather than hefty cancellations fees. Some of these buyers were irreparably damaged in the downturn and will likely never take delivery. This creates a weak, artificially high apparent backlog which does a disservice to both investors and suppliers."

From the industry's backlog peak in third quarter 2008 a full 26% is at risk of cancellation with some manufacturer's backlogs significantly more vulnerable than others. "In early September, 2008 we took a lot of criticism for publicly warning that manufacturers' backlogs weren't as sticky as they'd like to think. Unfortunately for the industry we were spot on."

About Brian Foley Associates (BRiFO)

The Brian Foley Associates consulting practice is used by the investment community and business aviation companies for market research, forecasting and strategic planning. It was formed in 2006 by industry veteran Brian Foley, a former officer at a major business jet OEM for over 20 years. Through his affiliate, Mr. Foley is a licensed securities representative finding buyers and growth capital for business aviation companies. For more information visit www.BRiFO.com or follow them on Twitter [@BrianFoleyAssoc](https://twitter.com/BrianFoleyAssoc).