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## Eclipse Plans To Retool Assembly Process

### \* Temporary layoffs expected

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Eclipse Aviation appears committed to staying in Albuquerque and is expected to roll out its “plan to profitability” next week.

That apparently will involve overhauling the way it makes its Eclipse 500 very light jet — a process that will involve hundreds of temporary layoffs.

“Their intention is to retool the entire assembly process, which they expect will take about three months,” Mayor Martin Chávez told Journal editors and reporters this week. “They’re going to furlough employees — it will be in the low hundreds — for three months or so.”

Chávez said the company’s new CEO, Roel Pieper, told city officials the company wasn’t producing jets fast enough.

The mayor said Pieper told him the retooling would also address “some of the technical problems ... associated with the way (the jets) are assembled.”

The overhaul is expected to be completed by the end of the year, Chávez said. Concerning the temporary layoffs, he said, “They expect to lose some (employees) in the process.”

Fred Mondragon, the state’s economic development secretary, said retooling of the assembly line is a step in a “very positive direction” for Eclipse. The state has invested \$19 million in the company, which now employs 1,700.

“Our hearts go out to the employees that are losing their jobs temporarily and their families,” he said.

With more than 2,600 reported back orders for the 500 jet, finding ways to increase production is a logical step, Mondragon said.

“Many companies would love to be in that position.”

Eclipse had no comment on its plans Thursday. The company has said it plans to brief suppliers at a meeting in Albuquerque next week.

Chávez said the company plans to rehire the workers temporarily furloughed, but said it knows it could lose some of the workers if they take other jobs.

Eclipse has been dealing with turbulence.

The company recently forced out founder Vern Raburn as CEO and is facing scrutiny from both a congressional committee and the Federal Aviation Administration over the way the Eclipse 500 was certified in September 2006.

After Raburn's ouster last month, Eclipse has said its management team is evaluating every aspect of the company's operation in an effort to develop a "plan to profitability by the end of the month." Otherwise, the company is keeping mum about its future.

An Eclipse supplier, New York-based Albany International Inc., announced earlier this week that Eclipse was "substantially reducing" production of the 500 jet in coming months.

Albany International said that based on information from Eclipse, that production was expected to ramp back up by the second half of 2009.

Concerning Eclipse management's development of a plan to profitability, aviation expert Richard Aboulafia of Fairfax, Va.-based Teal Group Corp. told the Journal that, "I'm shocked they left it this long."

Over the 10 years of its existence, Eclipse has used more than \$1 billion in investor money to get where it is today.

It overcame delays in getting its first aircraft built and certified, but hasn't been able to ramp up to hoped-for levels of production. The company currently is making threequarters of a plane each day, the company has said.

Eclipse's failure to turn a profit could discourage investment in the development of innovative aircraft by other companies, he said.

"There's some scary lessons here," he said. "Aviation can be a giant hole for cash."

Aboulafia said that in 20 years he's never seen an aircraft certification come under scrutiny by both a Congressional committee and the FAA. But it's not necessarily Eclipse's fault.

"It's a government issue, not an Eclipse issue," he said. "There has to be a reason why, but Eclipse isn't going to provide it."

Concerning Raburn's ouster, which was required as part of the latest investment funding deal, Mondragon said, "It's very common for the visionary in a company to move on while more experienced (professionals) develop mass marketing and mass production."

A former Microsoft executive, Raburn wanted to manufacture an inexpensive business jet. The price of the 500 jet has gone from \$850,000 in 2000 to \$2.15 million today.



**JOURNAL FILE** An Eclipse 500 jet, manufactured in Albuquerque. The company is expected to retool its production process and lay off some employees.