



Supplier: Eclipse Plans Slowdown Rebound Forecast In 2nd Half of '09

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A company that supplies parts to Eclipse Aviation issued a gloomy short-term revenue forecast on Tuesday citing what it said are plans by the Albuquerque-based light jet maker to trim production.

Albany International Inc., a publicly traded company based in Albany, N.Y., said its composites subsidiary would lose money over the next year because Eclipse Aviation plans on "substantially reducing" production of its Eclipse 500 jet in the near term.

But by the second half of 2009, Albany International said, "Based on information provided to date by Eclipse, purchases of (Albany Engineered Composites) components are expected to return to and then exceed previous levels."

Eclipse would not respond directly to Albany International's report of a production slowdown. The jet maker said in a prepared statement that it was reviewing its production process and ramp rates as part of a broader evaluation of ways to become profitable.

"We plan to discuss our business plan objectives with our suppliers at a conference we are holding with them in Albuquerque next week," the statement said.

More than 90 suppliers have been invited to the conference on Monday and Tuesday. A public announcement of Eclipse's revised business plan objectives could follow later next week, company spokeswoman Alana McCarraher told the Journal.

Since the Federal Aviation Administration certified the Eclipse 500 in mid 2006, Eclipse has struggled to ramp up its production of the twin-engine jet. The company manufactured about 100 jets last year. It currently builds about three-quarters of a jet each day, McCarraher said.

The company, which makes the \$2.25 million jet, employs more than 1,700 people in Albuquerque and last week said it plans to keep its manufacturing operations here.

The news of Eclipse's reduction in making jets had an immediate impact on another supplier on Tuesday.

Boenning & Scattergood Inc., an equity research firm in Philadelphia, downgraded the stock of Innovation Solutions & Support from market perform to underperform.

Based in Exton, Pa., Innovation Solutions is an avionics firm that makes the flat panel display system for the 500 jet cockpit. The downgrade was based on Eclipse being one of Innovation Solutions' biggest customers.

For Albany Engineered Composites, a reduction of component orders from Eclipse could have a major impact on a plant employing about 250 workers in Boerne, Texas. The plant produces 47 advanced

composite parts and subassemblies for the 500 jet airframe, according to reports.

Earlier this month, Albany Engineering reported its composites subsidiary would see revenue grow by 35 percent this year. The roughly two-year-old subsidiary has gradually moved from losing money to break-even status as of the end of the second quarter.

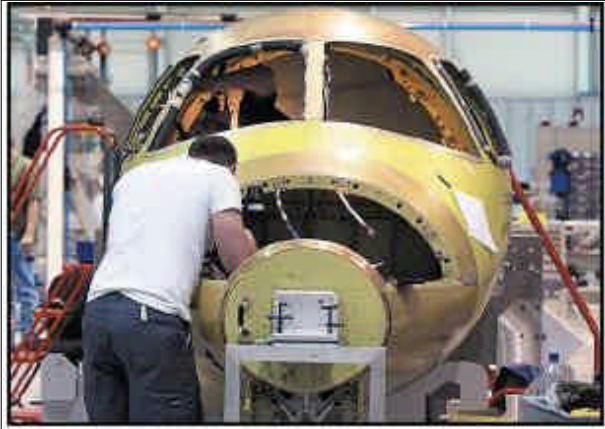
Tuesday's short-term revenue forecast revised the subsidiary's performance to more operating in the red.

Albany International's stock dropped \$4.41 Tuesday to close at \$29.12 on the New York Stock Exchange.

Eclipse Aviation founder and Chief Executive Vern Raburn recently agreed to step down under pressure from investors after the company's board voted unanimously to accept a new financing agreement that will pump money into the company. He subsequently said he plans to sever all ties with the company.

Roel Pieper, chairman of Eclipse's European backer, ETIRC Aviation, has taken over as acting CEO for the light jet manufacturer.

ETIRC, or European Technology and Investment Research Center, a Dutch technology and investment firm, became Eclipse's largest shareholder in January, with a much-needed round of financing in excess of \$100 million.



JOURNAL FILE Eclipse Aviation personnel work on one of the very light jets at the manufacturing site at Albuquerque International Sunport.