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Eclipse receives European OK on very light jet

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ALBUQUERQUE, N.M.

Eclipse Aviation's chief executive says he is hopeful the company can obtain much-needed investment after receiving European certification of its very light jet, which will allow the Albuquerque manufacturer to sell the aircraft in Europe.

Eclipse announced Friday that the European Aviation Safety Agency has certified the six-seat Eclipse 500, which means it can be sold in 37 European countries. The certification is similar to Federal Aviation Administration approval in the United States.

Eclipse also announced the FAA has certified its avionics system, the Avio NG 1.5, which integrates and manages the aircraft's major components.

"That was a long time coming, but finally both the latest FAA certification, as well as EASA, have come. It was major milestone for us. We're very happy," Eclipse chief executive Roel Pieper said in a telephone interview Friday with The Associated Press.

The certifications come at a key time for the troubled aircraft manufacturer, which sent employees home after being late in making payroll last week and has seen a dozen lawsuits filed in federal court from angry customers seeking refunds of more than \$7 million after the company raised the price of the aircraft in June.

Pieper said the EASA certification will allow Eclipse to add 300 European aircraft orders, including 180 orders for Turkey, to its books, bringing the total outstanding orders to about 1,100. He also said the company expects to obtain new orders in Europe due to the certification.

All but a handful of the aircraft on order will be sold for \$2.1 million, he said. The company raised the price of its aircraft from \$1.5 million.

Two aerospace analysts have forecast the troubled company will cease production in early 2009 unless it obtains additional long-term financing.

Eclipse officials have said the company needs \$200 million to \$300 million to stay afloat, but Pieper said the amount is in the lower end of that range.

"I hope to have some more news in the next few weeks," he said. "I have positive hopes."

Ray Jaworowski, a senior aerospace analyst for the Connecticut-based Forecast International Inc., said the European certification is a "hopeful sign" for Eclipse.

"It's a good sign, but you have to balance that against the fact that we're still in a very, very tough financial market in general," he said.

Jaworowski and aerospace analyst Richard Aboulafia of the Virginia-based Teal Group Corp. agreed that the news does not change their firms' view that Eclipse will cease production in 2009.

Pieper said the payroll delay was due to complications with international time zones and negotiations and was "very unfortunate."

Now that Eclipse has completed a two-month review of its production process the company is producing five to six aircraft a month, he said. Eclipse will produce 190 to 200 aircraft in 2008, he said.

Pieper said he does not know how many aircraft the manufacturer plans to produce in 2009, saying the company, like its competitors, has to be careful not to overbuild, especially with the current global financial crisis.

"The markets are so weird. It's like a crap shoot," he said. "We have to really think through how the financial markets will come out."

Asked whether Eclipse has abandoned its previous business model, which called for a low-priced aircraft coupled with a high production rate, Pieper said the company is trying to find a new balance between the right price and the company's profit margins.

"I think you can say that that original business model idea just didn't work," he acknowledged. Eclipse's founder and former chief executive Vern Raburn was removed from his position in July in a management shake-up.

The European certification does not cover Eclipse 500s that will be used commercially -- for example, by air-taxi companies, the company's news release said.

Eclipse expects to receive certification for commercial operation of the Eclipse in time to allow air-taxi services to be operational in Europe next year.

In the United States, Eclipse's main air-taxi customer, the Boca Raton, Fla.-based DayJet Corp., filed for bankruptcy Nov. 14 after ceasing operations in September. Pieper said the company lost 1,400 orders when DayJet closed.

Eclipse also has plans for an assembly plant in Ulyanovsk, Russia. Pieper said the plant's opening has been delayed to the first or second quarter of 2010. Eclipse previously said the plant would open by the end of next year.

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