

Eclipse jet could change aviation

By **Erik Siemers**
Albuquerque Tribune Reporter
July 28, 2006

By the end of the decade, William Herp's small Massachusetts airline is expected to have a fleet of 300 planes. Already, he plans on 30 of them to be made by Albuquerque's Eclipse Aviation.

It could be more.

"There's no reason not to think they'll be all Eclipse at this point," Herp said Thursday. "Eclipse is the only game in town."

Eclipse is about to be the only manufacturer of so-called very light jets on the market after news Thursday that the Federal Aviation Administration granted the Eclipse 500 a provisional type certification.

The certification is a significant step as Eclipse evolves from a company that tests aircraft to a company that sells them. Eclipse expects full certification - which will allow it to deliver jets to customers - by Aug. 30.

Eclipse's next challenge is to prove itself in the marketplace.

And if Linear Air, Herp's Lexington, Mass., air taxi service, is any indication, the market for very light jets - typically small, twin-engine aircraft that hold around a half-dozen or so passengers - is strong.

Industry analysts agree that Eclipse's emergence on the market could have a revolutionary effect on general aviation.

"This is a disruptive airplane," said Michael Boyd of The Boyd Group, an Evergreen, Colo., aviation consulting firm. "If it does what it's supposed to do at the price it advertises, it will make obsolete a whole slew of existing airplanes."

The Eclipse 500 is expected to cost about \$1.52 million. Cessna's Mustang, by comparison, is projected around \$2.7 million, according to figures on Eclipse's Web site.

But Eclipse's impact, some analysts say, won't necessarily be in the emerging air travel concept referred to as air taxis, where small planes provide on-demand service "like a car service with wings," Herp said.

CRA International, a Boston consulting firm commissioned by Eclipse to study the economic impact of VLJs, predicts a fleet of nearly 5,000 VLJs will be in service by 2017. CRA's report assumes that two-thirds will be used for air taxi.

Richard Aboulafia, an aviation analyst with the Teal Group in Fairfax, Va., says an air taxi market may exist, but not as big as some predict.

"I'm even willing to concede there is a limited air taxi system that could use scores, even a couple hundred VLJs, but the idea that thousands of air taxis will blacken the skies is not reality," Aboulafia said.

Herp, of Linear Air, says simple economics justifies the business model. To book a last-minute coach seat from Boston to Elmira, N.Y., on a commercial airline - with a layover in Newark, N.J., - costs \$680 per person or around \$2,700 for a group of four, he said. Linear Air will charge that same group \$3,000 for better service and a direct flight, he said.

"We've got more business than we can handle right now," Herp said.

Already, Eclipse is readying for its manufacturing stage.

The company - which has raised more than \$600 million in private capital to develop the jet - raised \$225 million in convertible debt funding to advance into production. Convertible debt is a loan that can be later converted into equity.

Operating out of two buildings near Albuquerque International Sunport, the company by September will expand into four buildings totaling 350,000 square feet, said spokesman Andrew Broom. The company, started in 1998 with two employees, now has a staff of 820.