

September 15, 2008

Dear Friends of Murphy Aircraft,

Rumors have been circulating for the past few weeks, and I want to put an end to those by providing some updated information on our plans. First off, Murphy Aircraft is alive and well in Chilliwack, British Columbia. Parts will continue to be available as you need them, as far into the future as I can see. Jeff will continue to staff our parts department, and although the number of parts we can carry in "ready" format in inventory is somewhat limited, we will always work to manufacture and provide you with parts as quickly as possible.

I am certain I don't need to tell any of you that the kit planes market has changed dramatically over the past several years. The cost of raw materials and finished products that make up a kit have skyrocketed, along with the costs of transportation. Unfortunately, the increased costs of transportation affect raw materials being shipped to our factory as well as finished product being shipped to you. As one of the very few kit airplane manufacturers that can claim to have been in existence for nearly a quarter of a century, Murphy Aircraft recognizes that in these "down" times we have to make some basic changes in order to survive and continue to provide the solid value our kits have provided to our loyal customers.

In the tightened economy, Murphy Aircraft has had to re-examine how we do business, and as a result, at least for the immediate future it will be necessary for all new customers to purchase airplane kits only as complete kits. We will provide the sub kits (Tail Kit, Wing Kit and Fuselage Kit) as necessary, for our clients who have already ordered partial kits from us in the past. These "fill in" orders should be placed within the next year. Nobody will be left 'high & dry' !

Our production schedules going forward will be driven by our incoming orders. In today's market, it is simply not feasible to build kits on a one-by-one basis, nor is it viable to stockpile complete kits, waiting for an order to come in. Going forward, we will accept written orders for production run positions on an 'accumulation' basis for each kit, possibly with a nominal deposit, to hold your position in line. As soon as we have accumulated the required number of kits, we will ask for the balance of your deposit and we will begin the production run. We are working on ways to keep you, our customer, and our life blood, as informed as possible as to lead times, order status, etc. More to come on that as we finalize the details.

The content of our kits will change slightly as well. In the past, we have ordered, inventoried and reshipped a large number of standard hardware components ranging from tires to rivets, bolts and cables. All of these are items that we ordered and re-shipped, from outside vendors. To continue the "one stop shopping" experience, but eliminate the inventory aspects of handing these items multiple times, future kits will ship from Chilliwack including only the parts we actually manufacture here. The standard components will be drop shipped from our suppliers (such as Aircraft Spruce) as a complete set of accessories to the kit. You will be dealing directly with your parts supplier. Why is this better for you? Shipping costs to and from Chilliwack are saved, as well as the double handling of the parts. The result is a "cleaner" delivery model, and reduced costs to you.

Our marketing methods will be changing. In the past, a sales manager and staff here in the plant have been responsible for our day-to-day marketing and sales efforts. While we know we are good at airplane kit manufacturing, and can maintain our quality with just essential staff, downsizing our essential marketing capability is not desirable. In what is probably our biggest change, our long time factory rep and experienced pilot, builder advisor and marketer, Bob Patterson has agreed to take over our sales and marketing functions. (We are also looking to add to the sales reps already in place outside of North America, to better serve our overseas customers.)

Bob will now handle our show appearances, advertising materials, promotions and general sales responsibilities for all of our models. With a separate company concentrating on sales, we are free to concentrate on our core competencies, building airplane kits.

As the founder of Murphy Aircraft, I got my start designing and selling homebuilt aircraft. I will never forget that my roots, and my passion, are in the kit built airplane lines we have developed and supported all these years, and I'll be doing my best to continue that support.

Lastly, I want to thank you for your business over the years. Over 20 years as a kitplane manufacturer is a record few achieve, and one I could not have reached without your confidence and support. Thank you!

Sincerely,
Darryl Murphy
President, Murphy Aircraft Mfg. Ltd.