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ICON Aircraft Slows A5 Production to Improve Manufacturing; Shifts Early Aircraft to Regional Flight Centers

Vacaville (25 May 2016) – ICON Aircraft announced major changes to this year’s A5 delivery plan. These changes are part of a strategy to improve the A5 production processes and manufacturing supply chain while simultaneously supporting flight training for ICON customers. ICON announced the following:

- A significant reduction in 2016 aircraft production from 175 to 20 (1-year delay).
- Shifting early production aircraft to ICON Flight Centers in CA, TX, and FL.
- A reduction in cost structure and workforce while improving manufacturing.
- Major revisions to ICON’s Aircraft Purchase Agreement in response to customer feedback.
- A significant infusion of new capital to support the manufacturing improvements

“The unfortunate fact of the matter is that ICON had an overly aggressive production schedule for 2016,” said ICON CEO Kirk Hawkins. “We are working hard to find the balance between high-rate production and our exacting standards for quality, performance, and affordability. While the A5 is extremely well-engineered and an amazing aircraft to fly, frankly we need to improve its manufacturability. We’ll have to slow down and walk before we run.”

“We opened the production line at our new factory in January with ambitious plans to produce 175 aircraft this year,” said ICON VP of Manufacturing Thomas Wieners. “After completing 7 aircraft, with 11 more in production and having received a total of 30 composite airframe sets, we’ve learned that our production process and parts of our supply chain are not yet ready for high-rate production.”

ICON will shift resources to the primary business challenges. This will result in temporary workforce reductions, primarily of the aircraft assembly team. ICON will support affected employees by offering resources, assistance with finding new jobs, and providing notifications when the hiring process resumes as production accelerates.

ICON's investor base remains aligned with the company's long-term vision and has committed a substantial infusion of new capital to support the production changes. ICON will return to a high-rate production schedule once supplier and internal capabilities are up to speed, which is expected in 2017.

Most customers can expect a delay of approximately one year from their previous estimated delivery dates. 2016 deliveries will be split between limited customer deliveries and ICON Flight Centers (IFCs), the first of which will be at ICON's existing facility in Northern California. The company plans to open additional IFCs in Florida and Texas over the next year to expand customer training and support infrastructure. IFCs will also support training for ICON-Authorized Flight Instructors to expand the regional training network for customers.

"If there is any silver lining to this news," Hawkins added, "it's that we are taking this opportunity to accelerate the introduction of ICON Flight Centers. This will give ICON a regional presence that allows deposit holders to get earlier access to an A5 for demonstration flights and training without having to come out to California."

ICON will continue to take orders for the A5 and will resume sending Production Notices later this year. ICON has also revised its Aircraft Purchase Agreement to include significant changes in response to customer feedback. The new Purchase Agreement will be released in the coming weeks.

"I realize this news will be as big a disappointment for many of our customers as it is for us," said Hawkins. "I wish there were a better answer. For those who continue to be patient with us, not only will you get special access to fly the A5 at ICON Flight Centers, you'll own one of the world's most amazing aircraft."

ABOUT ICON AIRCRAFT:

ICON Aircraft is a consumer aircraft manufacturer founded in response to the sport flying category created by the Federal Aviation Administration (FAA). Given these enabling regulations, ICON's mission is to reinvent personal flying by providing consumer-friendly, safe, technologically advanced aircraft that allow the freedom, fun, and adventure of flying to be accessible to those who have dreamed of it. ICON's long-term vision is the ultimate democratization of personal flight. This is the beginning of that process. ICON's first aircraft is the A5, an amphibious sport plane that fuses outstanding aeronautical engineering with world-class product design. It has won some of the world's most prestigious design awards and has inspired a global following. The company has received more than 1800 deposits, representing \$400M in aircraft orders, and delivered the first production aircraft in July 2015. ICON Aircraft's facilities are in Northern California, 50 miles northeast of San Francisco.

ABOUT FAA LIGHT SPORT AIRCRAFT & SPORT PILOT CLASSIFICATIONS:

In 2004, the Federal Aviation Administration (FAA) created a new classification of easy-to-fly and affordable two-person airplanes called Light Sport Aircraft. These airplanes enable a new classification of Sport Pilots to fly in lower-altitude, uncongested airspace, during the daytime, and in good weather. The Sport Pilot License focuses on the fundamentals of flying and requires a minimum of 20 hours of in-flight training, undercutting the time and cost of a traditional Private Pilot License by about 50%. The

Experimental Aircraft Association (EAA) has described these new rules as “the biggest change in aviation in 50 years.”

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