General Aviation
Illustrious Past, Bright Future

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Industry Review and Outlook

2008 Global Business Jet Fleet by OEM

Source: Cessna analysis

KS OEM’s Represent ~54% of 2008 Global BizJet Shipments
Industry Review and Outlook

Key Indicators Status

• General economy – profits, GDP, dollar, orders, inflation
• Regulatory, governance and social trends
• Aircraft financing – options, availability
• Used aircraft – availability, pricing
• Fractional, charter
• Backlog – orders, cancellations, deferrals
• Average daily utilization
• Single-engine piston environment

Key Indicators Have Not Yet Signaled Recovery, Though We Are Seeing Early Signs of Stability
Industry Review and Outlook

Business Jet Industry Shipments

$ Billions

1968-2008 Correlation
R = 93.7%

Downturns (10% decline Y/Y)
CPAT Shifted 8Q
Industry Shipments

Downturn defined by units decreasing > 10% year-over-year. Average downturn lasted 2.8 years with 42% total decline in units.

Source: Global Insight, Cessna estimates

Company Confidential
Industry Review and Outlook

Honeywell Business Jet Shipment Forecast

Broad Consensus on 2010 Trough, Slow Climb and Return to Peak

Source: Honeywell 18 October 2009
Higher International Deliveries Continue to be Forecasted

Source: Cessna analysis, Honeywell BizAv Outlook 2009 (18 October 2009)
Industry Review and Outlook

Positive Indications

- Business jet fleet utilization has stabilized, and percent available for sale has decreased for three consecutive months
- More interest in bonus depreciation as year-end approaches
- Single-engine piston orders are gaining strength, often a leading indicator to business jet activity
- Moderate economic recovery has begun
  - 2Q09 GDP (0.7%) expected to be the last quarter of contraction
  - Corporate profits recovery began in 2009, indicating strength in business jet industry recovery at least 24 months away
  - U.S. Dollar likely to weaken in response to current fiscal and monetary policy, stimulating international orders

Positive Signs of Stabilization, Industry Recovery Likely Slow
Challenges and Risks

- Economic recovery remains fragile, while momentum is necessary to stimulate CPAT, fleet usage and shipments
- Negative political rhetoric restraining fleet usage and the replacement cycle
- Air traffic control modernization funding must remain free of mechanisms detrimental to GA (e.g., user fees)
- Global environmental policy and regulation
- Used business jet fleet will take time to burn off
- Financial markets “opening”, however there are fewer providers, higher rates...

Business Aviation Faces Strong Headwinds During Recovery, Challenges Are Well Understood and Industry Has Mobilized
General Aviation
Economic Impact

• U.S. contributions
  - >$150B economic output annually
    » Strengthens balance of trade. In 2008, GA manufacturers generated $5.9B in new airplane export revenue or 44% U.S. manufactured GA airplanes
  - Employs >1,265,000 people whose collective earnings exceeded $53B
    » Full-time employees average $26 per hour

Sources: KS Aviation Mfg Report CEDBR 2008, Alliance for Aviation Across America, Aviation Week
General Aviation

Economic Impact

- Kansas contributions
  - ~$7.1B annual economic impact, leading the nation with $2,561 per capita contribution (twice that of the next most competitive state)
  - Industry leading OEM’s such as Cessna, Bombardier Learjet, Hawker Beechcraft, Airbus (Engineering) and Boeing (Military)
    » Kansas GA OEM’s shipped 1,708 airplanes worth $5.8B with exports accounting for 537 airplanes or $2.3B (40%)
  - Kansas aviation companies deliver over 50% of all GA aircraft employing 17.8% of all Kansas manufacturing employees

Output, Employment and Earnings Multiply

Sources: KS Aviation Mfg Report CEDBR 2008, Alliance for Aviation Across America, Aviation Week
Kansas Manufacturing

2007 KS Real GDP (2000 $B)

Source: U.S. Bureau of Economic Analysis
Kansas General Aviation

**Noteworthy Trends**

- Kansas continues to represent the largest cluster for aviation research and manufacturing in the U.S. (E.g., NIAR)

- Significantly increasing global competition for work (I.e., tax revenues and jobs) by other states and nations
  - E.g. – AL, MS, NC, OK, TX, Canada, Mexico, Brazil, Europe, Russia, Japan and China

- **Workforce**
  - Aging workforce while faced with difficulty in attracting and retaining younger workers
  - Lack of skilled workers during growth cycles, not keeping pace with changing technology
  - National Center for Aviation Training (NCAT) partnering with NIAR, representing key elements to support future growth

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**Low Cost Global Regions and Aggressive States Are Competing for Kansas Jobs and Tax Revenue**
Business Environment

Success Factors

• Retain existing aviation industry – strong companies and suppliers

• Grow our position as global leader in aviation research (E.g., NIAR)
  – Opportunity for composites

• Leverage Kansas’ strong work ethic

• Flexible, business-driven, high-tech training to meet future skilled workforce needs (E.g., NCAT)

Business Friendly Environment Required to Grow Kansas Economy, Long-term Aviation Forecast Remains Robust
Questions