Business Aviation Outlook
NBAA 2006

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2006 Business Aviation Outlook

• 20th Year of Survey, 15th consecutive public report release
• 1,400 Corporate flight departments from around the world
  – Aircraft Manufacturers and other sources
• Purchase expectations up, strong international demand
• Record deliveries projected for 2006 and 2007
• Long-term outlook strong
  – 12,000 aircraft worth $195B projected from 2006-2016
Q206 Business Aviation Environment

- First half 2006 business jet deliveries - 403 aircraft worth $7.2B
  - 26% increase in units
  - 26% increase in constant 2006 dollars
- First half 2006 new jet orders up 6.1% over 2005 levels:
  - Most OEMs reporting 50% - 75% of orders coming from non U.S. customers
  - Book-to-Bill ratio running at 1.2 YTD 1H06 on higher volume
  - Backlogs up, estimated to be between 2,200 - 2,500 aircraft
- Fractional Operators took delivery of 53 New jets in the first half 2006
  - NetJets Revenue was up 26% and flight op’s up 23%
  - Net fractional shares declined 11.1% over 2005 levels, jet cards supporting growth
- Most Charter Operators Report Booming Business

2006 Survey Purchase Plans up 15%
World Fleet and Operator Base

**World Jet Operator Base**

- Oceania
- Asia
- Africa
- Europe
- Latin America
- North America

- **8,440 Jet Operators**
- 5 Yr. CAGR +4.7%

**World Business Jet Fleet**

- Oceania
- Asia
- Africa
- Europe
- Latin America
- North America

- **13,408 Business Jets**
- 5 Yr. CAGR +5.3%
Five Year Purchase Plans for New Jets

Purchase Plans Increased on Strong Demand in Asia, Africa and Middle-East and Improved U.S.

Fleet Replacement and Expansion Percentage

- Additions
- Replacements


Additions and Replacements}

Honeywell Proprietary
2006 Purchase Expectations by Region

Growing Demand in Asia, Middle-East and Africa

Asia: 59.7%
Middle East/Africa: 47.2%
Latin America: 30.2%
Europe: 25.3%
North America: 21.0%
Survey Five Year Jet Buying Plans by World Region – Traditional Market Only

Regional New Jet Demand Over the Next 5 Years, Survey Indicates Asia may be the Largest Non U.S. Market Over the Next 5 Years
Reasons for New Jet Purchase – 2006 Survey

**U.S.**
- Aircraft Age: 97.0%
- More Range: 32.1%
- Cabin Size/Comfort: 23.3%
- Speed/Performance: 18.1%
- New Avionics: 15.0%

**Latin America**
- Aircraft Age: 100.0%
- More Range: 19.1%
- Cabin Size/Comfort: 17.0%
- DOC: 16.0%
- New Technology: 13.8%

**Europe**
- Aircraft Age: 96.3%
- Cabin Size/Comfort: 51.4%
- Range: 45.9%
- New Avionics: 34.9%
- Speed: 11.0%

**Asia**
- Aircraft Age: 95.7%
- Range: 42.0%
- New Avionics: 31.9%
- New Technology: 24.6%
- Speed: 14.5%

Range Predominates After Age

**NBAA 2006**
2006 Outlook for Business Jet Deliveries

12,000 New Jets from 2006 - 2016
2006 Outlook for Business Jet Deliveries
Constant 2006 Dollars

$195B from 2006 - 2016
Conclusions

• 2006 is another record year in the making
  – Backlogs should push 2007 deliveries even higher

• Improved buying plans strengthen near term outlook

• International demand growing
  – More than compensates for potential U.S. economic slowing

• Pipeline of new high value models supports long term growth

• Fractional, jet card and branded charter taking significant numbers of new aircraft

• Some operator concerns linger
  – TFR’s & security regulations, insurance costs and fuel prices

Strong Outlook – Meeting or Exceeding Expectations