NBAA 2014
Business Aviation Market Update 
October 2014
This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management’s assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.
2014 Business Aviation Outlook

• 28th Year Of Survey, 23rd Public Report Release

• 1,500 Corporate Flight Departments From Around The World, Operating Nearly 3,500 Business Aircraft
  - Aircraft Manufacturers And Other Sources

• Five-year Purchase Plans At +23% Vs. 28% In 2013
  - Slightly Under Pre-Recession Levels

• European Demand Gains Share

• Large Cabin Models Most Popular, But Mid And Small Cabin Classes Saw Gains In Operator Interest

• Modest Delivery Growth In 2014-2015
  - Current Development Programs Boost Outlook In 2014 And Beyond

• Long-Term Outlook: Moderate Recovery
  - Up To 9,450 Aircraft Worth $280B Projected 2014-2024
  - Units Up ~2%, Value Of Deliveries Up More Than 7%
Five Year Purchase Plans For New Jets

2014 Purchase Plans Declined 5 Points To 23%
Operators Cautious About Slow Growth, Geopolitical Concerns
New Jet Purchase Expectations By Region

European Purchase Plans Led All Regions
Latin America Remained Stable, Buffered By Brazil
Regional Demand For New Jets In The Next 5 Years

Traditional Corporate & Charter Operator Base

North America, 59%

Europe, 18%

Latin America, 17%

Asia/Pacific, 3%

Africa / Middle East, 3%

International Share Of Demand 41%
BRIC Accounts For 29% Of International Share – Or 12% Of World Demand
New Jet Purchase Plans By Aircraft Class

Big Cabin Jets Account For 46% Of Unit And 75% Of Dollar Value
Gains For Small Cabin Jets In 2014 Survey

Big Cabin = Super Midsize thru Business Liner classes
Mid Cabin = Light Medium thru Medium classes
Small Cabin = Personal Jets, Very Light, Light classes
Business Jet Forecast – Delivery Value

$280B In Value From 2014 - 2024

History | Forecast

- Very High Speed - Ultra Long Range
- Ultra Long Range
- Long Range
- Large
- Medium-Large
- Medium
- Light
- Light-Medium
- Very Light

Constant $2014

2014 Business Jet Delivery Forecast In Units

~9,450 Aircraft From 2014 - 2024
NBAA 2014 Outlook - Summary

• **2014-2015 Will Post Modest Growth**
  - Less Volatility In OEM Rates - Program Schedule Recoveries, New Jet Introductions, Fractional Deliveries
  - Large Cabin Class Aircraft Still Faring Better, But Small Cabin Showing Improved Interest Levels

• **Operator Survey Signals Slowdown In Purchasing Activity In 2014-2015**
  - Economic Growth Forecasts Are Up Slightly – But Geopolitical Uncertainties Temper Short Term Demand
  - International Share Of Demand Up Primarily On Strong Buying Plans In Europe And Brazil
  - Emerging Economies Still Have Significant Purchase Plans, But Some Areas Are Slowing
  - Modest Recovery In New Aircraft Deliveries In 2014 – Continued Value Of Deliveries Growth Thru 2018

• **Pipeline Of New Models Still Important For Longer Term Growth**

• **Modest Growth In Fleet Utilization**
  - U.S. Flight Activity Growth Positive, European Total Activity Still Down, But Decline Slowing
  - International Flight Growth Positive In Both Regions And Above Domestic Rates
  - Late Model Used Jet Inventory Has Fallen YTD, Overall Used Inventory Has Improved To “Normal” Levels

**Operator Survey Suggests Slower New Jet Orders In 2014-15**
**Deliveries Grow At Modest Rates As New Models Enter Service**
**Operators Up In U.S. – Overall Slow Growth In Mid-term**
Business Aviation Around The World – North America

- Today – 66% Of World Fleet – World’s Largest Fleet
- Average Age Of Business Jets – Around 17 Years
- <1% Annual Fleet Growth Over The Last 5 Years
  - Similar Growth Projected Through 2019
- Most Balanced Purchase Plans For Various Business Jet Types
  - Large Cabin/Long-Range Jets ~45% Of Units, 72% Of Value
  - Small Cabin At ~24%, In The Middle Range Of Regional Preferences
- Most Business Aviation Airfields Of Any Region
- Expected To Comprise Up To 59% Of Global Demand Over Next 5 Years – World’s Largest Market (Share May Fall Back Over The Next Few Years, Just As It Did This Year – If Stronger Global Economic Growth Materializes And Other Regions Experience Forecast Improvements)
- Purchase Expectations Down (6) Points To 22%
Business Aviation Around The World – Europe

• Today – 13% Of World Fleet
• Average Age Of Business Jets – Just Under 11 Years
• 1-2% Annual Fleet Growth Over The Last 5 Years – Similar Growth Forecast Through 2019
  • Growth Has Slowed Near Term As Projected Last Year, Fleet Outmigration To Other Regions Offsets Inflow Of New Aircraft
• Balanced Preference For Various Business Jet Types
  • Large Cabin/Long-Range Jets ~49% Of Units, 81% Of Value
  • Small Cabin Interest At 29% Of Units – In The Middle Range Of Regional Preferences
• Expected To Comprise 18% Of Global Demand Over Next 5 Years
• Purchase Expectations Up 6 Points To 31% – Highest Level Of Any Region
  • Improved Despite Significant Fall In Purchase Plans Reported In Russia
Business Aviation Around The World – Latin America

- Today – 12% Of World Fleet
- Average Age Of Business Jets – ~17 Years
- 11% Annual Fleet Growth Over The Last 5 Years – 5-6% Annual Growth Over Next 5 Years
- High/Low Preference For Business Jet Types
  - 42% Big Cabin, 72% Of Value
  - Small Cabin Preference At 37% For Units – Largest Share Of Any Region
- Expected To Comprise 17% Of Global Demand Over Next 5 Years
- Purchase Expectations Off 10 Points To 29% – Second Highest Level Of Any Region
- Hotspot – Brazil: High Purchase Plans (Still #1 Globally), Significant Installed Base
Business Aviation Around The World – Asia

• Today – ~5% Of World Fleet
• Average Age Of Business Jets – Approaching 12 Years
• 10% Annual Fleet Growth Over The Last 5 Years – 8-9% Annual Growth Over Next 5 Years
• Strongest Preference For Large Cabin Business Jet Models
  • Large Cabin/Long-Range Jets 55%+ Of Units, 79% Of Value
  • Range Demands Are Obvious, Shorter Range Applications Emerge As Large Domestic Economies Mature In Region
• Expected To Comprise 3-4% Of Global Demand Over Next 5 Years
• Purchase Expectations Dropped 12 Points To 12% – A Recent Low Point
  • Slower Near Term Growth In India, China – Elevated Regional Tensions
• Longer Term China Prospects Remain Strong – Many First Time Buyers, High Wealth Creation, Global Business Growth
  • Issues - Airspace Liberalization, Tax and Duties, Airfield and Ramp Side Infrastructure
Business Aviation Around The World – Middle East /Africa

- Today – Approaching 4% Of World Fleet
- Average Age Of Business Jets – Grew To 17 Years
- 4% Annual Fleet Growth Over The Last 5 Years – Slowing To 2-3% Annually Through 2019
  - Recent Fleet Growth Slowed As Predicted Due To Political Instability And Outmigration Of Aircraft From Region
- Strong Preference For Large Cabin/Long-Range Jets ~50% Of Units, 79% Of Value
- Strongest Regional Relative Preference For Midsize Jets At 42%
- Least Relative Interest In Small Cabin Models Of Any Region At 8%
- Purchase Expectations Dropped (8) Points To 18%
  - Contributing Factors: Political Instability, Heath Crises And Lower Oil Prices
- Expected To Contribute 3-4% Of Global Demand Over Next 5 years