2009 Business Aviation Outlook
2009 Business Aviation Outlook

- 23rd Year of Survey, 18th consecutive public report release
- 1,200 Corporate flight departments from around the world
  - Aircraft Manufacturers and other sources
- 5 year purchase plans increased over 2008, but are delayed
- International demand gains share
- Significant delivery down cycle in 2009 and 2010
  - Several programs suspended or delayed
- Long-term outlook for measured recovery
  - Up to 11,000 aircraft worth $200B projected from 2009-2019
Business Aviation Environment – Mid-Year 2009

• Through Q2 ‘09 business jet deliveries - 407 aircraft worth $8.0 B
  25% decrease in units
  24% decrease in constant 2009 dollars

• Several Hundred New Jet Orders repositioned during first half 2009:
  Book-to-Bill ratio negative since Q4 2008, after several years exceeding 2.0
  Industry backlog deferred, still represents several years volume at expected rates

• Fractional industry net share gain / loss through Q3 2009 down 47%
  Fractional Segment took ~21 new jets through Q3 2009, off 76% from 2008 levels

• Business Jet flights down in U.S. and Europe – but positive trends emerging
  Level of decline improving since Q109
  Longer range Aircraft monthly usage in the U.S. nearly back to positive territory

2009 Purchase Plans Improved Despite Recession
World Business Jet Fleet & Operator Base

**World Business Jet Fleet**

- **Aircraft Units**
  - Oceania
  - Asia
  - Africa
  - Europe
  - Latin America
  - North America

- **World Business Jet Fleet**
  - 16,200 Business Jets
  - 5 Yr. CAGR +5.5%

**World Business Jet Operators**

- **Operator Count**
  - Oceania
  - Asia
  - Africa
  - Europe
  - Latin America
  - North America

- **World Business Jet Operators**
  - 9,800 Jet Operators
  - 5 Yr. CAGR +4.7%
Five Year Purchase Plans for New Jets

2009 Purchase Plans Increased
Operators Looking Ahead to Economic Recovery
Purchase Expectations by Region

Significant Global Demand Still Present – North America, Latin America More Conservative
Regional Demand for New Jets in the Next 5 Years

Traditional Corporate & Charter Operator Base

- North America, 48%
- Europe, 27%
- Latin America, 11%
- Asia/Pacific, 7%
- Africa / Middle East, 7%

International Share of Demand Continues to Increase
Big Cabin Jets Captured 40% of Mentions and ~70% of $Value
Purchase Expectations for Used Jets

2009 Used Jet Trends

- Large increase in used jet inventory for sale since mid 2008 has peaked and begun to fall slightly
- ~17% of active fleet listed for sale
- ~900 late model jets under 10 years old listed
- 40% are Very Light and Medium class aircraft
- Other classes up to lesser degree
- Average asking prices declining significantly for all models
- Forward look at used jet purchase plans in 2009 survey fell again

5 Year Replacement and Expansion percentages


Continued Decline in Near Term Used Jet Interest
Reasons for New Jet Purchase – 2009 Survey

- Efficiency and Operating Costs Gained Importance

North America
- Age
- Updated Avionics
- New Technology
- More Range
- Bigger Cabin/Op Cost

Europe
- Age
- Bigger Cabin
- Operating cost
- More Range
- Warranties

Latin America
- Age
- Updated Avionics
- More Range
- Operating Cost
- Bigger Cabin/Fuel Use

Asia
- Bigger cabin
- Age
- Operating Cost
- More Range
- Updated Avionics

Middle East / Africa
- Bigger Cabin
- Operating cost
- Age
- Warranties
- More Range
July 2009 Outlook for Business Jet Deliveries

10,000-11,000 New Jets from 2009 - 2019
July 2009 Outlook for Business Jet Deliveries

Constant 2009 Dollars

History

Forecast

~$200B from 2009 - 2019
Conclusions

• Deliveries will cycle down in 2009 and 2010:
  – Peak-to-trough decline will be in a range of 40% or more

• Operator survey signaling a potential recovery:
  – Global Insight indicates that a moderate global economic recovery has begun
  – Weak dollar will have positive impact on International sales
  – Number of jets per UHNWI in emerging markets far below potential
  – Recovery in new aircraft deliveries will begin in 2011/2012

• Pipeline of new high value models still supports longer term growth

• Net new jet orders expected to be positive in 2010 and accelerate in 2011

• Very light jet production ramping up – backlogs appear to be holding

• Signs of stabilization in fleet utilization and used aircraft:
  – U.S. and European flight activity stabilizing
  – Improvement in jet utilization expected to begin in 2010, coincident with global economic recovery

**Longer Term New Jet Outlook Positive – Operator Survey Signaling a Measured New Jet Demand Recovery**