



2009 Business Aviation Outlook

Honeywell

2009 Business Aviation Outlook

- 23st 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

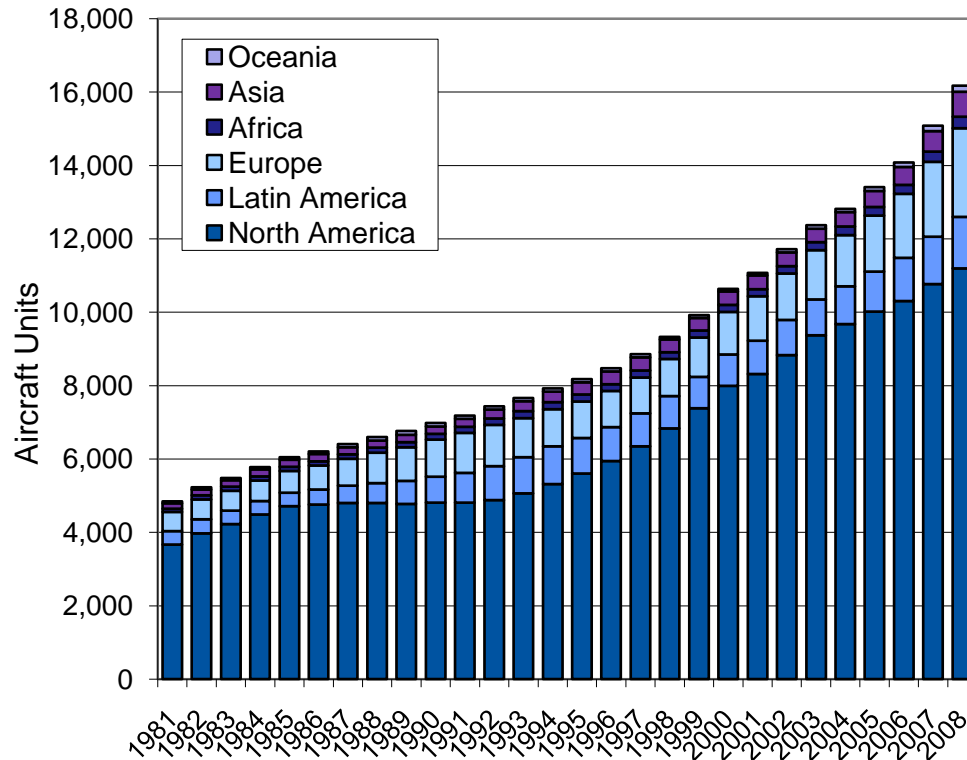
Business Aviation Environment – Mid-Year 2009

- 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

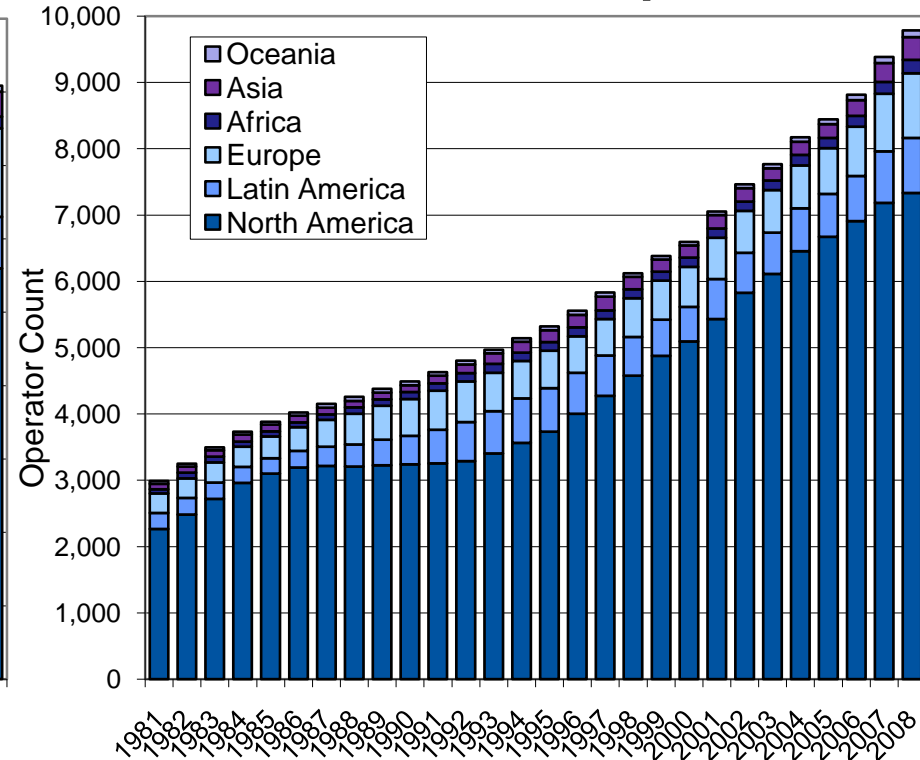
World Business Jet Fleet & Operator Base

World Business Jet Fleet



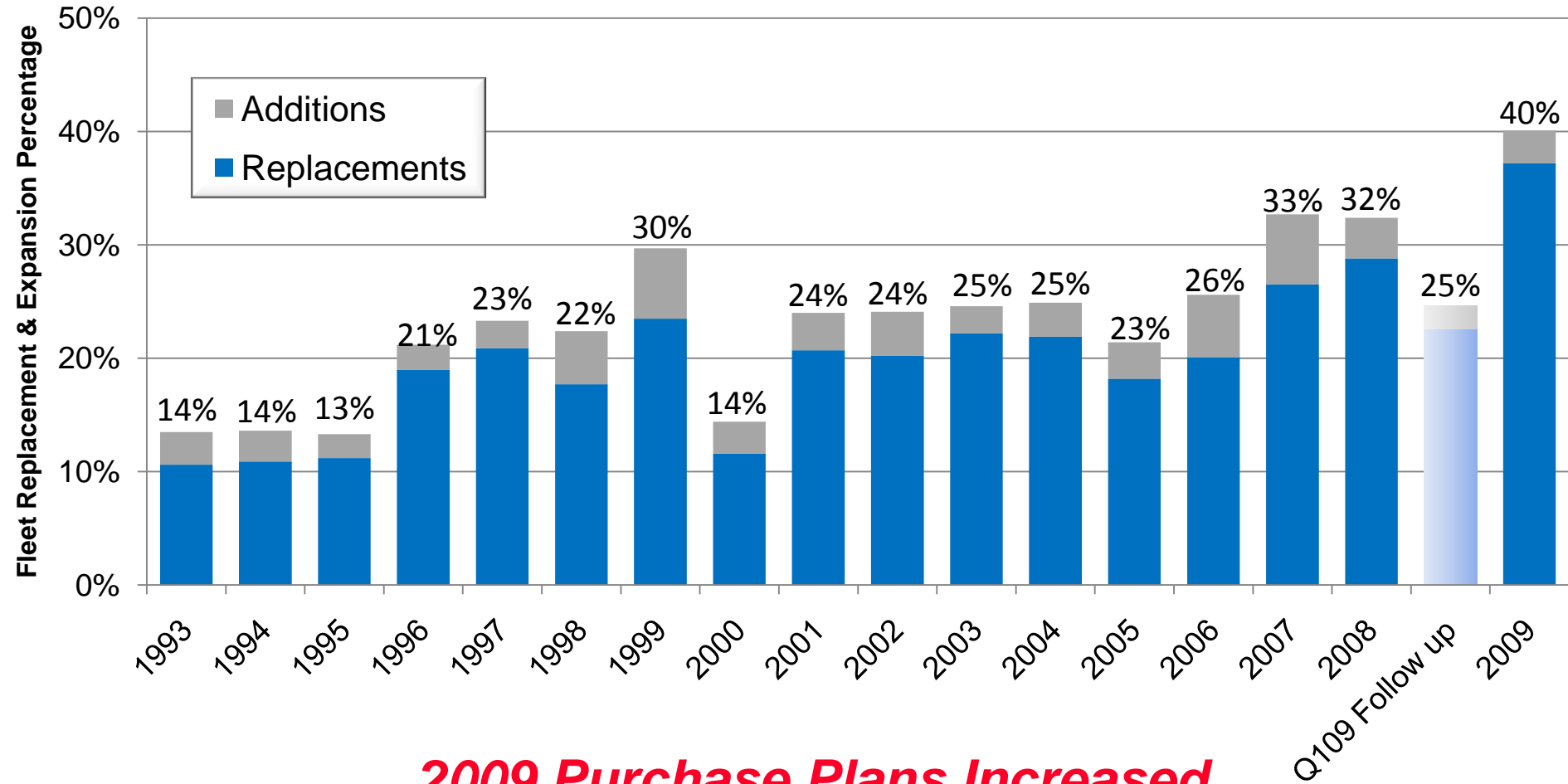
16200 Business Jets
5 Yr. CAGR +5.5%

World Business Jet Operators



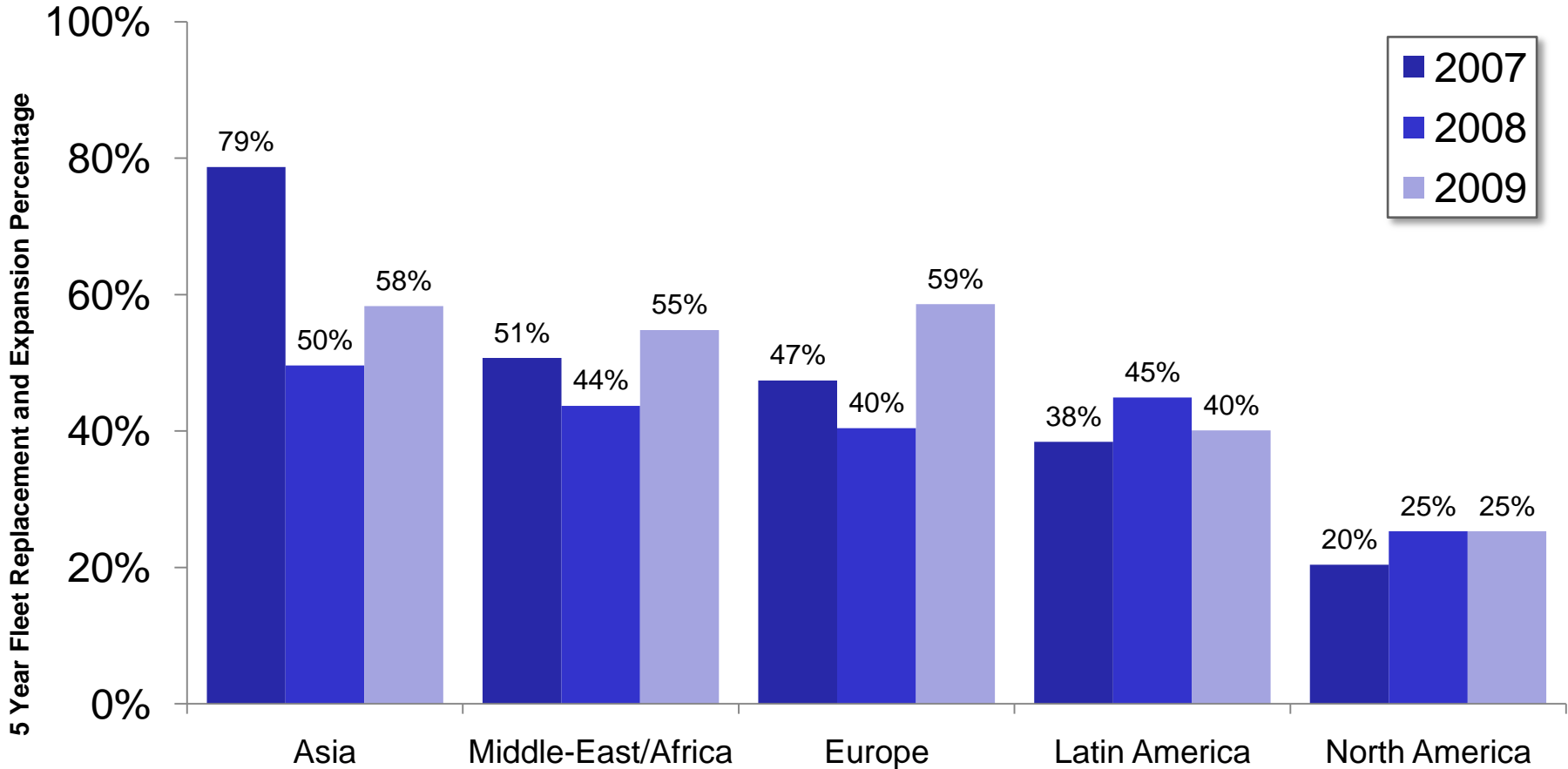
9,800 Jet Operators
5 Yr. CAGR +4.7%

Five Year Purchase Plans for New Jets



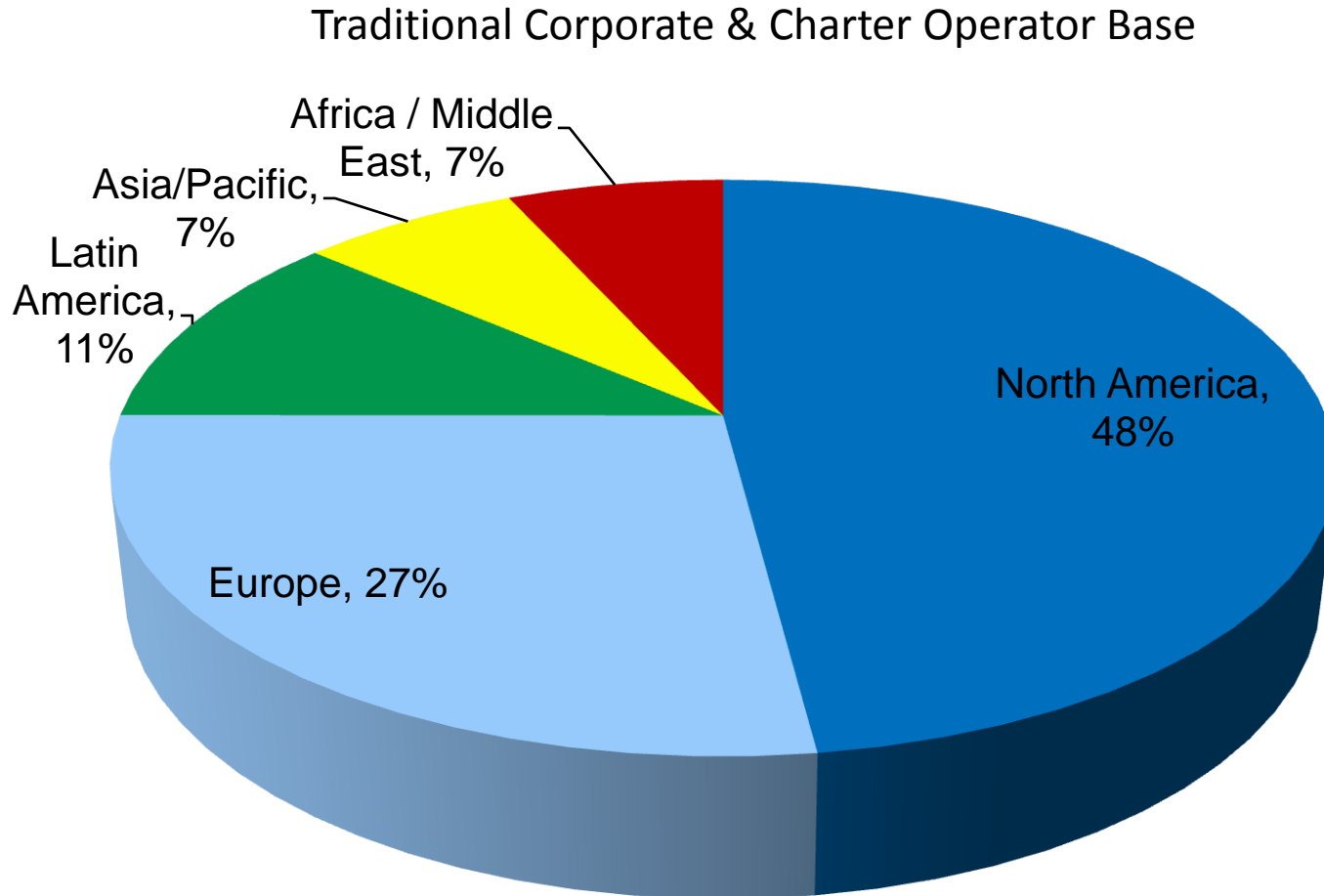
***2009 Purchase Plans Increased
Operators Looking Ahead to Economic Recovery***

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



International Share of Demand Continues to Increase

New Jet Purchase Plans by Class

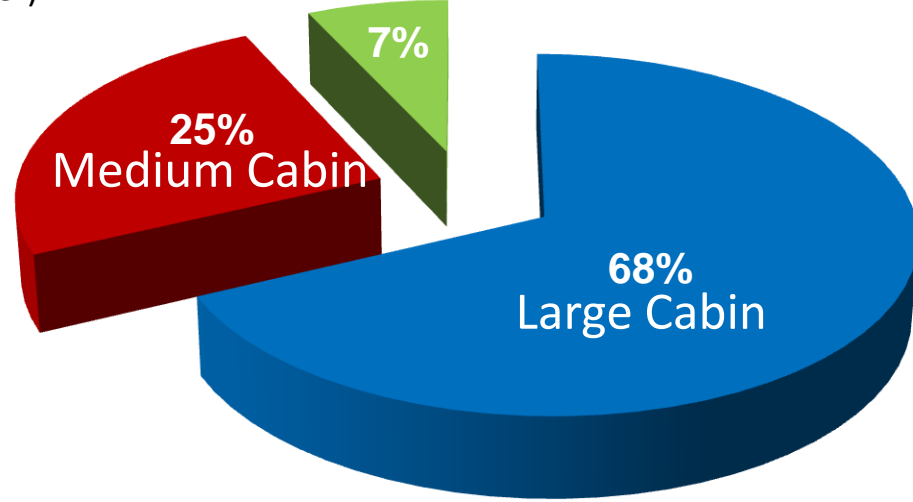
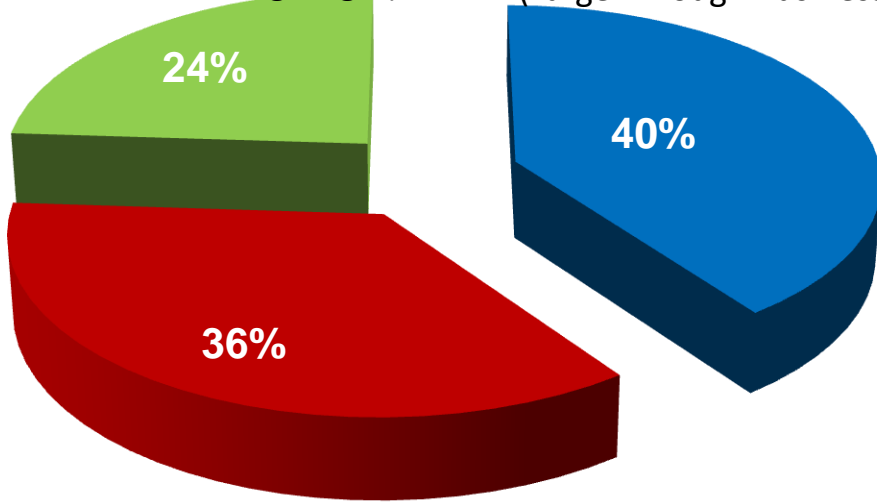
Purchase Plans Unit Share

Purchase Plans - Value

Small Cabin
(Personal Jet Through Light)

Large Cabin
(Large Through Business Liner)

Small Cabin



Medium Cabin
(Light Medium Through Super Midsize)

25%
Medium Cabin

68%
Large Cabin

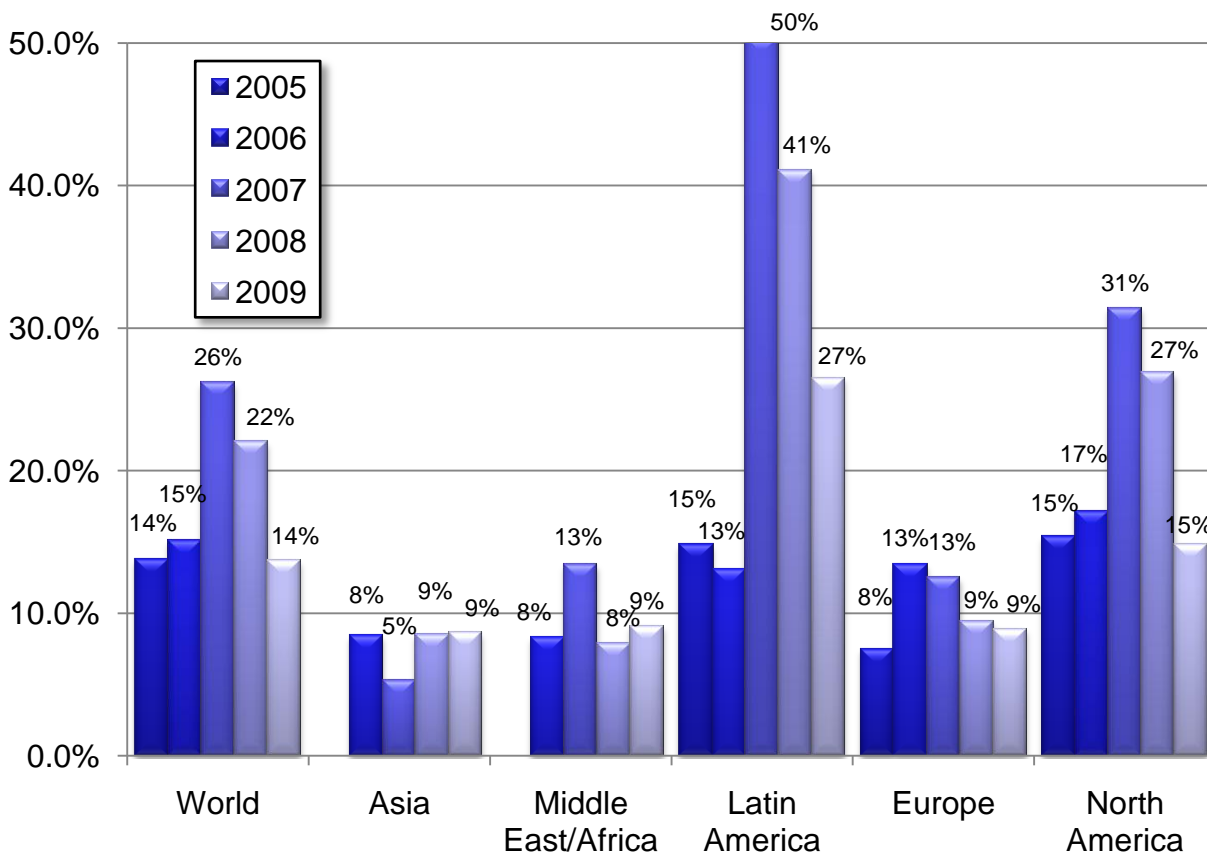
Big Cabin Jets Captured 40% of Mentions and ~70% of \$Value

Purchase Expectations for Used Jets

2009 Used Jet Trends

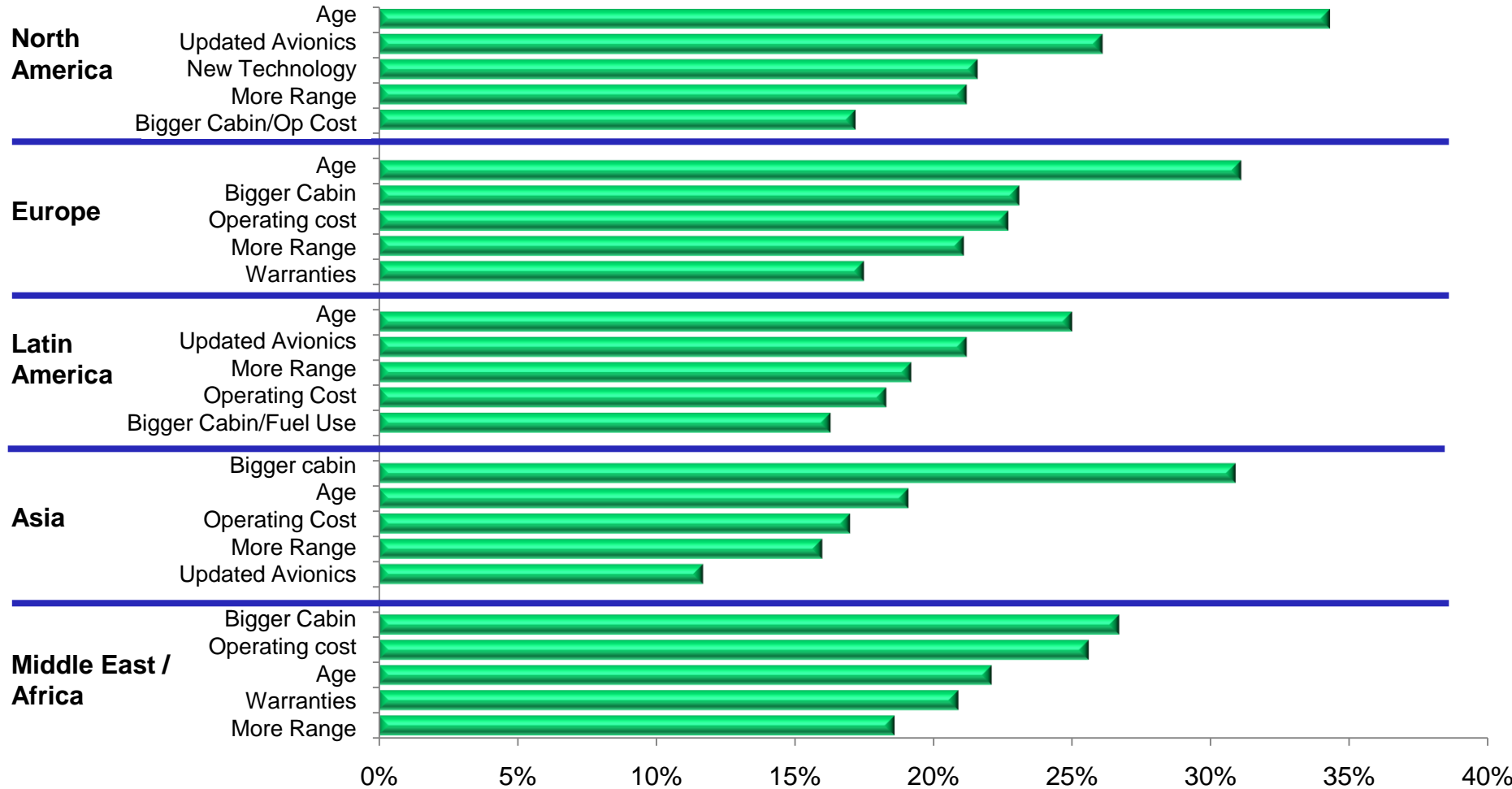
- Large increase in used jet inventory for sale since mid 2008 has peaked and begun to fall slightly
 - ~17% of active fleet listed for sale
 - ~900 late model jets under 10 years old listed
 - 40% are Very Light and Medium class aircraft
 - Other classes up to lesser degree
- Average asking prices declining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

5 Year Replacement and Expansion percentages



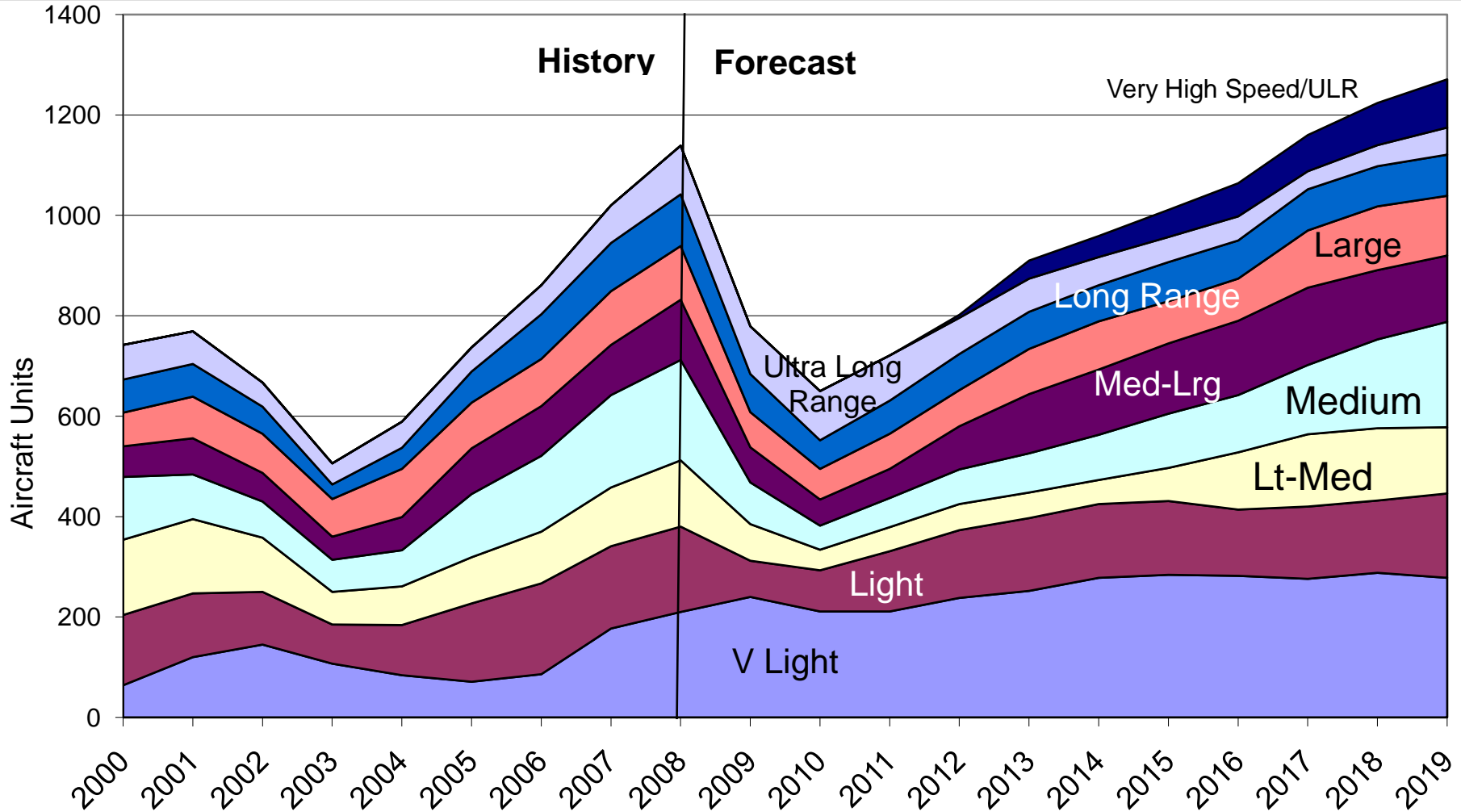
Continued Decline in Near Term Used Jet Interest

Reasons for New Jet Purchase – 2009 Survey



Efficiency and Operating Costs Gained Importance

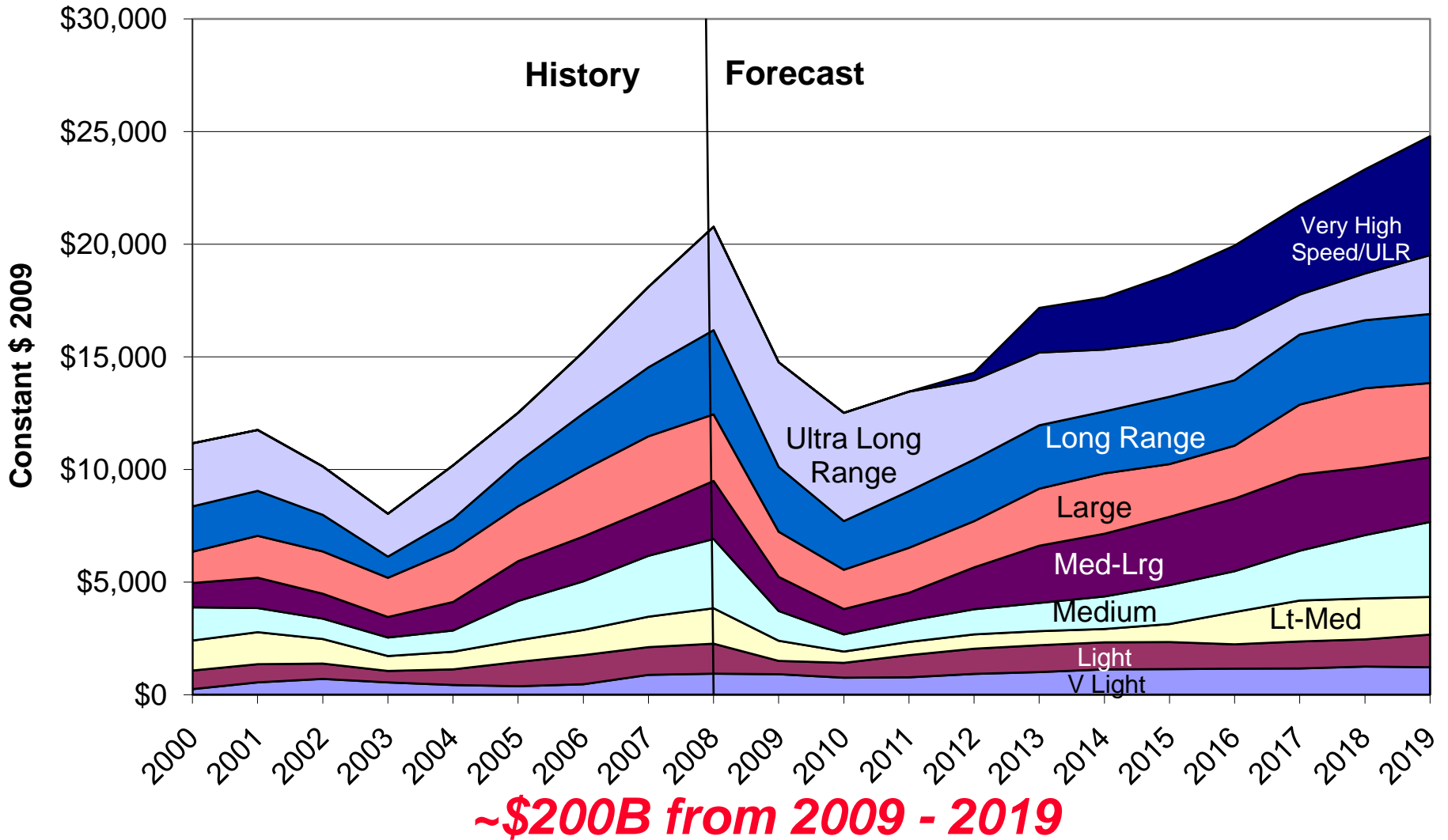
July 2009 Outlook for Business Jet Deliveries



10,000-11,000 New Jets from 2009 - 2019

July 2009 Outlook for Business Jet Deliveries

Constant 2009 Dollars



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***