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# **Business Aviation Outlook**

**Honeywell**

## 2008 Business Aviation Outlook

- 22<sup>st</sup> Year of Survey, 17<sup>th</sup> consecutive public report release
- 1,866 Corporate flight departments from around the world
  - Aircraft Manufacturers and other sources
- Purchase plans unchanged over 2007, strong international demand
- Record deliveries projected for 2008 and 2009
- Long-term outlook remains strong
  - Up to 17,000 aircraft worth \$300B projected from 2008-2018

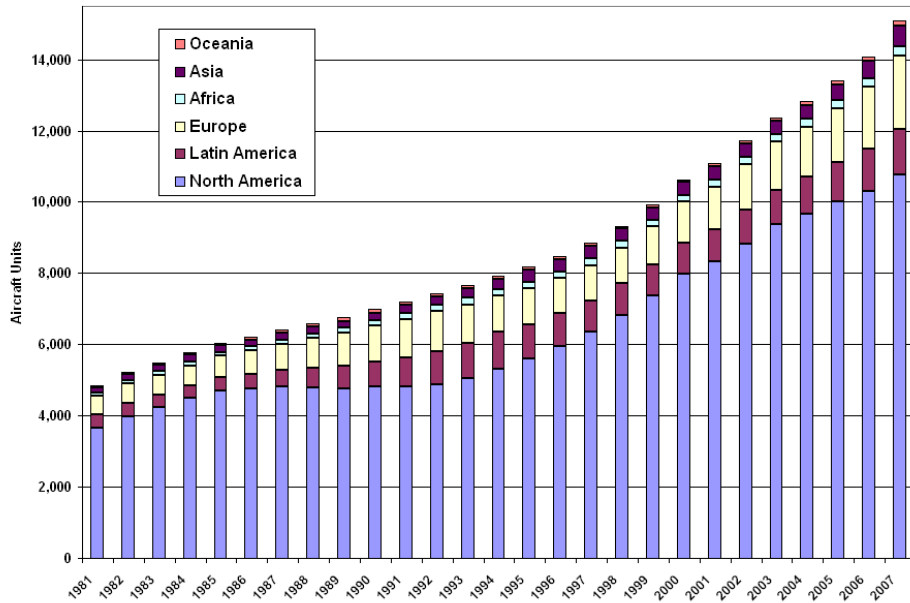
# Business Aviation Environment – Mid-Year 2008

- First Half '08 business jet deliveries - 543 aircraft worth \$9.8 B
  - 22% increase in units*
  - 22% increase in constant 2008 dollars*
- Over 1200 New Jet Orders Reported During First Half 2008:
  - Some OEMs reporting up to 75% of orders coming from International clients*
  - Book-to-Bill ratio favorable since 2004, over 2.0+ since 2005 on higher volume*
  - Industry backlog estimated to be 2.5 to 3 years*
- Fractional industry net share gain / loss for first half of 2008 down 1.5%
  - Fractional Segment took ~40 new jets in first half, off 20-30% from 2007 levels*
- Business Jet flights down in U.S. and growth slowing in Europe

***2008 Purchase Expectations Flat to Record 2007***

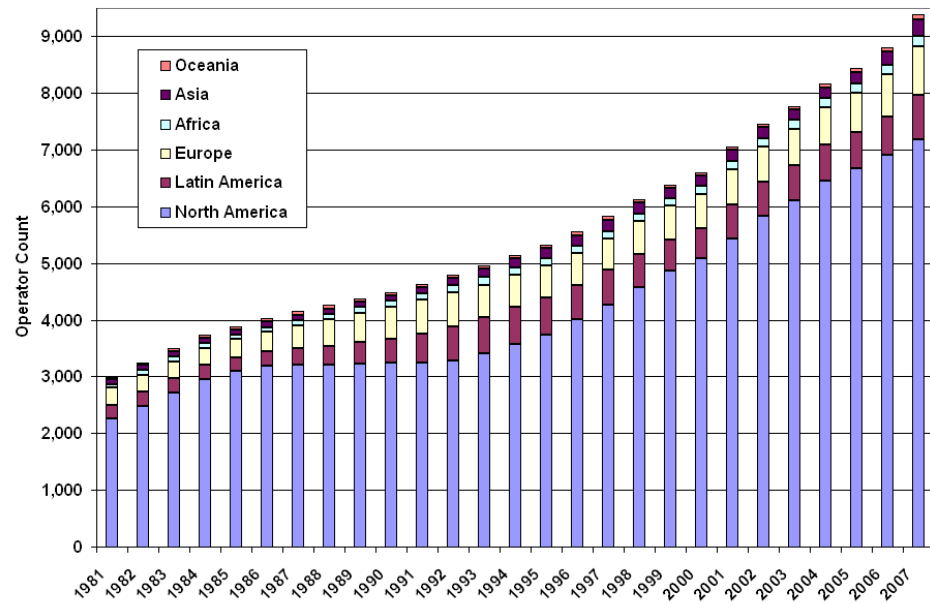
## World Business Jet Fleet & Operator Base

### World Business Jet Fleet



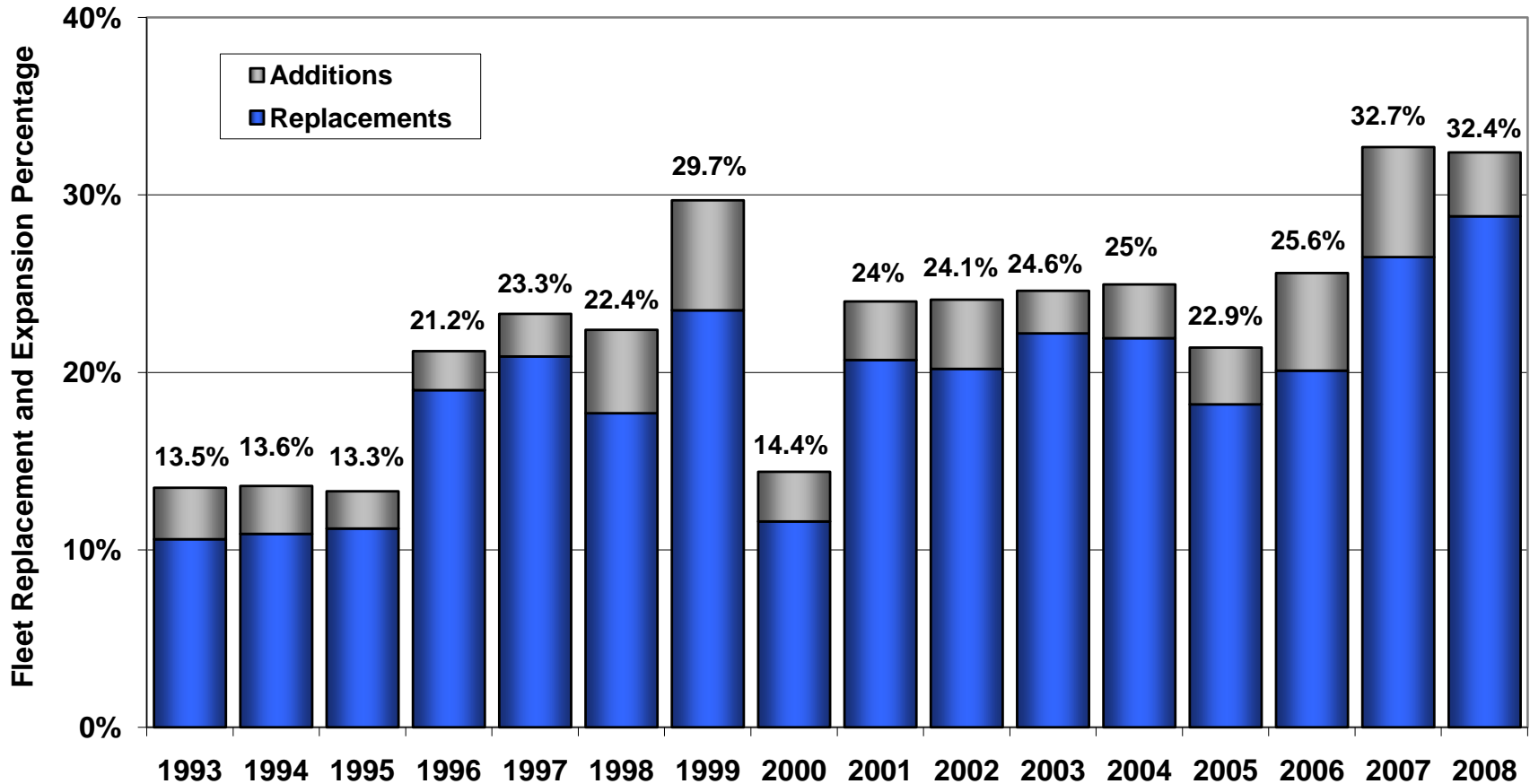
**15,100 Business Jets**  
**5 Yr. CAGR +5.2%**

### World Business Jet Operators



**9,400 Jet Operators**  
**5 Yr. CAGR +4.7%**

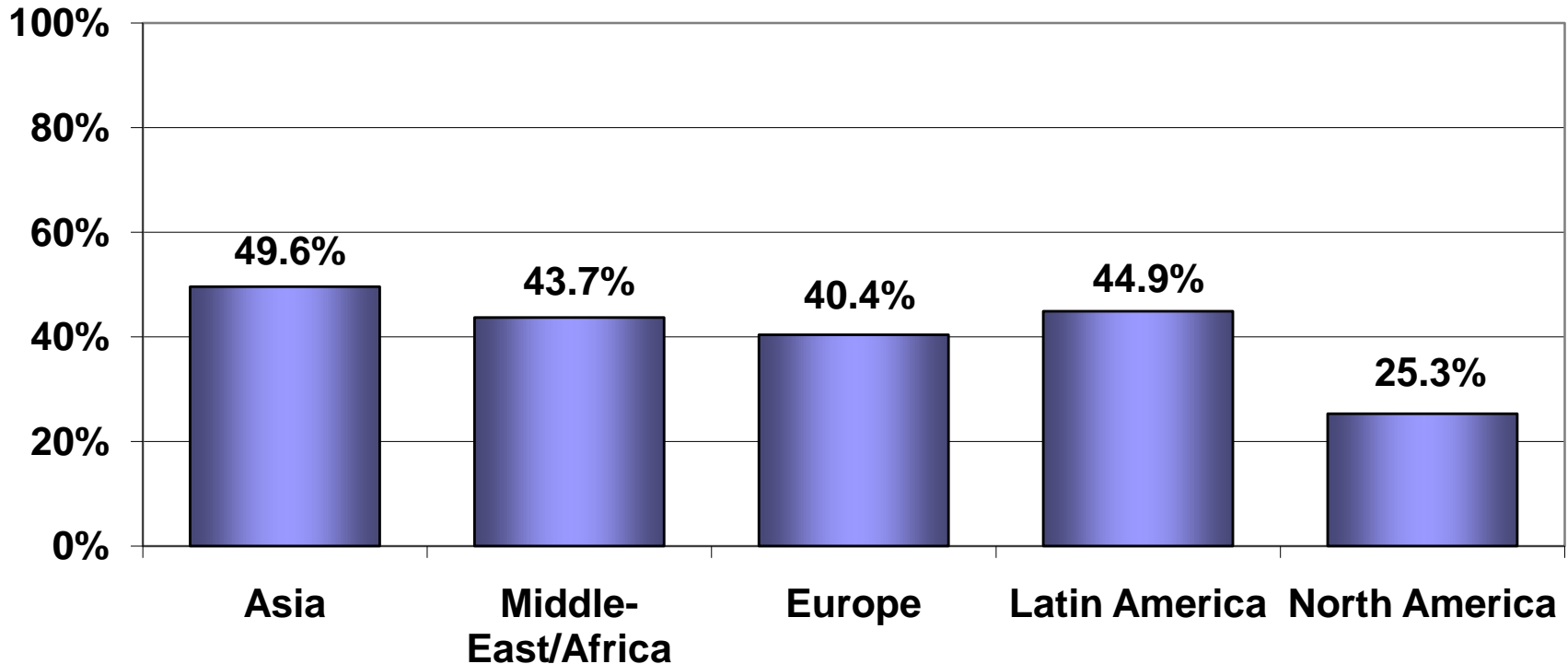
## Five Year Purchase Plans for New Jets



***2008 Purchase Plans Flat to Down Slightly – After Reaching Record Levels in 2007***

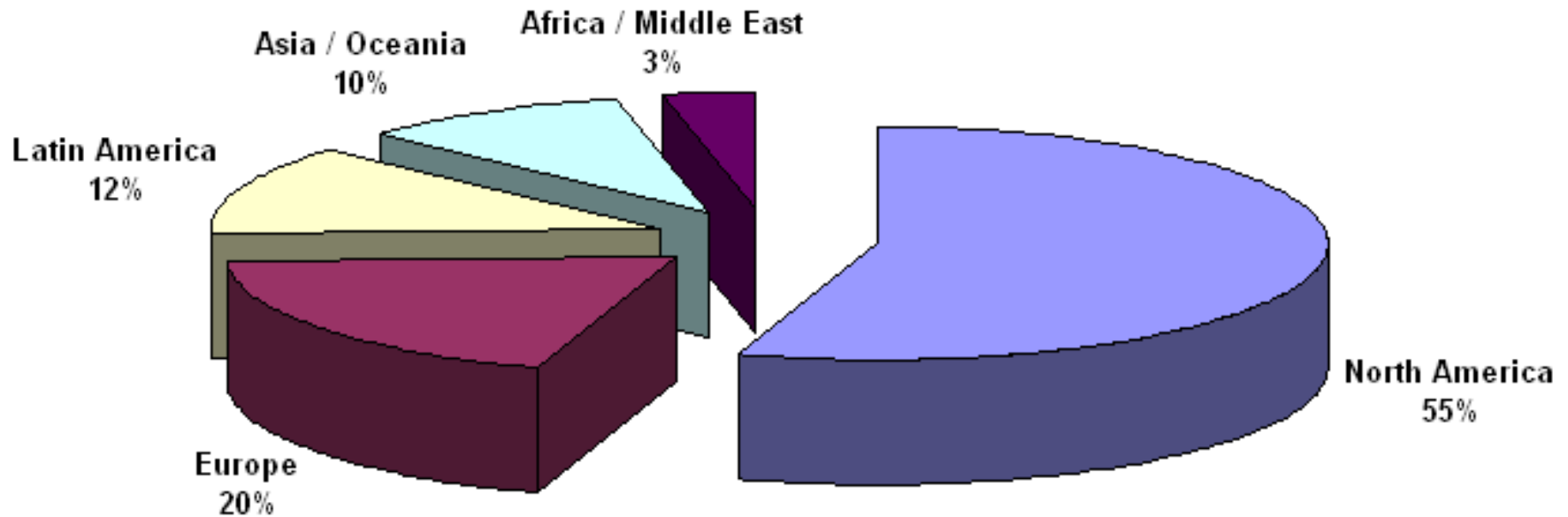
## 2008 Purchase Expectations by Region

### 5 Year Fleet Replacement and Expansion Percentages



***Significant Global Demand Still in Place – North America , Latin America Stronger***

## Five Year Jet Buying Plans by World Region – Traditional Market Only



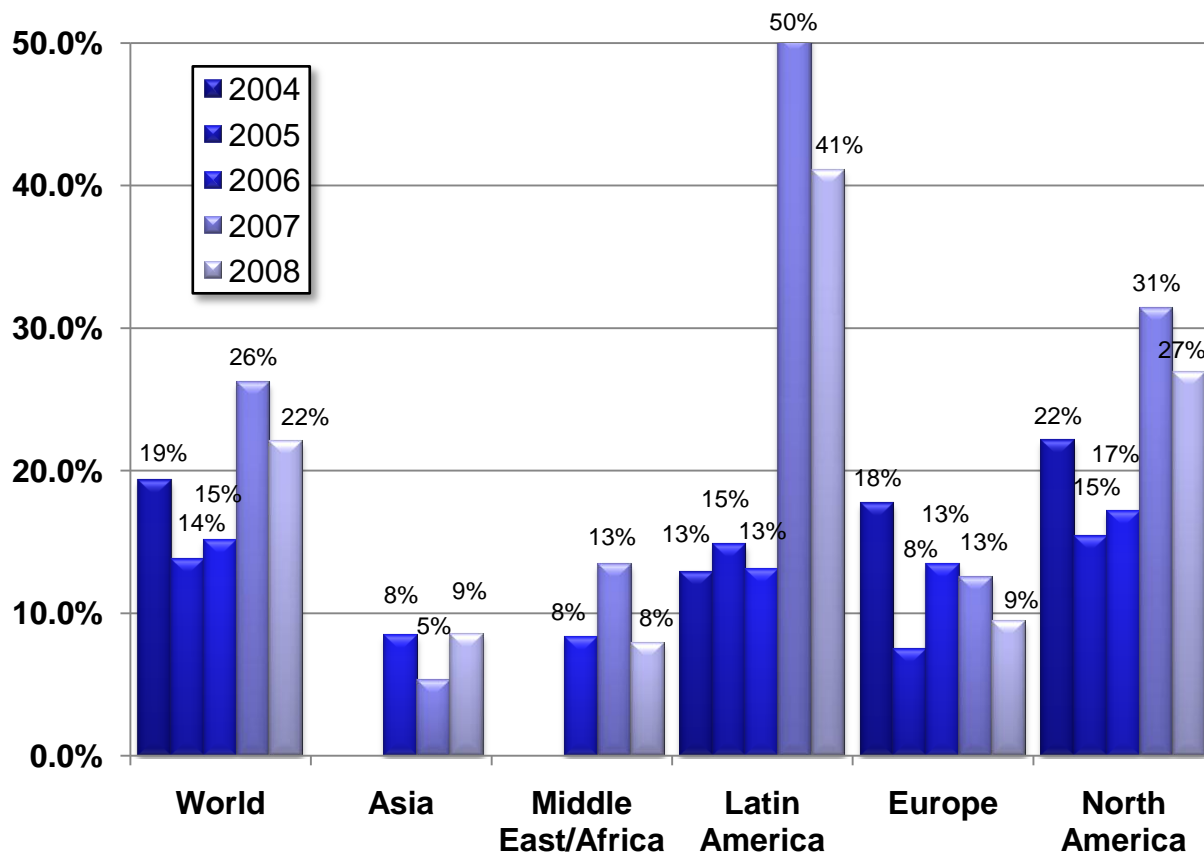
***North America's Share up Slightly on  
Weaker ROW Expectations***

## 2008 Purchase Expectations for Used Jets

### 2008 Used Jet Trends

- Significant increase in 2008 used Jet inventory for sale
- Largest increases in lighter Jets
- Very Light jets under 5 years old driving inventory growth
- Other segments up at lower rates
- Average asking prices turned negative in Q3
- Forward look at used jet purchase plans in 2008 survey weakened

### 5 Year Replacement and Expansion percentages

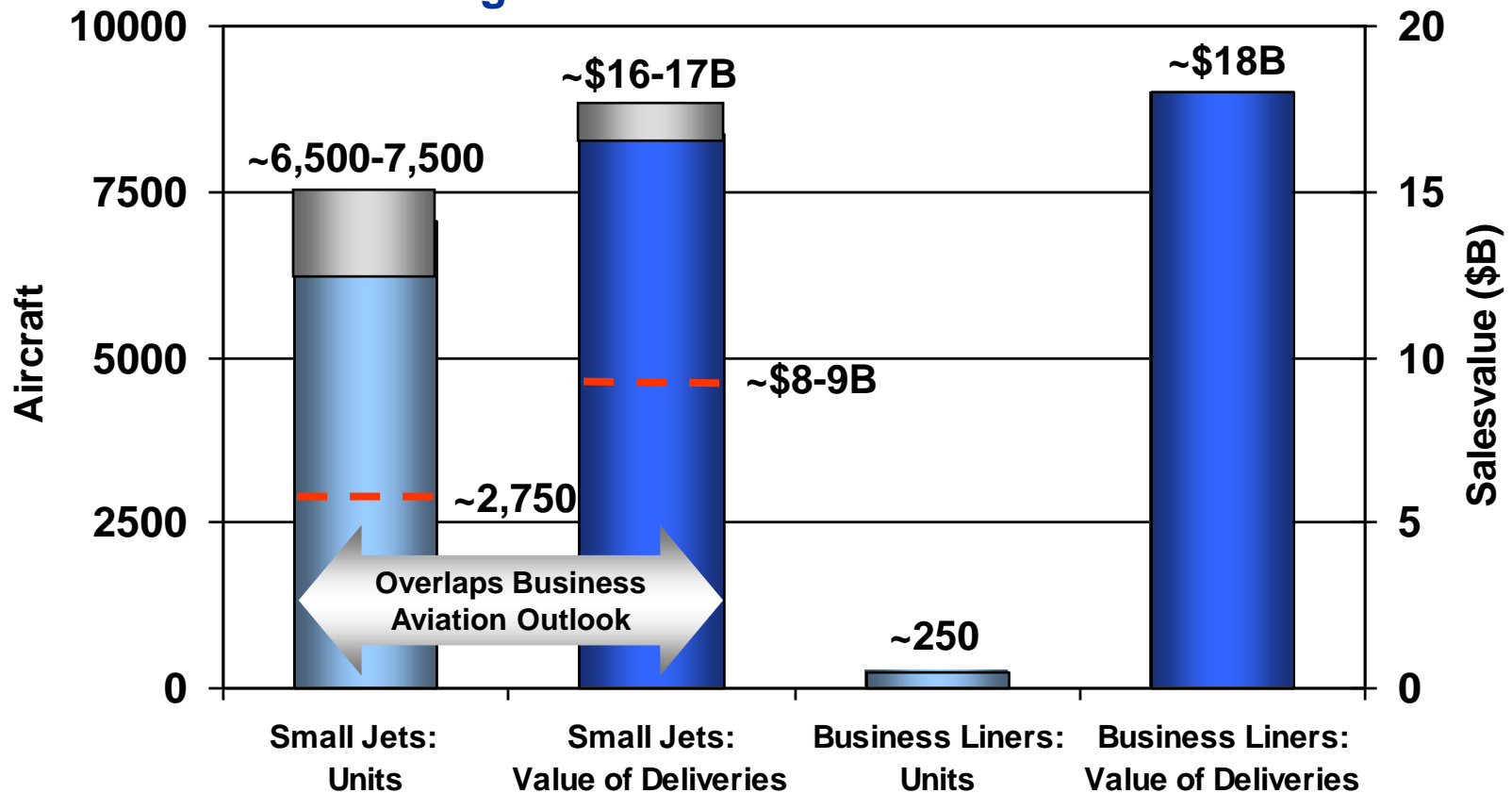


***Broad Decline in Near Term Used Jet Interest***



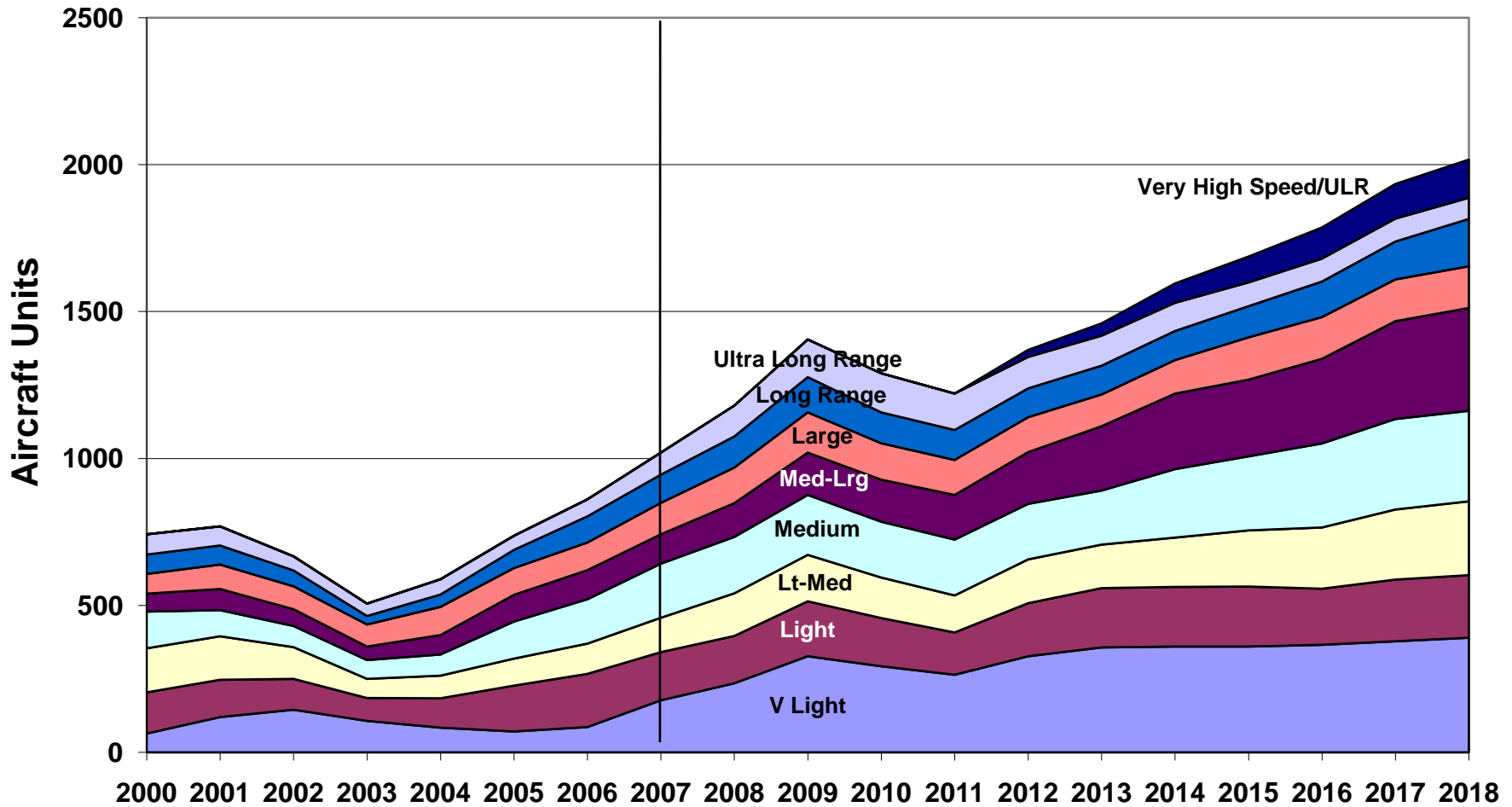
## General Aviation Jets and Business Liners

Segment Forecasts 2008-2018



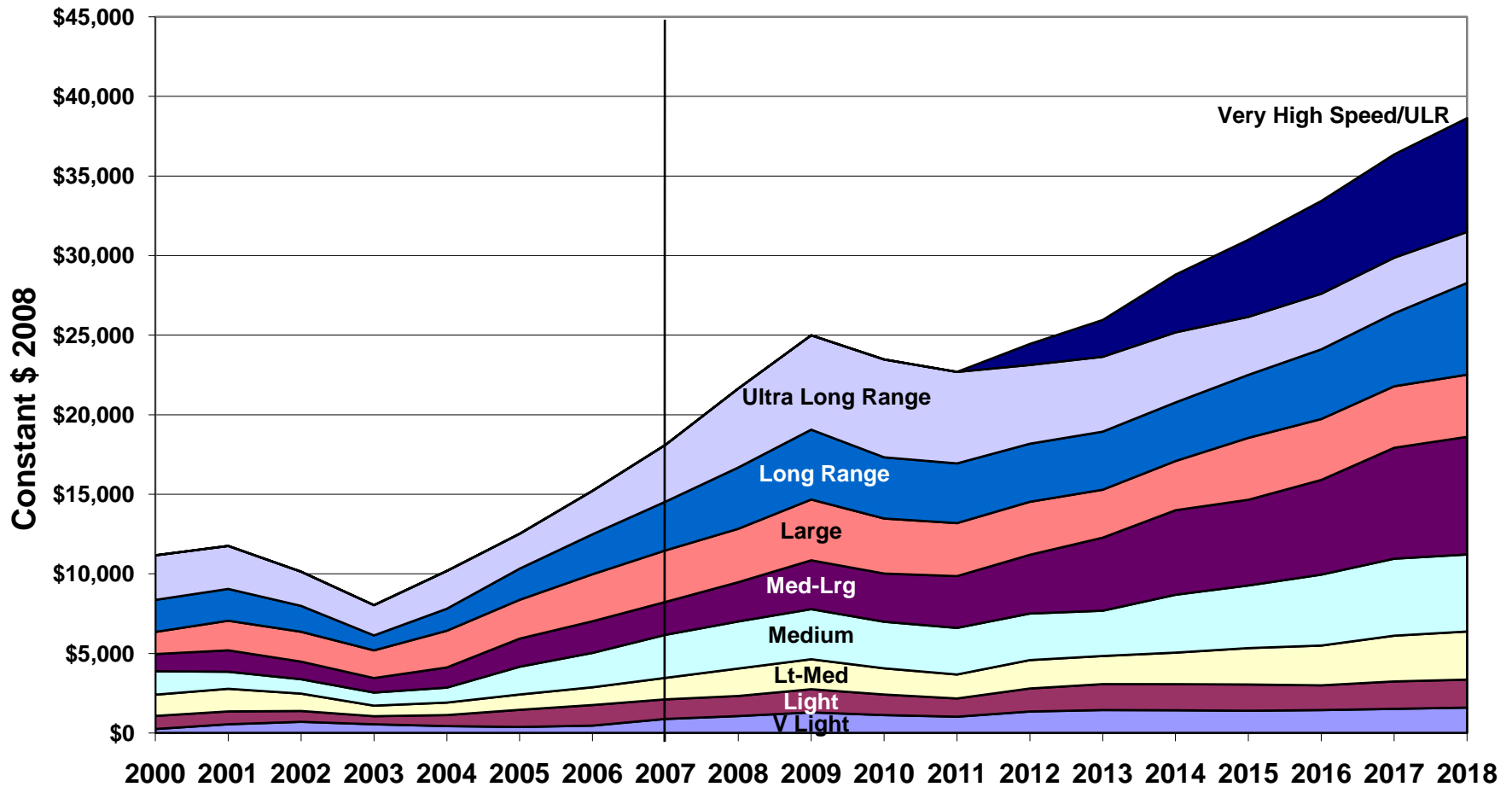
***Turbulent Small Jet Segment - \$25B Combined Incremental Sales from 2008 - 2018***

# 2008 Outlook for Business Jet Deliveries



***Up to 17,000 New Jets from 2008 - 2018***

## 2008 Outlook for Business Jet Deliveries Constant 2008 Dollars



**Over \$300B from 2008 - 2018**

# Conclusions

- 2008 is another record year in the making
  - Backlogs should support further 2009 delivery increases
- International demand remains significant but at modestly lower levels
  - North American purchase plans improved
- Pipeline of new high value models supports longer term growth
- Fractional and jet card adding new aircraft at consistent rates,
- Significant branded charter expansion plans
- Operator concerns linger and current fleet usage is weakening
  - European flight activity growth slowing, U.S. Jet cycles down over 2007
  - Sub-prime crisis, growth outlook in U.S., high fuel costs, operational regulations, global growth impact of U.S. slowdown

***Near Term New Jet Outlook Still Positive –  
Operational Headwinds Likely Through 2009***