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Business Aviation Outlook
NBAA 2007

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2007 Business Aviation Outlook

- **21st Year of Survey, 16th consecutive public report release**
- **1,519 Corporate flight departments from around the world**
  - Aircraft Manufacturers and other sources
- **Purchase plans up significantly, strong international demand**
- **Record deliveries projected for 2007 and 2008**
- **Long-term outlook strong**
  - 14,000 aircraft worth $233B projected from 2007-2017

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First Half '07 Business Aviation Environment

First Half '07 business jet deliveries - 446 aircraft worth $8.3 B

11% increase in units

12% increase in constant 2007 dollars

Over 900 New Jet Orders Reported During First Half 2007:

Most OEMs reporting >50% 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+ years

Fractional industry net share gain for first half of 2007 +6%

Fractional Segment took 52 new jets in first half, steady over 2006 levels

NetJets Posted $109M pretax profit, 1H revenue up $474m and flight op's up 15%.

2007 Survey Purchase Plans up 20%

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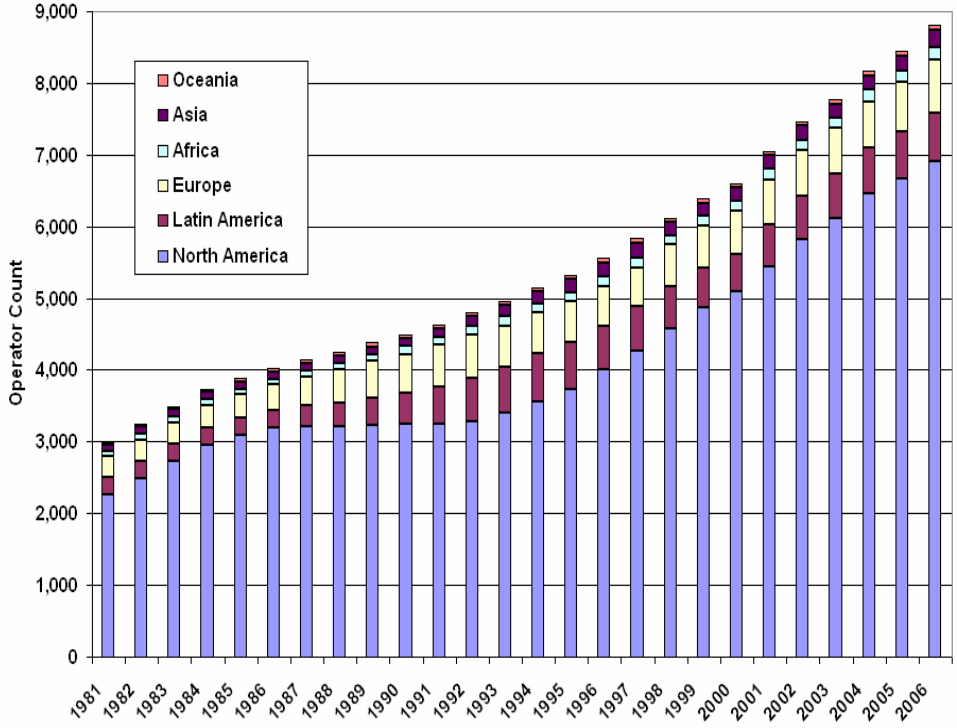
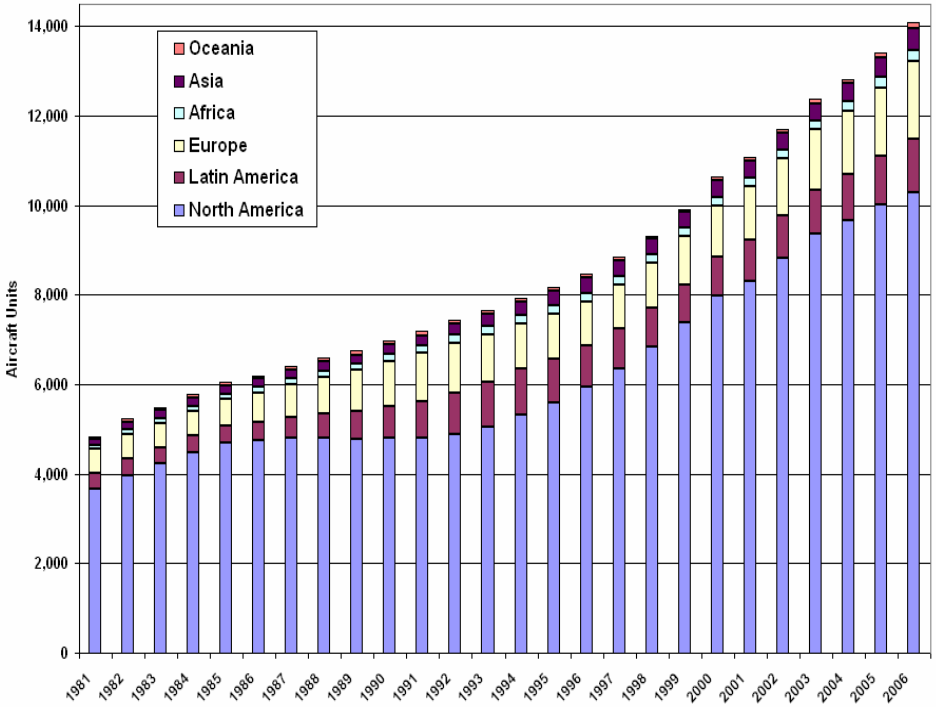
World Fleet and Operator Base

World Jet Operator Base



8,800 Jet Operators
5 Yr. CAGR +4.6%

World Business Jet Fleet



14,100 Business Jets
5 Yr. CAGR +4.9%

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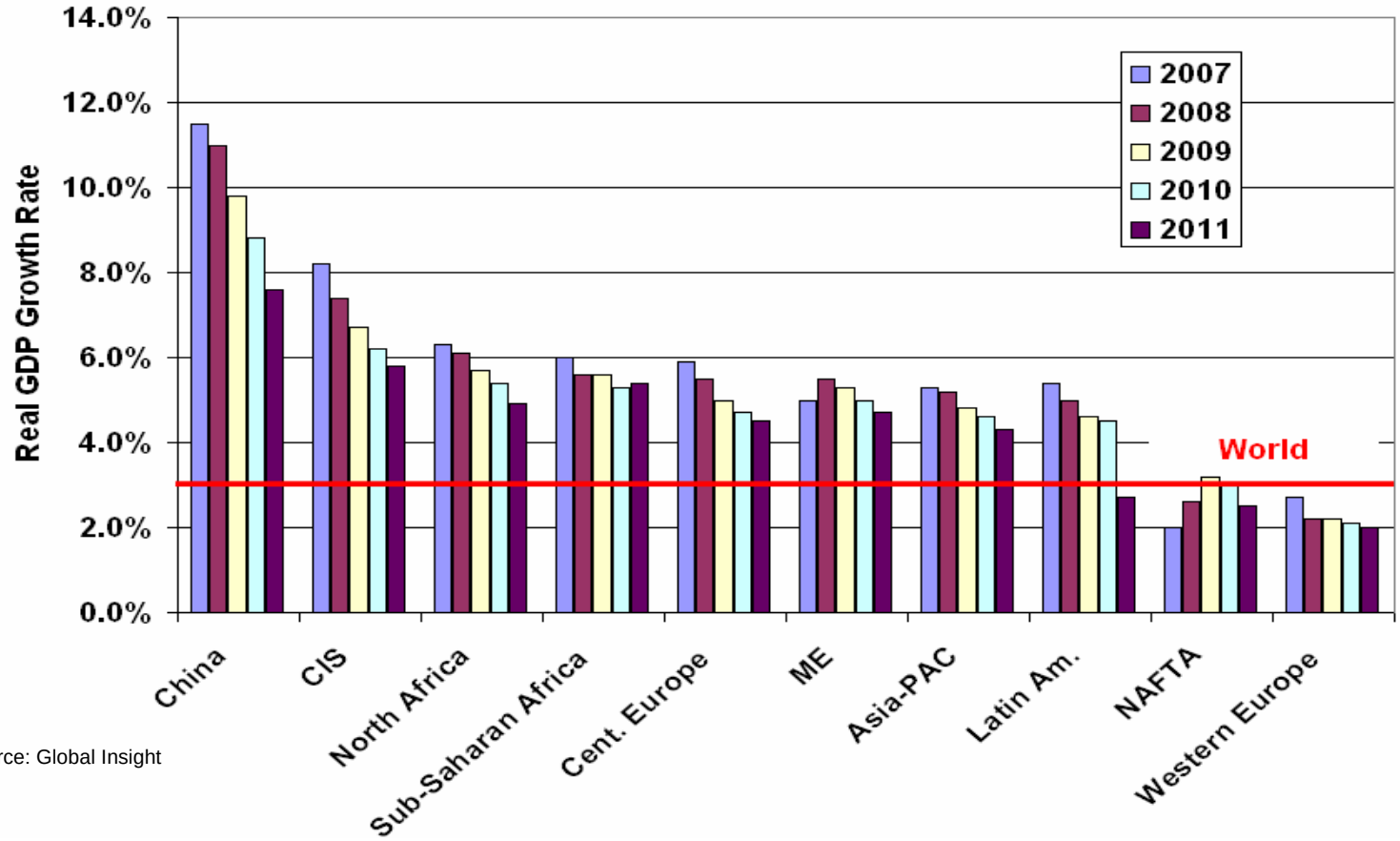
Global GDP Growth Rates



Source: Global Insight

Slow Growth in North America and Western Europe Offset by Strong Growth in ROW

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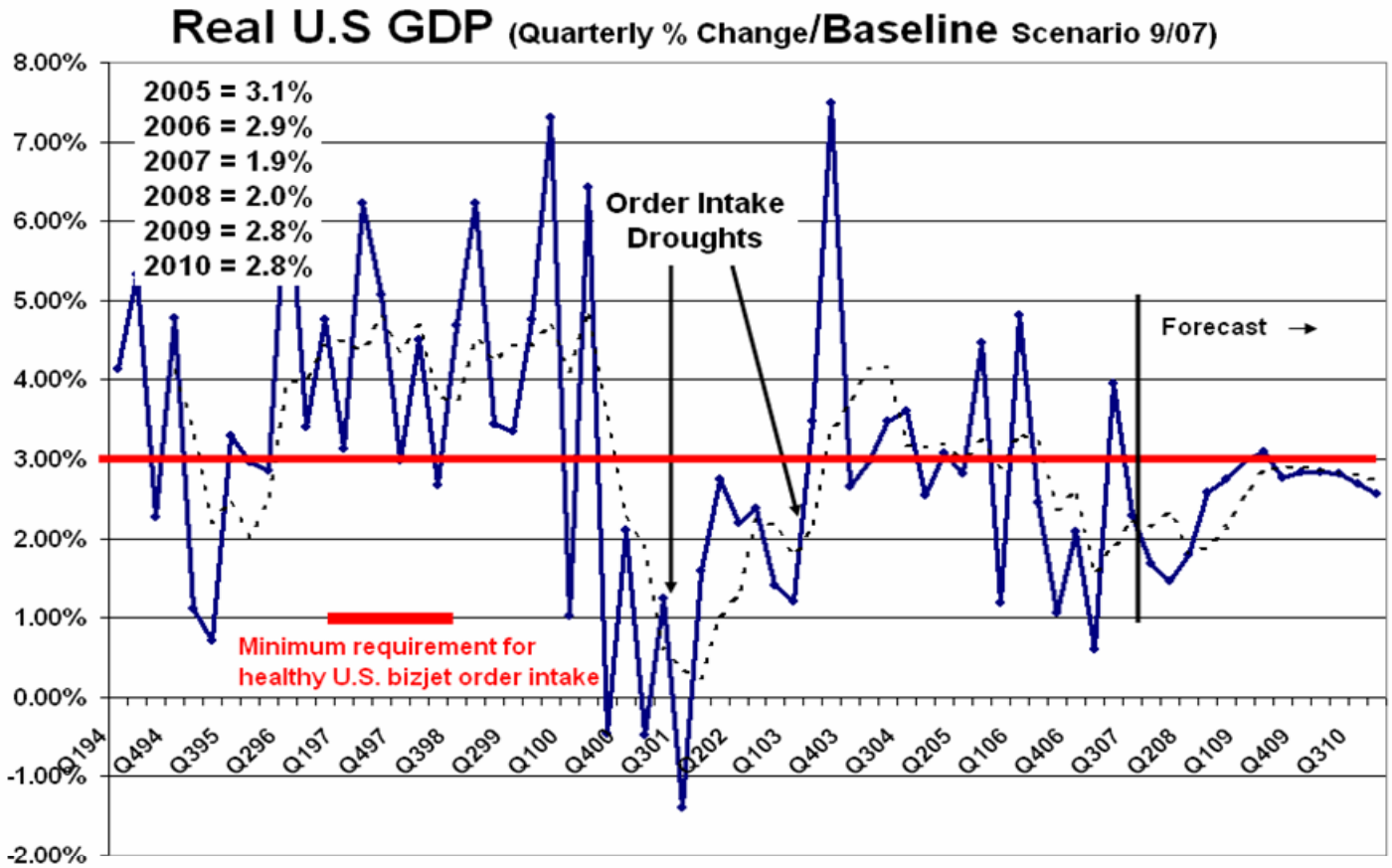
U.S. Real GDP - Global Insight

Source: Global Insight 9/07



U.S. GDP Outlook for 2008 ~2% - Some Downside Risk

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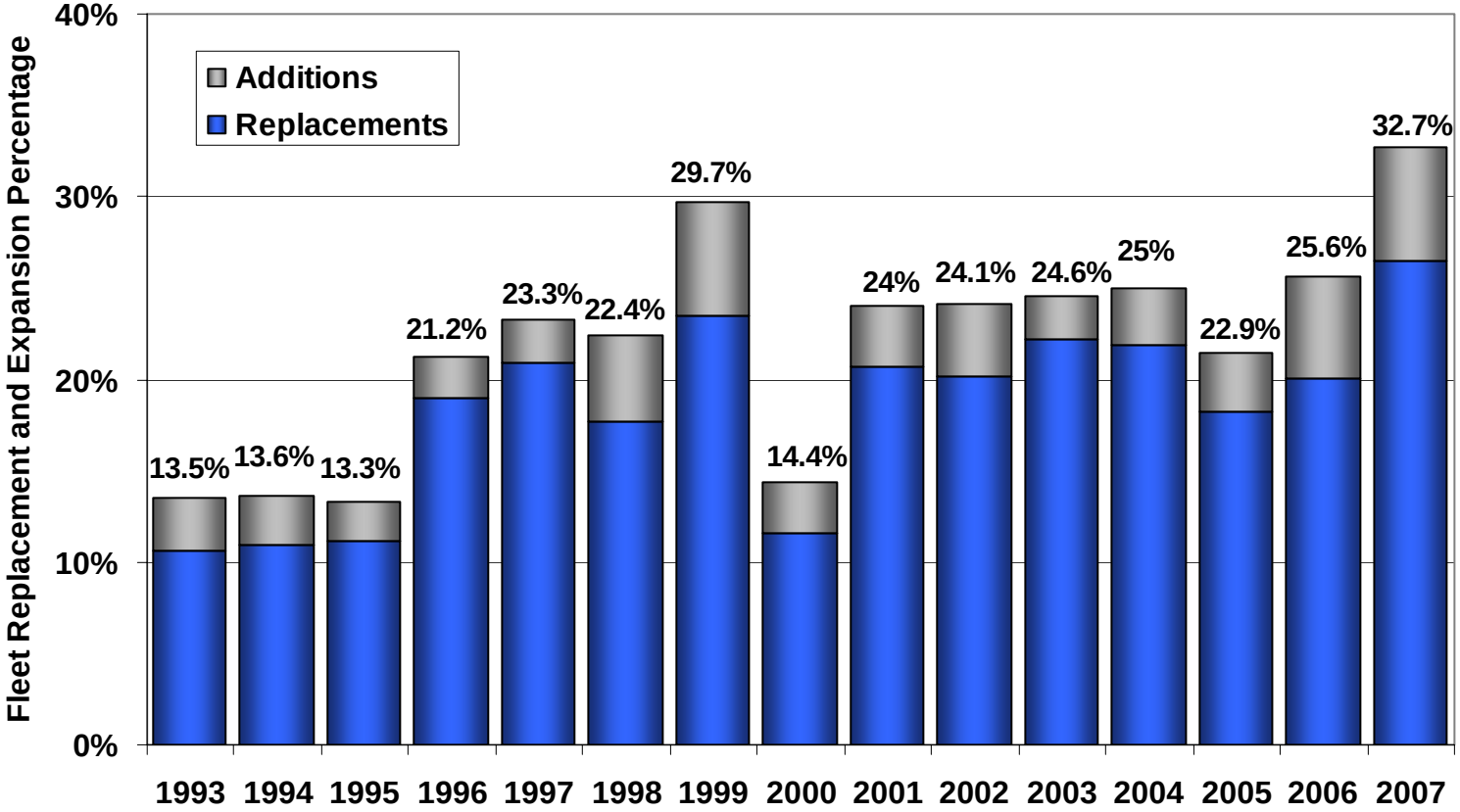
Five Year Purchase Plans for New Jets



Purchase Plans Increased Dramatically, Strongest Gains in Europe, Asia and Latin America

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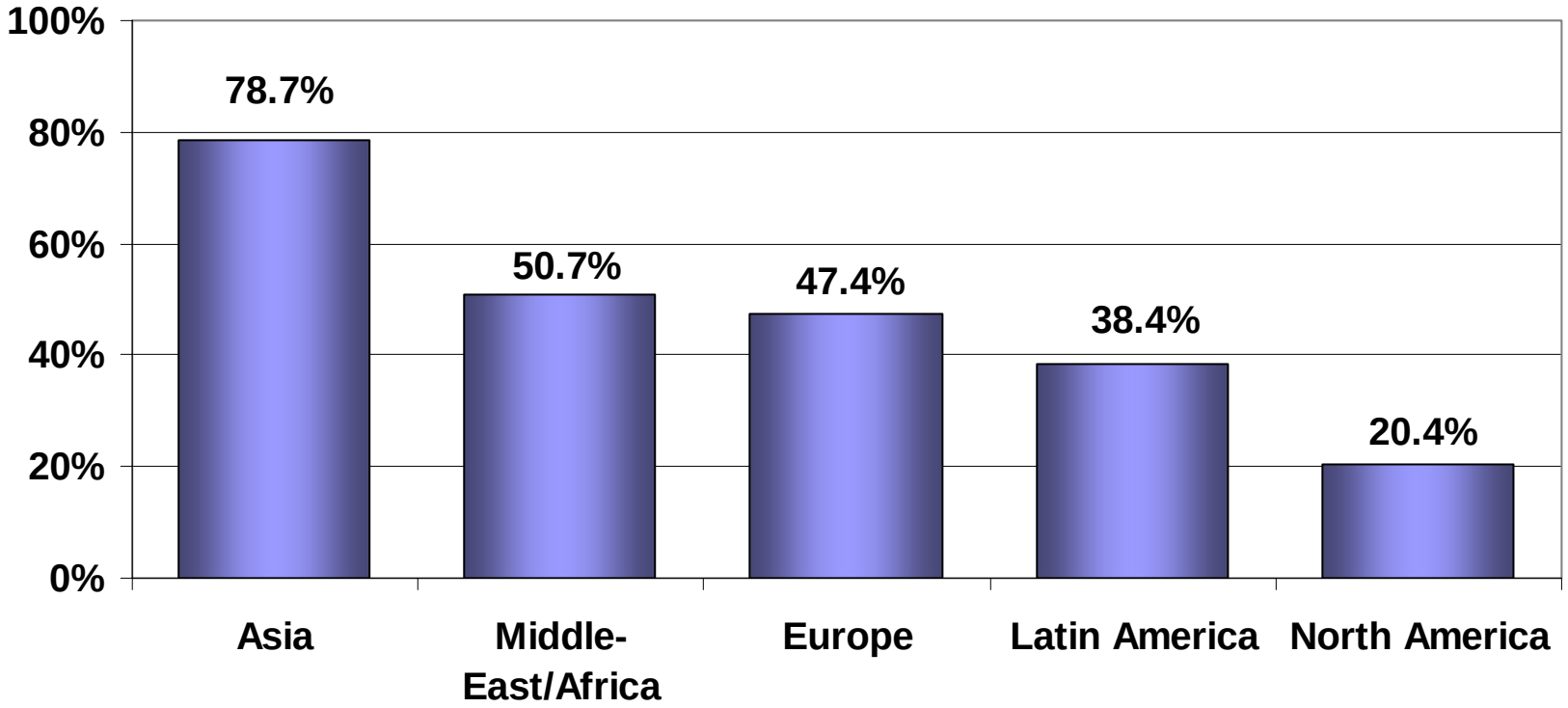
2007 Purchase Expectations by Region

5 Year Fleet Replacement and Expansion Percentages



Strong Global Demand –
All Regions Except North America Posted Gains

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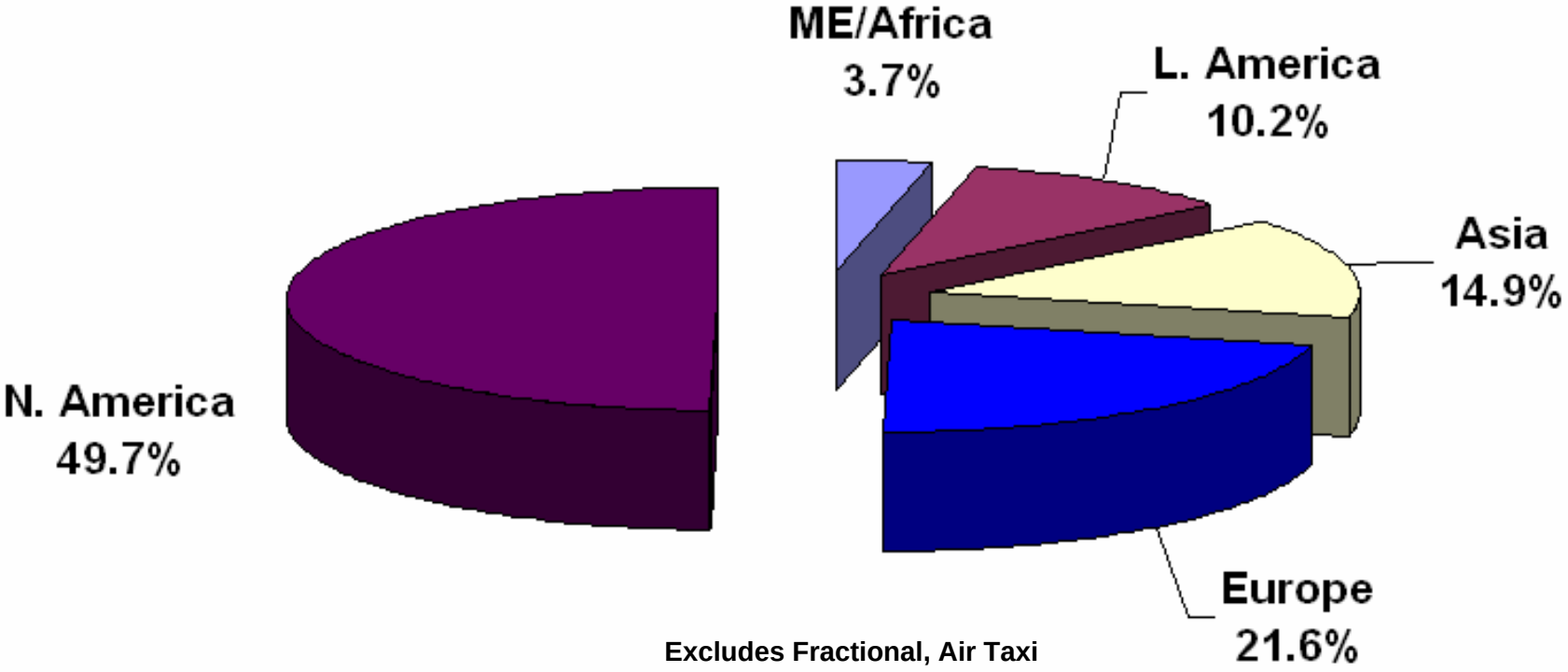
Survey Five Year Jet Buying Plans by World Region – Traditional Market Only



Excludes Fractional, Air Taxi

Over One Half of Five Year Demand for New Business Jets Could Come from Outside the United States

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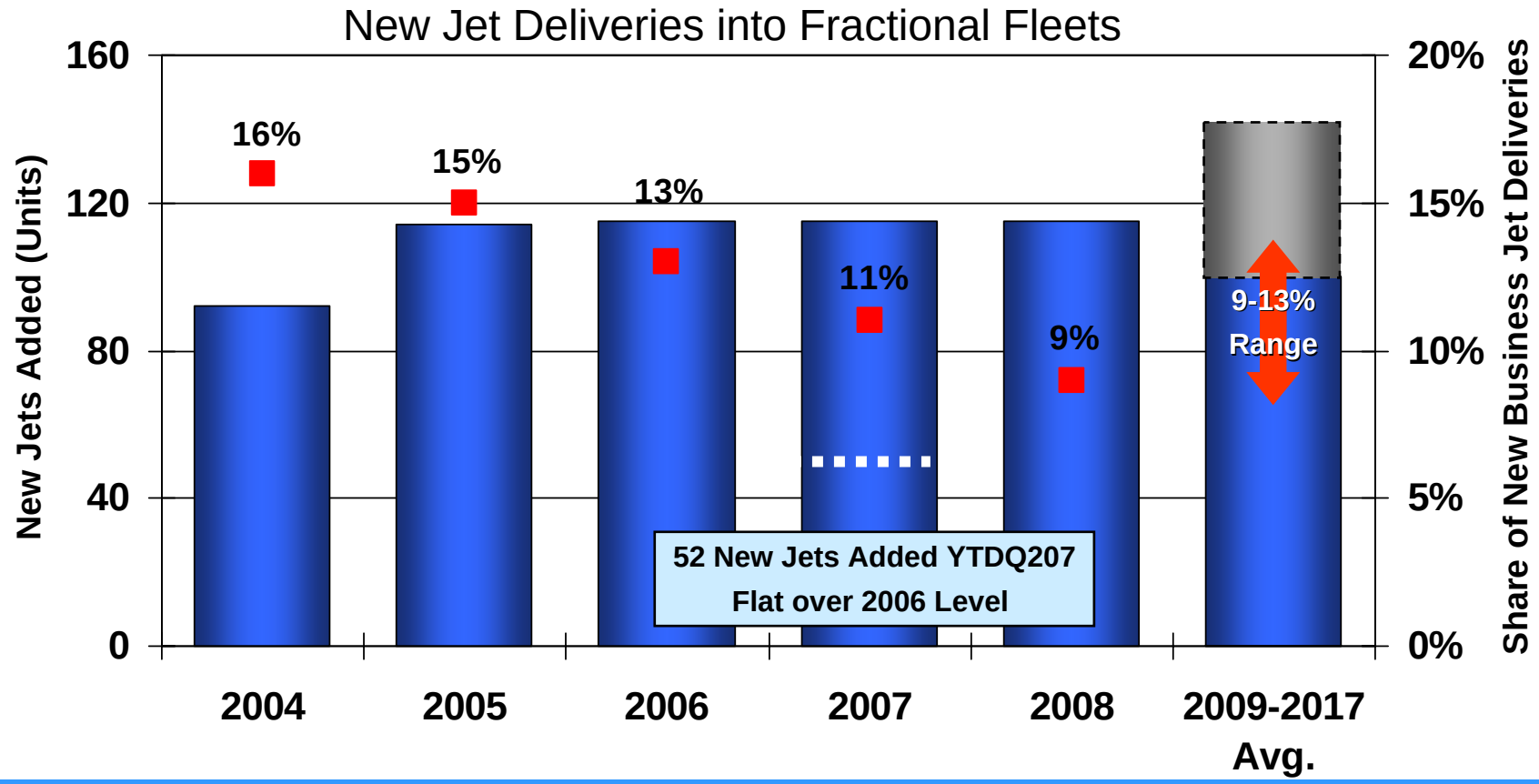
Fractional Ownership & Jet Card Demand



Fractional Demand Solid at 100-150 New Aircraft Annually
Share of Total New Jet Sales Lower Due to High Demand from Traditional Operators and Charter/Air-Taxi Start Up's

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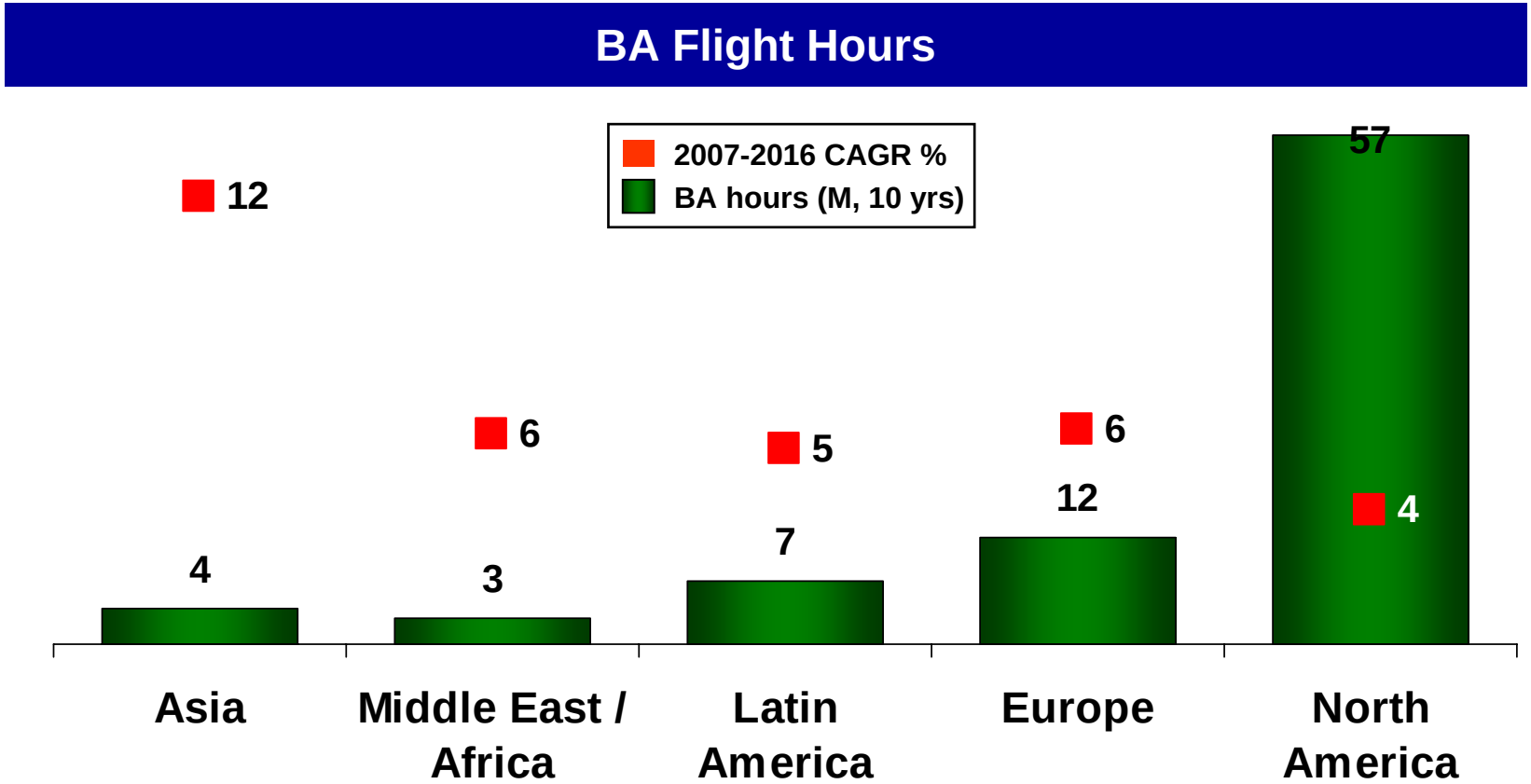
Emerging Region Flight Activity Growth



Strong International Business Aviation Growth – Rapidly Gaining Momentum Around the World

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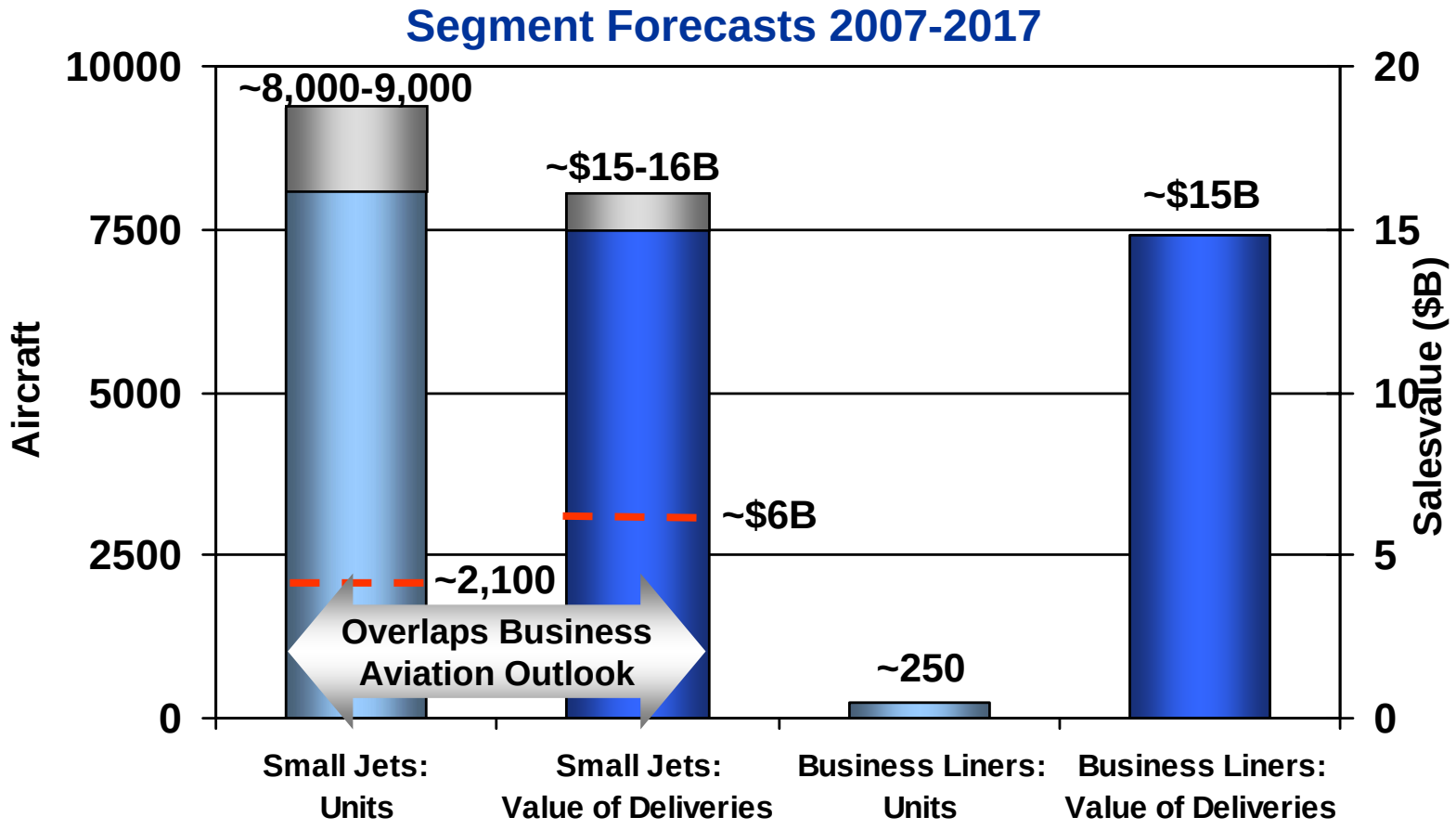
General Aviation Jets and Business Liners



Incremental $25B+ from 2007 - 2017

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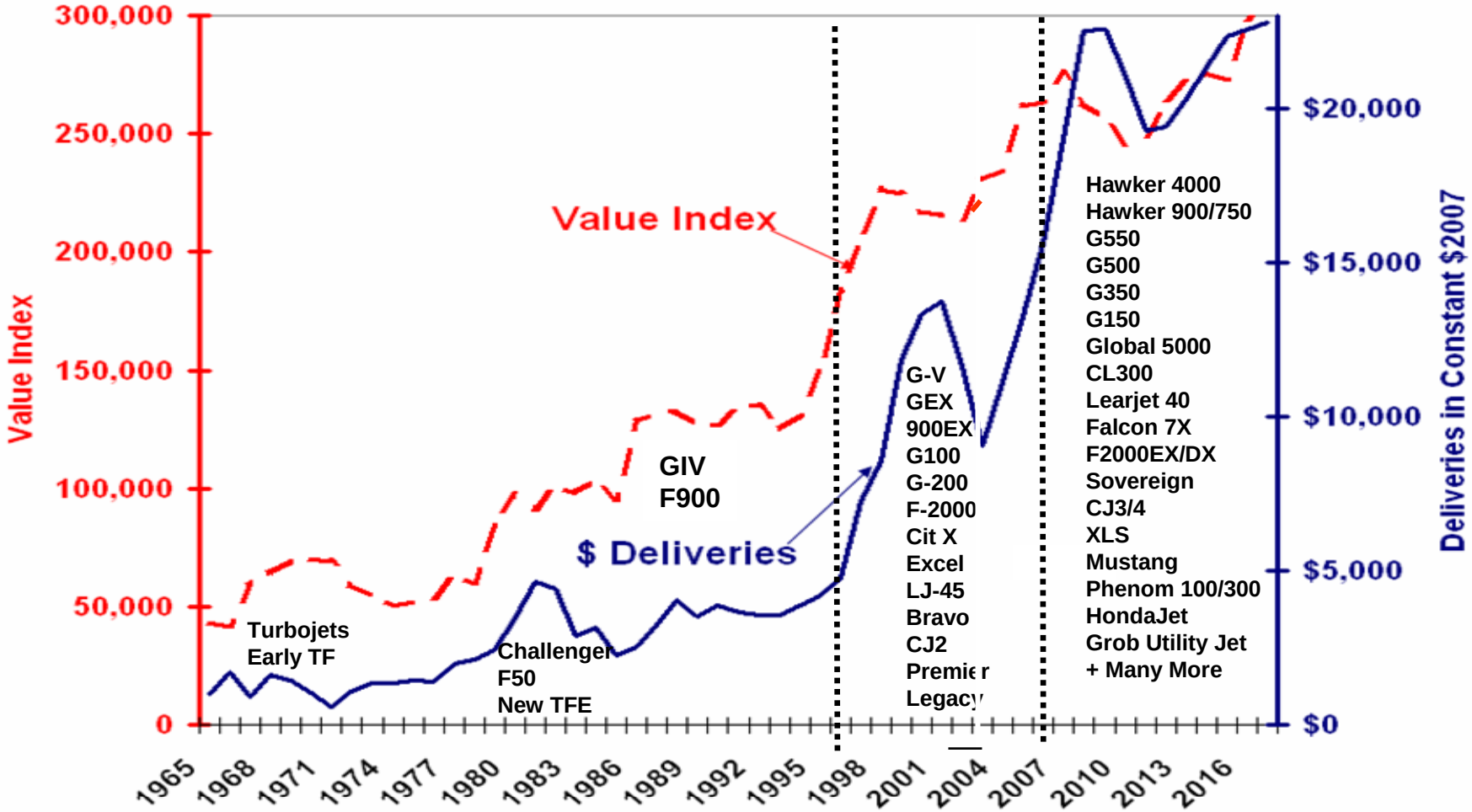
Business Jet Value Index Links Customer Benefits to Industry Deliveries



Strong New Product Pipeline Correlates to Industry Sales

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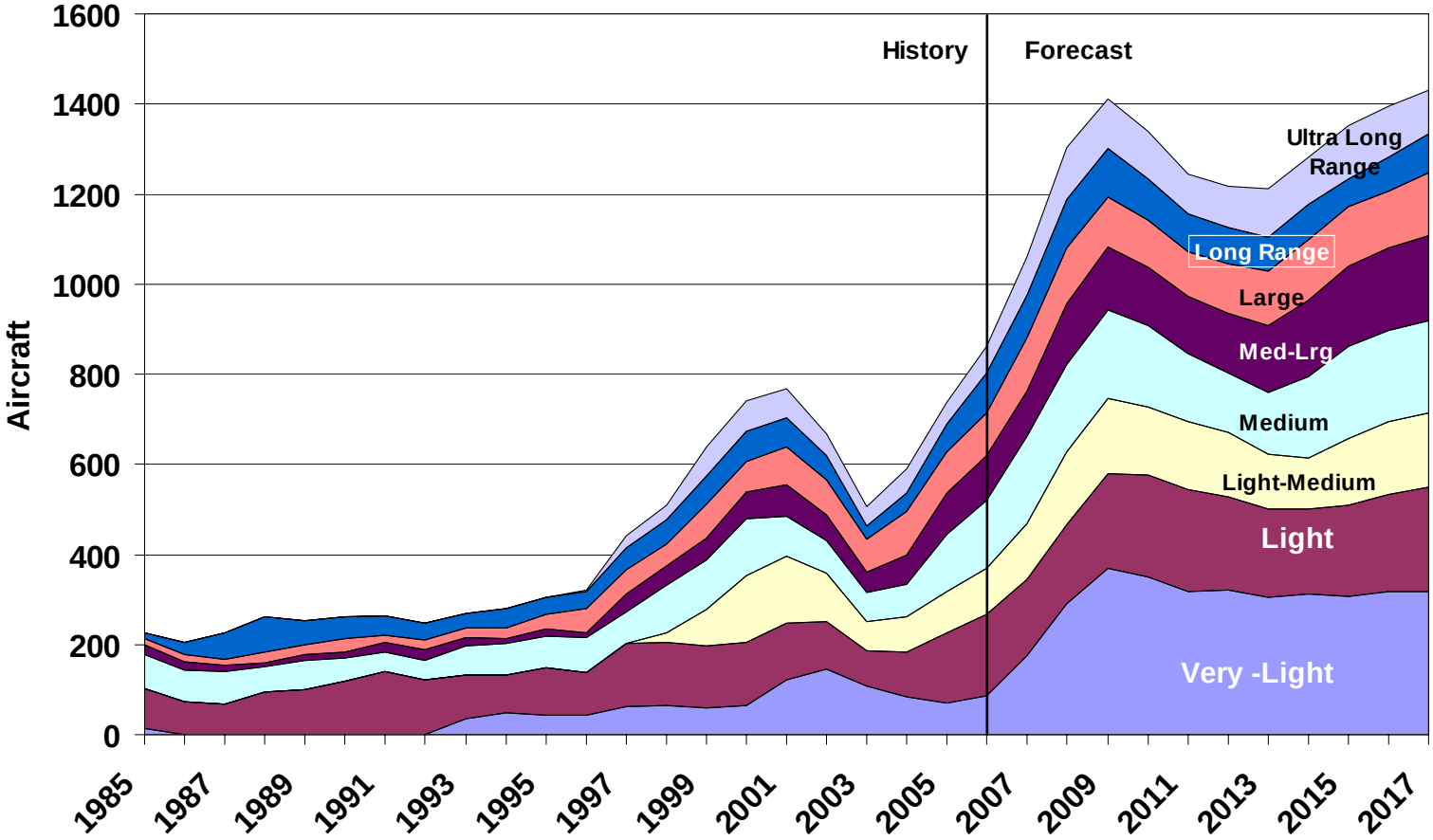
2007 Outlook for Business Jet Deliveries



14,000 New Jets from 2007 - 2017

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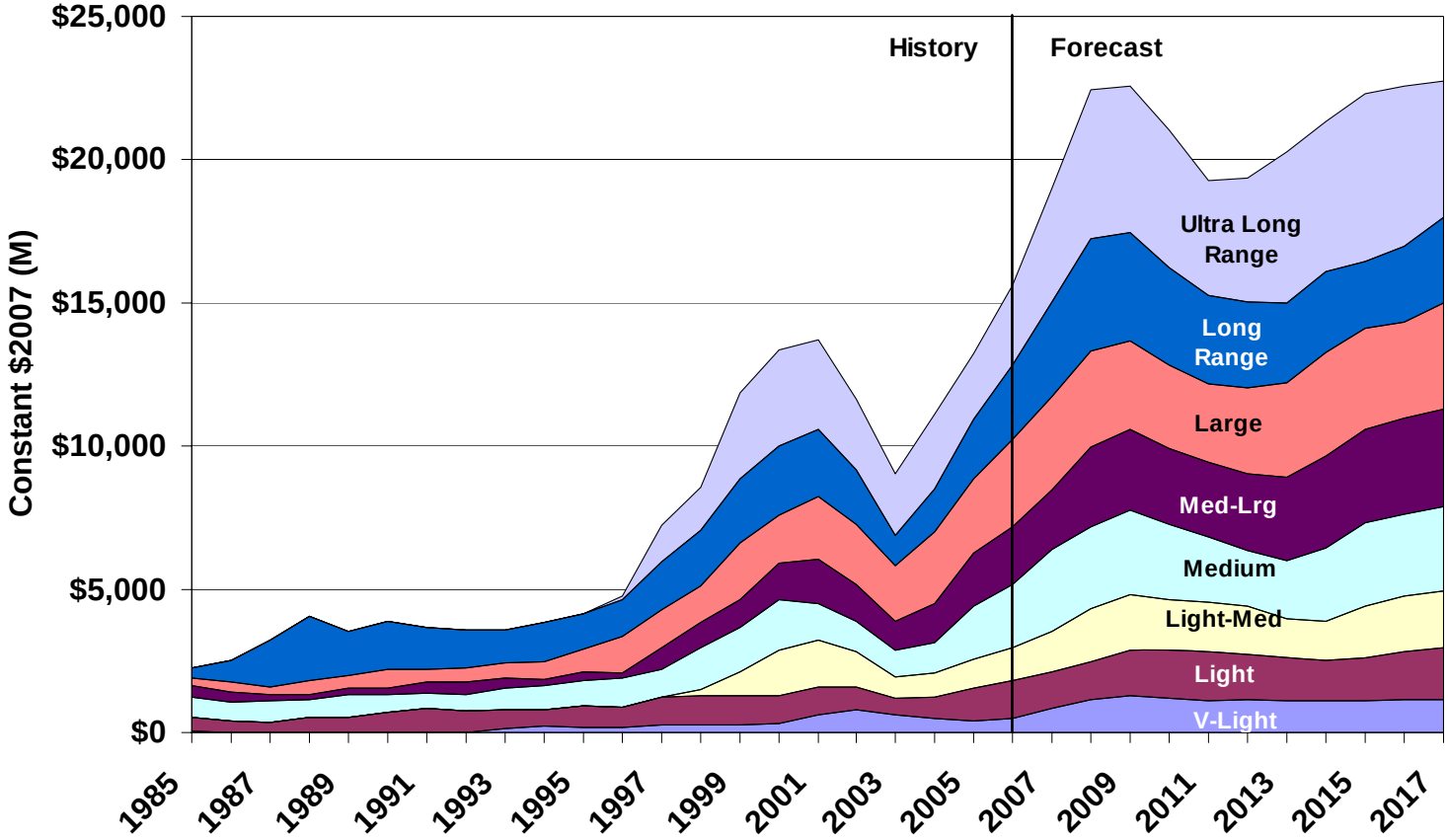
2007 Outlook for Business Jet Deliveries

Constant 2007 Dollars



$233B from 2007 - 2017

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Conclusions

- **2007 is another record year in the making**
  - Backlogs and strong order intake should push 2008 deliveries even higher
- **Dramatic increase in international demand**
  - More than compensates for potential U.S. economic slowing
  - Near term outlook supported by growth in global buying plans for new jets
- **Pipeline of new high value models supports long term growth**
- **Fractional, jet card and branded charter taking significant numbers of new aircraft**
- **Strong international flight activity growth**
- **Some operator concerns linger**
  - Sub-prime crisis, stock market volatility, slowing growth in U.S. and outcome of user fee legislation in U.S.

Strong Outlook – Heading for Record Territory

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