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Business Aviation Outlook

Honeywell

2011 Business Aviation Outlook

- 25th year of survey, 20th consecutive public report release
- 1,500 corporate flight departments from around the world
 - Aircraft manufacturers and other sources
- Five-year purchase plans steady relative to 2010 results
 - In line with pre-recession levels
- International demand remains significant
- Delivery down cycle ends in 2011, modest growth in 2012
 - Current development programs boost outlook in 2012 & beyond
- Long-term outlook: moderate recovery
 - Up to 10,000 aircraft worth \$230B projected from 2011-2021



Business Aviation Environment – Sept., 2011

- Net new jet order intake improved while deliveries fell in first half 2011:
 - New net orders up at most OEMs while cancellations have abated significantly - - 500+ orders predicted for 2011
 - First half 2011 deliveries down 25% in units and 22% in constant \$2011.
 - Backlog depletion continues at some OEMs - - small cabin models most affected
- First half 2011 Fractional net share sales still declining (-12%) :
 - Only 15 new aircraft in CY10 - - 75 aircraft removals
 - Fractional companies took only 4 new jets in first half 2011 (1 Phenom 100/3 Phenom 300), fleets shrank over 3%
 - Beginning to order new aircraft - - NetJets ordered 100 Globals and Phenoms and additional fractional orders in the works
- Leading indicators support a modest recovery:
 - Order activity shifted from severely net negative in 2009 to modestly net positive in 2010 - - first half 2011 strong
 - Global recovery in aircraft flights continued into 2011, although pace has slowed
 - Demand for large cabin, ultra long range jets strong - - supply of late model used aircraft for sale shrinking
 - Demand from BRIC countries strong, planned future purchase rate highest of all regions, with stronger near-term demand
 - Honeywell Buyer X Survey 5 Year purchase plans stable, but suggest order intake should strengthen in 2012 and 2013

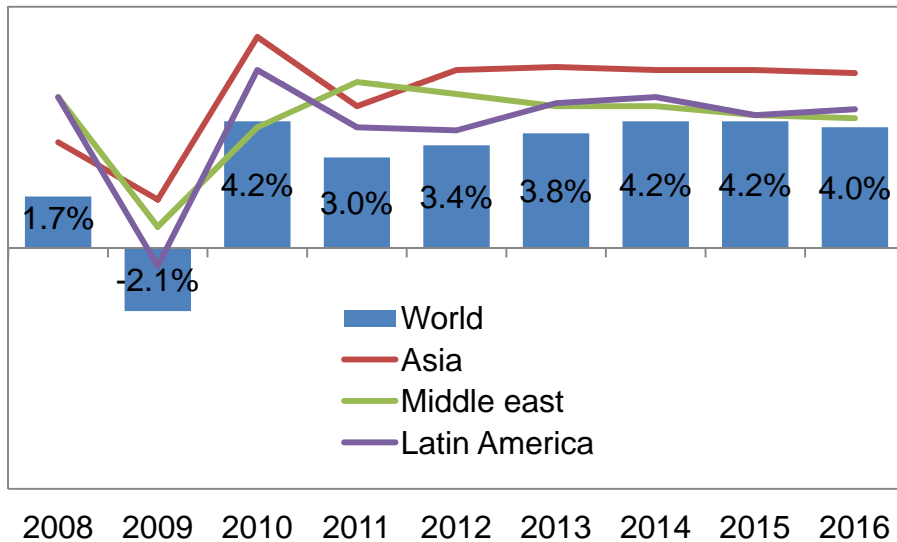
*Order Recovery Clearly Underway - - Sustainability a Concern
due to Global Economic Slowdown*

World Economic Outlook

- After a year of solid recovery, global economic growth is now decelerating. Asia's emerging markets still leading.

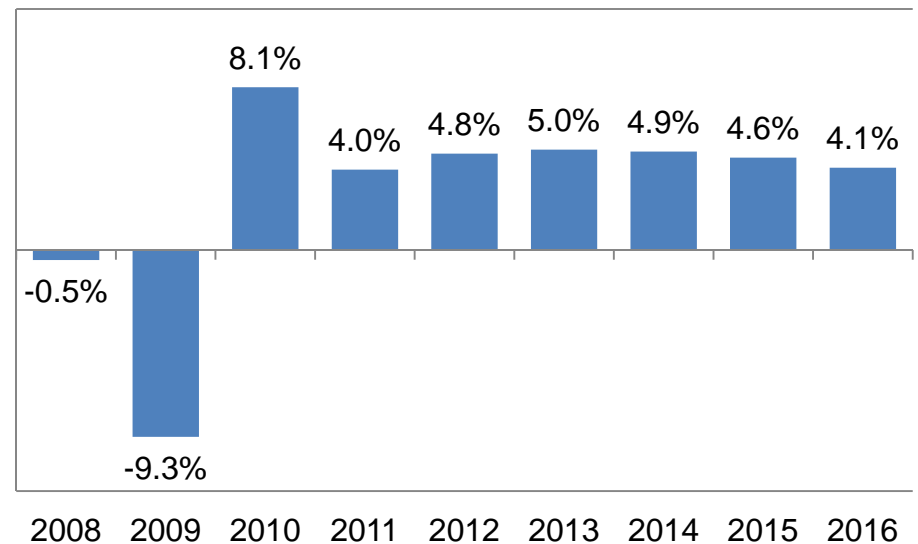
September '11 Outlook

Real GDP



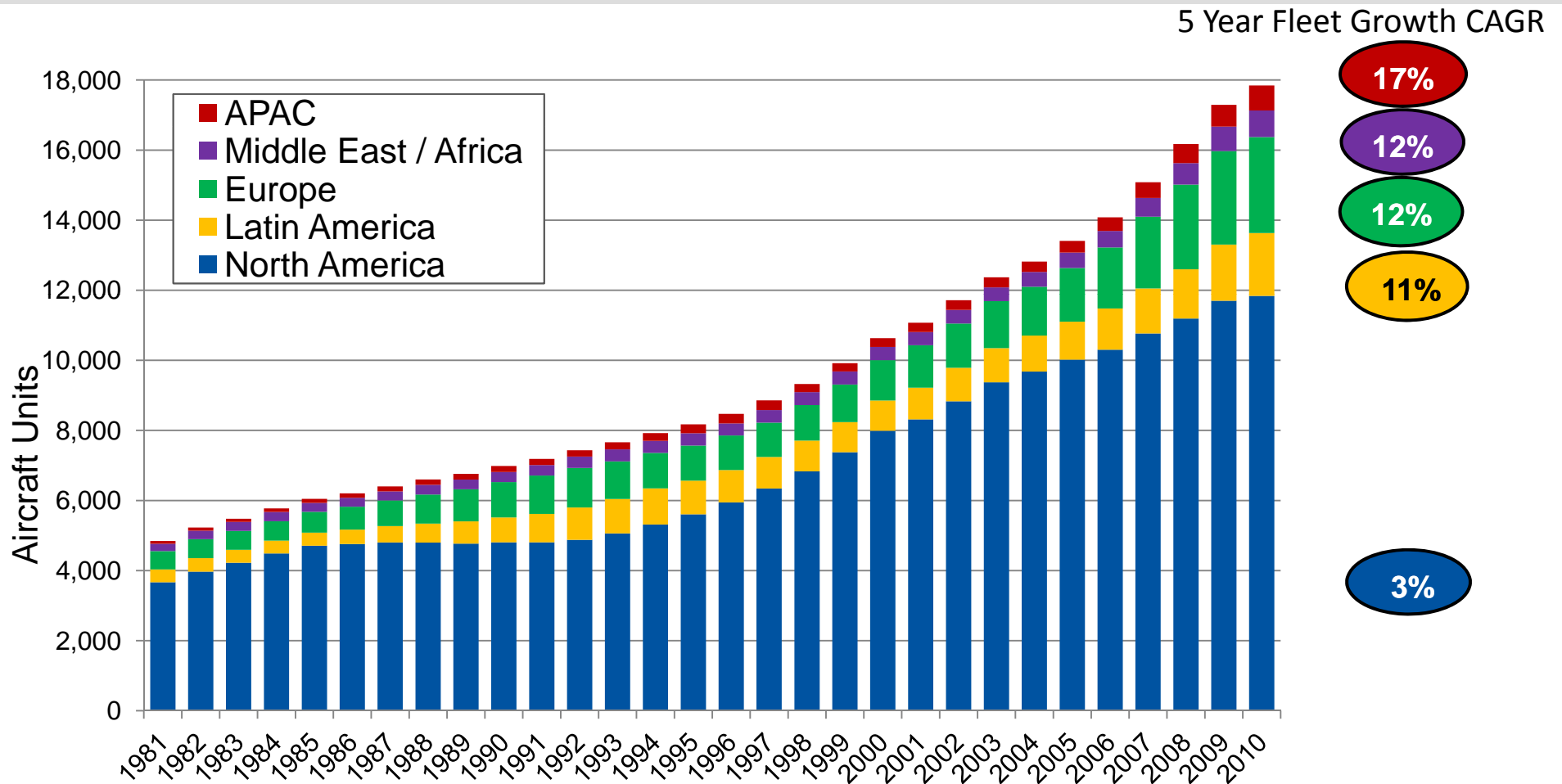
Source: Global Insight

World Industrial Production



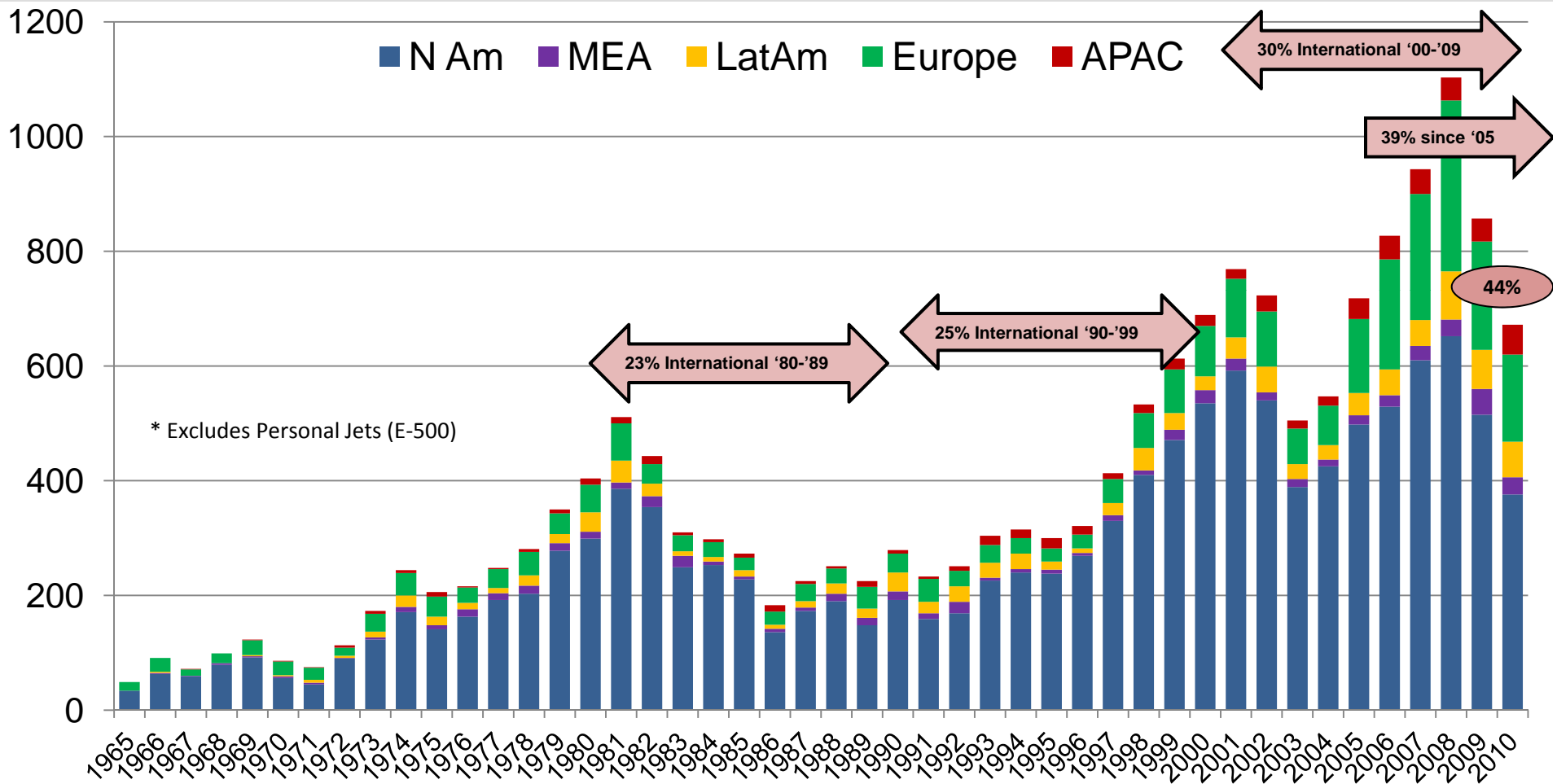
Global Economic Growth Slowing – Sovereign Debt and Employment Concerns Continue

Business Jet Fleet Growth by Region



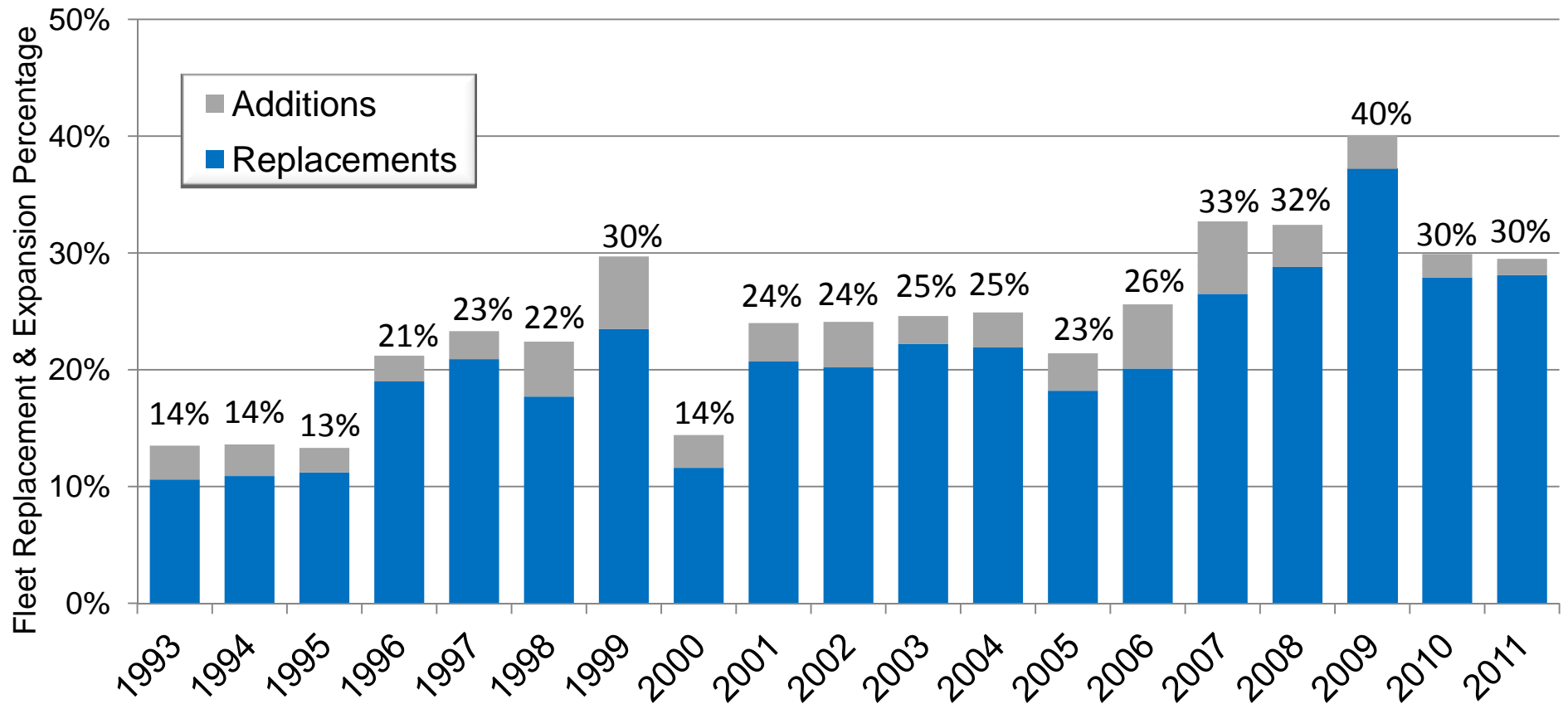
*Nearly 18,000 Business Jets - 5 Yr. CAGR 6%
Double Digit Growth in Europe, MEA, Asia*

Historical Business Jet deliveries by region*



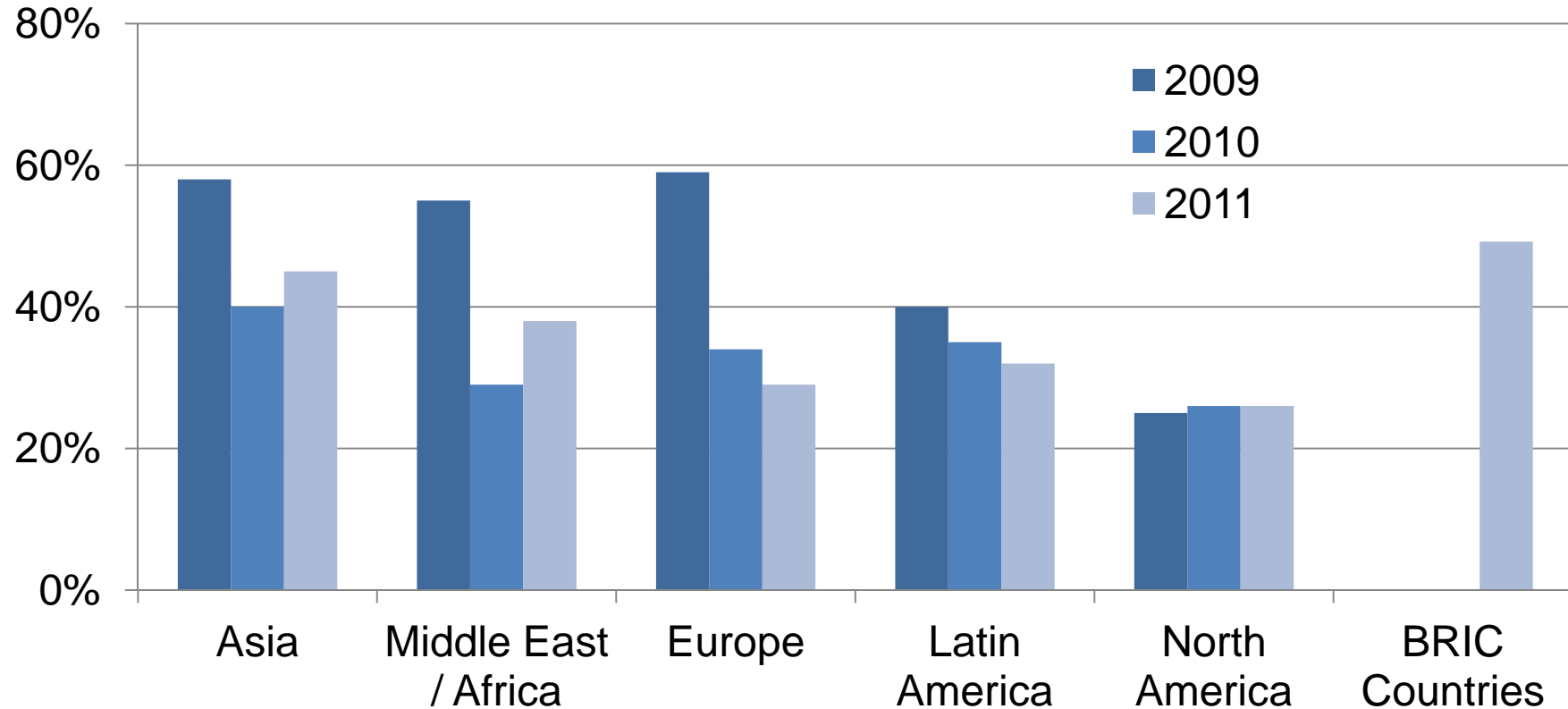
Europe continues to lead in international delivery volume
MEA, APAC & Latin America less volatile in downturn

Five Year Purchase Plans for New Jets



*2011 Purchase Plans Steady at 30%
Operators Remain Cautious About Slower Economic Growth*

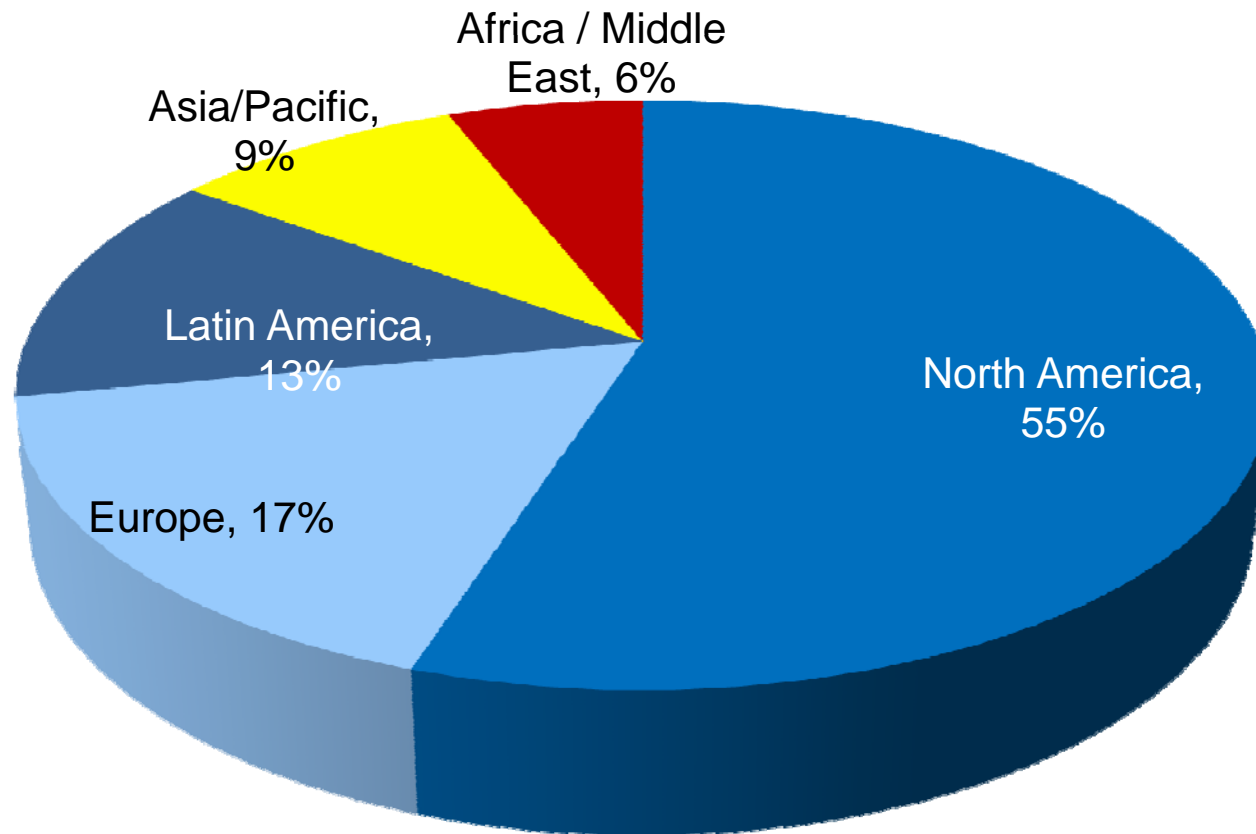
Purchase Expectations by Region



BRIC Countries Purchase Plans are World's Highest

Regional Demand for New Jets in the Next 5 Years

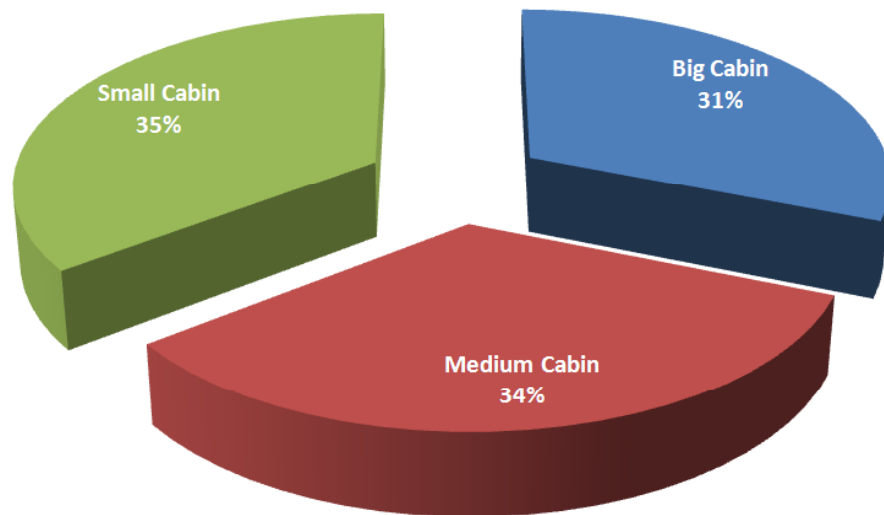
Traditional Corporate & Charter Operator Base



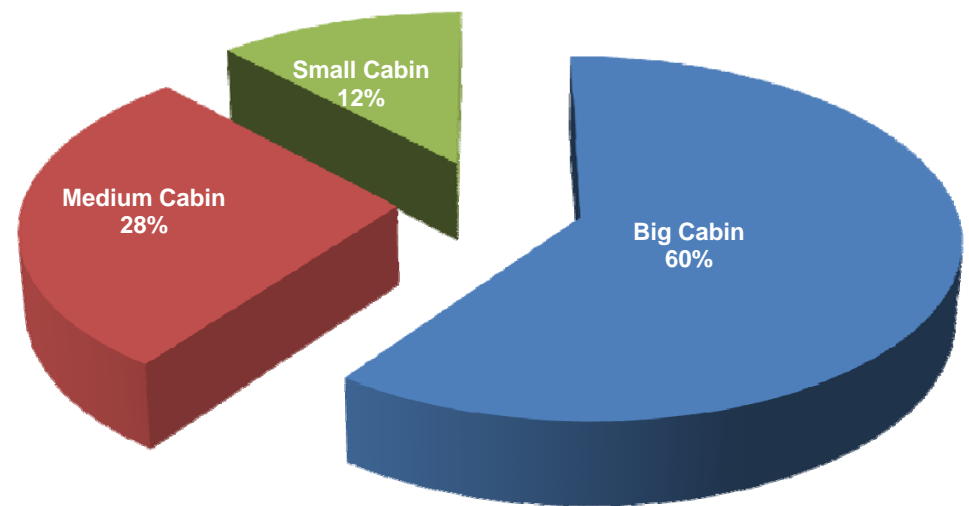
International Share of Demand 45%

New Jet Purchase Plans by Aircraft Class

Units



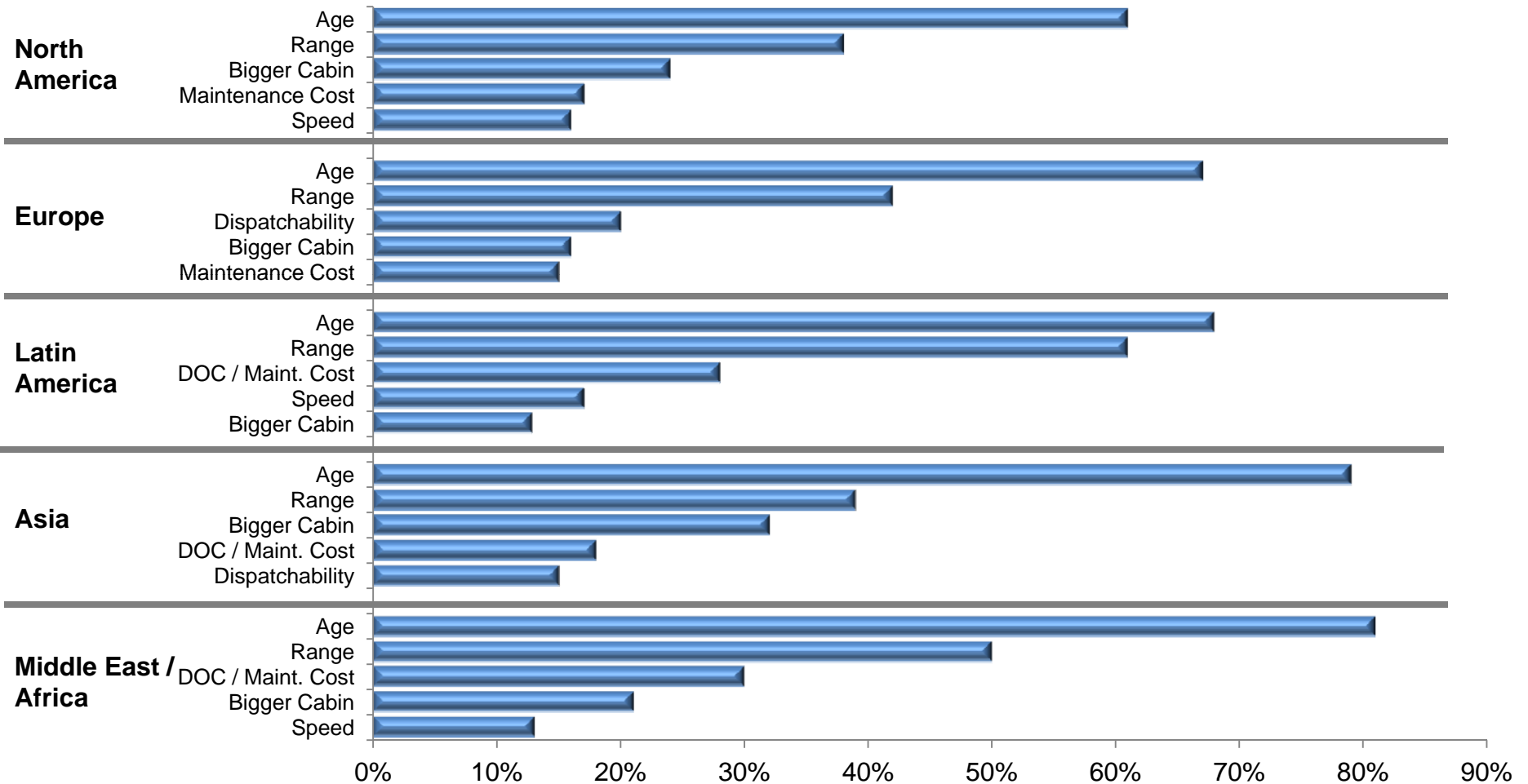
2011 Dollars



Note: Big Cabin = Large thru Bizliner Segments
 Medium Cabin = Light-Medium thru Super-Midsized Segments
 Small Cabin = Very Light and Light Jets

31% of Units and 60% of Value Coming from Big Cabin Jets

Top Reasons for New Jet Purchase – 2011 Survey



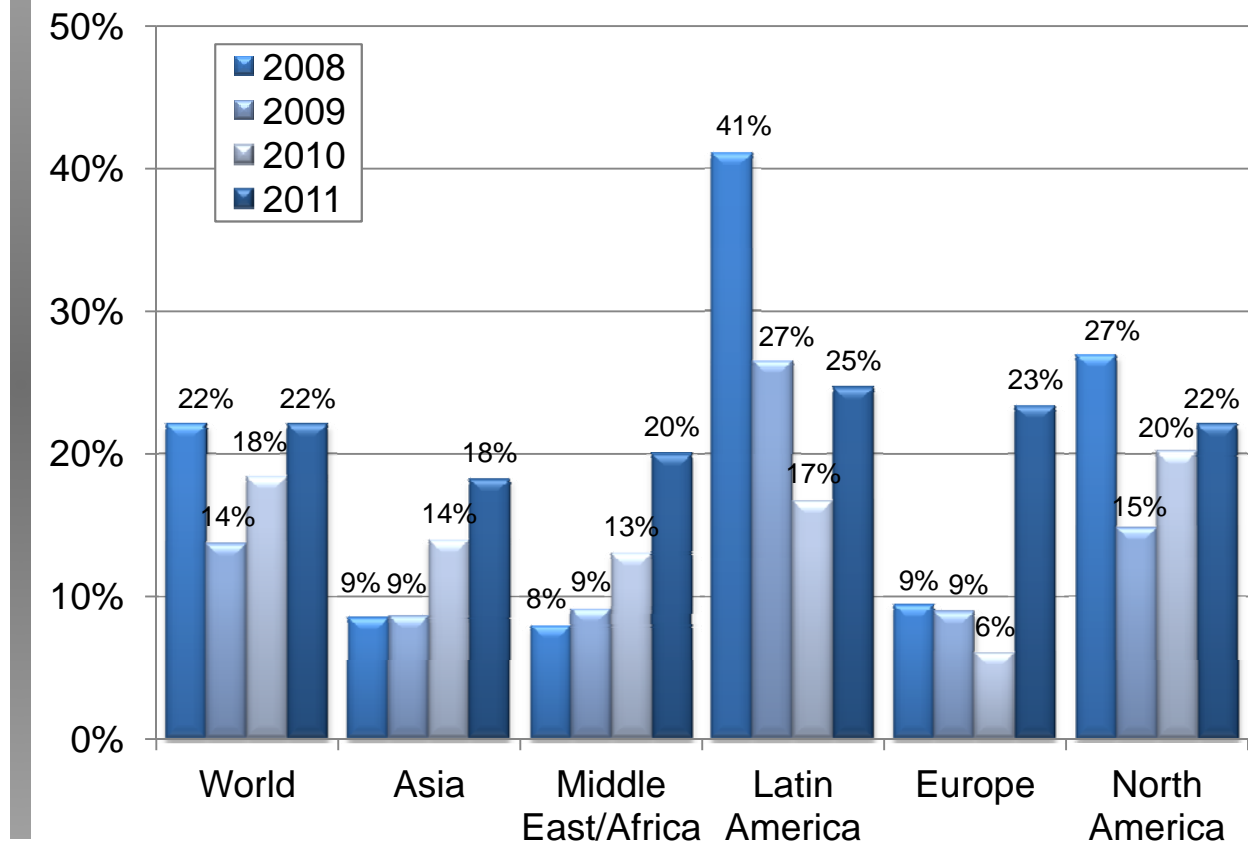
Range Demands and Ownership Costs Remain Prominent

Purchase Expectations for Used Jets

2011 Used Jet Trends

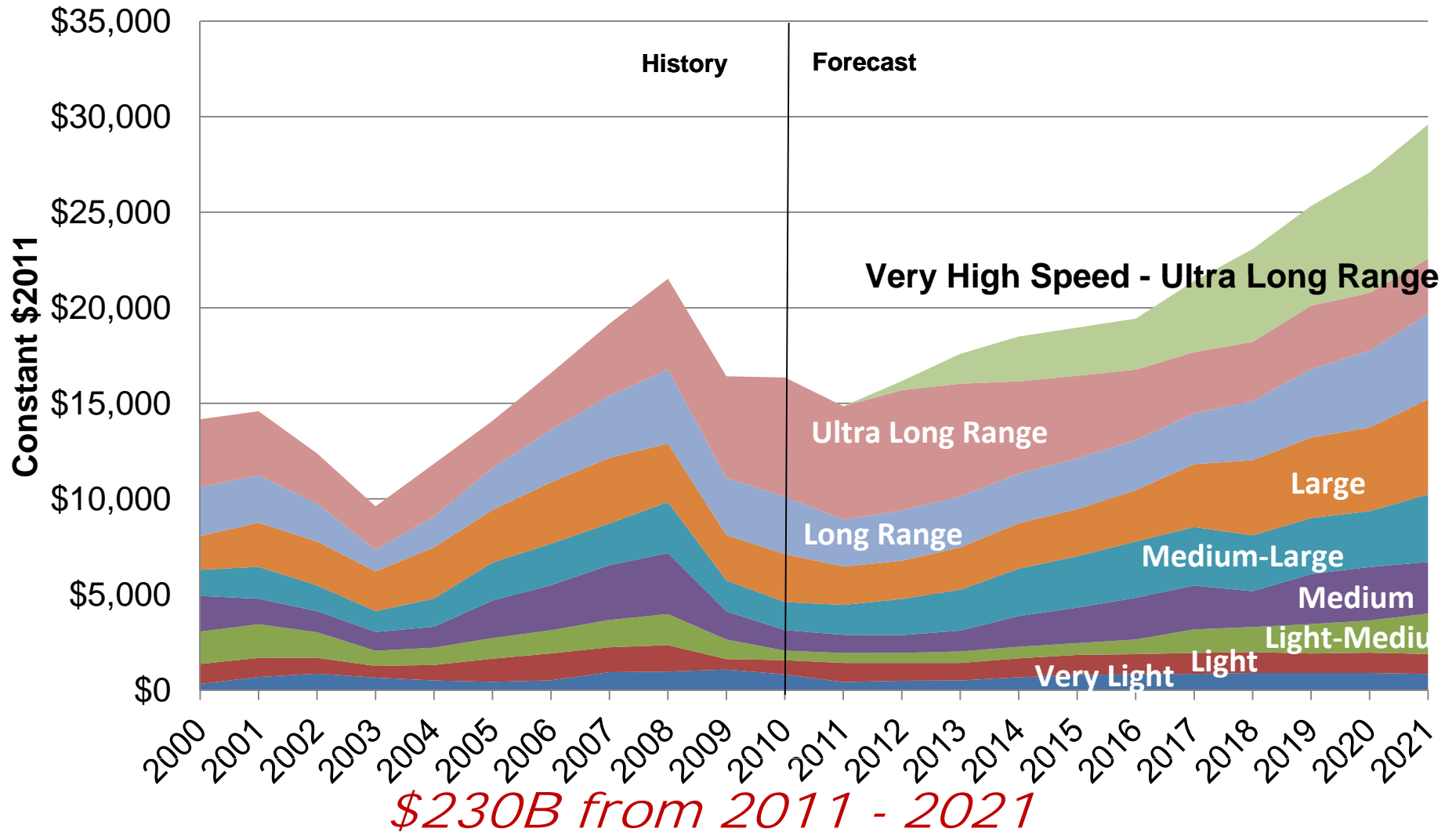
- Used jet inventory continues slow decline –
 - Down ~4 points from peak
 - ~13% of active fleet listed for sale
 - ~625 late model jets under 10 years old listed
 - Nearly 70% are very light through medium class aircraft
- Average asking prices still declining
- 2011 used jet purchase plans increased
 - All regions improved
 - Europe, Latin America, & Middle East / Africa lead gains

Five Year Replacement and Expansion percentages

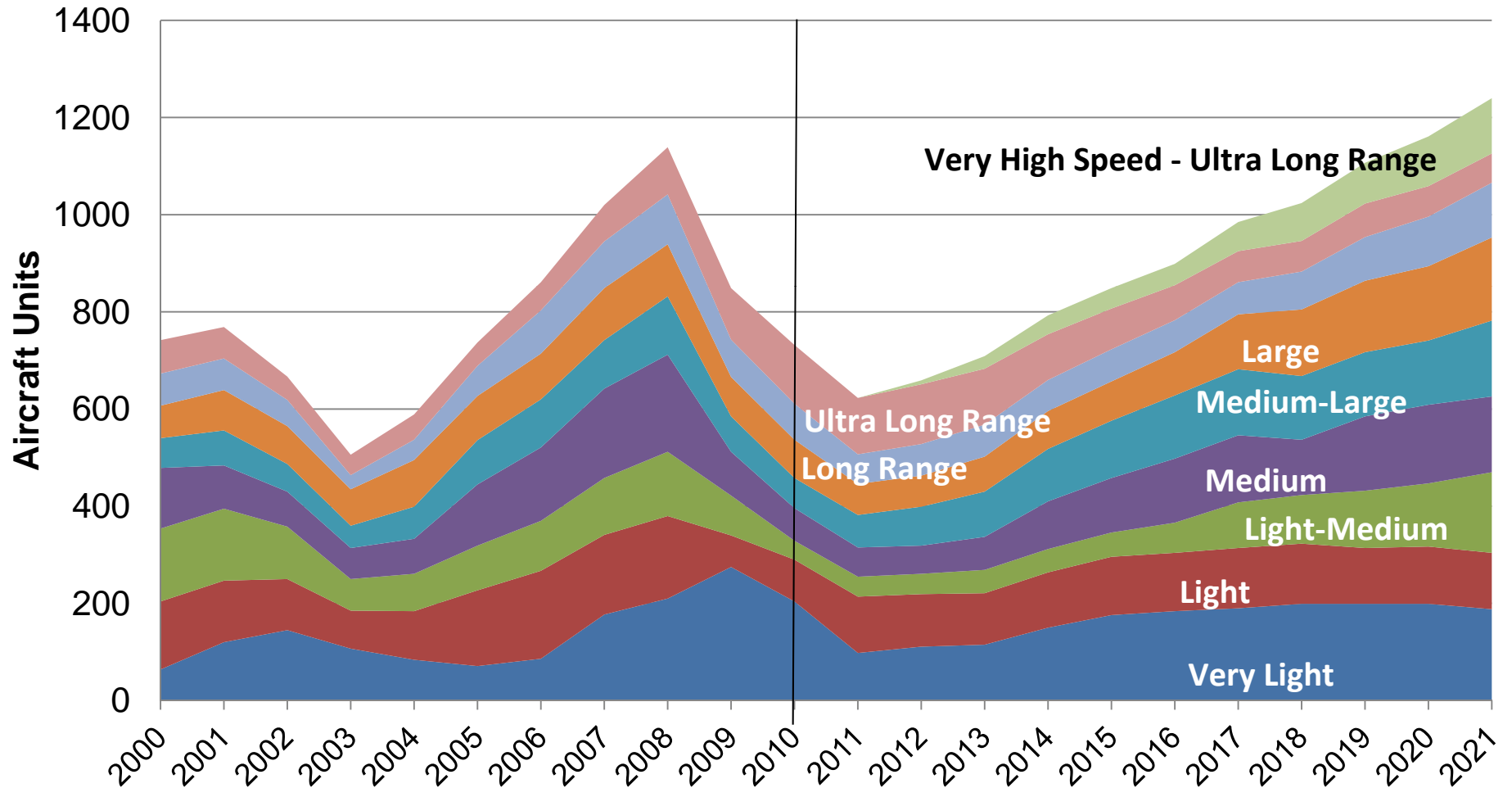


Improved Purchase Plans Tracking with Inventory Reduction

Business Jet Forecast – Delivery Value



Business Jet Forecast in Units



10,000 Aircraft from 2011 - 2021

NBAA 2011 - Outlook Largely Unchanged

- Delivery down cycle coming to close - 2011 marks bottom of cycle:
 - Less volatility in OEM rates, but recently improved order rates face economic headwinds
 - Large cabin class aircraft still faring better
- Operator survey still signals some improved purchasing activity in 2012:
 - Economic growth expectations are positive but weakened— especially in the U.S. and Western Europe
 - Projected dollar depreciation will have positive impact on International sales
 - Modest Recovery in new aircraft deliveries will begin in 2012, order rates key to sustaining momentum
- Pipeline of new models still important for longer term growth
- Recovery progressing slowly in fleet utilization, improvement in used aircraft:
 - U.S. and European flight activity growth slowing as expected
 - International flight and domestic flights both increasing – international growth well above domestic rates
 - Late model used jet inventory is trending lower

*Operator Survey Supports Modest Recovery of New Jet Demand
Operational Gains continue at Slow Pace*