

LT. GOVERNORS' CIRCLE BREAKFAST

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STATE OF THE INDUSTRY - THE OUTLOOK FOR INVESTMENT

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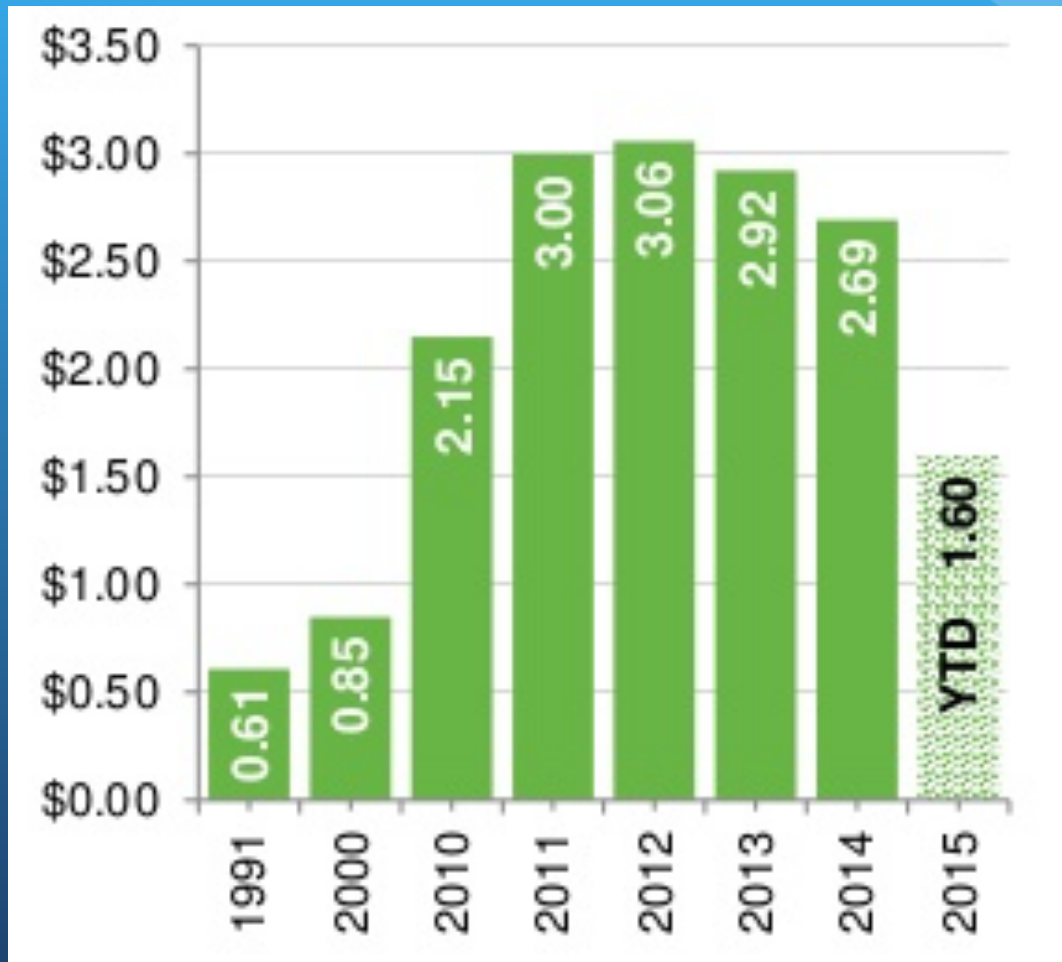
Retired Editor-in-Chief

Aviation Week & Space Technology

NATIONAL AEROSPACE FOREIGN DIRECT INVESTMENT EXPO



Spot Price of Jet Fuel/Gallon

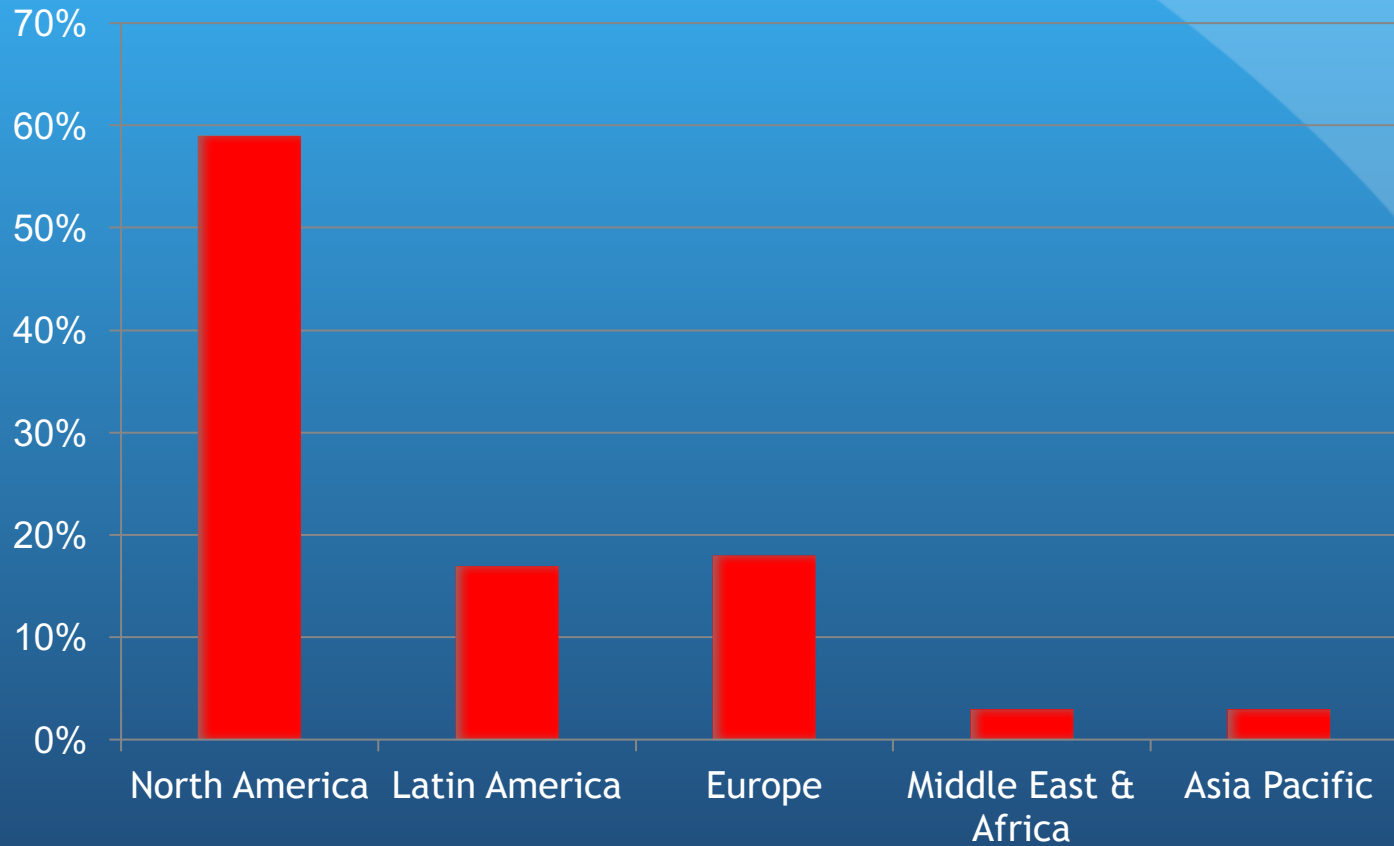


Source: Airlines4America, Energy Information Administration

Potential Market Disruptors

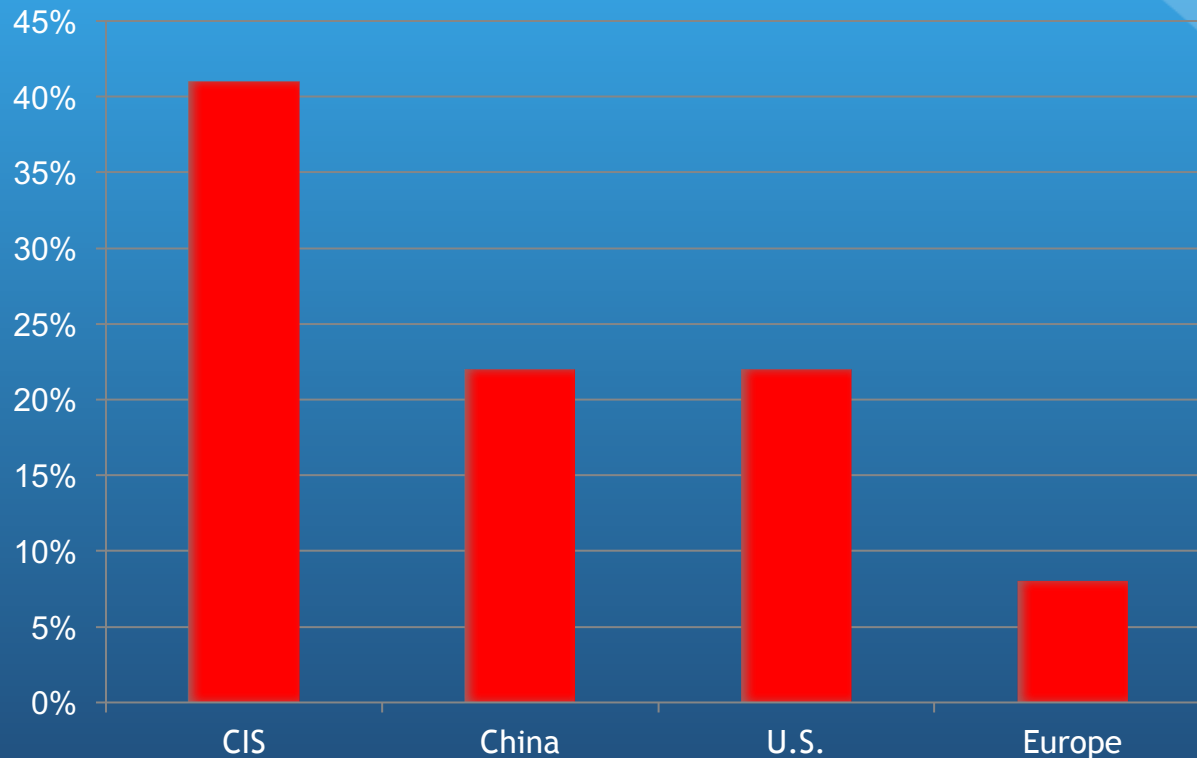
- Airframe OEMs fail to execute on huge order backlogs.
- Supply chain fails to keep pace.
- Foreign currency fluctuations.
- Unforeseen exogenous event.

Business Jet Demand by Region 2014-2024



Source: Honeywell Aerospace

Launch-Vehicle Providers 2011-2014

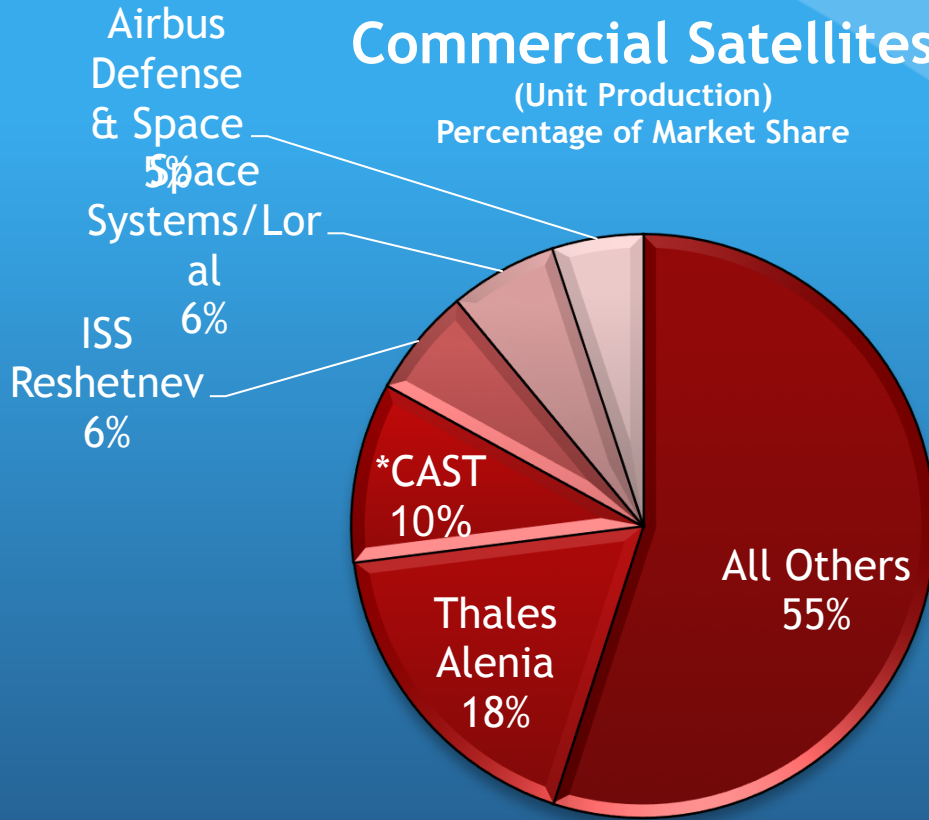


Source: Aviation Week Intelligence Network

Commercial Satellites

(Unit Production)

Percentage of Market Share



Total Five-Year Production: 608

*Chinese Academy of Space Technology

All percentages rounded.

Source: Forecast International

Targets of Opportunity for States

Asia/Pacific

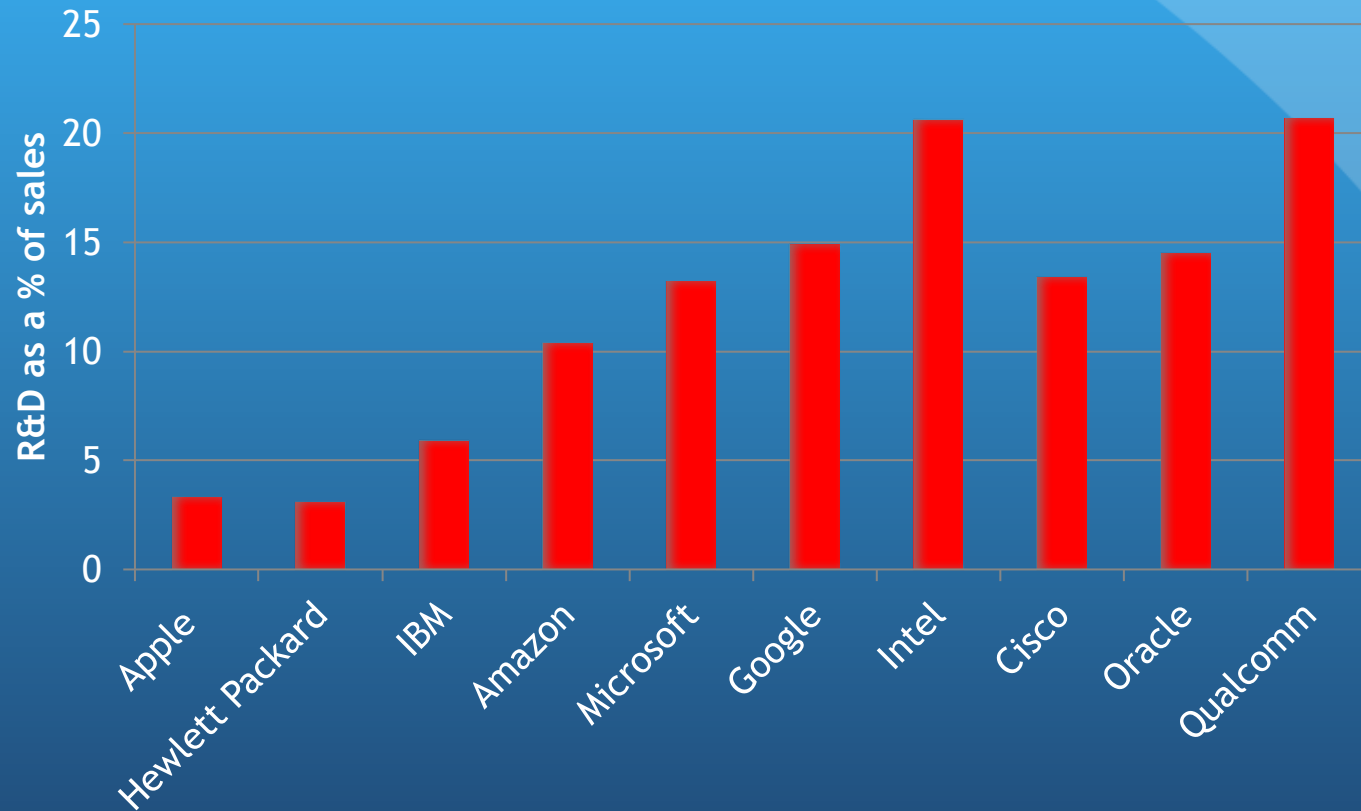
- Indonesia
- Japan
- Malaysia
- South Korea
- Taiwan

Second- and Third-Tier European Suppliers

Creating the right initiatives aligned with your goals requires key actions:

- Determine what is strategic.
- Understand the value chain of aerospace industry sectors.
- Understand the technology cycle.
- Replenish seed corn by fostering investment in research and development in your state.
- Align incentives with areas that matter to business.
- Exploit the role that non-U.S.-based companies can play as a partner to American primes and OEMs.
- Use the full range of tools at your disposal.

Who's Investing In Their Future?*



Source: Capital Alpha Partners
*FY 2014