General Aviation
Illustrious Past, Bright Future

Jim Walters
Senior Vice President
Cessna Aircraft

22 October 2009

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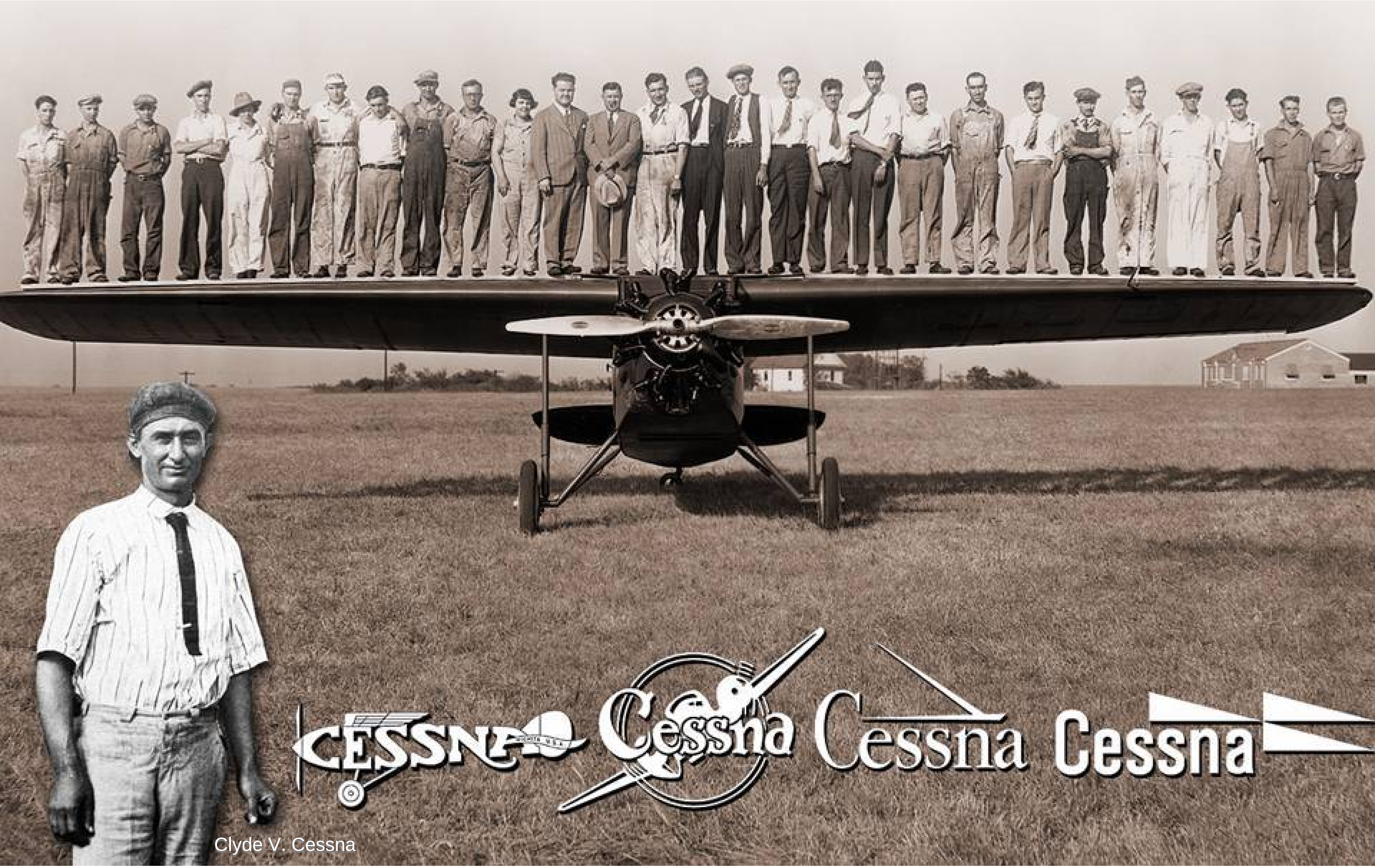
Cessna Aircraft Company

Founded in 1927

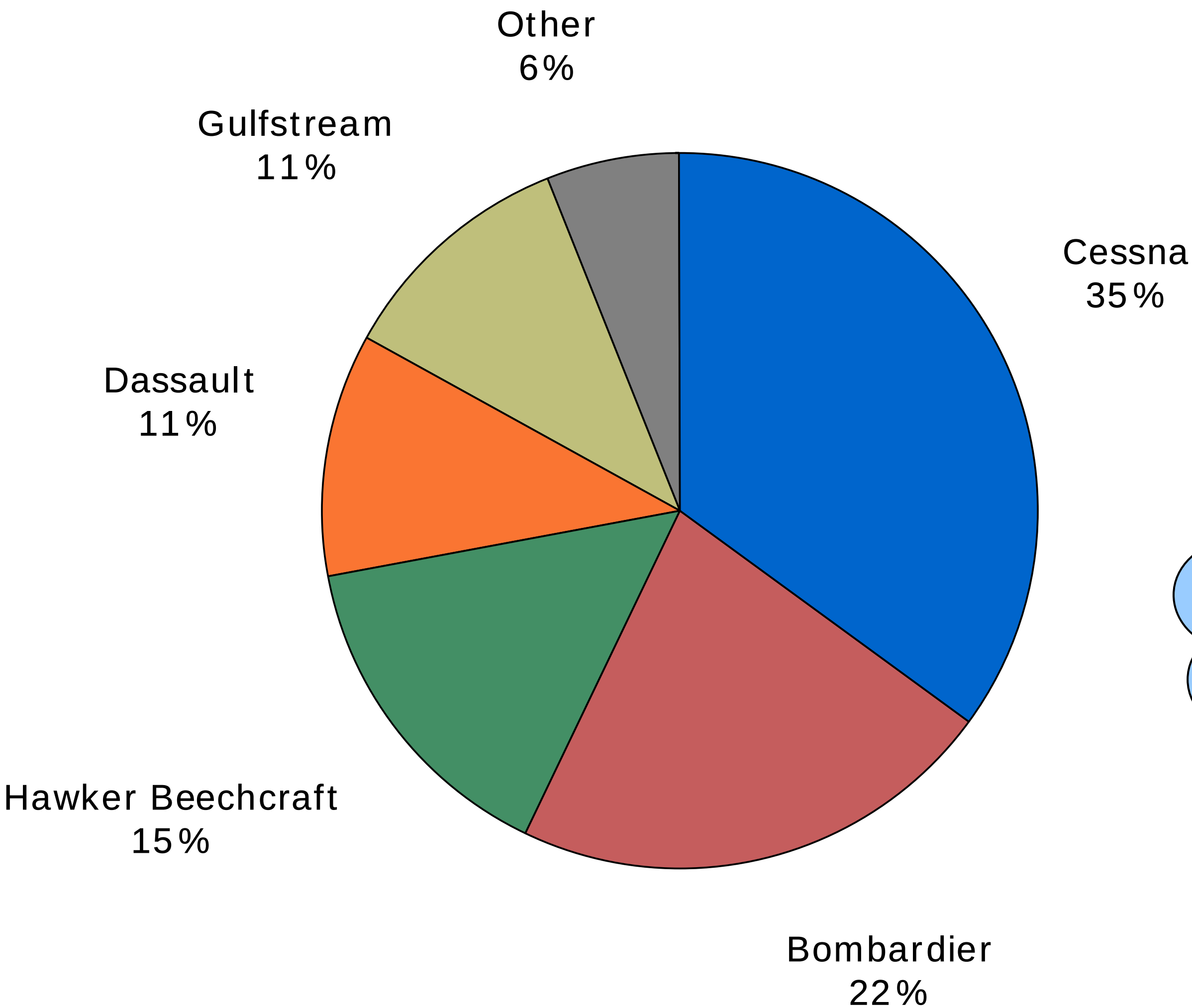


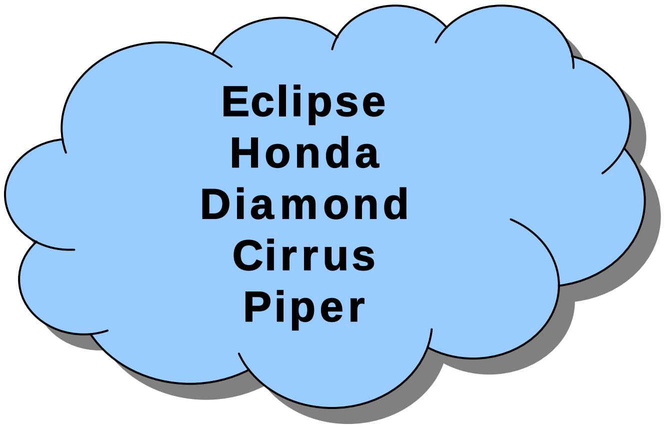
Clyde V. Cessna


Cessna Citation
Cessna Citation

Industry Review and Outlook

2008 Global Business Jet Fleet by OEM





KS OEM's Represent ~54% of 2008 Global BizJet Shipments

Source: Cessna analysis

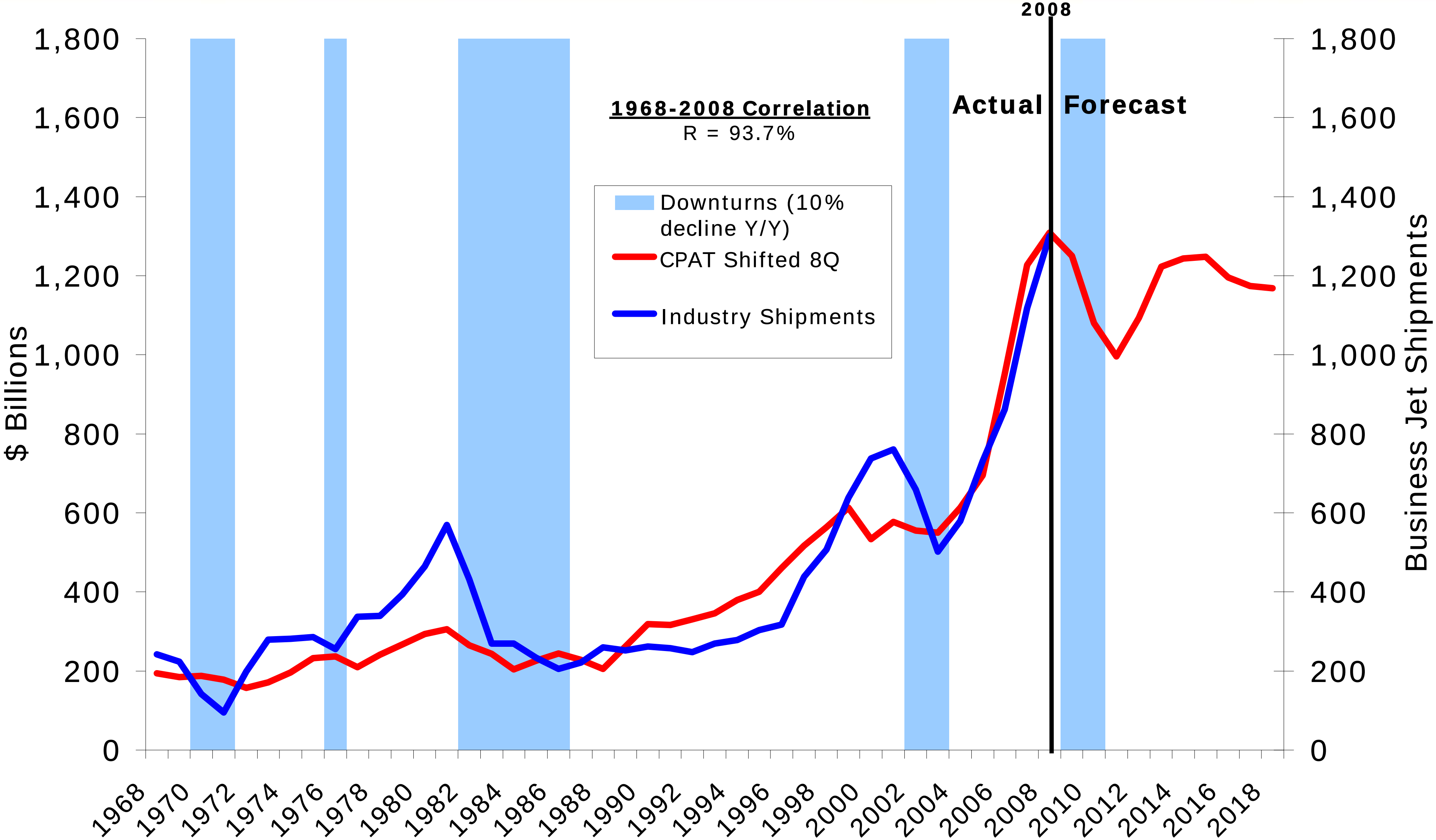
Industry Review and Outlook

Key Indicators Status

- General economy – profits, GDP, dollar, orders, inflation
- Regulatory, governance and social trends
- Aircraft financing – options, availability
- Used aircraft – availability, pricing
- Fractional, charter
- Backlog – orders, cancellations, deferrals
- Average daily utilization
- Single-engine piston environment

Key Indicators Have Not Yet Signaled Recovery, Though We Are Seeing Early Signs of Stability

Industry Review and Outlook
Business Jet Industry Shipments



Downturn defined by units decreasing > 10% year-over-year. Average downturn lasted 2.8 years with 42% total decline in units.

Source: Global Insight, Cessna estimates

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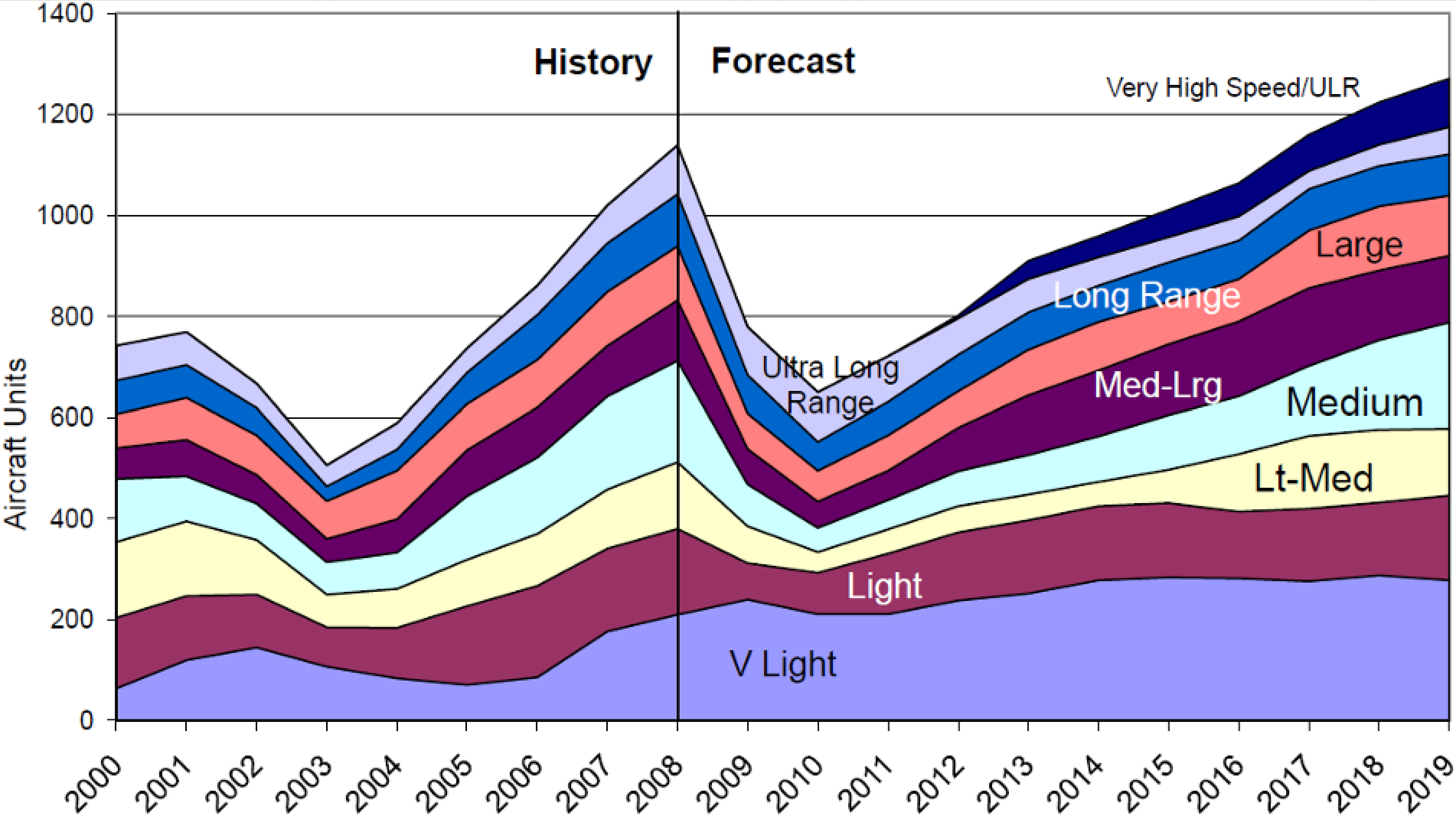
Industry Review and Outlook

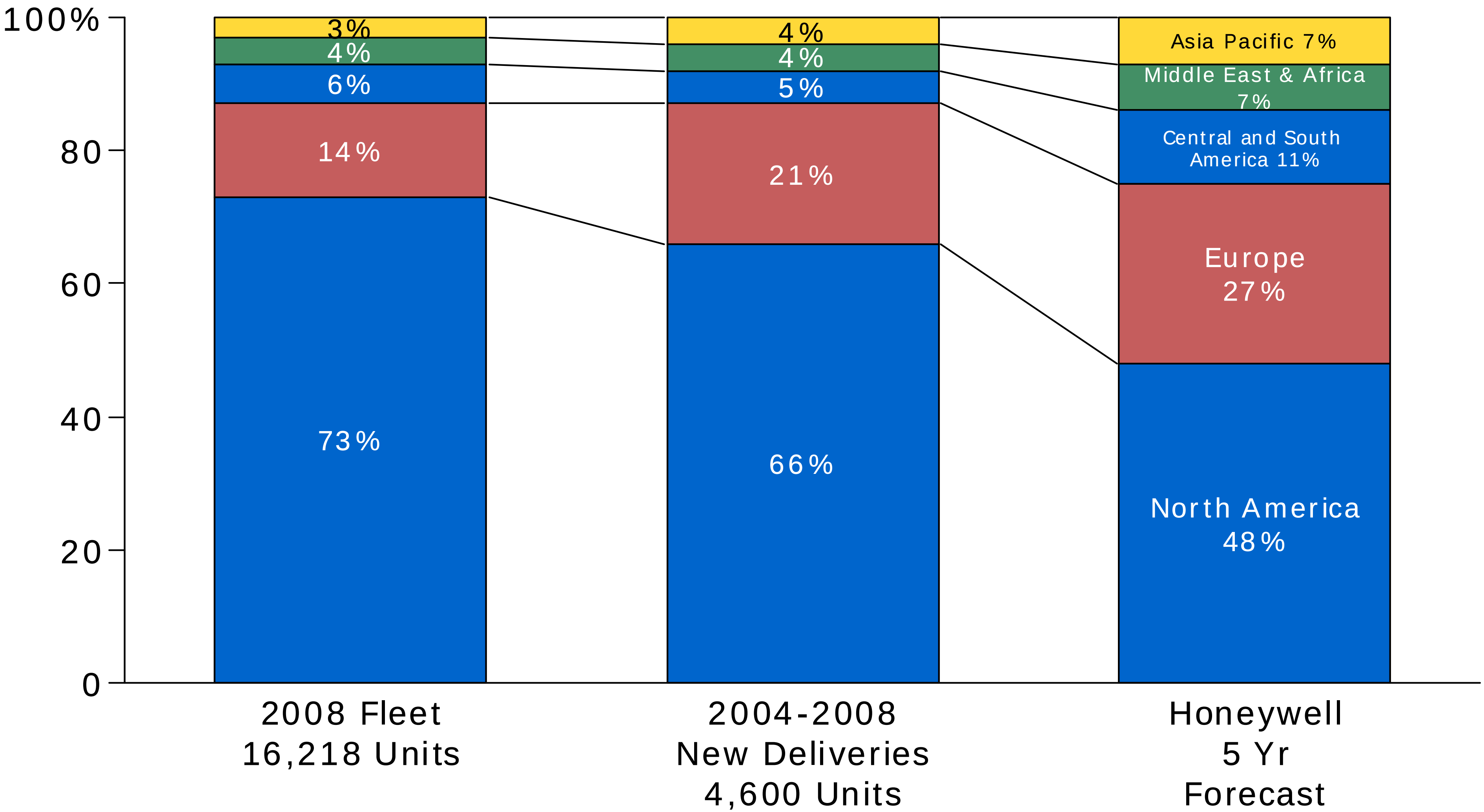
Honeywell Business Jet Shipment Forecast



Broad Consensus on 2010 Trough, Slow Climb and Return to Peak

Source: Honeywell 18 October 2009

Industry Review and Outlook
Business Jet Global Demand



Higher International Deliveries Continue to be Forecasted

Source: Cessna analysis, Honeywell BizAv Outlook 2009 (18 October 2009)

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Industry Review and Outlook

Positive Indications

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- Business jet fleet utilization has stabilized, and percent available for sale has decreased for three consecutive months
- More interest in bonus depreciation as year-end approaches
- Single-engine piston orders are gaining strength, often a leading indicator to business jet activity
- Moderate economic recovery has begun
  - 2Q09 GDP (0.7%) expected to be the last quarter of contraction
  - Corporate profits recovery began in 2009, indicating strength in business jet industry recovery at least 24 months away
  - U.S. Dollar likely to weaken in response to current fiscal and monetary policy, stimulating international orders

Positive Signs of Stabilization, Industry Recovery Likely Slow

Industry Review and Outlook

Challenges and Risks

- **Economic recovery remains fragile, while momentum is necessary to stimulate CPAT, fleet usage and shipments**
- **Negative political rhetoric restraining fleet usage and the replacement cycle**
- **Air traffic control modernization funding must remain free of mechanisms detrimental to GA (e.g., user fees)**
- **Global environmental policy and regulation**
- **Used business jet fleet will take time to burn off**
- **Financial markets "opening", however there are fewer providers, higher rates…**

Business Aviation Faces Strong Headwinds During Recovery, Challenges Are Well Understood and Industry Has Mobilized

General Aviation
Economic Impact

- **U.S. contributions**
  - **>$150B economic output annually**
    - » **Strengthens balance of trade. In 2008, GA manufacturers generated $5.9B in new airplane export revenue or 44% U.S. manufactured GA airplanes**
  - **Employs >1,265,000 people whose collective earnings exceeded $53B**
    - » **Full-time employees average $26 per hour**

Output, Employment and Earnings Multiply

Sources: KS Aviation Mfg Report CEDBR 2008, Alliance for Aviation Across America, Aviation Week

General Aviation
Economic Impact

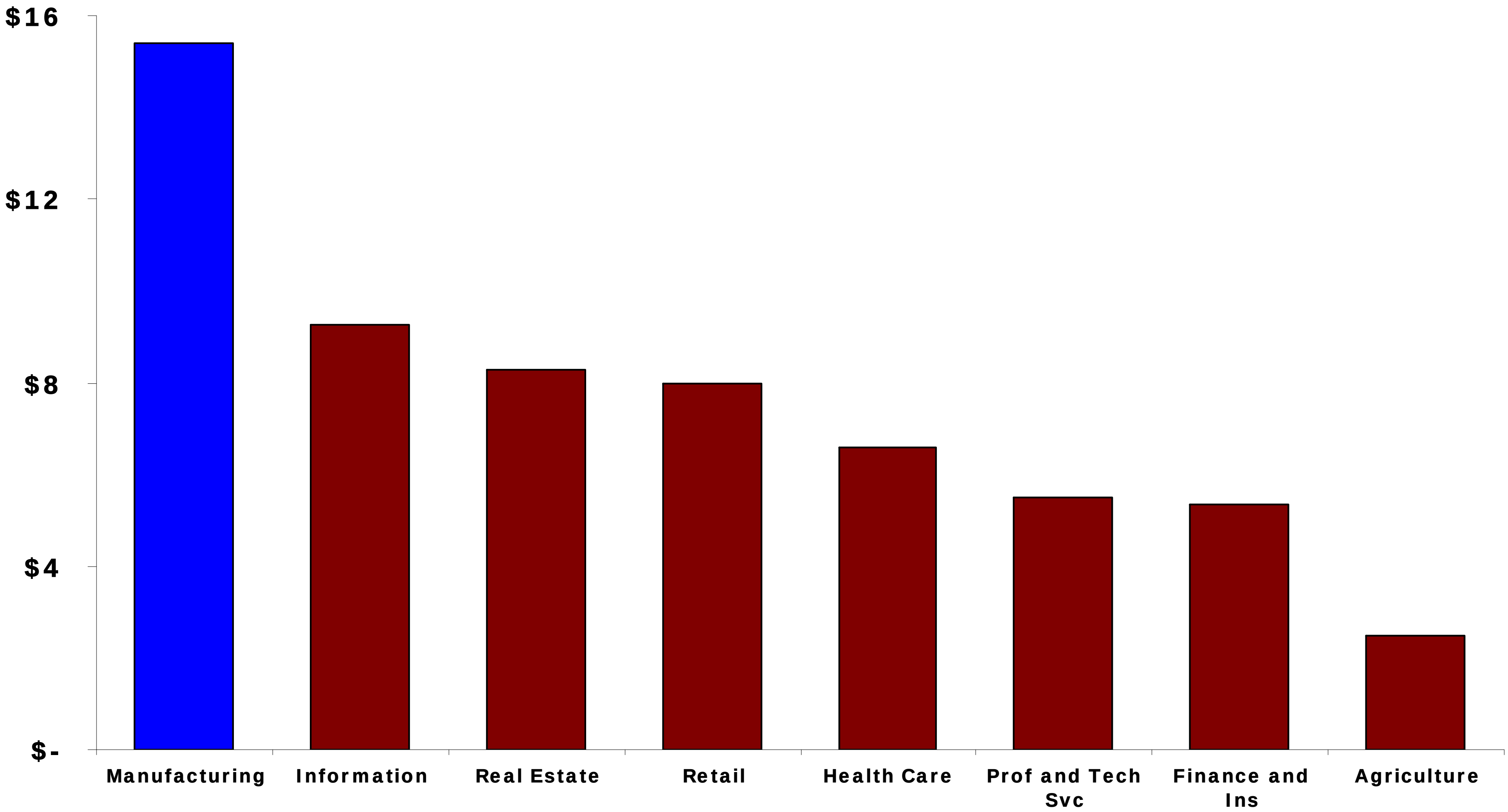
- **Kansas contributions**
  - **~$7.1B annual economic impact, leading the nation with $2,561 per capita contribution (twice that of the next most competitive state)**
  - **Industry leading OEM's such as Cessna, Bombardier Learjet, Hawker Beechcraft, Airbus (Engineering) and Boeing (Military)**
    - » **Kansas GA OEM's shipped 1,708 airplanes worth $5.8B with exports accounting for 537 airplanes or $2.3B (40%)**
  - **Kansas aviation companies deliver over 50% of all GA aircraft employing 17.8% of all Kansas manufacturing employees**

Output, Employment and Earnings Multiply

Sources: KS Aviation Mfg Report CEDBR 2008, Alliance for Aviation Across America, Aviation Week

Kansas Manufacturing

2007 KS Real GDP (2000 $B)



Source: U.S. Bureau of Economic Analysis

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Kansas General Aviation

Noteworthy Trends

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- **Kansas continues to represent the largest cluster for aviation research and manufacturing in the U.S. (E.g., NIAR)**
- **Significantly increasing global competition for work (I.e., tax revenues and jobs) by other states and nations**
  - **E.g. – AL, MS, NC, OK, TX, Canada, Mexico, Brazil, Europe, Russia, Japan and China**
- **Workforce**
  - **Aging workforce while faced with difficulty in attracting and retaining younger workers**
  - **Lack of skilled workers during growth cycles, not keeping pace with changing technology**
  - **National Center for Aviation Training (NCAT) partnering with NIAR, representing key elements to support future growth**

Low Cost Global Regions and Aggressive States Are Competing for Kansas Jobs and Tax Revenue

Business Environment
Success Factors

- **Retain existing aviation industry – strong companies and suppliers**
- **Grow our position as global leader in aviation research (E.g., NIAR)**
  - **Opportunity for composites**
- **Leverage Kansas' strong work ethic**
- **Flexible, business-driven, high-tech training to meet future skilled workforce needs (E.g., NCAT)**

Business Friendly Environment Required to Grow Kansas Economy, Long-term Aviation Forecast Remains Robust

Questions