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AVIATION MAINTENANCE INDUSTRY OUTLOOK AND ECONOMIC IMPACT

MARCH 16, 2016

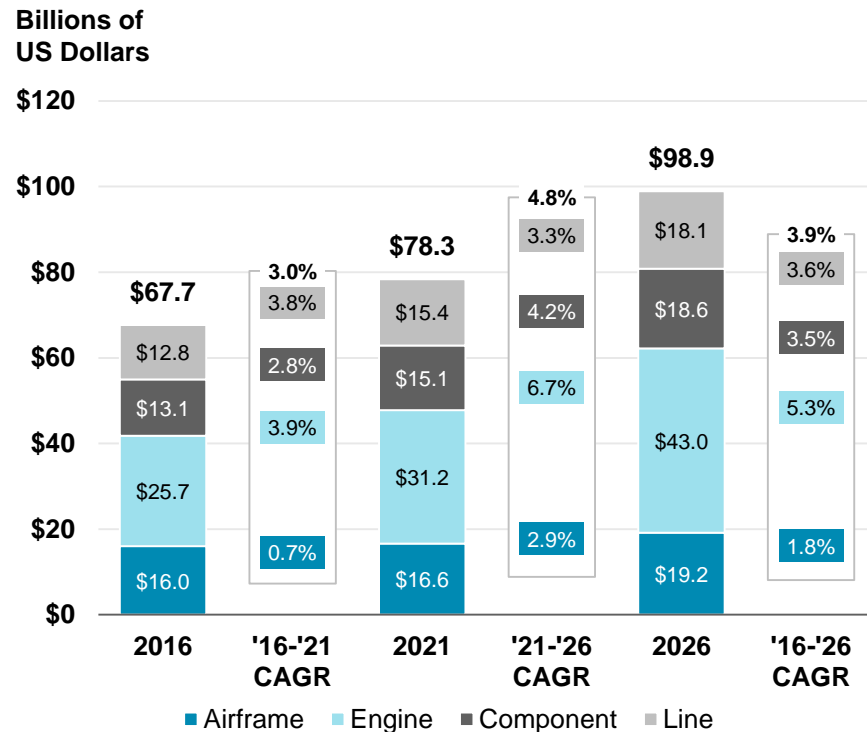
Steve Douglas

Vice President

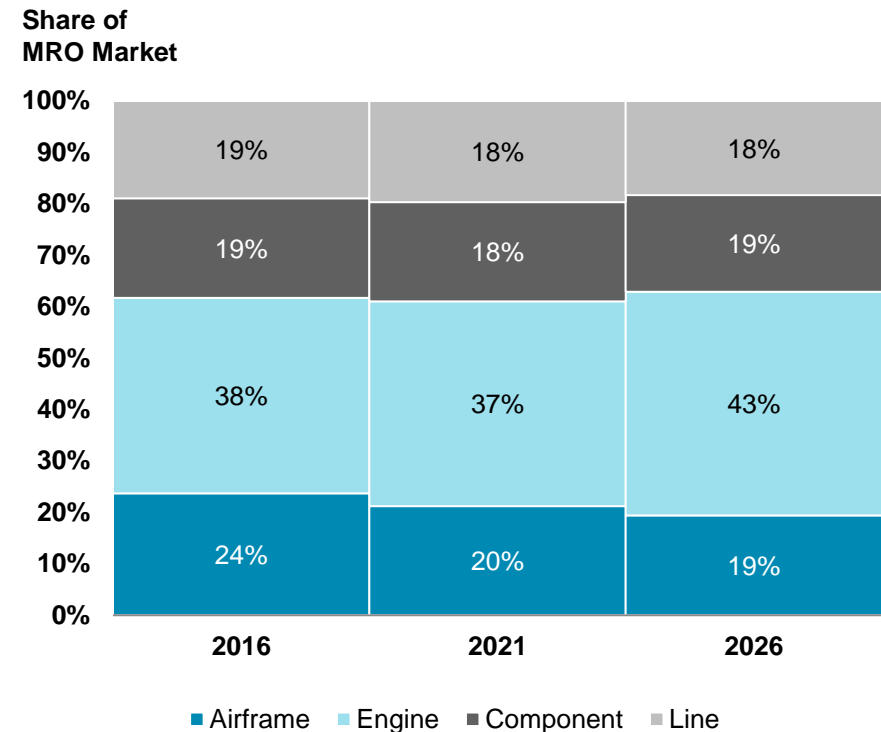
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The global air transport jet and turboprop MRO market is currently \$67.7B and is forecast to grow 3.9% per year on average through 2026

2016-2026 Global MRO Market Forecast by MRO Segment

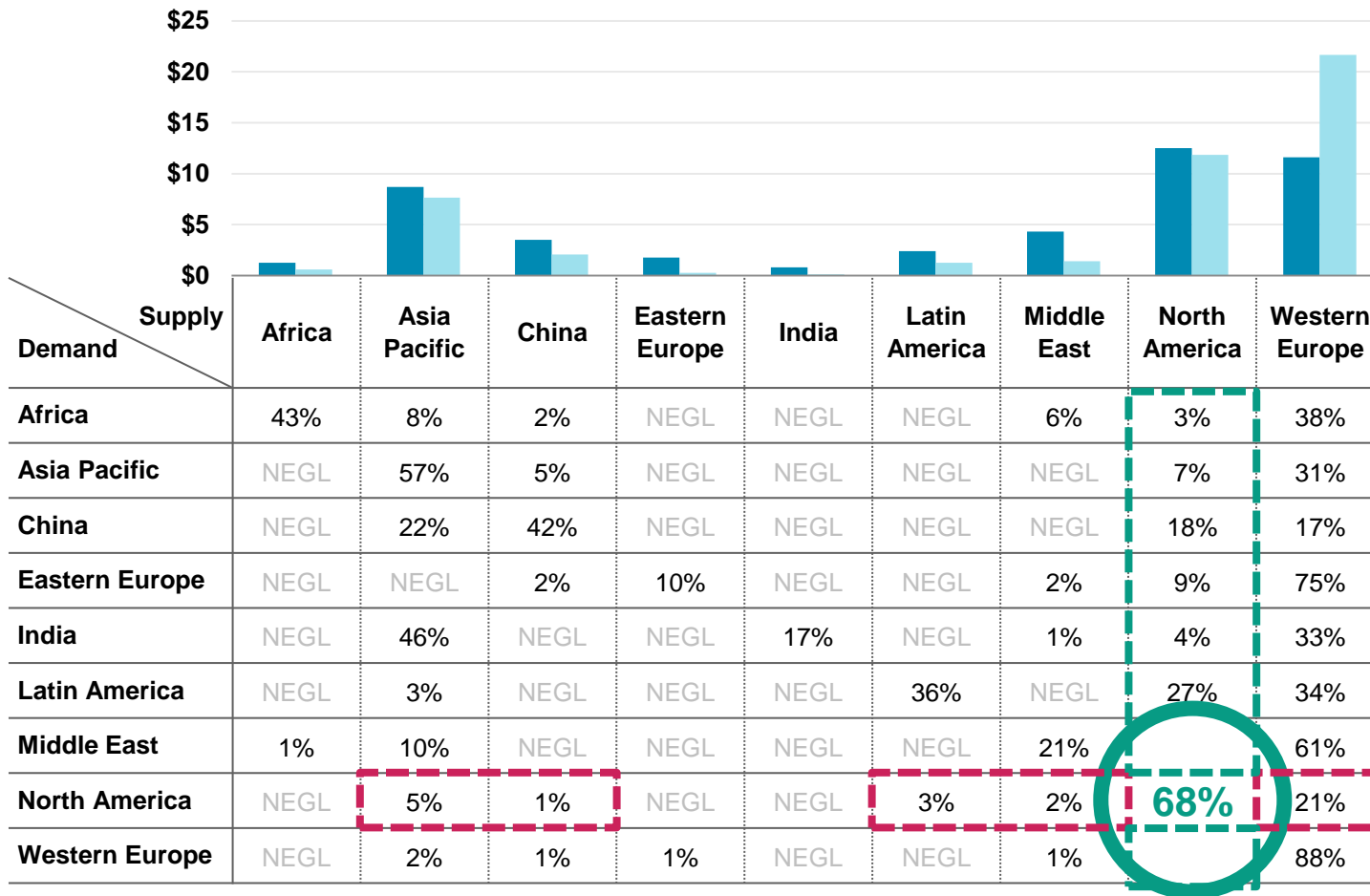


2016-2026 Global MRO Market Share Forecast by MRO Segment



Engine MRO will continue to significantly increase its share over the forecast period. Engines are having longer on-wing times; however, Shop Visits are more expensive

North American operators currently generate \$12.5B in airframe, engine, and component maintenance demand per year



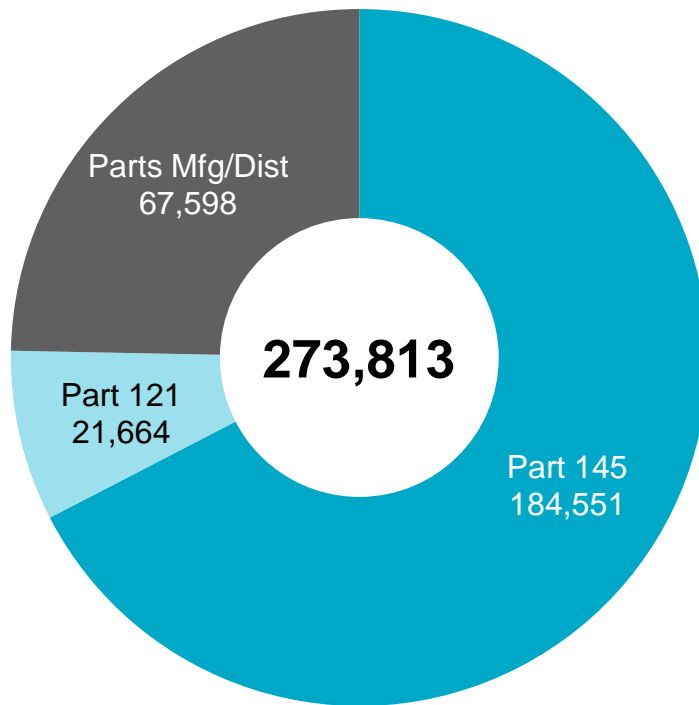
- 68% of this demand is met by MRO providers in North America
- Approximately \$4.0B of MRO demand is performed in regions outside North America
- An additional \$3.3B is conducted for other regions
- This results in a total of \$11.8B of MRO supplied by North American providers

Thus, North America is a **net importer** of MRO services

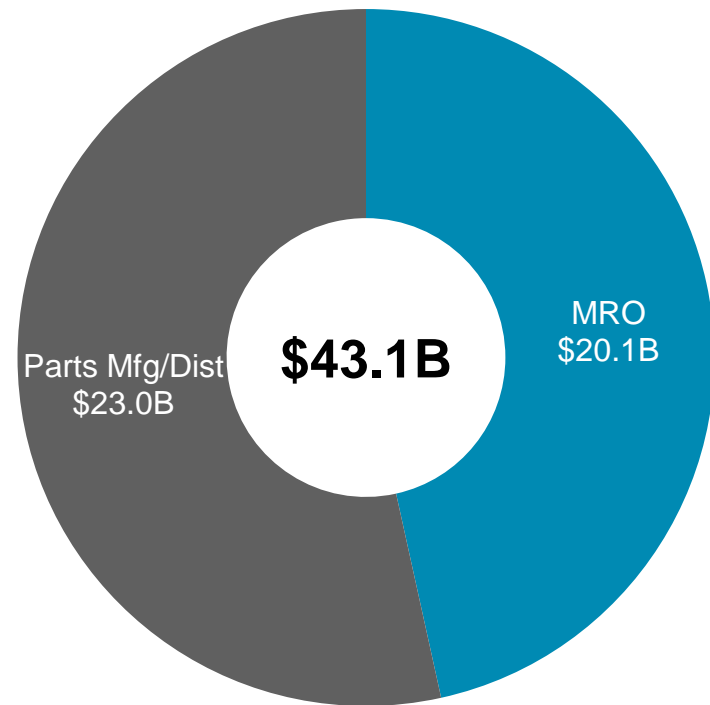
Note: Left column indicates region demand is generated in (region of operator). Top row indicates region maintenance is supplied/performed in (region of MRO). NEGL = Negligible

The US civil aviation maintenance industry employs nearly 274,000 people and generates \$43.1B in economic activity. MRO accounts for 75.3% of the total employment in the US with 206,215 employees.

Civil Aviation Employment
by Firm Classification



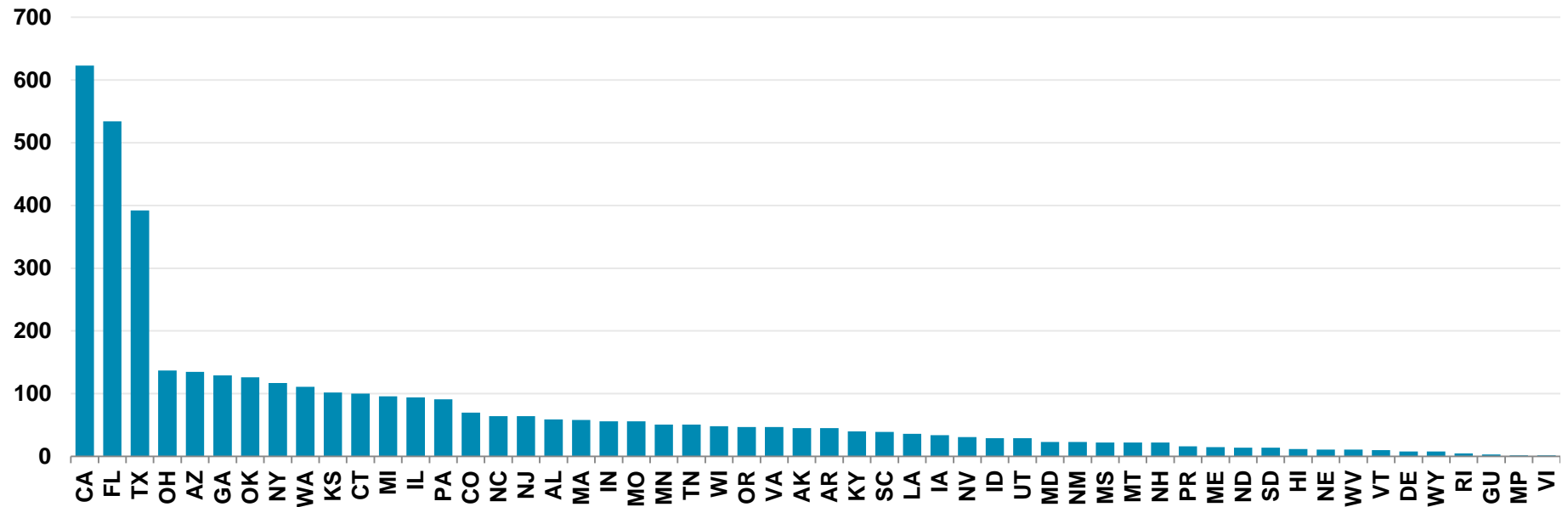
Economic Activity
by Firm Classification



MRO generates over 46.5% of the economic activity or \$20.1B. With 24.7% of the total employment, parts manufacturing and distribution, accounts for 53.5% of the total economic activity or \$23.0B.

California, Florida, and Texas combined are home to nearly 40% of the repair stations in the United States and its territories

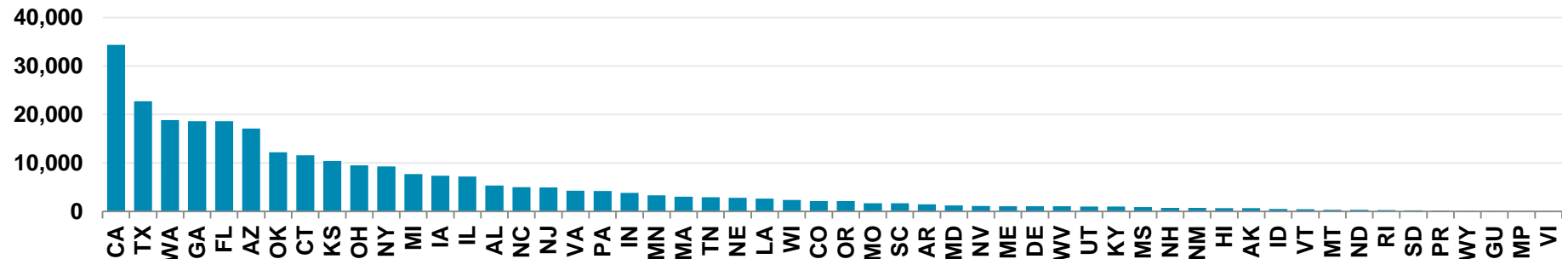
US Repair Stations
By State/Territory



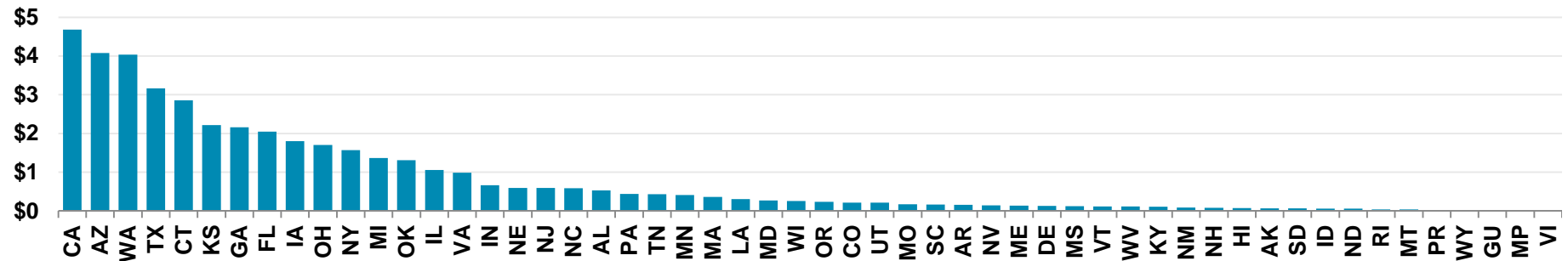
Delta Air Lines, United Airlines, American Airlines, Boeing, and AAR are the largest employers in the United States and its territories

California, Texas, Washington, Georgia, Florida, and Arizona combined represent 48% of the total U.S. civil aviation maintenance employment with an estimated 130,244 employees.

US Employment By State/Territory



US Economic Activity (\$USB) by State/Territory



California and Arizona generate the most economic activity followed by Washington, Texas, Connecticut, and Kansas; together, these six states generate nearly 50% of the total economic activity.

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