Bombardier Aerospace is pleased to present its 2014 edition of the Business Aircraft Market Forecast. The forecast includes Bombardier’s long-term vision of the business jet market and an in-depth look at the market drivers of the major regions of the world.

Bombardier continues to grow its leadership position in the business jet manufacturing industry. During 2013, for the fourth consecutive year, Bombardier recorded more orders than any other manufacturer, with 305 net orders, representing approximately 53% of the industry’s total net orders. Bombardier’s delivery performance was also strong in 2013, with 180 unit deliveries representing a 32% share of industry deliveries.

We remain confident in the strong long-term potential for the business aircraft industry. We maintain our focus on strengthening Bombardier’s market leadership position by continuing to invest in our development programs: the Global 7000, Global 8000, and Learjet 85 with the Challenger 350 recently entering into service in June this year.

With the most comprehensive product portfolio in the industry and our commitment to leadership in customer satisfaction, coupled with our solid product development roadmap, Bombardier is well-positioned to benefit from the next business aircraft industry upturn. This forecast focuses on the three business jet categories in which Bombardier competes: Light, Medium and Large aircraft. The Very Light and Large Corporate Airliner categories are excluded.
THE BUSINESS JET MARKET IN 2013

The business jet industry continues to make progress towards a recovery from the steep industry downturn of 2009-2010. Many market indicators continued to show improvement in 2013 while others remained relatively unchanged.

Industry order intake saw incremental improvement in 2013 over 2012, allowing the industry to record a book-to-bill ratio of one for the second year in a row. Bombardier Business Aircraft posted a book-to-bill ratio of above one for the third year in a row.

The level of pre-owned aircraft for sale, an indicator that is highly correlated with new business jet demand, saw strong improvement at the end of 2013 and has continued to improve during Q1 2014. But despite the reduction in pre-owned inventory for sale, aircraft resale values remain relatively low. The gap between new and used aircraft pricing remains wide and is restraining demand from customers looking to trade in their existing aircraft against the purchase of new aircraft. However, we predict that continued progress in the pre-owned market will lead to a recovery in resale values in the medium-term.
Stock markets posted strong gains in 2013 while corporate profitability improved and the number of billionaires worldwide continued to increase beyond historical figures. The U.S. business jet market showed signs of improved market confidence, with increased business jet orders. We expect North American demand to continue improving over the medium-term as corporations and high net worth individuals (HNWIs) revisit plans to replace aircraft which were put on hold during the downturn. Certain markets, notably China and Latin America, were very active for business jet orders during 2013. Demand in the European market remained subdued due to ongoing economic uncertainty. Overall, demand for Large category business jets continued to be strong while demand in the Light category continued to be impacted by conditions in the pre-owned market.

Industry deliveries are expected to be slightly up in 2014 from 2013 based on the collective delivery guidance of manufacturers and new aircraft programs that will begin delivering this year. The situation for industry orders is expected to remain challenging in 2014 but is expected to improve starting in 2015.

We forecast 22,000 business aircraft deliveries over the next 20 years. This forecast will detail the expected timeline and magnitude of the business jet industry comeback.
**INTRODUCTION AND EXECUTIVE SUMMARY**

**BUSINESS JET FLEET FORECAST**

Units, 2013 – 2033

Source: Bombardier Business Aircraft Market Forecast. Excludes Very Light Jet and Large Corporate Airliner segments.

**BUSINESS JET VALUE PROPOSITION AND LONG-TERM VISION FOR THE INDUSTRY**

Business jets are known to provide cost-effective, fast, flexible, safe and secure access to their users’ destinations. In a series of studies conducted between 2009 and 2013, NEXA Advisors evaluated the impact of business jet ownership on small to large companies, as well as government agencies. Its most recent study on business aviation and the world’s top performing companies concluded that companies using business jets were likely to outperform non-users on revenue growth, innovation, employee satisfaction and market share.

In addition, the less quantifiable but equally important benefits of business jet use include on-demand flight schedules, the ability to conduct business privately during flights, more direct access to companies’ sites (which may not be well-served by scheduled airlines), and reduced fatigue on a company’s most frequent travellers.

We are confident in the collective strength of the long-term market drivers of business jet industry growth. These market drivers include continued wealth creation, expanding globalization of trade, replacement aircraft demand, market accessibility and the increasing adoption of business jet use in high growth economies.

This confidence is reflected in our 20-year delivery forecast, which predicts 22,000 business jet deliveries valued at $617B. We predict 9,200 deliveries worth $264B from 2014 to 2023, and 12,800 deliveries worth $353B from 2024 to 2033.

1 All dollar amounts in the 2014-2033 Bombardier Business Aircraft Market Forecast are in 2013 USD unless otherwise stated.

**BUSINESS JET MARKET HISTORY AND FORECAST**

<table>
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<tr>
<td>Delivery Units</td>
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<td>9,200</td>
</tr>
<tr>
<td>Revenues</td>
<td>$161 Billion</td>
<td>$264 Billion</td>
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Source: Bombardier Business Aircraft Market Forecast.

Our 20-year delivery forecast predicts 22,000 business jet deliveries valued at $617B.
ECONOMIC ENVIRONMENT AND OUTLOOK
The Bombardier Business Aircraft Market Forecast is based on an econometric model that relates market indicators, including world Gross Domestic Product (GDP), pre-owned aircraft inventory and stock market indices, to expected aircraft orders and deliveries. Our long-term view of the market also considers the expected rate of both business jet fleet penetration and economic growth in each of the forecast regions.

**GDP GROWTH**

Global growth in the first half of 2013 was relatively slow, similar to that of the latter half of 2012. During the second half of 2013, the advanced economies gained some momentum, and while emerging economies slowed over the same period, they still contributed to more than two-thirds of total global growth, according to the International Monetary Fund’s (IMF’s) World Economic Outlook (April 2014). Overall, the world economy in 2013 experienced a real GDP growth rate of 2.4%, according to IHS Global Insight.

Global economic activity is expected to further improve in 2014. According to IHS Global Insight, the world economy in 2014 is expected to grow at an annual rate of 2.9%, with a moderate acceleration over the medium-term and then steadying at 3.3% per year on average over the next 20 years. Historically, when the world economy has grown by an annual rate of 3.0% or more, the business jet industry has typically experienced solid growth. In the mature economies, the 2014 upturn will be primarily due to growth in the United States and recovery of the Eurozone. In emerging and developing economies, a slower increase is expected primarily due to structural and policy challenges continuing in China’s economic transformation. India, Latin America and parts of developing Asia are to experience a slight growth improvement during the year.

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2 IHS Global Insight is the world's largest economics organization providing economic and financial information on countries, regions and industries.
In the next decade, the growth of emerging markets is expected to shift and continue at a much slower but steady pace. By 2025, emerging markets will capture just over half of world GDP, and China will become the largest economy in the world, according to The Conference Board, Inc.’s Global Economic Outlook 2014.

MSCI WORLD INDEX

Economic growth drives wealth creation which, subsequently, influences worldwide demand for business jets. The Morgan Stanley Capital International (MSCI) World Index is an aggregate stock market index, based on representative securities listed in major financial exchanges around the world, and is a strong indicator of wealth creation. Stock markets have significantly rebounded since their low point in 2009 as the MSCI World Index has more than doubled from March 2009 to March 2014. The MSCI World Index is highly correlated with business jet orders, showing a parallel historical growth pattern, as shown in the MSCI World Index vs. Business Jet Industry Orders chart.

Historically, when the world economy has grown by an annual rate of 3.0% or more, the business jet industry has typically experienced solid growth.
Aircraft deliveries to HNWIs, often defined as individuals with a net worth of $50M or more, account for about one third of the overall business jet market. Many of these deliveries are to HNWIs who have reached billionaire status. In March 2014, Forbes estimated a record number of billionaires at 1,645 worldwide, an increase of 219 over its 2013 estimate. The most significant growth rate occurred in Africa and Europe which, during 2013, saw a year-over-year increase of 45% and 41%, respectively. Looking at growth in the past two years, Africa's billionaire population increased by 81% from 2012 to 2014; from 16 to 29 billionaires. Africa had the smallest number of billionaires growing at the fastest rate in the world during this time period. Latin America was in second place with a percent growth of 75% from 2012 to 2014, from 65 to 114 billionaires. China and the rest of Asia Pacific were very close in billionaire growth rates between 2012 and 2014, with China having 71 more billionaires than the rest of Asia Pacific in 2014.

The HNWIs just below billionaire status – with net worth of $500M to $999M – are also just as important to the business aircraft industry. During a time when much economic uncertainty lingered throughout the world, HNWIs remained relatively unscathed, reaching record highs in both population and net worth. The world population of individuals with a net worth of $500M or more increased by 12% compounded annually in each of the past two years. The collective net worth of this demographic grew by 19% during this time. The growth in wealth generated by the HNWI community during a period of comparatively weak worldwide growth gives us increased confidence in our positive outlook for the business aviation market.
BUSINESS AIRCRAFT MARKET INDICATORS
ON-DEMAND AIR TRAVEL AND AIRCRAFT MANAGEMENT SERVICES

Businesses in the on-demand air travel market endeavour to provide cost-effective solutions for business jet travellers who do not wish or are unable to acquire and operate an aircraft of their own. The benefits of business jet travel are thus extended to users who would otherwise find this method of travel cost-prohibitive. Several options for private jet travel exist today in the space between traditional commercial air travel and full business jet ownership. This market consists of air charter operators and fractional aircraft program providers.

AIR CHARTER MARKET

The air charter market has seen significant growth in the past 50 years since Executive Jet Aviation started the world’s first business jet charter company. At the end of 2013, the worldwide charter and air taxi fleet stood at almost 3,800 aircraft, spread across nearly 1,200 operators. Eighty of the charter and air taxi operators have aircraft fleets consisting of 10 or more aircraft. The collective fleet of these large fleet operators has grown by 18% over the 2009-2013 period from 1,075 aircraft to 1,270.

The United States and Europe remain the largest markets for air charter demand today and account for just over 70% of the world charter and air taxi fleet. In recent years, fleet growth in this market has been strongest in regions such as Africa, Asia and Latin America where expanding trade has increased demand for point-to-point travel.
Air charter operators continue to invest in modernizing and expanding their fleets and have begun launching partnerships to enter new markets. One example of this is VistaJet, a European provider of bespoke private jet services, which announced in 2013 its plans to expand into the United States through an agreement with Jet Aviation, a U.S. certificated air carrier, and Wheels Up, a membership-based private aviation company.

**FRACTIONAL MARKET DYNAMICS**

Fractional aircraft ownership has existed since the late 1980s. This alternative to full ownership allows several users to acquire ownership interests in the same aircraft in exchange for the aircraft’s shared utilization.

Fractional ownership is suitable for customers who typically fly between 50 and 200 hours per year but do not want to purchase and manage an entire aircraft of their own. Contracts are usually signed for five years and shares start at one-sixteenth of an aircraft’s purchase price, equivalent to 50 hours of flight time a year. Under a fractional ownership program, users have access to an aircraft when required or access to any other aircraft within the fractional program provider’s fleet, should additional capability be required. The piloting, fueling, maintenance and licensing of the aircraft are the responsibility of the fractional company.

There are currently four large operators in the fractional ownership industry: NetJets, Flexjet, Flight Options and CitationAir. These four companies operate 85% of the overall fractional fleet.
During 2004-2013, the four key fractional operators took delivery of 630 business jets in the Light to Large aircraft size categories, equivalent to approximately 10% of cumulative business jet deliveries during this period. NetJets’ deliveries accounted for the largest portion, with 65% of all fractional industry deliveries during this time. The company has announced plans to add up to 670 new aircraft to its fleet over the next decade.

In the last few years, the depressed business jet market forced consolidation of the fractional industry. In 2009, the fractional operators went through a period of fleet rationalization, resulting in a substantial reduction of the industry’s order backlog. In February 2012, CitationAir announced plans to gradually exit the fractional ownership market. In September 2013, Flexjet, Bombardier’s fractional jet ownership division, was acquired by a group led by Directional Aviation Capital through a newly-formed entity, Flexjet, LLC. Following the acquisition, Flexjet placed a firm order for 115 business aircraft (25 Learjet 75; 60 Learjet 85; 20 Challenger 350; and 10 Challenger 605 jets) with options for an additional 150 business jets.

In 2013, new fractional aircraft share sales and redemptions remained steady over the previous year, while both fractional fleet utilization and aircraft deliveries have increased, indicating evidence of a moderate but steady recovery in this market. In the near-term, demand from existing fractional operators will be mainly for fleet replacement while demand for additional aircraft will come from markets where fractional ownership is just being introduced. NetJets, for example, has announced plans to open a new division in China to serve the fast-growing Chinese business jet market.

Over the next 20 years, fractional operators are expected to account for approximately 10% of business jet deliveries.
Approximately 50% of new business jet demand comes from existing owners replacing their aircraft, typically 5-10 years after initial delivery. For aircraft owners looking to sell an existing aircraft in order to buy a new model, the duration of time it takes to sell their aircraft and the sell price can make or break the business case of a new aircraft purchase. The demand for new aircraft is therefore directly linked to the prevalent conditions in the pre-owned aircraft market.

The relationship between the pre-owned market and the market for new aircraft is illustrated in the Pre-owned Market and New Aircraft Demand chart. Business jet deliveries are used as a proxy for new aircraft demand. Historically, a balanced pre-owned market was prevalent when the available inventory of pre-owned aircraft for sale, expressed as a percentage of the total in-service fleet, remained between 11% and 12%.

When the pre-owned fleet for sale has exceeded 12%, the supply of aircraft outpaced the demand. As a result, aircraft resale values dropped and many replacement aircraft buyers put their decisions to replace their aircraft on hold. For aircraft manufacturers, the sudden reduction in demand for new aircraft from the large pool of replacement buyers meant that aircraft prices needed to be lowered in the short-term in order to sell off aircraft that had already been produced. Over the longer-term, manufacturers readjusted aircraft production rates to match the level of demand.

Conversely, when the fleet of aircraft for sale dropped below 11%, the supply of pre-owned aircraft became scarce and resale values increased. Replacement buyers increasingly chose to replace aircraft and strong demand for new aircraft resulted.
At the end of 2007, pre-owned inventory was at a low of 10.5% of the business aircraft fleet. However, the sudden rise in the number of aircraft put up for sale the following year was a leading indicator of the business aircraft market downturn that started in 2008. By early 2008, many owners were experiencing difficulty selling their aircraft which, in turn, made new aircraft purchases less likely. Pre-owned inventory then peaked at 17.8% in Q2 2009.

From mid-2009 until now, sales of pre-owned aircraft have increased annually and inventory has declined. By the end of 2013, pre-owned inventory had fallen to a healthier level of 12.7% and continued to improve, reaching 12.4% at the end of Q1 2014. We expect pre-owned inventory to stabilize at 11% to 12% of the fleet in the medium-term.

Aircraft resale values are an important pre-owned market indicator and are influenced by general market conditions as well as a host of aircraft-related determinants. The average resale (or residual) value of a five-year old business jet at the end of Q1 2014 was 60% of its original Business & Commercial Aviation Magazine (B&CA) list price. Residual values remain weakest in the Light aircraft category, as shown in the Aircraft Residual Values chart, in which five-year old aircraft are valued at 50% of their original list price. Residual values in the Large aircraft category remain healthy as five-year old aircraft are valued at 77% of their original list price, close to the category’s historical average of 80%. Given the relationship between pre-owned aircraft inventory and residual values, we expect that as the available inventory of aircraft for sale continues to decrease and stabilize over the medium-term, residual values will improve and stabilize as well.
BUSINESS AIRCRAFT RETIREMENTS

The world’s business aircraft fleet continues to age. At the end of 2013, the average age of the worldwide business jet fleet was 16.6 years. Around 3% of these aircraft (435 units) were more than 40 years old, which is considered well into typical aircraft retirement age.

To date, the total number of permanent retirements of business jets has been low, equivalent to only approximately 8% of total deliveries since 1965. However, as a result of emerging environmental concerns, new regulations and airspace modernization, the retirement of older business jets is expected to accelerate. Environmental regulations include restrictions pertaining to airport noise in Stage 2 business jet operations and those of the EU Emissions Trading Scheme (ETS). Stage 2 jet operators are facing progressively more restrictions around the world and operating limitations are expected to increase in the future. The ETS will have a larger impact on aircraft with older technology engines that burn more fuel and emit more greenhouse gases. Similarly, planned airspace modernization in the United States (FAA NextGen), in Europe (SESAR) and elsewhere will require advanced flight deck avionics technologies that may not be feasible or cost-effective to retrofit on older aircraft, rendering these types of aircraft obsolete.

These dynamics will affect the number of retirements in the overall business jet fleet and the quantity of aircraft that retire within the forecast period will vary considerably by region. The regions that currently have relatively small business jet fleets, such as China, will experience comparatively fewer retirements. And naturally, the regions with well-established fleets and older aircraft will experience the greatest number of retirements, helping to drive replacement demand. We forecast 4,750 worldwide business aircraft retirements between 2014 and 2033, of which 70% are in North America.
New aircraft programs are an important driver for business jet market growth

**NEW AIRCRAFT PROGRAMS**

The availability of more capable and efficient aircraft supports demand for replacement aircraft and attracts first-time buyers to enter the market. Thus, new aircraft programs are an important driver for business jet market growth.

Next generation aircraft have more range and lower fuel consumption at comparable price points. This is due to continued technological improvements, notably in the development of new engines, new materials, and more advanced aerodynamics.

The launch of new airplane programs reflects manufacturers’ abilities to incorporate the latest technological breakthroughs in their product lines as well as their confidence in the marketplace going forward. New aircraft designs also feature continued advancements in safety systems, reflecting the industry’s constant focus on safety, which has positioned business aviation as one of the world’s safest forms of transportation, according to the International Business Aviation Council (IBAC).

The introduction of new business aircraft models like Bombardier’s Learjet 70 and Learjet 75 jets in 2013 and the Challenger 350 jet in 2014 has generated increased demand in the Light and Medium size categories. New models expected to enter the market, such as the Bombardier Global 7000 jet in 2016 and Global 8000 jet in 2017 in the Large size category, are similarly expected to generate increased demand.

Our forecast takes into account new aircraft programs expected in the short- and medium-term as well as estimates for the long-term and considers the effects these aircraft will have on business aircraft demand. In summary, the increase in the availability of new aircraft positively affects business jet market growth.
Backlogs refer to aircraft orders not yet delivered and are a strong predictor of short-term deliveries. Manufacturers adjust their production rates based on their current backlogs and expectations regarding the number of orders they can obtain in the future. Production rate changes are costly and complex. Challenges involved include the expenses associated with workforce adjustments and the required supply chain and scheduling changes needed. Manufacturers therefore aim to optimize deliveries, while minimizing fluctuations in production rates.

We estimated the industry backlog at the end of 2013 at close to 1,200 aircraft, with a value of $47.8B, relatively unchanged in both aircraft units and value from 2012. The Large category makes up the greatest portion of the backlog in value, followed by the Medium and Light categories, respectively. We estimate that about two-thirds of the unit backlog is from traditional customers, such as corporations, HNWIs and government agencies. The remaining one-third is from orders for fractional operators, reflecting the significance of the fleet replenishment plans recently launched by these operators. Approximately 30% of the total unit backlog is made up of aircraft in development; that is, aircraft which have not yet entered service.

Bombardier continues to hold the largest backlog among business jet manufacturers. Moving forward, as industry orders increase, backlogs for the rest of the industry will also improve, translating into increased production rates as manufacturers adjust output to meet market demand.
WORLDWIDE FORECAST
We forecast 9,200 aircraft deliveries across the Light, Medium and Large categories of business jets from 2014 to 2023.

Business aviation market indicators remained mixed in 2013, delaying the timing of the market upturn predicted in 2013 by one year. Industry delivery growth will lag order intake by one year as manufacturers rebuild the backlogs necessary to support higher production rates. Business jet deliveries for 2014 are expected to be modestly up compared to 2013, at just over 600 aircraft. Deliveries are expected to accelerate from there and we forecast that the industry will surpass the 2008 delivery peak as early as 2017.

We forecast 9,200 aircraft deliveries valued at $264B across the Light, Medium and Large categories of business jets from 2014 to 2023. In comparison, the industry saw 6,125 deliveries valued at $161B from 2004 to 2013.

During the 2024-2033 period, deliveries for the three size categories are projected to amount to 12,800 aircraft valued at $353B. By 2033, manufacturers are expected to deliver approximately 1,350 business aircraft annually.
FLEET PENETRATION RATES BY REGION
Fleet per $100B in GDP, 2003, 2013, 2023F

Penetration index =
Business Aircraft Fleet
Region’s GDP in $100 Billion

Source: Ascend, IHS Global Insight.
Penetration index defined as business aircraft fleet per $100 Billion of GDP. Includes all business jets.

LONG-TERM FLEET FORECAST OUTLOOK

Business jet penetration is a measure of the number of business jets in a region relative to the size of that region’s economy, as represented by its GDP. The penetration rate of business jets by forecast region is highly variable. North America, the most established market for business jets with the world’s largest fleet, has a modest fleet growth rate. In contrast, China’s business jet fleet, which is very small relative to the size of its economy, is now entering a rapid growth phase.

To forecast the likely trajectory of the business jet penetration for each region, projected GDP growth is used in combination with regional adoption factors. These factors are defined by the estimated adoption and acceptance of business jets as well as the progressive removal of market barriers within a region, notably the lack of adequate infrastructure and regulatory limitations.

As a regional economy grows, the expected growth of business jet fleet in that region can be predicted over the longer-term. Longer-term business jet fleet growth by region is best represented by an expected market maturity curve resembling an “S” shape, with the fastest growth occurring in the early phase of market adoption and slowing growth as the market matures. Business jet deliveries can be derived from the change in fleet size while also considering aircraft retirements.
The following section presents the forecast of the business jet market broken down into the Light, Medium and Large size categories, which are defined through a combination of price, range and cabin volume.

In recent years, demand has improved for Medium and Large aircraft. As business jet purchases have soared outside of North America, the need for larger and more capable aircraft has increased. In North America, business jet adoption was historically driven by Light aircraft sales. However, the demand for business jets is shifting towards emerging markets, where it is not uncommon to encounter buyers purchasing a Large jet as their first aircraft, especially in markets such as China, Russia and the Middle East. Moreover, as aircraft productivity increases, customers can get more performance and cabin size at similar prices. For these reasons, we expect the fleet of Large and Medium aircraft to grow at a faster pace compared to Light aircraft.
The Light category includes business jets with B&CA equipped prices typically between $9M and $21M, offering ranges of 2,000 NM to 3,100 NM and cabin volumes of 300 ft³ (8.5 m³) to 700 ft³ (19.8 m³). Compared to other business jet categories, the Light category is differentiated by relatively low purchase prices and low operating costs, combined with sufficient range for missions within a region.

In this category, Bombardier delivers three types of aircraft to the market: the Learjet 60 XR, Learjet 70 and Learjet 75 aircraft. In addition to these aircraft types, Bombardier is currently developing the Learjet 85 which achieved its first flight in April 2014. This clean-sheet aircraft is primarily made of composite materials and, once it enters into service, will be the largest and most comfortable Learjet ever built. Having entered into service in 2013, the Learjet 70 and Learjet 75 jets feature an all-new designed interior, a new cabin management system, the Bombardier Vision™ flight deck, improved aircraft performance and low operating costs.

Following the recent economic downturn, demand in the Light category has lagged compared to that of the Medium and Large categories. The level of pre-owned inventory in the Light category has reduced measurably over the past two quarters (13.2% of the Light aircraft fleet but remains higher than that of the Medium and Large categories). Residual values in this category remain the lowest in the overall market. Our forecast takes into account a delay in the timing of the Light category recovery.

In 2004, the Light category represented about 50% of overall deliveries. Going forward, it is forecasted that the Light category will generate a total of 9,100 deliveries from 2014 to 2033, representing 41% of overall industry unit deliveries. These deliveries are valued at $105B, which is 17% of the overall delivery revenues forecasted over this 20-year period.
The Medium category will generate a total of 7,650 deliveries from 2014 to 2033.

**MEDIUM CATEGORY**

The Medium category features aircraft with equipped prices typically between $20M and $42M, offering ranges from 3,100 NM to 5,000 NM and cabin volumes of 700 ft\(^3\) (19.8 m\(^3\)) to 1,500 ft\(^3\) (42.5 m\(^3\)). The Medium category offers greater cabin comfort and superior range compared to the Light category. These aircraft are often the backbone of large corporations’ business jet fleets. Bombardier leads in deliveries in the Medium category with its Challenger family of aircraft.

Bombardier now offers three well-known products in this category including the **Challenger 350**, **Challenger 605** and **Challenger 850** jets. The **Challenger** family of aircraft are productivity-enhancing business tools, with the widest, most spacious cabins in their category. In particular, the **Challenger 350** which recently entered service features a redefined cabin experience; larger windows, a flat floor and cabin width similar to some ultra-long-range aircraft, as well as a new cabin management system. This aircraft also features a state-of-the-art avionics suite and superior aircraft performance. Each Bombardier aircraft in this category offers low operating costs, high reliability, and can be customized with leading-edge cabin communication equipment.

In this size category, pre-owned inventory accounts for 12.5% of the overall Medium size fleet; close to pre-recession levels. Thus the Medium size category is predicted to turn around quickly and promising growth is expected for these aircraft over the next 20 years.

From 2014 to 2033, it is forecasted that the Medium category will generate a total of 7,650 deliveries, representing 35% of overall industry unit deliveries. These deliveries are valued at $226B, representing 37% of the overall delivery revenues forecasted during this 20-year period.
The Large category will generate a total of 5,250 deliveries from 2014 to 2033.

The Large category consists of aircraft with equipped prices typically between $50M and $72M, offering ranges over 5,000 NM and cabin volumes of 1,500 ft$^3$ (42.5 m$^3$) to 3,000 ft$^3$ (85.0 m$^3$). Large category business jets offer the greatest capabilities in range, speed and cabin comfort.

In the Large category, Bombardier offers the most technologically-advanced and broadest product line with the Global family of aircraft that offer a balance of performance and comfort for long-range missions. The first Global 5000 and Global 6000 jets equipped with the Bombardier Vision™ flight deck were delivered in March 2012. The Global 7000 and Global 8000 aircraft are being developed as extensions to the Global family and will enter into service in 2016 and 2017, respectively. The Global 7000 and Global 8000 aircraft are designed to connect customers to more non-stop destinations than any other business jet, combined with extraordinary performance, flexibility and comfort.

For the 2014-2033 period, the Large aircraft category is expected to experience the fastest percent growth rate of the three categories. This category was less affected than the Medium and Light categories by the economic downturn. Large category pre-owned inventory accounts for just 9.6% of the Large category fleet, the healthiest among the business aircraft categories.

From 2014 to 2033, it is forecasted that the Large category will generate a total of 5,250 deliveries, representing 24% of overall industry unit deliveries. These deliveries are valued at $286B, representing approximately 46% of the total delivery revenues during this timeframe.
REGIONAL FORECAST

INDUSTRY DELIVERIES BY REGION 2014-2023 VS. 2024-2033

The Forecast is broken down into nine geographic regions: North America, Europe, Latin America, Greater China, Middle East, Asia Pacific, Africa, the Commonwealth of Independent States (CIS), and India. Deliveries for each region are presented in the world map above in the form of two circles that are proportional to expected delivery quantities. The inner circle is scaled to represent forecasted deliveries in the 2014-2023 period, and the outer (larger) circle represents those in the 2024-2033 period. In the following Fleet Growth world map, the inner circle represents the fleet in 2013 while the outer circle represents the expected fleet in 2033.
North America is the birthplace of business aviation and continues to be the economic powerhouse of the advanced economies. Overall, North America saw respectable economic growth over the course of 2013, particularly in the United States where the economy grew more rapidly than expected in the second half of the year. This was attributable to domestic demand, inventory accumulation and export growth. Although this robust progress was then impacted by a harsh winter in early 2014, growth is projected to continue at an above potential rate for the rest of this year. In Canada, the economy strengthened in 2013, although the necessary rebalancing from household consumption and residential construction aimed at exports and business investment did not fully transpire. However, annual growth in Canada is expected to accelerate in 2014 due to stronger external demand and increased business investment.

North America is a key region of the business aviation industry. Business aviation dates back to the 1960s in North America where the budding business jet industry leveraged the pre-existing general aviation and military infrastructure. Consequently, the business aviation industrial network in this region, including manufacturers, suppliers, Fixed Base Operators (FBOs) and dedicated airports, experienced rapid expansion and is the most established business aviation infrastructure today.

Given that North America has the largest number of older business jets in the world, aircraft replacement is an important driver of business jet demand in the region. UBS Investment Research acknowledges the modest growth of business jet deliveries into North America in the last several years since the recession, and maintains its statement from 2013 that “we anticipate further improvement in North America driven by pent-up corporate replacement demand” (March 2014). North America will account for the greatest number of aircraft replacements in the world between 2014 and 2033.

Half of the world’s new business aircraft deliveries went to North America in 2013 (270 units). While historically, half of the deliveries in the region were usually in the Light aircraft category, 2013 saw a shift in this trend. During the year, only 38% of deliveries into North America were in the Light category, while deliveries in the Medium and, in particular, the Large aircraft categories, increased. In 2013, 29% of deliveries into North America were in the Large category compared to 20% in 2012. Within the region, deliveries in the United States were the vast majority, amounting to 251 business aircraft in 2013. At the end of the year, North America as a whole had approximately 64% of the worldwide installed base.

North America is forecasted to receive the greatest number of new business jet deliveries at 8,760 units between 2014 and 2033, representing a fleet compound annual growth rate (CAGR) of 2% over the forecast period.

### ECONOMIC GROWTH: NORTH AMERICA

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*Billions of 2010 USD. Source: IHS Global Insight April 2014

For the purposes of this forecast, North America includes the United States and Canada.
Europe remains the second largest market for business jets, an industry contributing nearly €20B (~$26B) annually to the European economy, according to the European Business Aviation Association (EBAA). Led by the currently improving external environment and reduced fiscal austerity, the moderate economic recovery across Europe should continue in the short- and medium-term and stabilize in the long-term. Economic growth in Northern Europe remains stronger than that of Southern Europe. The economies of Germany and the United Kingdom, two of Europe’s largest, are expected to experience greater GDP growth in 2014 compared to 2013. France, Italy and Spain, however, will see below average growth in 2014.

Geographically, Europe is linked to the economies of Africa, CIS and the Middle East and business aviation plays a critical role in the air transport value chain by providing users with an efficient and flexible means of transportation. Business aviation connects more than three times the city pairs within Europe, and those between European and other geographical regions, compared to scheduled airline service.

Demand for business jets in Europe remains below the pre-recession average as the after effects of the sovereign debt crisis continue to weigh heavily on consumer and business confidence across the region, although buyer interest has been on the mend since Q3 2012, according to the UBS Business Jet Survey. Europe received 14% of the world’s business jet deliveries in 2013, at approximately 77 units, up when compared to 65 deliveries in 2012 but consistent with deliveries received in 2010 and 2011. Within the region, the two largest countries in terms of installed base, Germany and the United Kingdom, received almost 50% of the region’s deliveries, a significant increase from 2012. The fleets of these two countries, along with those of Austria, France and Spain make up 47% of the entire European business jet fleet. The European business jet fleet accounts for approximately 10% of the worldwide business jet installed base.

Europe is expected to remain one of the main markets for new business jet deliveries between 2014 and 2033, at 3,575 unit deliveries, seeing significant fleet growth equivalent to a CAGR of 6% over the forecast period.

For the purposes of this forecast, Europe includes the EU27 plus Albania, Andorra, Bosnia, Croatia, Iceland, Kosovo, Liechtenstein, Macedonia, Montenegro, Norway, Serbia, and Switzerland.

European deliveries are adjusted to exclude deliveries to CIS-based owners that register their aircraft in Europe.

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**ECONOMIC GROWTH: EUROPE**

<table>
<thead>
<tr>
<th>GDP (%)</th>
<th>2013</th>
<th>2014</th>
<th>2014-2033 Average</th>
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</thead>
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<tr>
<td>GDP (%)</td>
<td>0.2%</td>
<td>1.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>GDP ($*)</td>
<td>17,691.4</td>
<td>17,960.1</td>
<td>21,431.5</td>
</tr>
<tr>
<td>% of World GDP</td>
<td>25%</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

* Billions of 2010 USD. Source: IHS Global Insight April 2014
Latin America\(^6\) was an early adopter of business aviation, particularly in its two largest economies, Brazil and Mexico. In 2013, economic activity across Latin America was less than that observed during previous years. Countries in the region with stronger fundamentals were generally affected less by market pressures in mid-2013 and early 2014. Regional growth is projected to be restrained in 2014; however, there is considerable variation in the outlook for different parts of the region. Brazil’s economy is expected to remain subdued in 2014 due to domestic supply constraints and weaker private investment growth. On the other hand, after unexpected weaker growth in 2013, Mexico is expected to rebound significantly due to a shift towards a more accommodative fiscal policy and demand picking up in the United States.

Since the business aviation market in Latin America is relatively mature, business jet fleet penetration in this region resembles that of North America. At the end of 2013, Latin America had the second oldest business jet fleet in the world, with an average age of 18.5 years. This is reflected in the region’s fleet growth forecast showing the second most retirements in the world, at 615 aircraft, between 2014 and 2033. Due to the significant number of retirements this region, which has the third largest fleet in the world, replacements will account for a significant number of aircraft deliveries in Latin America over the forecast period.

Similar to 2012, Latin America received approximately 12% of the world’s business jet deliveries in 2013, at 65 units. Brazil received almost 45% of these deliveries, a significant increase from 2012, while Latin America’s fleet leader, Mexico, received 12% of the region’s deliveries. In terms of fleet size, Brazil had 27% of Latin America’s overall business jet fleet as of the end of 2013. During this time, Mexico had over one third of the overall region’s business jet fleet. Latin America as a whole had close to 12% of the world’s business jet fleet in 2013.

Latin America is expected to continue being a key market for deliveries of new business jets between 2014 and 2033. With 2,130 delivery units expected, the fleet CAGR in this region is 3% over the forecast period.

\(^6\) Latin America includes all countries between the Rio Grande and Cape Horn.

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**ECONOMIC GROWTH: LATIN AMERICA**

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<th></th>
<th>2013</th>
<th>2014</th>
<th>2014-2033 Average</th>
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</thead>
<tbody>
<tr>
<td>GDP (%)</td>
<td>2.4%</td>
<td>2.3%</td>
<td>3.7%</td>
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<tr>
<td>GDP ($)</td>
<td>5,564.8</td>
<td>5,691.3</td>
<td>8,299.6</td>
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<tr>
<td>% of World GDP</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
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</tbody>
</table>

\(^*\) Billions of 2010 USD. Source: IHS Global Insight April 2014
Business jet aviation is still a nascent industry in the exceedingly fast-growing economy of Greater China. In 2013, China unveiled long-term social and economic reforms which aim to transform China from an investment-led to a consumption-driven economy.

The Chinese business jet market has faced several barriers in the past. Underdeveloped airport infrastructure, high aircraft import taxes and high user fees have left China with a comparatively small business jet fleet. However, conditions in the business aviation sector are improving year over year. In 2013, China loosened restrictions on business jets by simplifying flight approval procedures for business aircraft. Since December 2013, aircraft based in China and operated by Chinese pilots no longer need flight approval from the Chinese military; only the approval of the Civil Aviation Authority of China (CAAC) is now required to fly throughout the country. In addition, the Chinese government is taking measures to address the lack of airport infrastructure. According to the Chinese government’s 12th five-year plan of 2011-2015, the total number of airports is expected to increase from 175 in 2010 to 230 in 2015, including 56 new airports to be built and 16 to be expanded or renovated. As a result, demand for business jets from Chinese buyers should grow considerably in the coming years.

In 2013, the Chinese market accounted for 6% of worldwide industry deliveries compared to 2% in 2009. With some 330 aircraft, China’s business aircraft fleet is only 2% of the worldwide installed base, just slightly larger than the fleet of India. However, in terms of order intake, China accounted for 14% of worldwide industry orders in 2013, excluding block orders, just after North America and Europe.

By the end of the forecast period, China is expected to be the third largest market for business jets. With 2,225 expected business jet deliveries between 2014 and 2033, this represents a significant fleet CAGR of 11% over the next 20 years.

7 Greater China includes China, Hong Kong, Macau and Taiwan.
The Middle East\(^8\) remains a promising market for business aviation. Significant economic growth is expected in this region as global economic conditions improve in the coming years. In Saudi Arabia, where economic growth is among the highest within the G20 countries, government investments continued to be the main driver of private sector growth in 2013. The positive growth outlook is also supported by improved domestic consumption and credit to the private sector. The United Arab Emirates’ non-oil economy is expected to drive the majority of growth in the country in 2014 as high oil production levels slow down. In addition, as Dubai will host the World Expo in 2020, further economic improvement to key non-oil sectors is expected. Turkey’s economy, one of the largest drivers of wealth creation in the region, lost economic growth momentum in 2013 as capital market tensions pushed interest rates up and credit and private demand decelerated.

Long distances between major cities in the Middle East and difficult surface transportation help to support the business aviation industry, as do the scheduled airline services in the region that have tended to focus more on long-haul flights than on shorter routes. However, several obstacles are limiting the potential expansion of business aviation operations in the Middle East. According to the Middle East Business Aviation Association (MEBAA), a key barrier to overcome in the region is access, as there are a limited number of airports designated for business aviation. Also, a lack of experienced pilots and other trained professionals, as well as a shortage of training centres, MROs (Maintenance, Repair and Overhaul facilities) and FBOs, hinder the growth of business aviation in the Middle East.

Removal of these barriers will help further accelerate the forecasted significant growth of business jet demand in the Middle East.

Saudi Arabia, the United Arab Emirates and Turkey received the largest number of business jet deliveries in the Middle East in 2013. Of these, Saudi Arabia received the most, at 38% of deliveries during the year. Business jets in the Large category, closely followed by those in the Medium category, dominated deliveries in the Middle East; the trend mainly being driven by the region’s geographical location.

Predictably, these three countries also had the largest business aircraft fleets in the Middle East as of the end of 2013, representing more than 70% of the overall industry fleet within the region. Turkey was home to 27% of the region’s fleet in 2013, with Saudi Arabia following close behind at 26%. Again, due to the region’s geographical location, jets in the Medium size category comprised half of the region’s fleet.

The Middle East has more than doubled the size of its business jet fleet in the past 10 years, demonstrating the significant growth potential of business aviation in the region.

The Middle East region is expected to receive 1,095 business jet deliveries between 2014 and 2033. This is an equivalent fleet CAGR of 7% over the forecast period.

\(^8\)For the purposes of this forecast, the Middle East region also includes Turkey.
Business aviation in Asia Pacific\(^9\) includes a mix of the well-established business aviation sector of advanced economies such as Australia and Japan, as well as that of the emerging economies such as Indonesia, the Philippines and Vietnam.

The health of the Japanese economy is important to the overall region. In order to counter the relative stagnation of the country’s economy, the Japanese government is focused on fiscal and monetary expansion as well as strengthening structural reforms. In December 2013, the Japanese government unveiled details of a ¥5.5T (≈$54B) spending package to mitigate the expected strain on the economy from a sales tax increase of 5% to 8%, starting in April 2014. This policy is focused on encouraging corporate investment and employment, as well as providing assistance to low-income households. The package includes ¥1.4T (≈$13.7B) to promote capital investment by enterprises in preparation for the Tokyo 2020 Summer Olympic Games. These economic actions are expected to invigorate the Japanese economy over the short- to medium-term.

In other emerging countries in Asia Pacific, growth is expected to dip slightly in 2014 because of tighter domestic and external financial conditions. These economies will start to recover in the medium-term assisted by stronger external demand and weaker currencies. Indonesia and the Philippines are projected to become the fastest-growing economies within the region in the short- and medium-term. The strong economic outlook for these countries will be supported by robust growth in domestic demand, strong infrastructure spending and implementation of structural economic reforms. The economy of Thailand will be impacted by internal political uncertainties that affected its growth in the first half of 2014.

Despite hurdles such as high aircraft handling costs at airports and limited airport access in countries such as Japan, Asia Pacific has experienced a relatively high delivery and fleet growth rate. This progress is expected to continue as economic growth in the region improves in the short- and medium-term and stabilizes over the next 20 years.

As of the end of 2013, the fleet in Asia Pacific accounted for 3% of the worldwide business jet installed base. Over the last 10 years, Asia Pacific experienced a two-fold increase of its fleet size with an estimated 410 aircraft in 2013 compared to 204 in 2004. More than half of the overall regional fleet is within Australia and Japan, with 33% and 18% of the overall installed based, respectively. The growing business jet installed base in Asia Pacific is expected to create significant replacement demand for the mature markets, such as Australia. Demand for business jets in the medium-term will be strong in the countries with rapidly growing economies, such as Indonesia, Thailand and the Philippines.

Asia Pacific is forecasted to receive 885 aircraft deliveries between 2014 and 2033, increasing the fleet by a CAGR of 6% over the forecast period.

\(^9\)For the purposes of this forecast, Asia Pacific excludes Greater China and India.
Supported by high commodity prices and strong demand for resource exports, the African economy has seen strong growth over recent years. Foreign direct investment (FDI) continues to flow into the region bolstering growth, not only in the natural resource sectors but also in non-extractive industries such as communications, software, manufacturing and textiles. Over the last five years, Africa has received over $325B in FDI according to Ernst & Young’s 2014 Africa Attractiveness Survey. Africa is currently aiming to move away from its resource-exporting past and position itself as a manufacturing hub.

Sub-Saharan Africa’s commodity export revenues are expected to continue driving the region’s growth in the short-term while expanding domestic markets, income gains, and regional integration will support 5% to 6% economic growth over the longer-term. The North African economy is forecasted to grow marginally in 2014 with increasing economic growth expected in the mid-term due to reforms aimed at improving long-term competitiveness and diversification of the economy.

Business aviation in Africa continues to face several barriers including high airspace and airport fees, registration and operational tariffs. In addition, legal restrictions and underdeveloped infrastructure including a shortage of airports, airways and air traffic control facilities create additional complexity. Challenges for business aviation in Africa also include a lack of personnel such as pilots, aircraft technicians and ground crew. The African Business Aviation Association (AfBAA), now in its second year of operation, is addressing the barriers identified through a multi-year effort that will enable the African business aviation industry to continue to thrive.

Despite the hurdles impeding growth of the aviation sector in the region, Africa’s business jet fleet has more than doubled in the last 10 years, reaching 375 aircraft in 2013. Africa’s two largest markets for business aircraft, South Africa and Nigeria, accounted for the bulk of deliveries during 2013. About 80% of Africa’s business jets are in Sub-Saharan Africa, where these two countries account for over 50% of the entire fleet of business aircraft in all of Africa. The remaining 20% of the African fleet are in North Africa, located mainly in Egypt, Libya and Morocco.

Africa will remain an important region for business aircraft deliveries. Between 2014 and 2033, 685 business jet deliveries are expected in this region, with a fleet CAGR of 5% over the forecast period.

### ECONOMIC GROWTH: AFRICA

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<thead>
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<th>2013</th>
<th>2014</th>
<th>2014-2033 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (%)</td>
<td>3.4%</td>
<td>4.1%</td>
<td>4.6%</td>
</tr>
<tr>
<td>GDP ($*)</td>
<td>1,910.0</td>
<td>1,988.2</td>
<td>3,235.1</td>
</tr>
<tr>
<td>% of World GDP</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Billions of 2010 USD. Source: IHS Global Insight April 2014
With the first business jet deliveries in the region occurring as recently as the early 1990s, analysts often point to the rapid expansion of business aviation in the CIS as an example of how quickly an untapped market can be penetrated. With a fleet that nearly quadrupled in size over the last 10 years, and with 7% of overall industry deliveries during 2013, the CIS now accounts for a significant portion of global business jet demand.

The Russian economy, by far the largest in the region, was one of the hardest impacted of the G8 economies by the global economic downturn in 2009 and continues to struggle to regain its footing. Over reliance on natural resources, with the gas and oil sectors responsible for more than 50% of federal budget receipts, has left the Russian economy heavily exposed as energy markets become leaner and cheaper sources of energy begin to emerge. Russia had hoped for a modest economic boost from hosting the 2014 Winter Olympic Games, although this expectation was quickly compromised by the geopolitical challenges in Ukraine, and the subsequent economic sanctions taken by the EU, the United States and other countries. Diversification of its economy away from commodity dependence remains a key requirement for sustainable growth in the medium- and long-term. With the IMF continually lowering its outlook for the Russian economy in a series of downward revisions during the first half of 2014, it is believed that the looming threat of a recession may provide the impetus for structural reform.

Business leaders rely heavily on business aviation in the CIS, where great distances over inhospitable terrain make ground transport challenging and the commercial aviation network provides inadequate service outside of major centres. While high airport fees and bureaucratic certification and customs processes continue to hinder growth in the region, business aircraft infrastructure, which historically has been concentrated mainly in the Moscow region (Vnukovo, Domodedovo and Sheremetyevo airports), has started improving and decentralizing. For instance, in 2013 Bombardier expanded its Russian customer service network outside of the Moscow region with the appointment of Tulpar Technic of Kazan in the Republic of Tatarstan as a Line Maintenance Facility (LMF) to support the growing number of aircraft in the Challenger family operating in the region.

Despite the uncertainty around the near-term prospects for the Russian economy, the medium- and long-term outlook for the region remains positive. IHS Global Insight forecasts a return to 3% GDP growth by 2016 for the CIS region. Further, as barriers to growth in the region are slowly removed, there is also significant potential for growth of the business jet industry based on higher adoption rates. At the close of 2013, despite the explosive growth in business jet deliveries over the last decade, the CIS region still had less than half the fleet size of the North American market when scaled and compared on an aircraft per GDP basis.

The CIS is forecasted to receive 1,430 business jet deliveries between 2014 and 2033, representing a fleet CAGR of 6% over the forecast period.
India has seen tremendous economic growth over the past decade. From 2004 to 2013, the country’s economy almost doubled in size, making it one of the fastest growing economies within the G20. In India’s much-anticipated 2014 general election, the Bharatiya Janata Party gained a majority government. Many policy experts believe the change will bring a stable government capable of effecting reforms aimed at opening markets, upgrading infrastructure, streamlining bureaucracy and improving competitiveness. Economists predict a gradual recovery in the Indian economy throughout the medium-term, with strong long-term growth potential if reforms are implemented promptly.

Weaker than normal economic growth in recent years did not deter business aircraft dealings in India, as evidenced by the country’s 9.4% average growth per annum in the business jet fleet during 2004-2013. However, the relatively rapid pace of business aircraft fleet growth has outpaced the growth in infrastructure and support spending required, which has resulted in bottlenecks. A clear example is the lack of adequate business aviation facilities in the Mumbai region. India’s business aviation growth potential in the near-term continues to be weighed down by high fees, taxes and bureaucracy. India’s government has made some progress in improving landing and over-flight permit wait times but more progress is needed in order to allow business aviation in India to flourish.

Although India’s 2013 deliveries were weak, close to 17% less than the five-year average of deliveries in the region between 2009 and 2013, many factors support a strong outlook for business aviation in India over the long-term. Continued globalization and a burgeoning economy bode well for continued aircraft fleet penetration. Geographically, India is well-positioned to link Western economies with the rest of Asia. Within India, access to second and third tier cities through commercial aviation is inadequate, making companies in industries such as mining and oil and gas highly dependent on business aviation to transport employees and executives to locations that are hard to access.

India is expected to receive 1,215 business jet deliveries between 2014 and 2033, and is forecasted to be the fastest growing region in terms of business aircraft fleet growth over the next 20 years, at fleet growth equivalent to a CAGR of 13%.
CONCLUSION
In 2013, the business aviation market continued to show signs of a gradual recovery from the economic downturn of 2009-2010. Economic indicators that are highly correlated to business jet demand were strong during the year. In particular, the world billionaire population and the MSCI World Index values reached record numbers. In 2014, world GDP is expected to grow by about 3%, with higher growth expected in 2015 onward, promising increased business jet orders.

Most business aviation market indicators were stable throughout 2013. However, the level of pre-owned aircraft inventory, the strongest leading indicator for the new aircraft market, experienced significant improvement in Q4 2013 and has continued to improve in the first part of 2014.

Business jet orders and deliveries saw incremental improvement in 2013. Although the situation for industry orders is expected to remain challenging in 2014, industry deliveries are expected to increase slightly this year driven by the introduction of new aircraft programs. Conditions in the Light market continue to remain challenging and a recovery in this segment of the market will lag the recovery of the Medium and Large categories.

Strong growth of the business jet market is expected over the 2014-2033 period. Alongside the considerable replacement demand coming from mature business aircraft markets, growth will be driven by business jet demand coming from emerging markets such as China, Russia and India, as these economies are rapidly growing and are beginning to more readily accept business jets as productivity-boosting tools. Other market drivers which will contribute to the long-term growth in business aircraft demand include wealth creation, globalization of trade, and greater market accessibility through fractional and branded charter utilization.

As presented throughout the 2014 edition of the Business Aircraft Market Forecast, the long-term prospects for business aviation remain strong. With the largest portfolio of products, spanning the Light to Large categories, Bombardier is well placed to take advantage of the industry’s projected growth.
This presentation includes forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations thereon or similar terminology. By their nature, forward-looking statements require BOMBARDIER to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause BOMBARDIER’s actual results in future periods to differ materially from forecasted results. While BOMBARDIER considers its assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate. For additional information with respect to the assumptions underlying the forward-looking statements herein, please refer to the sections on BOMBARDIER’s aerospace segment and BOMBARDIER’s transportation segment in the Management’s Discussion and Analysis of BOMBARDIER’s Annual Report.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with BOMBARDIER’s business environment (such as the financial condition of the airline industry, government policies and priorities, and competition from other businesses), operational risks (such as regulatory risks and dependence on key personnel, risks associated with doing business with partners, risks involved with developing new products and services, warranty and casualty claim losses, legal risks from legal proceedings, risks relating to the Corporation’s dependence on certain key customers and key suppliers, risks resulting from fixed-term commitments, human resource risk and environmental risk), financing risks (such as risks resulting from reliance on government support, risks relating to financing support provided on behalf of certain customers, risks relating to liquidity and access to capital markets, risks relating to the terms of certain restrictive debt covenants and market risks, including currency, interest rate and commodity pricing risk). For more details, see the heading entitled “Risks and Uncertainties” in the Management’s Discussion and Analysis of BOMBARDIER’s Annual Report. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed thereon. The forward-looking statements set forth herein reflect BOMBARDIER’s expectations as at the date hereof and are subject to change after such date. Unless otherwise required by applicable securities laws, BOMBARDIER expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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All monetary amounts are expressed in 2013 U.S. dollars, unless otherwise stated.
Resources used in the Bombardier Business Aircraft Market Forecast:

- African Business Aviation Association (AfBAA)
- Aircraft Blue Book Price Digest
- Ascend
- Asian Sky Group
- B&CA - Business & Commercial Aviation Magazine
- CAAC - General Administration of Civil Aviation of China
- The Conference Board Global Economic Outlook 2014
- The Economist Intelligence Unit (EIU)
- Ernst & Young’s 2014 Africa Attractiveness Survey
- European Business Aviation Association (EBAA)
- Forbes
- GAMA - General Aviation Manufacturers Association
- IBAC - International Business Aviation Council
- IHS Global Insight
- International Monetary Fund (IMF)
- JETNET
- MEBAA - Middle East Business Aviation Association
- Moody’s Analytics
- Morgan Stanley Capital International (MSCI) World Index
- NEXA Advisors
- UBS Investment Research
- U.S. Bureau of Economic Analysis
- U.S. Bureau of Labor Statistics (CPI-U)
- Wealth-X
- World Bank