The Deloitte Touche Tohmatsu Limited’s (DTTL) Global Manufacturing Industry group analyzed the 2013 financial performance of 100 major global aerospace and defense (A&D) companies using information from public company filings and press releases. The following is a summary of key financial indicators.

2013 Revenues

- Revenues grew to $706 Billion.
- $21 Billion increase in the past five years.
- 2nd largest percentage increase in the past five years.
- Revenues grew at a slower rate in 2013 compared to 2012.
- 50% growth, a record performance.

2013 Operating Profits

- Profitability outpaced revenue growth globally.
- Commercial aerospace grew earnings 15.7%.
- Defense companies grew earnings 3.6%.
- $5 Billion / +8.8% growth, a record performance.
- Out of 100 companies, 50 showed an improvement in operating margins in 2013 compared to 2012.

Commercial aerospace growth slowed from “ultra-fast” to “very fast”

- Revenue increased $28 Billion (+9.8%)
- 85 additional aircraft delivered.
- Revenue increased $38 Billion (+16.1%)
- 178 additional aircraft delivered.

Top 20 U.S. defense contractors’ revenues declined $5.8 Billion (-2.5%) in 2013

- Only 3 of the top 20 U.S. defense contractors experienced revenue growth in 2013 compared to 8 in 2012 and 10 in 2011.

Total global employment remained flat

- 2013: 0.4% growth to 2.04 million
- 2012: 2.03 million growth
- European A&D companies reported a 3.2% increase in employment numbers.
- 1.3% decline in the U.S. companies.
U.S. companies still dominate A&D sectors

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<th>2013</th>
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<tr>
<td>Total global revenues</td>
<td>59%</td>
<td>60%</td>
<td>34%</td>
<td>33%</td>
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While European headquartered companies represented

European A&D companies lagged the U.S. companies in profitability

European companies experienced 3.6% decline in earnings in 2013 compared to a 11.6% increase in earnings for the U.S. companies

Europe still lags the U.S. in profit margin performance

Operating margins

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<th>2013</th>
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<tr>
<td>Europe</td>
<td>5.6%</td>
<td>6.2%</td>
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<tr>
<td>United States</td>
<td>11.0%</td>
<td>10.0%</td>
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A&D sector share prices outpaced global equity indices

U.S. A&D companies share prices rose 39.4% 31.8% for S&P 500

European A&D companies outpaced the STOXX 600 index, 41.4% to 17.3%

Industry Free cash flow increased by 6.2%

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<td>Industry Book-to-bill ratio</td>
<td>Increased 17.6% to 1.38x</td>
<td>1.18x</td>
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