

15th Annual Turbine-Powered Civilian Helicopter Purchase Forecast

4,900 – 5,600 New Civilian Helicopter Deliveries Expected During 2013–2017 Period

Strong Demand Focused in the First Three Years of the Survey

Five-year Purchase Expectations Up 4 Points Compared with 2012 Worldwide

North America Purchase Plans Up for First Time in Four Years

“The buyer confidence reflected in this year’s forecast is a much needed shot in the arm for the industry. Supporting the growth numbers is the fact that helicopter usage for corporate, oil and gas, utility, and training missions is improving, which shows that helicopters are value-add aircraft in today’s business environment.”

Brian Sill, Vice President, Honeywell Aftermarket Helicopter Sales

Deliveries of new civilian-use helicopters will increase to between from 4,900 to 5,600 over the five-year period, 2013 to 2017. The forecast shows improved purchase plans for new helicopters in every region of the world.

North American buying plans increased for the first time in half a decade, and Latin America posted the highest regional level of five-year fleet replacement and expansion at 34 percent.

Based on survey results, delivery rates of new helicopters over the next three years are expected to reach 1,000 new units each year. Purchase plans for new helicopters for this three-year time frame are 35 percent higher than last year’s survey. The latter part of the five-year outlook is also expected to fill in and achieve similar delivery rates if economic recovery trends are sustained.

Drivers for new purchase expectations were aircraft age and condition, contractual requirements, change in operational requirements, expiring warranties, and regulations requiring twin engines.

The five-year share of demand from the United States and Canada is 27 percent, and combined the Western Hemisphere represents 47 percent of total global demand. Europe’s share of five-year demand closely matches that of North America with 28 percent. Demand in Asia/Oceania accounts for 19 percent over the next five years, and the Africa/Middle East share should tally a little over 6 percent.

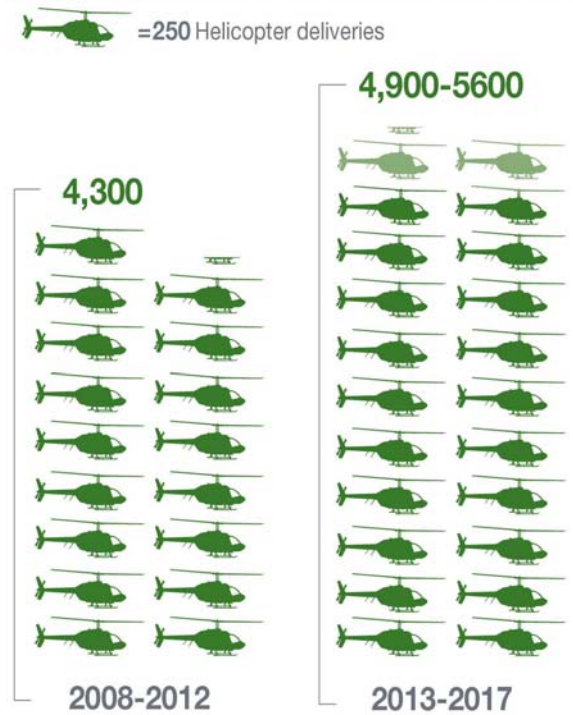
Global five-year fleet replacement and expansion plans decreased last year with a dip of four points in expectations versus 2011 levels. This year’s stronger survey response indicates that the industry may be returning to a more expansionary environment. Overall five-year buying plans in the 2013 survey recovered four points and specific purchase plans for 2013–2015 are very strong.

“Honeywell is well positioned to support the growth the industry expects during the next five years. Honeywell’s propulsion, safety, mapping and communications technologies and services help helicopter operators control their costs and enhance efficiency and safety. Our turboshaft engines for light- and medium-lift commercial helicopters provide high power, reliability, fuel efficiency and safety for operators at a competitive price. Our safety products, designed to provide a three-dimensional sphere of detection ranging from the working components of the helicopter out to more than 40 nautical miles, enable operators to expand the flight operation of their aircraft to meet the growing demands of their businesses.”

Brian Sill, Vice President,
Honeywell Aftermarket
Helicopter Sales

Relatively lower levels of planned purchases were concentrated in 2016, leading to the expectation that these plans could strengthen materially over the next few years should political and general economic conditions improve as projected.

Global Deliveries



Projected 9% to 20% improvement during 2013-2017 period.

Higher purchase plans were found across the board in all regions this year. Purchase plans in major U.S. and European centers of demand rose this year by three and seven points, respectively. All other regions also improved moderately compared with 2012, and their purchase plans remain above the world average rate. Specific purchase plans just for 2013 remain strong and improved over levels reported in the 2012 survey. Expectation for new aircraft orders in 2013 is up more than 30 percent compared with 2012 levels, suggesting the recovery will maintain momentum this year.

Global five-year demand for new turbine-powered helicopters is split almost 50-50 between the Americas and the rest of the world. Latin America and Asia continue to have the highest fleet replacement and expansion expectations among the regions. In terms of projected regional demand for new helicopters, Latin America and Asia remain in close competition to claim the world’s third largest regional market, following North America and Europe.

Reasons for Replacement

Operators who indicated the intent to replace a currently owned helicopter with a new one within the next five years cited “age of current aircraft” or “normal planned or contracted replacement cycle” as key drivers for their decision. Once the choice to replace a current helicopter in the fleet or expand operations has been made, the make/model choice is influenced strongly by performance criteria including range, cabin size, reliability and safety, hot/high performance, and brand experience.

Purchase Plans by Size

Light Single-Engine and Twin-Engine models account for 72% of expected purchases.



Operator Preferences by Class of Helicopter

Light Single-Engine helicopters continue to be the most popular product class for five-year fleet replacement and expansion. The most frequently mentioned light-single models were Eurocopter EC130/AS350 series, Bell 407 and Robinson R66. Light Single-Engine helicopters had the highest concentration of regional purchase interest in the North America, while purchase interest was lower in Europe, Latin America and Asia. The Middle East and Africa showed a noticeable surge in interest in the Light Single-Engine class in 2013 versus earlier surveys.

Intermediate/Medium Twin-Engine helicopters tied for the second most popular product class mentioned for purchase during the next five years, holding roughly the same market share as in the 2012 Outlook. Approximately 25 percent of total survey mentions were for Medium Twins. The most frequently mentioned models were AW139, AW169, Bell 412, EC145 and Sikorsky S-76 series helicopters. The highest concentrations of demand for Medium Twins were measured in Middle East/Africa, Asia and Latin America. Between 30 percent and 40 percent of all make/model mentions in Asia and Middle East/Africa were for Medium Twins.

Again in this year's survey, Honeywell asked all respondents to indicate their "current" satisfaction over the last year with each model of aircraft they operate.

Respondents answered the question, "*How likely is it that you would recommend this model to a friend or colleague?*"

Listed in alphabetical order for models receiving over 25 responses, the top six (two models tied for top five) make/models with the highest net scores in this year's survey are these:

- AW139
- Bell 206 Series
- Bell 407
- Bell 412
- EC130/EC350 Series
- S-76

These six models account for nearly 50 percent of all survey make/model mentions and can be considered the top current production helicopters in terms of recent customer satisfaction attitudes and likelihood to promote. There were many other make/models currently in production that also received excellent scores that did not make it into the top six listing.

The Light Twin-Engine helicopter class also garnered 25 percent total operator purchase plans in the 2013 survey. The EC135, Bell 429 and AW109 series helicopters were most frequently mentioned for five-year purchase in this class. Light Twins appear to be most popular in Europe and to a lesser extent in Asia and the Americas. In Europe, Light Twin models accounted for 37 percent of total mentions.

In the 2013 operator survey Heavy Multi-Engine helicopters declined slightly from 2012 levels. This class of helicopter typically garners a small share of overall purchase plans due to the cost and specialized nature of the aircraft. 2013 saw a one point decline in interest for this category of aircraft. Within the Heavy helicopter class the most frequently mentioned models were the EC225, the Mi-171 and the S-92. Various Russian models accounted for more than half of the purchase plans in this class.

The vast majority of global civil helicopter mentions were concentrated in products manufactured by three OEMs: Eurocopter, Bell Helicopter and AgustaWestland. Less than 15 percent of mentions were for helicopters manufactured by all remaining OEMs.

Helicopter Utilization Expected to Increase

Utilization rates reported in this year's survey for the past 12 months were flat in North America and Europe, but rose in the other regions. Looking ahead for the next 12 months, plans for increased helicopter fleet utilization in 2013 were reported by operators in all regions. Planned increases in each region were as follows:

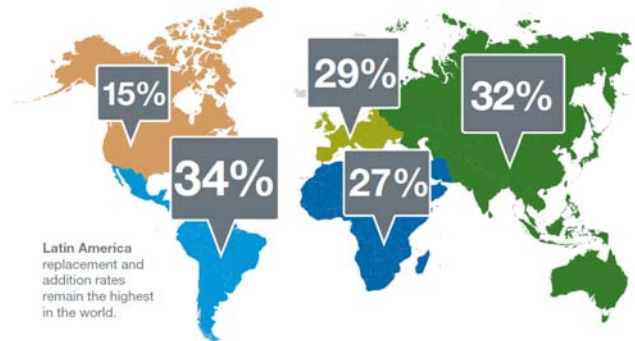
- North America: 10 percent of operators plan increases, and only three percent plan decreases.
- Europe: 16 percent of operators plan increases, and seven percent plan decreases.
- Latin America: 27 percent of operators plan increases and only five percent plan decreases.
- Middle East/Africa: 33 percent of operators plan increases and only 15 percent plan decreases.
- Asia: 35 percent of operators plan increases, and six percent plan decreases.

European operators reported the lowest annual average usage rate among the regions; however, European operations measured by Eurocontrol flight data did post solid gains in 2012. When examining utilization trends across usage segments, oil and gas was the highest at an annual average of approximately 725 hours per aircraft followed by emergency medical services, tourism, training and general utility closely grouped at approximately 410–430 hours per year. Law enforcement and electronic news gathering came in at 375–390 hours. The lowest average utilization was reported by corporate segment operators at less than 300 hours per helicopter.

Purchase Plans by Region

5-Year Survey respondent fleet replacement and expansion plan percentages

All Regions show improvement

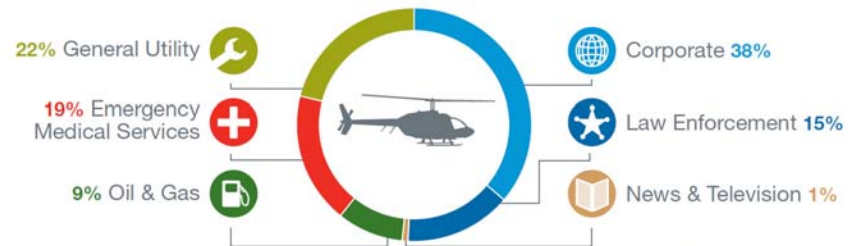


Civilian Turbine Helicopter Forecast

The 2013 Turbine-Powered Civil Helicopter Purchase Forecast is based on Honeywell’s recently conducted customer expectations survey, an assessment of consensus forecasts, a review of factory delivery rates and analysis of future new helicopter introductions. The 2013 forecast excludes uniformed military demand for civil helicopters, but resulting civil estimates do include government and security force demand.

Planned Usage of New Helicopters

Corporate, Utility, and EMS trending up; Law Enforcement and Oil & Gas usage sustained.



Total > 100% because some aircraft are dual-use or multi-purpose.

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Methodology

The 2013 Forecast presents a snapshot of the helicopter business at a point in time and reflects the current business and political environment. This year's survey queried more than 1,000 chief pilots and flight department managers of companies operating 2,400 turbine and 275 piston helicopters worldwide. The survey excluded large fleet or "mega" operators, which were interviewed separately. Input received from large oil and gas support and EMS fleet operators is factored into the overall outlook in addition to the individual flight department responses. The survey detailed the types of aircraft operated and assessed specific plans to replace or add to the fleet with new aircraft.

The forecast does not reflect unforeseen events such as an unexpected economic downturn, the impact of government stimulus programs, sharp increases or decreases in fuel costs, a fuel availability crisis, the imposition of heavy user fees, or other unfavorable regulations or taxes that could affect results in future years. Nor does it include speculation of aircraft manufacturers to offer discounts or raise prices, which can have a significant influence on sales activity of affected models.

NOTE: Ongoing political instability in the Middle East and current slow economic growth projections for Western economies in the near term was factored into the current survey and forecast results. Demand for civil rotorcraft is also potentially sensitive to fuel price volatility and possible supply disruptions.

This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.