

From: "Sean J Lancaster" <[REDACTED]>

To: "Sean J Lancaster" <[REDACTED]>

Subject: This Month's Report: Business Jet Survey: Stable Overall, North America Improving

Date: Thu, 02 Feb 2012 14:15:08 +0000

Attachments: BizjetSurvey_MN020212.pdf

Inline-Images: image001.png; image002.png; image003.gif

*** Index at 41, unchanged from November:** Our latest Business Jet Market Index came in at 41, in line with our prior survey from November as an uptick in small cabin offset slight declines in mid/large. Our straight up measure of absolute business conditions declined 2% to 4.0. Overall, it appears the market has held relatively stable despite continued economic uncertainty.

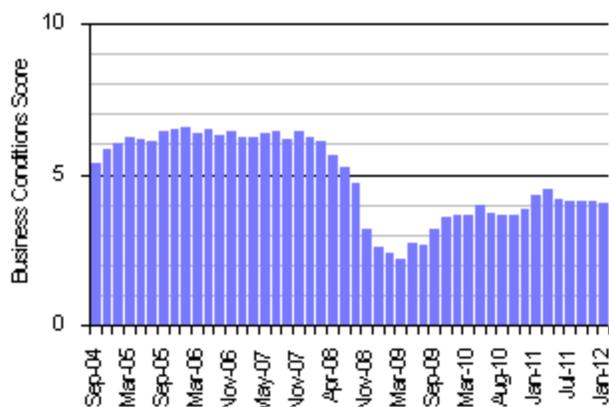
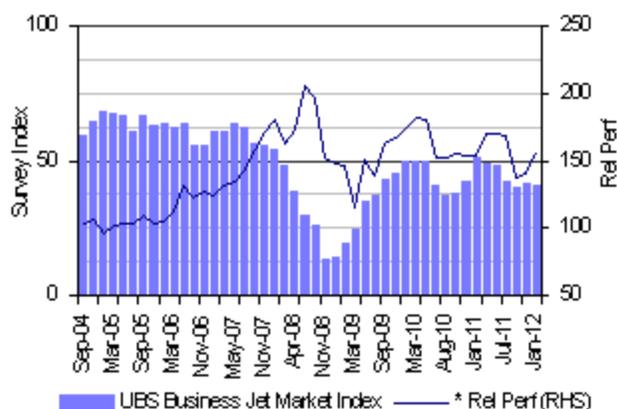
*** North America customer interest improving:** While weak pricing and high levels of inventory remain a drag on the market, our survey continues to indicate that customer interest is improving and participants are optimistic looking out. Our overall customer interest score increased 3% to 55 this time with North America (59), Asia (58) and Latin America (52) reflecting incremental improvement, partially offset by declining interest in the Middle East (44) and Europe (31). Our participants indicated bonus depreciation did not meaningfully impact year end activity.

*** See positive risk-rewards for Bizjet stocks:** While our survey of industry professionals and other key Bizjet market indicators have held stable, we believe North America Bizjet is improving off the bottom, driven by replacement demand postponed during the downturn. We see positive risk-rewards with the stocks that we think still incorporate little for business jets at current levels including Buy-rated COL/GD/TXT.

*** Select charts:**

Chart 1: UBS Business Jet Market Index

Chart 2: Overall Business Conditions Score



* Simple average BBD/GD/TXT stock price performance index relative to 500
Source: UBS Business Jet Survey Source: UBS Business Jet Survey

Best regards,

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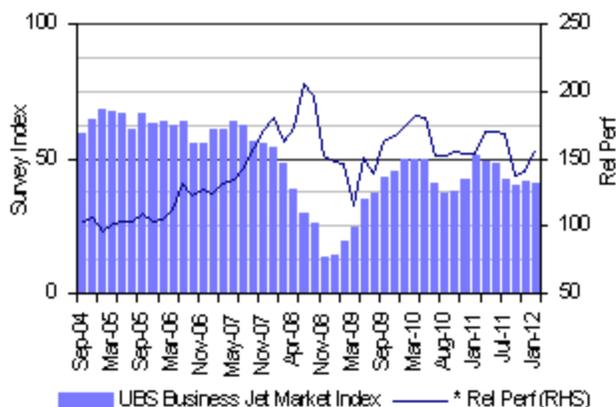
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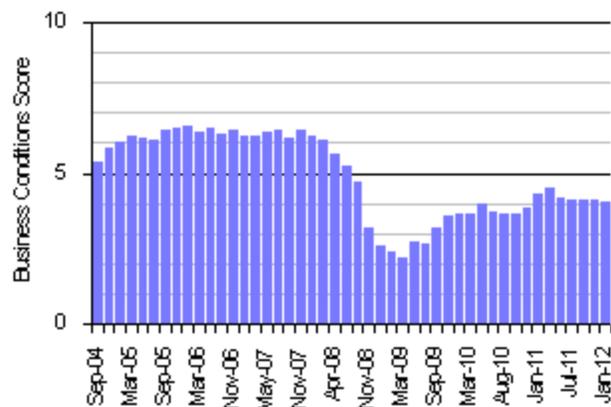
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