

EXECUTIVE REPORT

A QUARTERLY DIGEST FROM THE AEROSPACE INDUSTRIES ASSOCIATION



AMERICAN AEROSPACE AND DEFENSE WORKERS RALLY
FOR SECOND TO NONE CAMPAIGN



ALBAUGH REFLECTS ON THE *Future* OF AEROSPACE

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At the Fall Board of Governor’s meeting in Scottsdale, Az., AIA Chairman Jim Albaugh addressed the membership. An excerpt of his remarks is below.

We’ve got a great story to tell. We’re part of an industry that has always enabled America’s greatness — driving our economy, exports, innovation and security. Until we have more scientists and engineers running Washington, we need to educate policymakers and the public that aerospace fuels our nation’s success.

The capability to tell our story and influence policies is more critical than

ever. We are at a unique moment in time.

After the worst economic downturn since the Great Depression, the commercial aviation market is coming back. Over the next 20 years, we see a need for 33,500 new airplanes. That’s a \$4 trillion dollar market — one that many countries and companies covet.

On the defense side we face the steepest budget cuts in two decades. And still worse may lie ahead.

These cuts threaten America’s lead in aerospace and are part of a broader, more important conversation we need to have about keeping America the great country that it is.

America still leads in aerospace. Keeping that lead should be a national priority in this century — just as it was in the last.

We can do great things in the years ahead. Opportunity abounds. There is a dynamic global market that U.S. companies are working to win. But our government needs to play a supporting role because other countries are making inroads.

The question is...will the next century of aerospace be made in America?

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ABOUT THE COVER: *More than 300 employees gathered at BAE Systems’ U.S. Combat Systems plant in York, Pa., November 21 for the first Second to None rally supporting the aerospace and defense industry.*

EXECUTIVE REPORT

PRESIDENT'S

Message

So much of the debate in Washington is about the deficit. We need to change our focus in this country from what to cut...to how to grow.

Getting our financial house in order is important, but it can't be the only thing that defines our nation or our future. What will it take? You've heard me say this before. In my view, it requires:

- Policies that promote innovation and competitiveness,
- The ability to attract and retain the kind of talent that's made our country great,
- A strong defense industrial base that preserves the continuum of capability that's taken us decades to build,
- A level playing field,
- A quality public education system.

We need to think big and be bold. The need for our industry to have a powerful voice has never been greater.



While a traditional year-end message might reflect on AIA's accomplishments in 2011, a nostalgic look back will have to wait. This year was just the beginning of an ongoing debate that continues to bring focus and energy around one of the greatest threats to our industry in a generation.

In 2010, I used the term "headwinds" to describe our challenges in Washington. In 2011, those headwinds increased to hurricane strength. In the midst of a faltering economy, we are now bracing for \$450 billion in defense cuts with more than \$500 billion in cuts spring-loaded by the sequestration trigger for 2013.

It's hard to overstate the impact these cuts would have on our national security and industrial base. More than a million jobs are at stake, along with our ability to provide American warfighters with the technologies and capabilities they need to keep our country safe.

If this sounds like hyperbole, don't take my word for it. The million-plus job loss estimate comes from a study commissioned through George Mason University in Virginia. Admiral Michael Mullen, former Chairman of the Joint Chiefs of Staff, said this year that if lawmakers "cut too deeply...we will burn the very blanket of protection that we have been charged to provide our fellow citizens." Secretary of Defense Leon Panetta said that proposed cuts would result in "hollowing out the force."

If sequestration takes effect as scheduled in 2013, FAA's budget would be reduced by seven percent, falling disproportionately on the investment accounts, significantly delaying the Next Generation Air Transportation System. NASA's charge to continue to develop space exploration programs to replace the retired shuttle program would also be at risk.

As an industry, our response has been unprecedented. In September, we

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American Aerospace



While Washington's attention in November was on the supercommittee's failure to reach agreement on the national debt, a compelling story was being told in York, Pa., by those with the most to lose if another \$500 billion in defense cuts becomes a reality as a result of the committee's impasse.

Steve Smith was among more than 300 local workers gathered at a BAE Systems' U.S. Combat Systems plant in York on November 21 for the first Second to None rally in support of the aerospace and defense industry.

As reported by the *York Daily Record*, Smith began work for BAE Systems right out of high school, and has gone from a union worker to a management position at the company during a career spanning 34 years. The 54-year-old said that his daily commute to BAE Systems is a small price to pay for the work his company does to support America's military.

"It's worth it," Smith told the *Record*. "We couldn't

ask for a better customer than our men and women in the armed forces."

Smith is just one of 1,292 workers at BAE Systems whose jobs are at stake in the current battle over budget cuts in Washington. According to an AIA-sponsored analysis, more than an 1 million jobs are estimated to be at risk if sequestration triggers a \$600 billion defense cut on top of the \$480 billion cut already in motion. In Pennsylvania, that's about 36,000 jobs.

Robert Murphy, BAE Systems' executive vice president of Product Sectors, put it succinctly at the rally: "If York is at risk, American soldiers and Marines are at risk."

While the York facility focuses primarily on refurbishing military combat vehicles, BAE Systems is a leader in the design, development and integration of advanced weapons, sensors and control systems for aerospace platforms including the Chinook, Black Hawk and Seahawk.

"We're here to add our voices to people across the nation who are concerned about what could happen

Workers Rally



Left to right: 1. BAE Systems' Robert Murphy and AIA's Marion Blakey on stage; 2. Murphy addresses the crowd; 3.-4. BAE Systems' workers; 5. BAE Site Executive Todd Harrold on stage; 6. Congressman Todd Platts addresses the crowd.

to jobs, to national security and to the safety and effectiveness of Americans in uniform if defense spending cuts go too far," said Todd Harold, BAE Systems' site executive at York. "It's easy to think that what happens in Washington doesn't impact the lives of ordinary people. But it does. These cuts could eliminate up to a million defense-related jobs."

Speaking to BAE Systems employees waving Second to None signs inside the company's cavernous assembly facility, U.S. Rep. Todd Platts of Pennsylvania's 19th District said that solving the nation's financial woes must not be "on the backs of the defense industry" that supports the U.S. military.

"When you get on this assembly line, you do it as Americans," he said. "Not Republicans. Not Democrats. But Americans."

"Given the state of global affairs and the fragile condition of our economy, can we really afford to mothball our industrial base, eliminate jobs and close

facilities like this one?" said Murphy. "Is this a risk we are willing to accept?"

"If history has any lessons, more than half of the expected cuts will come from investment programs that buy equipment off lines just like this one," said AIA President and CEO Marion Blakey, who also spoke at the rally.

"And the risk is even greater because much of our equipment is old and worn out and there's not a lot in development," she said. "Our troops are going to start coming home from Iraq and Afghanistan, but we're still a nation at war and our troops need the best equipment that we can send them."

Echoing the voices of BAE Systems' employees in York, AIA's answer is a resounding "no." As the Second to None campaign continues in 2012, we will ensure that our industry continues to speak with one voice and take this battle against defense cuts to those who will ultimately decide how to balance the budget and restore America's economic security. ▼

launched the “Second to None” campaign, a nationwide initiative to speak with one voice about the importance of the U.S. aerospace industry. We took our message about job creation, national security and technological superiority to the media, the Internet, Capitol Hill, and to anyone who would listen along with a warning: cutting into the bone of the aerospace and defense budget is not the answer to our country’s budget woes.

Lawmakers and the American people are taking notice. Since the campaign started, we’ve held two major press briefings, generated more than 100 news articles, and prompted the publication of more than 100 op-eds and letters to the editor. I personally visited 70 members of Congress, and 100 AIA members joined us for the March to the Hill during National Aerospace Week. In November, we helped show the country where the impact of defense cuts will be most acutely felt, with a huge employee rally at BAE Systems’ U.S. Combat Systems plant in York, Pa.



Tom Buffenbarger, president of the International Association of Machinists and Aerospace Workers, participated in a press briefing at the National Press Club in October on the impact of defense cuts on America’s aerospace workers

But 2011 was just the beginning. One of the biggest myths out there is that the supercommittee failure gives us a definitive understanding of defense, space and civil budget threats for 2013. That’s just not the case.

With the possibility of a new administration in 2013, everything is on the table. In addition, any budget control legislation eventually signed into law in 2012 can be repealed or amended — leaving us at risk for additional cuts. Plus, some in Congress will see any future agreement on cuts as being

insufficient, and will push for cuts above agreed-upon levels.

Our only option for 2012 is to keep fighting. That means new rallies, more outreach to the press and ongoing efforts to educate policymakers and stakeholders across the country about the disastrous consequences of gutting the U.S. aerospace and defense industry.

To prevail, we will need your ongoing support. We need to activate employees, suppliers and other partners. Whether it’s holding a rally, meeting with a member of

Congress, pushing an email out to your employees, or simply posting the Second to None link on your company’s website, there is a role for everyone to play.

As I close this message, I must take the opportunity to thank our Chairman Jim Albaugh and the entire 2011 Executive Committee for their support. Jim has been a strong force in bringing to the forefront critical issues for our industry, particularly the fragility of our industrial base.

We’ll look forward to his continued leadership on the Executive Committee

in 2012 as the gavel is handed over to David Hess, the president of UTC’s Pratt & Whitney. As I’ve written, there are many challenges ahead and I’m particularly grateful Dave is with us leading the charge.

Marion C. Blakey
President & Chief Executive Officer

AIA CONTINUES RECORD GROWTH

AIA has added 31 full members and 28 associate members to our roster this year — nearly 60 percent growth since January 2010. Not only are our numbers growing, but attendance at major meetings and events, and council and committee meetings, continues to break records, including the November Board of Governor’s meeting in Scottsdale, Az., which was our largest in history with more than 300 attendees.



The following members were approved at the meeting:

- Align Aerospace, LLC**
- Alion Science & Technology**
- BRS Aerospace**
- Fluor Corporation**
- ITT Exelis**
- Meggitt-USA, Inc.**

The following associate members were also welcomed to AIA:

- Asia-Pacific Engineering Consulting Services, LLC (APECS)**
- BRPH Architects Engineers**
- Future Metals LLC Sugasawa Corporation**
- Sugawara Corporation**

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<p>AAR Manufacturing, Inc.</p> <p>Accenture</p> <p>Acutec Precision</p> <p> Machining</p> <p>Aero-Mark, LLC</p> <p>Aerojet</p> <p>AeroVironment, Inc.</p> <p>AGC Aerospace &</p> <p> Defense</p> <p>AirDat LLC</p> <p>Alcoa Defense</p> <p>Align Aerospace, LLC</p> <p>Alion Science &</p> <p> Technology</p> <p>Allfast Fastening</p> <p> Systems, Inc.</p> <p>Alliant Techsystems, Inc.</p> <p> (ATK)</p> <p>Allied Barton Security</p> <p> Services</p> <p>American Pacific</p> <p> Corporation</p> <p>AmSafe Aviation</p> <p>AMT II Corporation</p> <p>Analytical Graphics, Inc.</p>	<p>ANSYS, Inc.</p> <p>Aurora Flight Sciences</p> <p>AUSCO, Inc.</p> <p>B&E Group, LLC</p> <p>B/E Aerospace, Inc.</p> <p>BAE Systems</p> <p>Barnes Group</p> <p>Belcan Advanced</p> <p> Engineering and</p> <p> Technologies</p> <p>Boeing Company</p> <p>Bombardier Aerospace</p> <p>Broad Reach</p> <p> Engineering Company</p> <p>BRS Aerospace</p> <p>CAE USA Inc.</p> <p>Castle Metals Aerospace</p> <p>Celestica Corporation</p> <p>Certon Software, Inc.</p> <p>Chromalloy</p> <p>CIRCOR International</p> <p> Inc.</p> <p>Click Bond, Inc.</p> <p>Cobham</p> <p>Colt Defense, LLC</p>	<p>Computer Sciences</p> <p> Corporation (CSC)</p> <p>Comtech AeroAstro, Inc.</p> <p>Crown, Inc.</p> <p>Cubic Defense</p> <p> Applications, Inc.</p> <p>Curtiss-Wright</p> <p> Corporation</p> <p>Curtiss-Wright</p> <p> Controls, Inc.</p> <p>Metal Improvement</p> <p> Company</p> <p>Deloitte Consulting LLP</p> <p>DigitalGlobe</p> <p>Ducommun</p> <p> Incorporated</p> <p>DuPont Company</p> <p>Eaton Corporation</p> <p>Elbit Systems of America</p> <p>Embraer Aircraft Holding</p> <p> Inc.</p> <p>Erickson Air-Crane</p> <p> Incorporated</p> <p>ESI North America</p> <p>ESIS, Inc.</p>	<p>Esterline Technologies</p> <p>Exostar LLC</p> <p>Flextronics International</p> <p> USA</p> <p>FlightSafety International</p> <p> Inc.</p> <p>FTG Circuits, Inc.</p> <p>Galactic Ventures LLC</p> <p>General Atomics</p> <p> Aeronautical Systems,</p> <p> Inc.</p> <p>General Dynamics</p> <p> Corporation</p> <p>General Electric Aviation</p> <p> Gentex</p> <p>Goodrich Corporation</p> <p>Groen Brothers Aviation</p> <p> Inc.</p> <p>Guardsmark, LLC</p> <p>Harris Corporation</p> <p>HCL America</p> <p>HEICO Corporation</p> <p>Hexcel Corporation</p> <p>Hi-Shear Technology</p> <p> Corporation</p>	<p>HITCO Carbon</p> <p> Composites</p> <p>Honeywell Aerospace</p> <p>HP Enterprise Services,</p> <p> Aerospace</p> <p>Hydra Electric Company</p> <p>IBM Corporation</p> <p>IEC Electronics Corp</p> <p>Infotech</p> <p>Integral Systems, Inc.</p> <p>ITT Exelis</p> <p>Jabil Defense &</p> <p> Aerospace Services</p> <p> LLC</p> <p>Kaman Aerospace</p> <p> Corporation</p> <p>KEMET</p> <p>KPMG LLP</p> <p>L-3 Communications</p> <p> Corporation</p> <p>LAI International, Inc.</p> <p>LMI Aerospace Inc.</p> <p>Lockheed Martin</p> <p> Corporation</p> <p>Lord Corporation</p>	<p>Marotta Controls, Inc.</p> <p>Meggitt-USA, Inc</p> <p>Metron Aviation Inc.</p> <p>Micro-Coax, Inc.</p> <p>Moog, Inc.</p> <p>Natel Engineering</p> <p> Co. Inc.</p> <p>NobleTek</p> <p>NORDAM</p> <p>Northrop Grumman</p> <p> Corporation</p> <p>NYLOK Corporation</p> <p>O'Neil & Associates</p> <p>Omega Air, Inc.</p> <p>Orade USA, Inc.</p> <p>OSI Systems, Inc.</p> <p>Pacifica Engineering, Inc.</p> <p>Pall Aeropower</p> <p> Corporation</p> <p>Paragon Space</p> <p> Development</p> <p> Corporation</p> <p>PARTIsolutions, LLC</p> <p>Parker Aerospace</p>	<p>Pinkerton Government</p> <p> Services, Inc.</p> <p>Plexus Corporation</p> <p>PPG Aerospace-Sierracin</p> <p> Corporation</p> <p>PRTM, LLC</p> <p>PTC</p> <p>PWC Aerospace &</p> <p> Defense Advisory</p> <p> Services</p> <p>Qwaltec</p> <p>RAF Tabtronics, LLC</p> <p>Raytheon Company</p> <p>Realization Technologies</p> <p> Inc.</p> <p>Remmele Engineering,</p> <p> Inc.</p> <p>Rhinestahl Corporation</p> <p>Rix Industries</p> <p>Rockwell Collins</p> <p>Rolls-Royce North</p> <p> America Inc.</p> <p>RTI International Metals,</p> <p> Inc.</p>	<p>Sanmina-SCI</p> <p> Corporation</p> <p>SAP Public Services</p> <p>Satair</p> <p>SCB Training Center, Inc.</p> <p>Science Applications</p> <p> International</p> <p> Corporation</p> <p>Siemens PLM Software</p> <p>Sierra Nevada</p> <p> Corporation, Space</p> <p> Systems</p> <p>SIFCO Industries, Inc.</p> <p>Sila Solutions Group</p> <p>SMA</p> <p>Space Exploration</p> <p> Technologies</p> <p> Corporation</p> <p>Sparton Corporation</p> <p>Spirit AeroSystems</p> <p> LLC</p> <p>Textron Inc.</p> <p>The SI Organization, Inc.</p> <p>Therm, Inc.</p>	<p>TIMCO Aviation Services</p> <p> Inc.</p> <p>Timken Aerospace</p> <p> Transmissions, LLC</p> <p>Triumph Group, Inc.</p> <p> Aerospace Systems</p> <p> Group</p> <p>Aftermarket Services</p> <p> Group</p> <p>UFC Aerospace</p> <p>United Technologies</p> <p> Corporation</p> <p>Pratt & Whitney</p> <p>Sikorsky</p> <p> Hamilton</p> <p> Sundstrand</p> <p>Valent Aerostructures</p> <p>Vermont Composites Inc.</p> <p>W. L. Gore & Associates, Inc.</p> <p>Wesco Aircraft Hardware</p> <p> Corp.</p> <p>WIPRO Technologies</p> <p>Woodward, Inc.</p> <p>Xerox Corporation</p>
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Kearney Public</p> <p> Sector & Defense</p> <p> Services LLC</p> <p>Acme Industrial</p> <p> Company</p> <p>ADI American</p> <p> Distributors, Inc.</p> <p>Aeronautical Systems,</p> <p> Inc.</p> <p>Aerospace Alloys, Inc.</p> <p>Aerospace Joint</p> <p> Apprenticeship</p> <p> Committee (AJAC)</p> <p>Aerospacemall.com</p> <p>Air Industries Machining</p> <p> Corporation</p> <p>Airborn Operating L.P.</p> <p>Alcoa Fastening Systems</p> <p>Allen Aircraft Products,</p> <p> Inc.</p> <p>Altemp Alloys, Inc.</p> <p>American Brazing</p> <p>AMI Metals, Inc.</p> <p>APV Manufacturing &</p> <p> Engineering Co.</p>	<p>ARINC Engineering</p> <p> Services LLC</p> <p>Arkwin Industries, Inc.</p> <p>Asia Pacific Engineering</p> <p> Consulting Services,</p> <p> LLC</p> <p>Astro-Med, Inc.</p> <p>Astronautics Corporation</p> <p> of America</p> <p>ATC Aerospace</p> <p>Athena Manufacturing,</p> <p> LP</p> <p>Banneker Industries, Inc.</p> <p>Benchmark Electronics,</p> <p> Inc.</p> <p>Brogdon Tool & Die, Inc.</p> <p>BRPH Architects &</p> <p> Engineers</p> <p>BTC Electronic</p> <p> Components</p> <p>California Manufacturing</p> <p> Technology Consulting</p> <p>CDG</p> <p>Celltron Inc.</p> <p>Cherokee Nation</p> <p> Distributors</p> <p>CIT Aerospace</p> <p>CMC Electronics</p>	<p>Co-Operative Industries</p> <p> Defense, LLC</p> <p>Coalition Solutions</p> <p> Integrated, Inc.</p> <p>Consolidated Precision</p> <p> Products</p> <p>CPI Aero</p> <p>Crawford & Company</p> <p> (formerly Furniture</p> <p> Resources)</p> <p>Crestwood Technology</p> <p> Group</p> <p>Dassault Systemes</p> <p>Data Conversion</p> <p> Laboratory, Inc.</p> <p>Dayton T. Brown Inc.</p> <p>Electronic/Fasteners, Inc.</p> <p>Embry-Riddle</p> <p> Aeronautical University</p> <p>Emhart Technologies</p> <p>Black & Decker</p> <p> Company</p> <p>ENSCO, Inc.</p> <p>Essner Manufacturing,</p> <p> LP</p> <p>ETA Global, Inc.</p> <p>Exotic Metals Forming</p> <p> Company LLC</p>	<p>Fluor Corporation</p> <p>Freedom Alloys</p> <p>Frontier Electronic</p> <p> Systems Corporation</p> <p>Future Metals, LLC</p> <p>G.S. Precision, Inc.</p> <p>General Products</p> <p>Glovia International</p> <p>H&S Swansons' Tool</p> <p> Company</p> <p>Haas TCM/Avchem</p> <p>HCL Technologies</p> <p>HDL Research Lab, Inc.</p> <p>Hi-Temp Insulation Inc.</p> <p>Houlihan Lokey</p> <p>Hughes Bros. Aircrafters,</p> <p> Inc.</p> <p>Industrial Metals Intl. Ltd.</p> <p>Infotech Enterprises</p> <p> America Inc.</p> <p>InfoTrust Group</p> <p>Ingenium</p> <p>Inmedius</p> <p>InterConnect Wiring</p> <p> International</p> <p>Technogroup Inc.</p> <p> (TranscenData</p> <p> Division)</p>	<p>Intrepid Learning</p> <p> Solutions</p> <p>ITW CIP</p> <p>Janes Capital Partners</p> <p>JRH Electronics, LLC.</p> <p>Kennametal Inc.</p> <p>Kubotek USA</p> <p>Kulite Semiconductor</p> <p> Products, Inc.</p> <p>Lintech Components</p> <p> Co., Inc.</p> <p>Loos & Co., Inc.</p> <p>MAG Industrial</p> <p> Automation Systems,</p> <p> LLC</p> <p>Maine Machine Products</p> <p> Co., Inc.</p> <p>Materion</p> <p>McCann Aerospace</p> <p> Machining Corporation</p> <p>Meehan Electronics</p> <p> Corporation</p> <p>Meyer Tool Inc.</p> <p>Microsemi Corporation</p> <p>Mid-State Aerospace Inc.</p> <p>Millitech, Inc.</p> <p>Moritz Aerospace, Inc.</p>	<p>Monogram Aerospace</p> <p> Fasteners</p> <p>Montana Metal</p> <p> Products, LLC</p> <p>Morris Machine</p> <p> Company, Inc.</p> <p>Morton Manufacturing</p> <p> National Machine Group</p> <p> National Utilities</p> <p> Company</p> <p>New Breed Corporation</p> <p>Norfil Manufacturing, Inc.</p> <p>North Shore</p> <p> Components, Inc.</p> <p>O'Neil & Associates, Inc.</p> <p>Oceanit</p> <p>Ohio Aerospace Institute</p> <p>Orion Industries</p> <p>P3 - North America</p> <p> Consulting Limited</p> <p>Parkway Products, Inc.</p> <p>PCC Airfoils, LLC</p> <p>Pelican Products, Inc.</p> <p>Perillo Industries, Inc.</p> <p>Phillips Screw Company</p> <p>Plymouth Engineered</p> <p> Shapes</p> <p>Precision Gear</p>	<p>Precision Tube Bending</p> <p> Premier Precision Group</p> <p>RAM Company</p> <p>Renaissance Services</p> <p>Renaissance Strategic</p> <p> Advisors II, LLC</p> <p>Rocker Industries</p> <p>Rubbercraft</p> <p>Safran USA</p> <p>Samuel Aerospace</p> <p> Metals</p> <p>Scot Forge Corporation</p> <p>SDL (formerly</p> <p> XyEnterprise)</p> <p>Sea Air Space Machining</p> <p> & Molding (Formerly</p> <p> named North Cape</p> <p> RIM Manufacturing)</p> <p>SEAKR Engineering</p> <p>Seal Science, Inc.</p> <p>Sechan Electronics, Inc.</p> <p>SELEX Galileo Inc.</p> <p>Senior Aerospace</p> <p>Serco Inc.</p> <p>Service Steel Aerospace</p> <p>Servotronics, Inc.</p> <p>Shapes Aerospace</p> <p> International</p>	<p>Sigma Metals, Inc.</p> <p>SMT Corp</p> <p>Southern Manufacturing</p> <p> Technologies</p> <p>Spincraft</p> <p>Spirit Electronics, Inc.</p> <p>SPX Precision</p> <p> Components</p> <p>Sugasawa Corporation</p> <p>Sulzer Metco (US) Inc.</p> <p>Sunshine Metals, Inc.</p> <p>Swift Engineering</p> <p>Synchronous Aerospace</p> <p> Group</p> <p>Sypris Electronics</p> <p>System</p> <p>Tactair Fluid Controls</p> <p>TCS America</p> <p>TechSol, Inc.</p> <p>TEK Precision Co. Ltd.</p> <p>Telephonics Corporation</p> <p>The Fero Group</p> <p>The World Academy</p> <p>Thermacore, Inc.</p> <p>ThyssenKrupp</p> <p> Aerospace North</p> <p> America</p> <p>TIGHTCO, Inc.</p>	<p>Tiodize Co., Inc.</p> <p>Tri Polus Inc.</p> <p>TSI Group Inc.</p> <p>TSI Plastics, Inc.</p> <p>TTI, Inc.</p> <p>TTM Technologies, Inc.</p> <p>TW Metals</p> <p>UFP Technologies</p> <p>Umbrac Cusinetti, Inc.</p> <p>University of Tennessee</p> <p> - Aerospace Defense</p> <p> Clearing House</p> <p>Venture Aircraft, LLC</p> <p>VISTAGY</p> <p>VT Group, Inc.</p> <p>Vulcanium Metals</p> <p> Incorporated</p> <p>Whitcraft LLC</p> <p>Windings, Inc.</p> <p>X-Ray Industries</p> <p>Yarde Metals</p>
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Chairman of the Communications Council John Dern addresses the crowd at the 47th Year-End Review and Forecast Luncheon. Dern is vice president of public relations at The Boeing Company.

2011 YEAR-END REVIEW AND FORECAST

More than 300 people packed the ballroom at Washington, D.C.'s historic Mayflower Hotel in mid-December to hear the good news about the aerospace industry's strong economic performance in 2011. At AIA's 47th Annual year-end Review and Forecast Luncheon sponsored by the Communications Council, President Marion C. Blakey reported that despite sluggish market conditions around the globe, annual aerospace sales are expected to top \$218 billion. Marking the eighth consecutive year of growth, sales in all sectors — civil and military aircraft, missiles, and the space sector — are all expected to top their respective year-ago totals.

"The fact that our industry is a leading job-creator, a technological innovator and a critical part of our nation's security is too important to be taken for granted," said AIA President and CEO Marion C. Blakey. "If this industry stops being Second to None, the future of our country is in question."

Highlights of the report are below:

- Poised to experience huge growth in the future, the civil aircraft sector is likely to grow at a compound annual growth rate of some 3.4 percent during 2011 to 2013. Orders for civil aircraft are expected to rise sharply in 2011, reaching nearly \$107 billion, a gain of 23 percent.
- While 2011 was a strong year for military aircraft, with a 6.7 percent expansion over 2010, domestic

purchases are expected to decline in the coming years due to federal deficit reduction measures.

- In 2011, the industry contributed \$87 billion in export sales to the domestic economy, up 12 percent due to increased civil exports after falling for two years. The industry's positive trade balance of \$57.4 billion represents the largest positive trade balance of any manufacturing industry.
- This year the space industry was impacted by the retirement of the space shuttle and reductions in NOAA weather satellite funding and national security space programs. Nonetheless, sales increased from \$45.3 billion in 2010 to a projected \$46.4 billion in 2011.
- In the years following 2012 the aerospace industry will face significant challenges, particularly in the defense sector, as the government seeks solutions to an ongoing budget crisis. Sales in 2012 are expected to drop by about half a billion dollars with declines in every product group except civil aviation.

In conclusion, with employees in every state of the union, the U.S. aerospace industry continues to provide significant contributions to the country's economy and provides capabilities vital for national security. This is particularly relevant given the nation's challenges of high unemployment, a stagnating economy and a crippling national deficit.

For more information, go to www.aia-aerospace.org and see Year-ender under the Research Center tab. ▼

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