PSA Roundtable

Industry Perspective: Congressional Priorities
AIA President and CEO John Douglass
January 25, 2006
Arlington, VA
Aerospace Industry Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Civil Aircraft</th>
<th>Related Products</th>
<th>Space</th>
<th>Military Aircraft</th>
<th>Missiles</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>2002</td>
<td>$41.3</td>
<td>$25.4</td>
<td>$34.6</td>
<td>$38.1</td>
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<td>2003</td>
<td>$32.4</td>
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<tr>
<td>2004</td>
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<td>2005p</td>
<td>$39.2</td>
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<td>$38.5</td>
<td>$50.8</td>
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</table>

Billions of Current Dollars

2002 2003 2004 2005p 2006e

Total

- Civil Aircraft
- Related Products
- Space
- Military Aircraft
- Missiles
Current Congressional Environment

– AIA defense focus on hill policy oriented
  • Acquisition excellence – Hearings on Kadish Report expected
  • Export Control reform
  • Industrial Base

– AIA supports lobbying reform
Current Pentagon Environment

- **Leadership**: Dep. Sec. England
- **QDR**: Reported to be a non-event
  - No new strategies are outlined in the review
  - It is designed mostly to support the 2007 Budget

- **2007 Budget**
  - Appears to be based on the President’s FY07 position as stated in the FY06 Budget
  - Selective impacts to industry
  - War financing accomplished through supplementals
  - Final numbers are still uncertain
  - Some industrial base issues

- **Acquisition Excellence**
  - Kadish Panel report
  - Focused on program stability and quality of leadership
  - Secretary England will be the key to implementation
  - Some key recommendations may be resisted by Congress and OSD staff
    - Funding for program stability
    - More control over programs by the services
    - Role of the Service Chiefs
  - Armed Services Committee hearings are likely in 2006
Future of Precision Strike