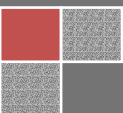




**COMPARATIVE
AEROSPACE INDUSTRY
MANUFACTURING COSTS**

BizCosts®....*The Cost of Doing Business*

BizCosts.com
Princeton, NJ



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EXECUTIVE SUMMARY AND NOTES***Introduction***

In the following **BizCosts®** analysis, major operating costs scaled to a representative aerospace industry manufacturing plant are presented for a series of 62 comparative cities in the U.S. In summary Exhibit I, annual costs are itemized and totaled and the full **BizCosts® Report** ranks the 62 locations from the highest cost location to the lowest.

Annual operating costs were projected solely for comparative purposes, with only major geographically-variable factors being considered. Those costs not varying significantly with geography, including relocation and start-up expenses, were not considered. The full **BizCosts® Report** focuses on those key geographically-variable cost elements considered to be most pivotal to the aerospace industry site selection process. Geographically-variable operating cost differentials are current for **2010 and 2011**.

Overall costs were scaled to a hypothetical 150,000 sq. ft. production plant employing 250 hourly workers and shipping over-the-road to a national U.S. market. The cost simulations are designed to provide an independent, third-party point of reference for the aerospace planner's assessment of relative operating cost levels in each of the surveyed manufacturing sites. The format of the report's cost exhibits will also allow the aerospace planner to tailor the **BizCosts®** data, facility specifications and shipping assumptions to reflect alternate scales of operation, staffing needs and market expectations.

The full **BizCosts® Report** has been structured to be an authoritative cost-comparison tool for a broad segment of the \$50 billion aerospace products and parts industry. This includes prime aerospace and defense industry contractors, major original equipment (OEM) manufacturers, aerospace subcontractors and smaller sized special product manufacturers. The latter includes specialty firms providing

support in such fields as machining, surface treatment, cutting tools, avionics, electronics, cabling, instrumentation, interior finishing, fasteners, die-cast parts, composites, optics and related aerospace repair and maintenance services.

Comparative Aerospace Plant Locations

For purposes of comparative economic analysis, major geographically-variable operating costs have been projected for a series of 62 manufacturing sites in the U.S. The comparative plant sites in the full ***BizCosts® Report*** all house regional concentrations of aerospace products and parts manufacturing. Major benchmark cost centers for the aerospace industry, such as southern California, Washington state, Texas, Arizona, Florida and the Gulf Coast region are included as are a series of other key hubs of U.S. aerospace industry manufacturing.

The 62 comparative locations included in the full ***BizCosts® Report*** are detailed below by region.

New England Region

- Bridgeport/Stamford/Norwalk/Danbury, Connecticut
- Boston/Lexington, Massachusetts
- Worcester/Marlborough, Massachusetts
- Manchester/Nashua, New Hampshire
- North Berwick/Portland, Maine
- East Hartford/Middleton/Cheshire, Connecticut

Mid-Atlantic Region

- Nassau/Suffolk, New York
- Rochester, New York
- Syracuse, New York
- Philadelphia/King of Prussia, Pennsylvania
- Baltimore/Annapolis, Maryland

- Bethesda/Rockville/Gaithersburg, Maryland

Southeast Region

- Fairfax County, Virginia
- Greensboro/Winston-Salem, North Carolina
- Charlotte, North Carolina
- Greenville/Spartanburg, South Carolina
- Atlanta/Marietta, Georgia
- Savannah, Georgia

Florida Region

- Melbourne/Titusville/Cocoa, Florida
- Orlando, Florida
- Pensacola, Florida
- Ft. Walton/Destin, Florida
- Miami, Florida
- Tampa/St. Petersburg, Florida

Mid-South Region

- Huntsville, Alabama
- Mobile, Alabama
- Memphis, Tennessee
- Louisville, Kentucky
- Jackson, Mississippi
- Columbus/Starkville/West Point, Mississippi

East North Central Region

- Cleveland, Ohio
- Cincinnati, Ohio
- Indianapolis, Indiana
- Chicago, Illinois

- Ann Arbor, Michigan
- Detroit/Southfield, Michigan

South Central Region

- Houston, Texas
- San Antonio, Texas
- Dallas/Ft. Worth/Irving, Texas
- Austin, Texas
- Lake Charles, Louisiana
- Shreveport, Louisiana
- Tulsa, Oklahoma

West North Central Region

- Cedar Rapids, Iowa
- Wichita, Kansas
- Milwaukee/Waukesha, Wisconsin
- Minneapolis/St. Paul, Minnesota
- Kansas City/North Kansas City, Missouri
- St. Louis, Missouri

Western Region

- Phoenix/Tempe/Mesa, Arizona
- Denver/Boulder, Colorado
- Las Vegas/Henderson, Nevada
- Salt Lake City/Magna, Utah
- Tucson, Arizona
- Seattle/Everett/Renton, Washington

- Albuquerque, New Mexico

California Region

- San Jose/Sunnyvale, California
- Los Angeles/Torrance/Long Beach, California
- Bakersfield, California
- Riverside/San Bernardino, California
- San Diego/Chula Vista, California
- Irvine/Anaheim, California

Labor Costs

Annual costs for labor, including direct and indirect production workers, are presented in the full ***BizCosts***® ***Report's*** Exhibit II. Costs are based on a representative mix of 52 different nonexempt production, engineering, I.T., material handling, warehouse and office/clerical job descriptions for the model aerospace plant. Comparative labor costs for management staff were not included as these costs would tend not to vary as significantly by geography, but rather by individual company compensation practices. Fringe benefit costs are included as a percent of annual base payroll costs and are assumed to include all statutory benefits, pay for time not worked, and company-sponsored benefits.

Comparative Electric Power and Natural Gas Costs

Comparative annual electric power and natural gas costs are presented in Exhibit III. Annual costs reflect industrial rate schedules of the respective local electric utilities serving each area. Natural gas costs are based on an assumed monthly consumption of industrial-use gas.

Comparative Land Acquisition and Construction Costs

Exhibit IV presents comparative costs for the purchase of industrially-zoned land and the construction of new aerospace manufacturing space in each of the 62 surveyed

U.S locations.

Comparative Ad Valorem and Sales Tax Costs

Exhibit V presents comparative ad valorem (property) tax costs in each of 62 surveyed production sites scaled to the land and building specifications of the model aerospace plant. Also presented in this exhibit are comparative local and state sales tax costs based on a fixed annual purchase of supplies, equipment, furnishings and other taxable goods associated with the plant.

Comparative Shipping Costs

Transportation costs from each of the 62 surveyed manufacturing sites to a designated national U.S. market are detailed in the full ***BizCosts***® ***Report's*** Exhibit VI. Comparative costs reflect over-the-road finished product shipments in truckload lots.

Total Annual Operating Cost Ranking

Taken from the full ***BizCosts***® ***Report's*** summary Exhibit I is a ranking of all of the 62 surveyed aerospace locations.

About BizCosts® ***About Boyd***

BizCosts® is a registered trademark of The Boyd Company, Inc., of Princeton, NJ, and represents the firm's proprietary operating cost data bank used to shape its domestic and international corporate site selection recommendations. Founded in 1975, Boyd (www.theboydcompany.com) provides independent location counsel to leading U.S. and overseas corporations. Devoted exclusively to corporate mobility, The Boyd Company is recognized as the nation's premier authority in comparative business cost analysis.

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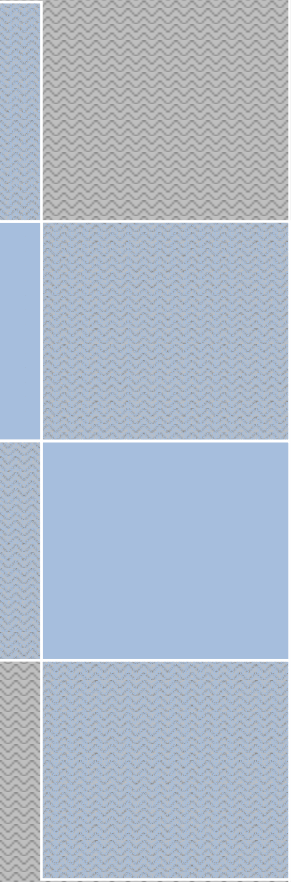
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