

Approved: March 11, 2008
Date

MINUTES OF THE JOINT HOUSE ECONOMIC DEVELOPMENT AND TOURISM/SENATE
COMMERCE COMMITTEE

The meeting was called to order by Senate Chair Karin Brownlee at 3:30 P.M. on March 5, 2008 in Room 783 in the Docking Building.

All members were present except:

Valdenia Winn- excused
Owen Donohoe- excused
Geraldine Flaharty- excused
Judy Morrison- excused
Robert Olson- excused

Committee staff present:

Ryan Hoffman, Kansas Legislative Research Department
Jason Long, Office of the Revisor of Statutes
Matt Todd, Office of the Revisor of Statutes
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Jeff Turner, Pres./CEO, Spirit AeroSystems, Inc.
John Lewelling, Sr. VP/Gen. Mgr. Aerostructures, Spirit AeroSystems, Inc.
John Pilla, Sr. VP/CTO, Learjet
Debbie Gann, Director of Communications,
Derek McLuckey, Gen. Mgr/Dir. Of Operations, Boeing
Mike Shonka, Exec. VP/CFO, Cessna
Jim Sanders, VP/CFO, Hawker Beechcraft
Rich Jiwanlal, VP Human Resources, Hawker Beechcraft

Senator Brownlee called on Jeff Turner who thanked the committees for the role they played in the partnership between the State and the Aircraft Industry. (Attachment 1). He in turn introduced John Lewelling, John Pilla and Debbie Gunn, also of Spirit AeroSystems, Inc.

Mr. Turner spoke of the aviation industry in Kansas and how it was positioned for growth. Regarding the total economic impact on the state, he pointed out that Kansas delivers more than 50% of all U.S. general aviation aircraft and the aviation wages were approximately \$2.4 billion per year, while state revenues were 22% of the total state budget and generated \$1.3 billion in state tax revenue. (Attachment 2).

Speaking of the intense competition for jobs, Mr. Turner named the states as well as Malaysia, China and Mexico who wanted Kansas' high-paying jobs and tax revenue. He said that 20,000 skilled workers would be needed over the next 10 years.

A map was distributed showing the number of aviation manufacturing companies by counties. (Attachment 3).

Derek McLuckey answered questions of the Committee regarding the recent purchase by the U.S. Air Force of aircraft from France, saying they'd not been briefed on everything yet so a statement would not be issued until the next week. He did point out to them that this meant only the loss of the commercial airline base.

Other questions and answers followed.

The meeting was adjourned at 4:55 pm. The next meeting is scheduled for 8:30 am, Thurs., Mar. 6, 2008.



Jeffrey L. Turner
President and Chief Executive Officer
Spirit AeroSystems, Inc.



Jeffrey L. "Jeff" Turner was named President and CEO of Spirit AeroSystems, Inc., in June, 2005, upon the divestiture of the Boeing Commercial Airplanes Wichita Division, where he had served as Vice President-General Manager since November 1995. As Spirit AeroSystems CEO, he has successfully led the transition from Boeing Division to independent company completing the company's Initial Public Offering (IPO) in November, 2006. Spirit AeroSystems is now listed (SPR) on the New York Stock Exchange.

A Kansas native, Mr. Turner had been with The Boeing Company more than 30 years. He started in 1973 as a part-time programmer while completing his degree at Wichita State University. During his tenure with The Boeing Company, Mr. Turner held key management and director positions at Boeing Computer Services, Boeing Military Airplane Company and Boeing Commercial Airplanes in Wichita and Seattle, Wash.

Mr. Turner received a B.S. in Mathematics and Computer Science in 1973 and a M.S. in Engineering Management Science in 1977, both from Wichita State University. In 1984, he was selected as a Boeing Sloan Fellow to the Massachusetts Institute of Technology's (MIT) Sloan School of Management, where he earned a master's degree in Management.

In addition to his current responsibilities, Mr. Turner is very involved in the community and serves on the Board of Directors for Intrust Bank; World Impact; and Kansas Technical Training Institute (KTTI) and Sedgwick County Technical Training Authority. He and his wife, Rhonda, are active members of Westlink Christian Church and have two adult children and one grandchild.

10/07

CONTACT: Public Relations (316) 526-3153
Spirit AeroSystems <http://www.spiritaero.com>

Economic Development & Tourism

Date: 3-5-08

Attachment # 1

Aviation Industry in Kansas

Senate Commerce Committee
House Committee on Economic Development and Tourism

March 5, 2008

Jeff Turner
President & CEO
Spirit AeroSystems



The Aviation Industry in Kansas



Hawker Beechcraft



Cessna



Boeing



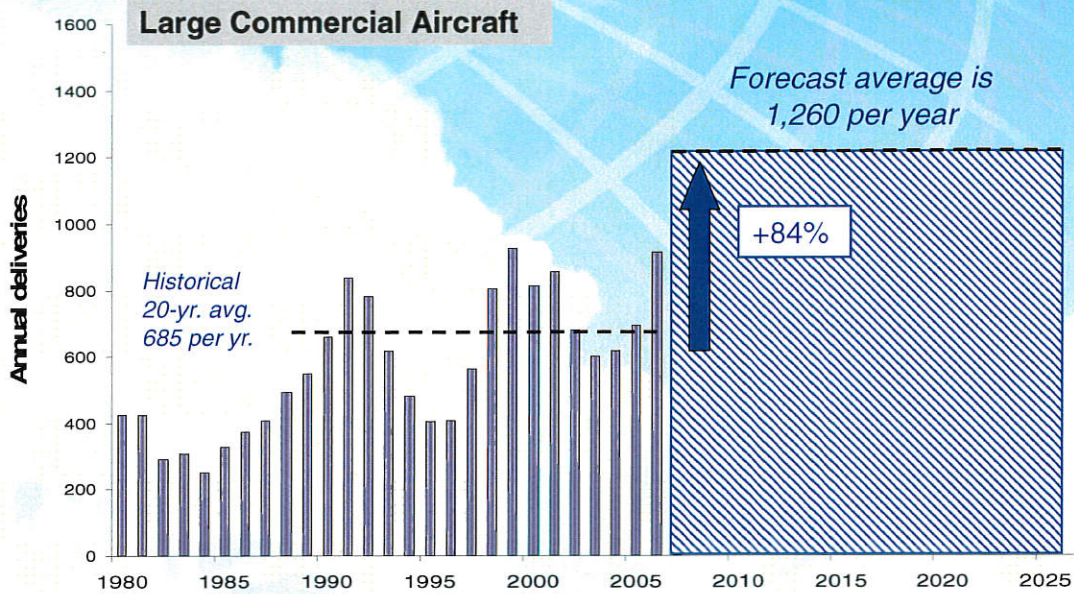
Spirit



Bombardier

- Major contributor to the economic viability of Kansas
- Potential for significant growth as a national center for aerospace innovation

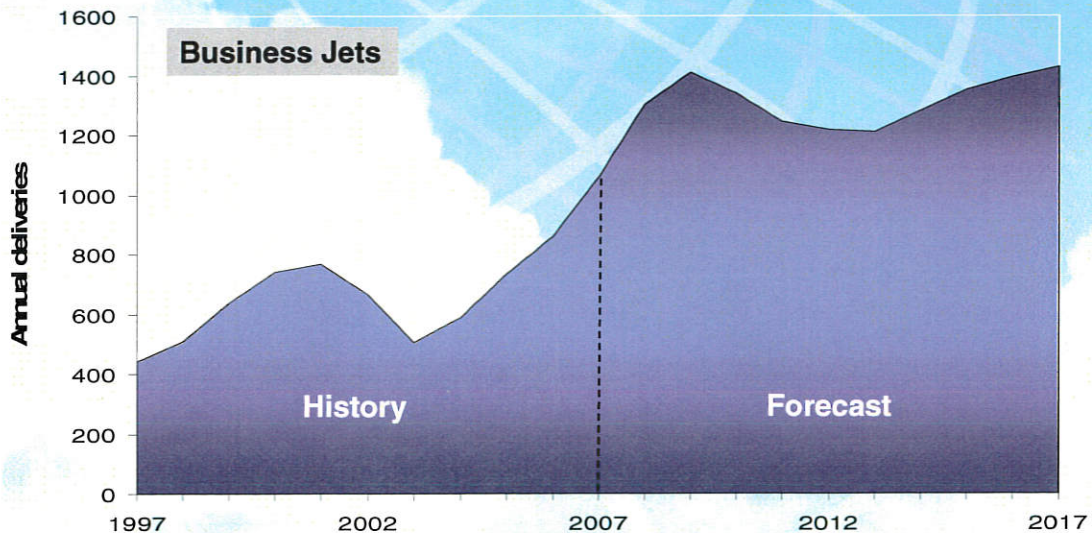
Aviation Positioned for Growth



Long term outlook is robust

Sources: Boeing, Airbus, Spirit Marketing

Aviation Positioned for Growth



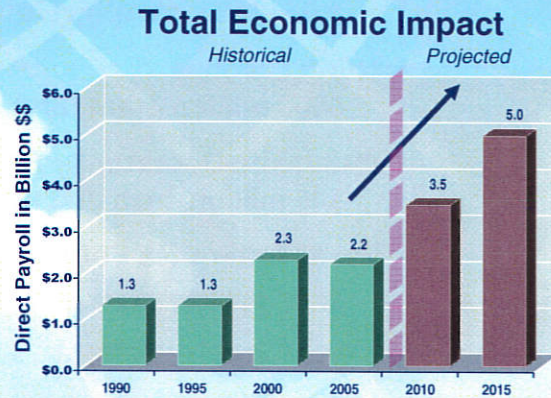
Order backlog continues to grow

Sources: Honeywell

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Aviation Economic Impact in Kansas

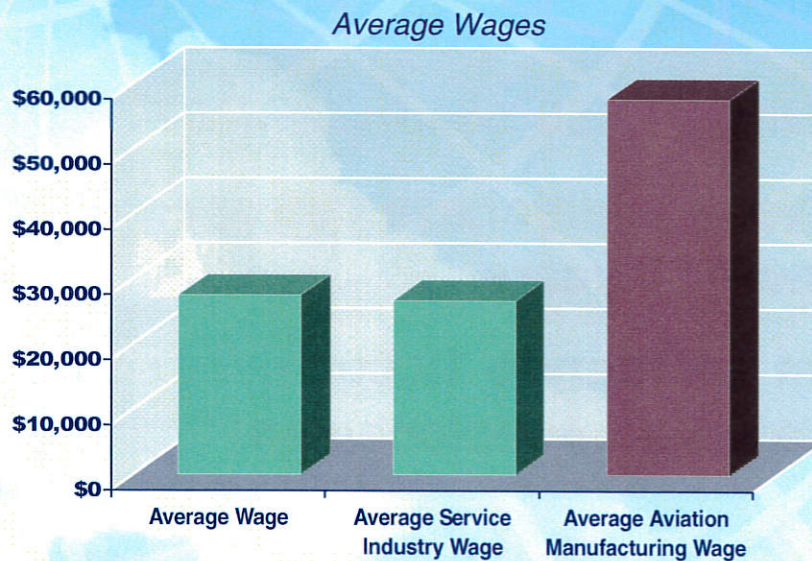
- 36,500 Direct jobs with a payroll of approximately \$2.4 billion
- Each aviation job generates an additional 2.9 jobs
- Kansas delivers more than 50% of all U.S. general aviation aircraft
- Kansas aviation wages approximately \$2.4 billion per year
- State revenues:
 - 22% of the total state budget
 - \$1.3 billion in state tax revenue
- Payroll expected to rise in 10 years to \$5.5 billion per year



Wichita Aviation Cluster Fuels Kansas Economy

Source: WSU Center for Economic Development & Business Research (J. Harrah)

Aviation Provides High Paying Jobs



Aviation Jobs for Kansas

Source: WSU Center for Economic Development & Business Research (J. Harrah)

1-3

Intense Competition for Jobs

- **Alabama - ThyssenKrupp Steel Plant**
2,700 jobs, \$810 million including \$313 million cash
- **Mississippi - Toyota Assembly Plant**
2,000 jobs, state incentives \$294 million
- **North Carolina**
\$600 million grant fund
- **Oklahoma Opportunity Fund**
\$45 million cash and no/low cost customized training
- **Texas Enterprise Fund**
\$295 million cash/emerging - \$200 million cash
- **International – Malaysia, China, Mexico**

They want our high-paying jobs and tax revenue!

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Workforce Requirements

- **Hired 5,000 people in 2007**
- **Need additional 1,000 each of the next 10 years**
- **In addition to 12,000 needed for retirement replacement**

> 20,000 Skilled Workers Needed Over the Next 10 Years

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Retain and Improve Kansas' Competitive Advantage

1. Retain existing aviation industry - strong companies and suppliers
2. Grow our position as "world" leader in aviation research (NIAR)
3. Leverage Kansas' strong work ethic
4. Provide access to potential workforce
5. Create flexible, business-driven, high-tech training to meet and attract skilled worker needs now and in future (National Center for Aviation Training)

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Aviation's Future in Kansas



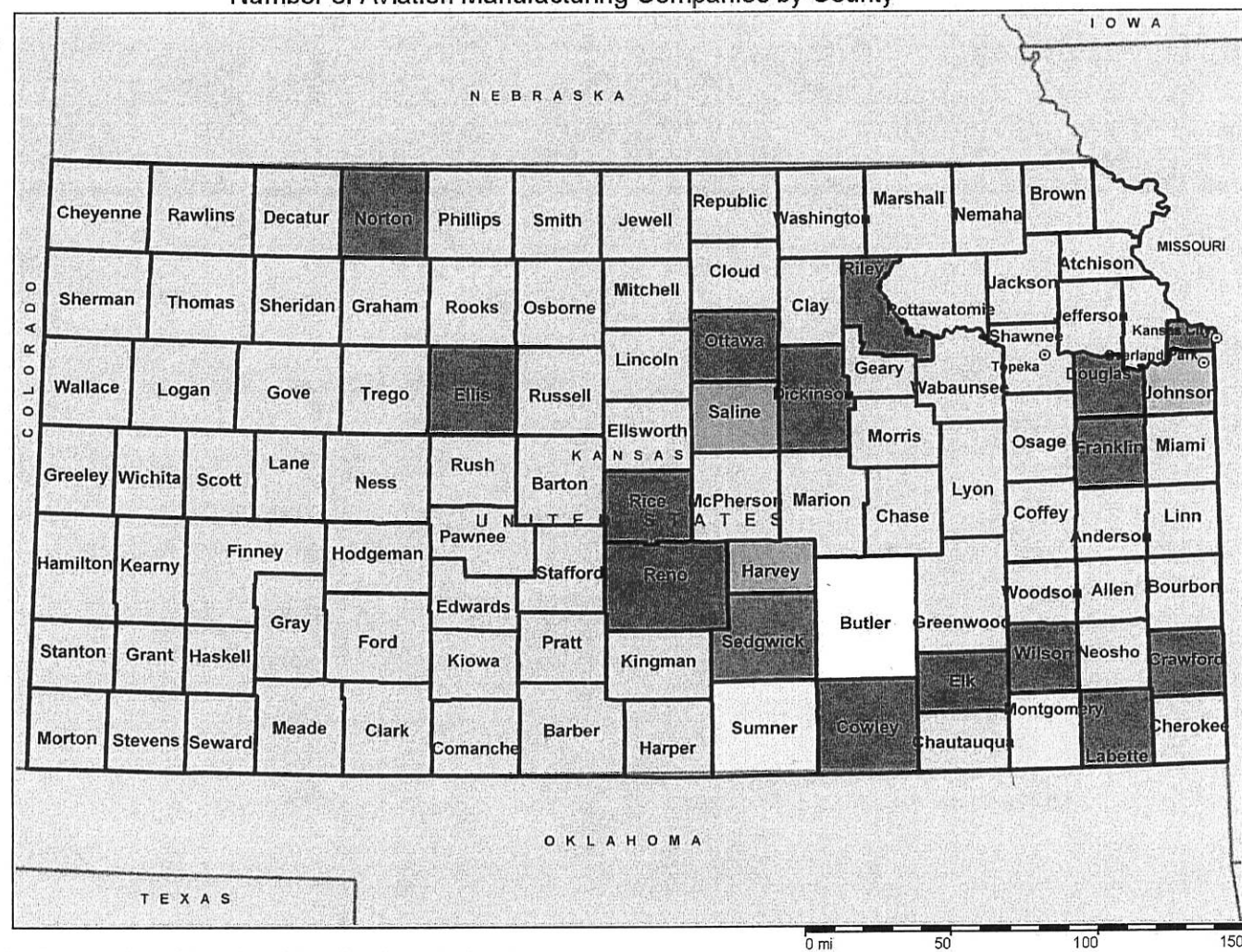
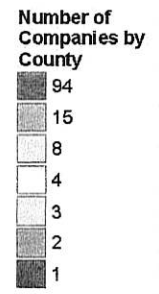
Kansas is the leader in Aviation Manufacturing
To protect our jobs:

- **We are becoming and must remain** a leader in aviation research
- **We can and must** be the leader in aviation training
- **We must work together** to enhance business climate in Kansas

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Number of Aviation Manufacturing Companies by County



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