

APPENDIX B

UACL'S BUSINESS ENVIRONMENT

United Aircraft of Canada Limited develops, manufactures, markets and supports in the field a proprietary line of products that is complementary to that of United Aircraft Corporation (UAC) of East Hartford. More precisely, UACL produces small gas turbine engines aimed at the General Aviation market. UAC, on the other hand, produces large gas turbines that power over 70% of the aircraft operated by the major airlines of the world.

From the time of the Korean War, UAC has given UACL rights to produce under license spare parts for all existing Pratt & Whitney piston engines and to support their operators around the world. This business has provided the production base and the profits for the development of a Canadian line of gas turbine engines. UAC sponsorship in the activity has ensured UACL access to the U.S. market and in particular to the U.S. Military market. In transferring this piston engine business to UACL, UAC has made a long range investment in Canada while concentrating on its large gas turbine engine business in East Hartford.

UACL has received financial aid from the Federal Government for the PT6 and JT15D engine programs. As a direct result of this support on the PT6 engine program it is estimated that in 1983, or 20 years after the start of production, the cumulative sales on this program will be over \$1.6 billion with 90% of our production being exported to the U.S. We estimate sales of over \$2-1/4 billion over the life of the program. We anticipate the JT15D engine program sales to be in excess of those of the PT6.

Sales in the U.S. will continue to be possible because of the excellence of our specialized products and their competitive prices and because of UAC's sponsorship, particularly in the U.S. Military market.

Successful Canadian aircraft products such as the PT6 engine which is in operation around the world, have helped to establish Canada in the international market place for quality goods and have paved the way for other exports. Canada's place in the market is doubly reinforced when Canadian engines are selected for U.S.-manufactured aircraft in use around the world.

* The following are divisions of United Aircraft Corporation:
East Hartford: Pratt & Whitney Aircraft, Hamilton Standard,
Sikorsky Aircraft, Norden, Electronic Components, United
Technology Center and Research Laboratories.