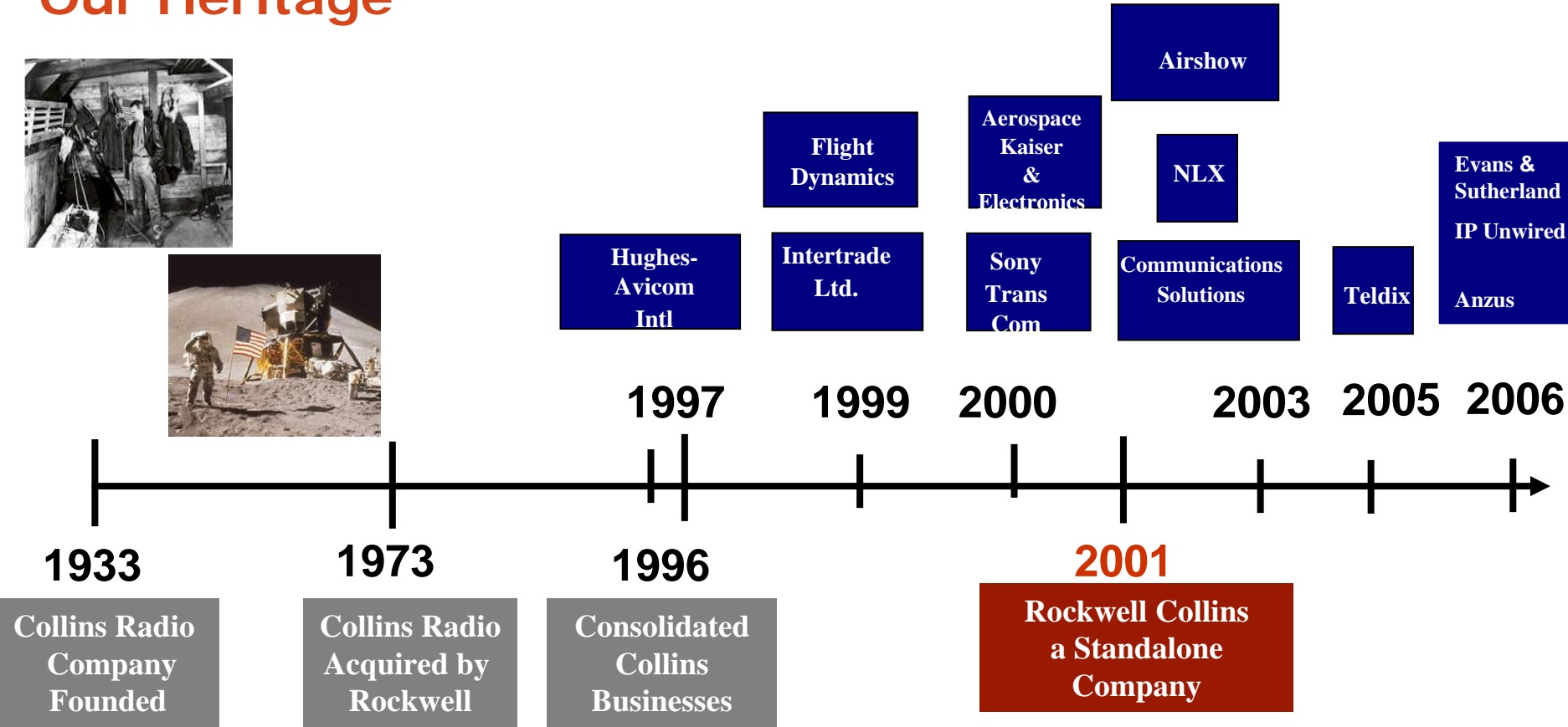# Skilled Worker Shortage

September 24, 2007

Rockwell Collins

Agenda

- Our Heritage
- What We Do
- Our Employee Base
- Drivers Of The Talent Gap
- Recruiting Alone Will Be Insufficient
- How Does Development Help Close The Talent Gap?
- How Can Iowa's Educational & Job Training Programs Help?

Our Heritage

Airshow

Aerospace Kaiser & Electronics

Flight Dynamics

NLX

Evans & Sutherland

IP Unwired

Hughes-Avicom Intl

Intertrade Ltd.

Sony Trans Com

Communications Solutions

Teldix

Anzus

1997   **1999**   **2000**   **2003**   **2005**   **2006**

1933   **1973**   **1996**   **2001**

Collins Radio Company Founded

Collins Radio Acquired by Rockwell

Consolidated Collins Businesses

Rockwell Collins a Standalone Company

75 Years of Excellence

Proprietary Information

What We Do

Communications and Aviation Electronics Systems for Commercial and Military Applications Worldwide

Government
~53%

Commercial
~ 47%
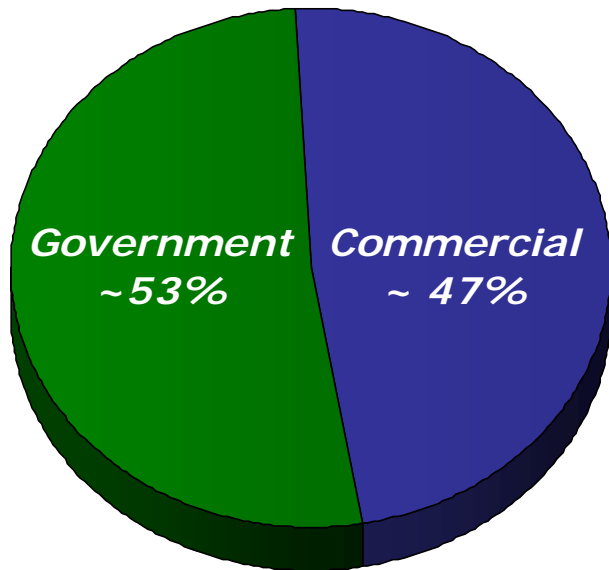
2007 Sales
$4.3 B*

- Communications

- Navigation

- Automated Flight Control

- Displays / Surveillance

- Aviation Services

- In Flight Entertainment

- Integrated Aviation Solutions

- Information Management Systems

* Forecasted

Proprietary Information

Government Systems

Customers

- U.S. Armed Services
- U.S. Government Agencies
- International Governments and Allied Military Forces
- Major Defense OEMs

Commercial Systems

Customers

Commercial Airlines
Cargo Carriers
Business Jet Operators
Manufacturers of Commercial Air Transport, Business and Regional Aircraft

Proprietary Information
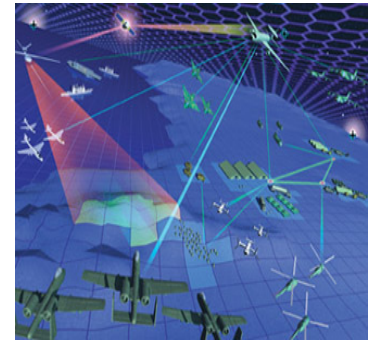
787 Dreamliner

- Rockwell Collins Standard Fit Positions:
  - Displays
  - Communication and Surveillance
  - Advanced Core Network
  - Ethernet Switch Portion of Common Computing System (Common Data Network)
  - Pilot Controls

Potential Revenues of up to $3.5B

Proprietary Information

High Growth Areas

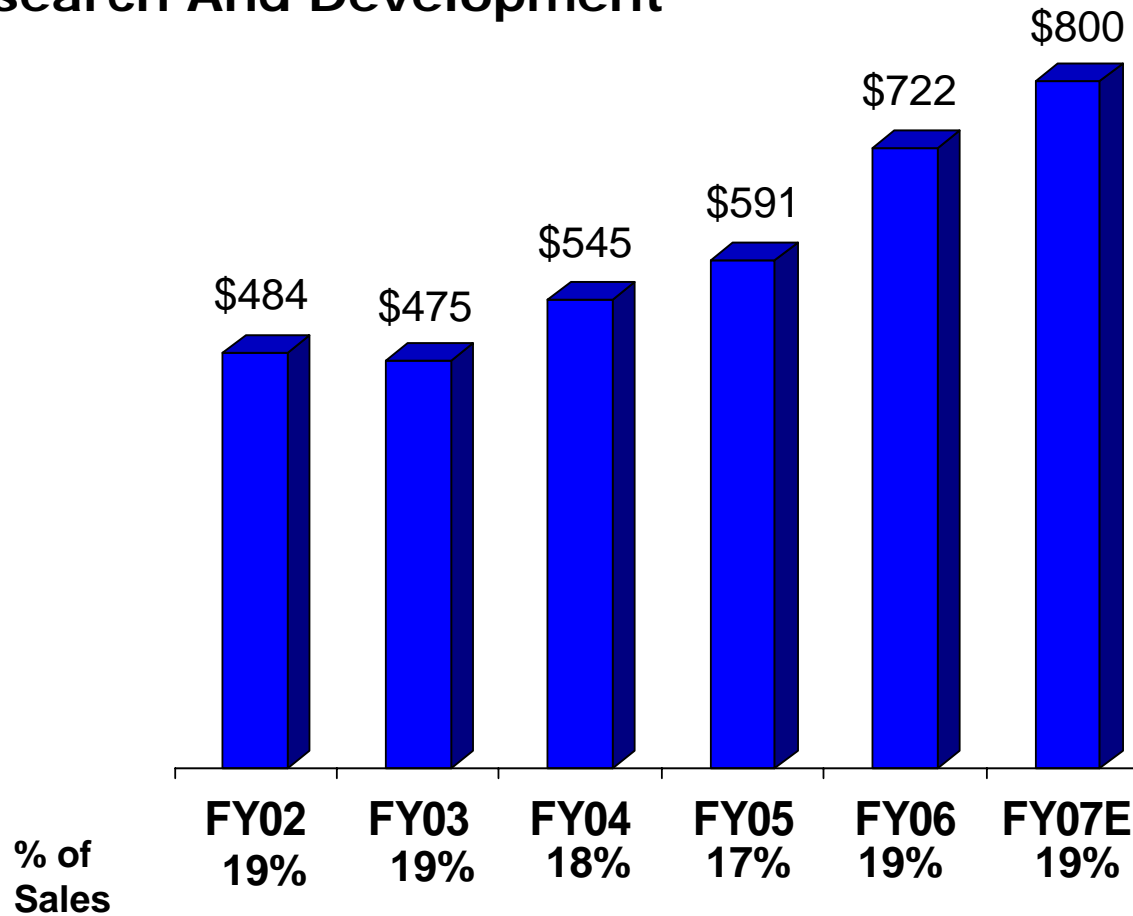- Transformational Defense Communications

- Information Management

- Open Systems Architecture

- Next Generation GPS Solutions

- Service and Support

Proprietary Information

Investments In Our Future

($ in millions)

- **Research And Development**

	FY02	FY03	FY04	FY05	FY06	FY07E
R&D	$484	$475	$545	$591	$722	$800
% of Sales	19%	19%	18%	17%	19%	19%

Proprietary Information

Our Employee Base

- Rockwell Collins nearly 19,000 Employees Worldwide at 77 Locations (33 International) in 21 Countries

- Iowa Workforce is approximately 10,000 and Growing at 5 locations (Cedar Rapids, Coralville, Manchester, Decorah and Bellevue)

- Cedar Rapids Workforce is nearly 8,500 with approximately 9,200 in CR-IC Corridor

- Iowa's #2 Largest Manufacturing & Top 5 Overall Employer

- Iowa's #1 Technology Company. More than 3,600 Engineers, Scientists and Information Technology Workers

Proprietary Information

Drivers Of The Talent Gap

- Aging of Industrialized World
  - Baby boomers nearing retirement
  - In 1900, life expectancy at birth in the US was 47 and is now about 77
- Declining Birth Rates
  - After peaking at 3.7 in the mid-1950s, the average number of children per woman in the US has declined to 2
  - We are guaranteed a shortage of native born workers
- Declining Graduation Rates
  - Overall, the US will need 18 million new college degree holders by 2012 to cover job growth and replace retirees, but at current graduation rates, will be 6 million short
  - The number of students that declared their major in computer science has declined for the past four years and is now 39% lower than in the fall of 2000
- Growth in Dropout Rates
  - One-third become high school dropouts
  - One-third become college graduates
  - One-third are caught in the middle

Proprietary Information

Recruiting Talent Alone Will Be Insufficient

- Demand Outweighs Supply
  - By 2020, immigration will account for virtually all of the US net workforce growth
  - Immigration caps are reached earlier and earlier each year
  - US population declines 10% for ages 35-44 which is the talent pool for leadership positions

- Skills Mismatch
  - Currently struggling hiring mature workers due to obsolete skills
  - Currently do not hire many non-degreed professionals
  - Currently do not venture beyond traditional industry skill sets

Global Talent Shortage

Top Jobs Which Are Difficult To Fill, Ranked In Order

World	USA	UK	Germany	India	Japan	China
Sales Representatives	Sales Representatives	Sales Representatives	Production Operators	Sales Representatives	Sales Representatives	Production Operators
Engineers	**Engineers**	Administrative Assistants	Sales Representatives	IT Staff	**Engineers**	Sales Representatives
Technicians (production/opns)	Nurses	Skilled Trades (fitter, plumber)	**Engineers**	Accountants	Administrative Assistants	Technicians (production/opns)
Production Operators	Technicians (production/opns)	**Engineers**	Management / Executives	Marketing and PR Executives	IT Staff	Management / Executives
Skilled Trades (carpenter/ weld)	Accountants	Drivers	Restaurants and Hotel Staff	**Engineers / Technical Mgrs.**	Production Operators	**Engineers**
IT Staff	Administrative Assistants	Chefs/Cooks	Administrative Assistants	IT Managers / Project Mgrs	Accountants	Machinists
40% employers have difficulty filling positions	**44%**	**42%**	**53%**	**13%**	**58%**	**24%**
32,975 respondents	1275	2122	1004	4382	892	2692

Proprietary Information

How Does Development Help Close The Talent Gap?

- Development Will Grow Hard To Find Skills

- Development Will Extend The Productive Working Life Of Aging Workers Thereby Slowing The Impact Of Retiring Baby Boomers

- Development Will Reduce The Attrition Of Gen Y Employees By Providing A Means For Them To Manage Their Own Development, "Your Career, You Drive"

- Development Will Help Non-degreed And "Other-degreed" Workers Build Skills Allowing RCI Tap Into Non-tradition Talent Pools

- Development Will Prepare Individual Contributors For Future Leadership Roles

Helps Address Both Skill Gaps And Retention

Proprietary Information

How Can Iowa's Educational & Job Training Programs Help?

- Continue to focus on improving graduation rates

- Enhance initiatives to address science, technology, engineering, and math pipeline (STEM)

- Enhance initiatives and education to ensure that diverse talent is developed

- Create stronger partnerships with industry to ensure proper programs are in place to prepare students for the workforce

Proprietary Information

Questions?

Proprietary Information