

MARKETLINE

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2012 NEWSLETTER

CHANGE IS IN THE AIR

EXCEPTIONAL VALUES FOR LATE MODEL CABIN CLASS JETS

By Carl Janssens, ASA

Change is in the air; literally. Market activity for late model large cabin class business jets is on the rise. These new or late models jets are experiencing competitive pricing. Could this be considered a price war? In addition to all of this, an increasing number of sales are bound for export to Asia. 2012 appears to be on a jump start for transactions. For buyers, this has become one of the best opportunities for acquisitions. At some point, supply will no longer be able to meet the demand for the late model large cabin jet. All of the evidence points to a not-so-soft market. As history is cyclic and the market is in a trough for values, can you guess where pricing is heading in this market segment?

For the mid-range and light jet business aircraft, values continue to slightly decline. One of the reasons is the adequate supply of inventory available for sale. Outside of pricing, these are the work horses of business aviation. These jet segments are more impacted by the volume of well equipped late models available for sale. Until inventories of bargain priced jets have been eliminated, expect values to remain artificially low. Buyers no doubt recognize these great opportunities not so much as an investment in equity but a means to get the job done for revenue growth. And who knows, when artificially low pricing is exhausted by demand, it may be the icing on the cake so to speak as these values become firm.

In the turboprop market, activity continues to improve while values continue experience stability. Age, condition and equipment continue to be dominating factors. At the same time, legacy turbo props, those manufactured in the 20th century, appear to be enjoying an active market. Noting the Aircraft Bluebook — at a — glance monitor below, this market segment is relatively stable when compared to the previous quarter.

For agriculture turbo props, late model agriculture sprayers are in short supply. And, if one is shopping new, expect delays as current production is already spoken for. Pricing will continue to hold strong for these late model aircraft. Overall, this industry segment remains stable. Check your Bluebook for values.

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BLUEBOOK-AT-A-GLANCE

JET

INCREASED	4
DECREASED	643
STABLE	308

TURBOPROP

INCREASED	66
DECREASED	115
STABLE	435

MULTI

INCREASED	81
DECREASED	43
STABLE	538

SINGLE

INCREASED	177
DECREASED	448
STABLE	950

HELICOPTER

INCREASED	13
DECREASED	269
STABLE	818

In the multi and single piston market, values appear to be for the most part stable as displayed on the Aircraft Bluebook – at a – glance monitor. More opportunities for the majority of the pilot population here in the USA are represented in this segment. This means those folks who fly and maintain the “big stuff” may have one of these in their hangar for personal or business use.

This segment is also a stepping stone. For some, it is part of the transition process of moving up to more complex aircraft, and, for others, the opposite. In any case, lots of activity makes for a healthy market.

For the helicopter market, the recession is over. Values are stable and there is a broad base of activity in this market segment. Two key factors that keep this industry on the go are quality of life issues that are always on the forefront: security and energy.

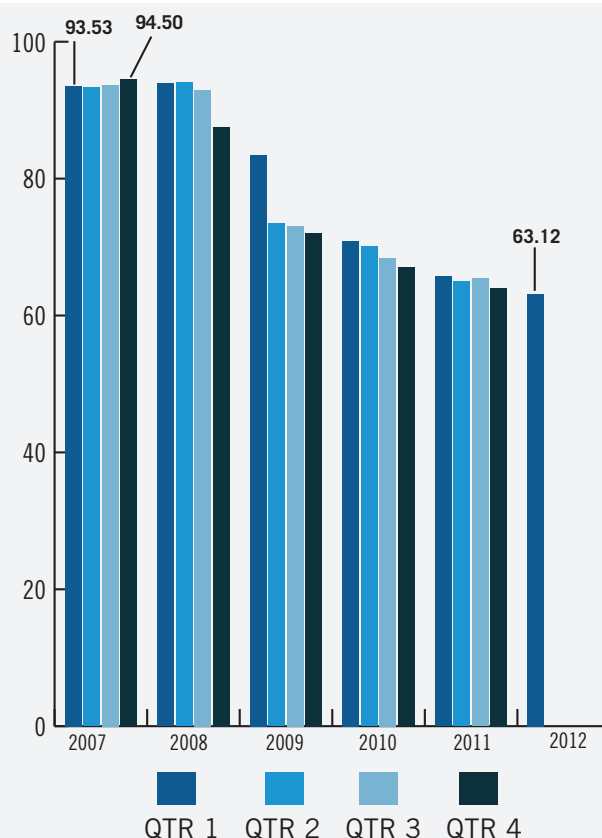
CURRENT MARKET STRENGTH

CMS represents an aircraft's current strength in the market. An A+ rating indicates the aircraft is enjoying a very firm market. Prices for an A+ aircraft are steadily rising, and holding times are very short or nonexistent. At the opposite end of the spectrum, a C- aircraft is one experiencing a very soft market. Its price is commonly discounted, and it often sets on the ramp in excess of eight months before selling. It is important to remember that Current Market Strength is not a forecast. It is valid only at Marketline's effective date of release. *See chart below.*

MARKETLINE CHARTS

All of the listed aircraft have a composite score that is presented in the Used Aircraft Market graph. Data points are represented in relationship to the respective new delivered historical price that is equal to 100%. The measure of change is reported in the actual percentage of value in relation to new. The delta between reporting periods can be concluded as the percentage of change.

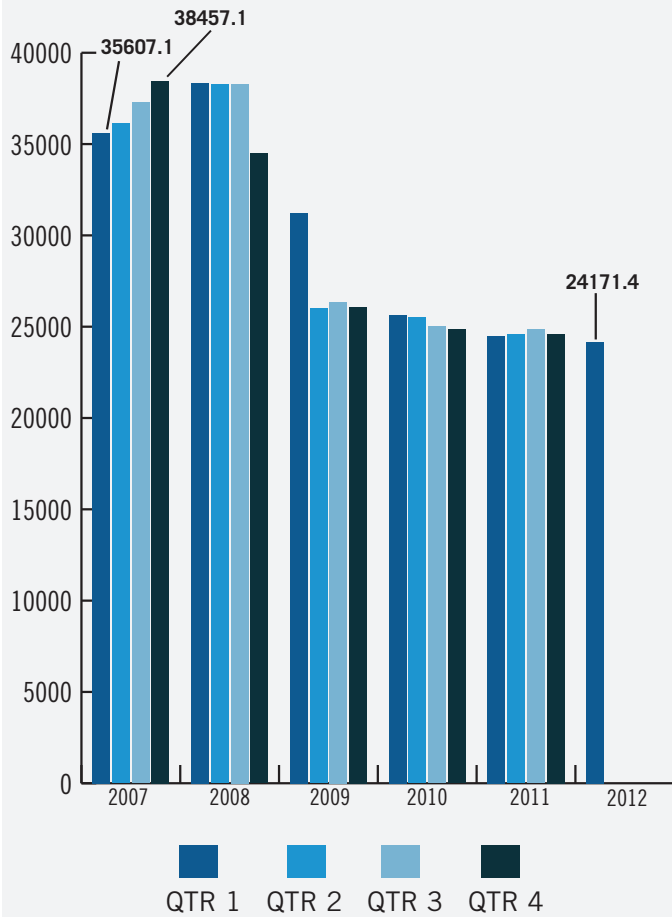
USED AIRCRAFT MARKET



CURRENT MARKET STRENGTH (CMS)

2007/2008 Model	CMS	2007/2008 Model	CMS	2007/2008 Model	CMS
Beech Premier 1A	B	Gulfstream G200	B	Cirrus SR22-G2	B
Bombardier Global XRS	A	Gulfstream G150	B	Cirrus SR20-G2	B
Bombardier Challenger 604	B	Hawker 800XP	B	Diamond DA40-180XLS Star	B
Bombardier Challenger 300	A	Hawker 400XP	C	Diamond DA20-C1 Eclipse	B
Bombardier LearJet 60XR	B	Beech King Air 350	A	Mooney M20TN Acclaim	B
Bombardier LearJet 45XR	B	Beech King Air B200	A	Mooney M20R Ovation	B
Cessna Citation X	B	Beech King Air C90GT	A	Piper PA46-350P Mirage	B
Cessna Citation XLS	B	Cessna 208B Grand Caravan	A	Piper PA34-220T Seneca V	B
Cessna Citation CJ3	B	Piaggio P180	B	Piper PA28R-201 Arrow	B
Cessna Citation CJ2	B	Pilatus PC-12/47	B	Piper PA28-181 Archer III	B
Dassault Falcon 900EX Easy	A	Piper PA46-500TP Meridian	B	Evektor Sportstar (LSA)	B+
Dassault Falcon 50EX	B	Socat TBM 850	B	Flight Design CTLS (LSA)	B+
Dassault Falcon 2000EX	A	Beech 58 Baron	B	Agusta A109 Grand	A
Embraer EMB-135 Legacy	A	Beech A36 Bonanza	B	Bell 206 L-4	A
Embraer Phenom 100	A	Cessna T206H Stationair	B	Eurocopter AS350-B3	A
Gulfstream G550	A	Cessna 182T Skylane	B	Robinson R44 Raven II	A
Gulfstream G450	A	Cessna 172S Skyhawk	B	Sikorsky S-76C++	A

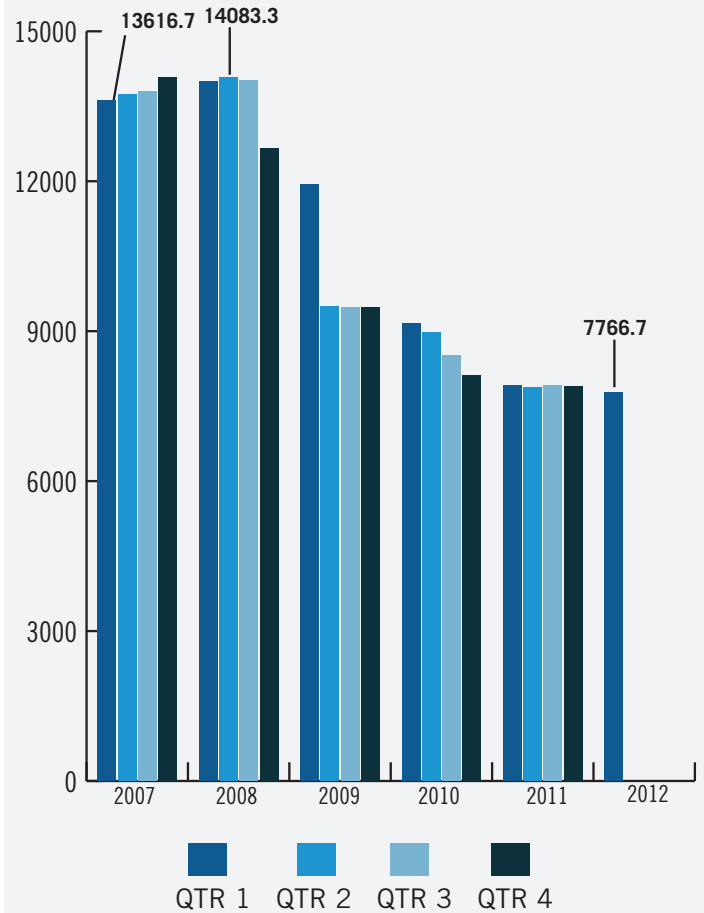
LARGE JET



The Large Jet chart depicts the average price (in thousands) of the seven jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2006 Bombardier Global Express	0.0
2007 Bombardier Challenger 605	0.0
2005 Dassault Falcon 900 EX Easy	0.0
2005 Dassault Falcon 200EX Easy	-2.9
2005 Gulfstream G550	-5.0
2005 Gulfstream G450	0.0
2005 Embraer EMB135 Legacy	-3.9

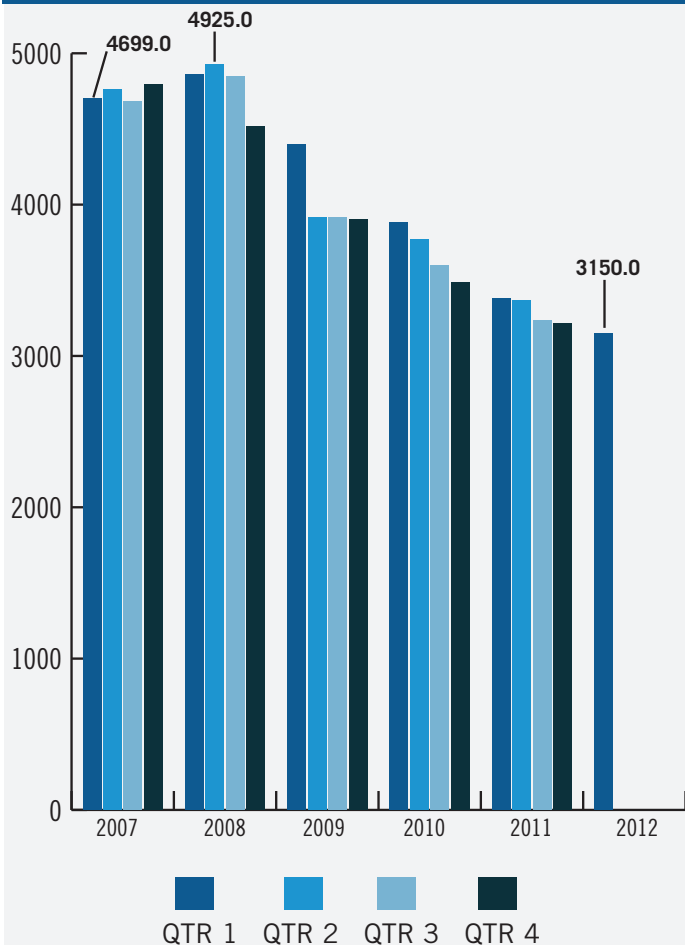
MEDIUM JET



The Medium Jet chart depicts the average price (in thousands) of the six jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Bombardier Challenger 300	0.0
2005 Bombardier Lear 45XR	0.0
2005 Cessna Citation Sovereign	-5.0
2005 Cessna Citation XLS	0.0
2006 Gulfstream G150	0.0
2005 Hawker 800XP	-5.5

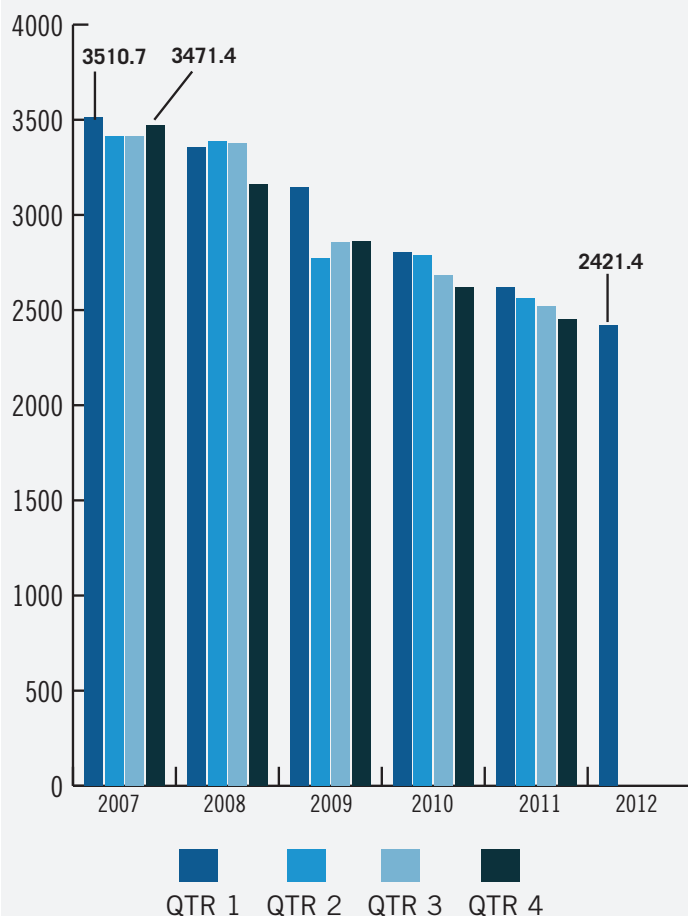
SMALL JET



The Small Jet chart depicts the average price (in thousands) of the six jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Beech Premier 1	-4.5
2005 Cessna Citation CJ2+	0.0
2006 Cessna 510 Mustang	-5.3
2008 Embraer Phenom 100	0.0
2009 Embraer Phenom 300	0.0
2005 Hawker 400XP	-9.1

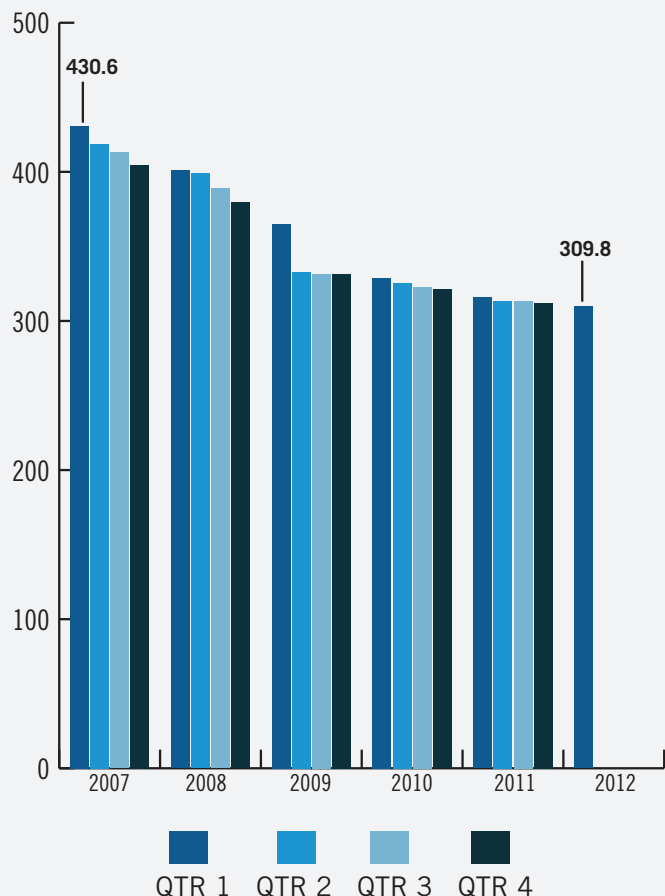
TURBOPROP



The Turboprop chart depicts the average price (in thousands) of the seven jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Beech King Air350	-2.8
2005 Beech King AirB200	0.0
2005 Beech King AirC-90B	0.0
2005 Cessna 208 Grand Caravan	0.0
2005 Piaggio AvantiP180	-2.5
2005 Pilatus PC12/45	0.0
2005 Socata TBM700C2	0.0

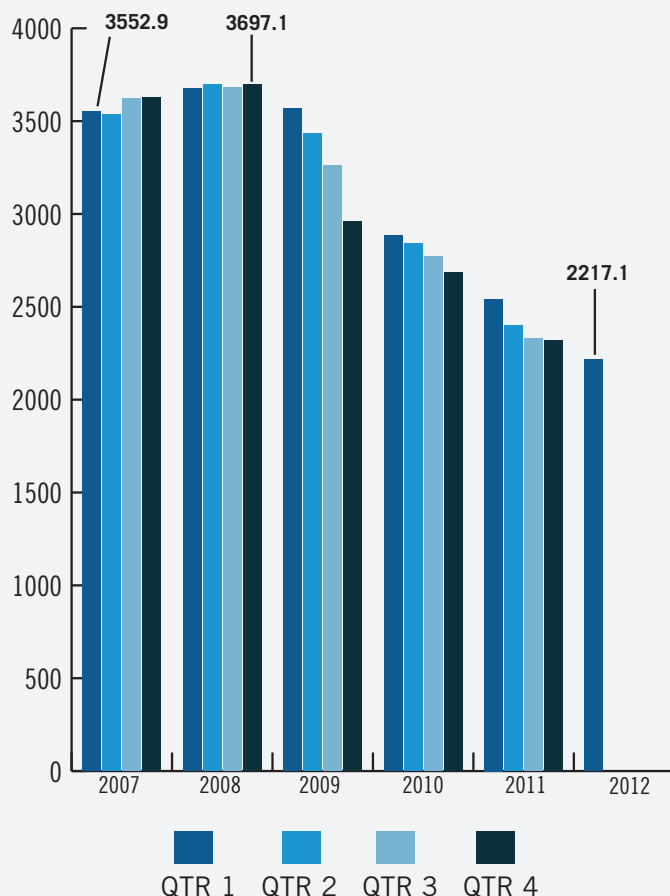
SINGLE/MULTI PISTON



The Single/Multi-Piston chart depicts the average price (in thousands) of the 12 jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Beech 58 Baron	0.0
2005 Diamond DA42 Twin Star	0.0
2005 Piper PA34-220T Seneca V	-1.1
2005 Beech A36 Bonanza	0.0
2005 Cessna/Columbia 400	-3.3
2005 Cessna 182T Skylane	0.0
2005 Cessna T206H Turbo Stationair	-1.8
2005 Cessna 172S Skyhawk SP	0.0
2005 Cirrus SR22-G2	0.0
2005 Piper PA46-350P Mirage	-0.8
2005 Piper PA28R-201 Arrow	-1.2

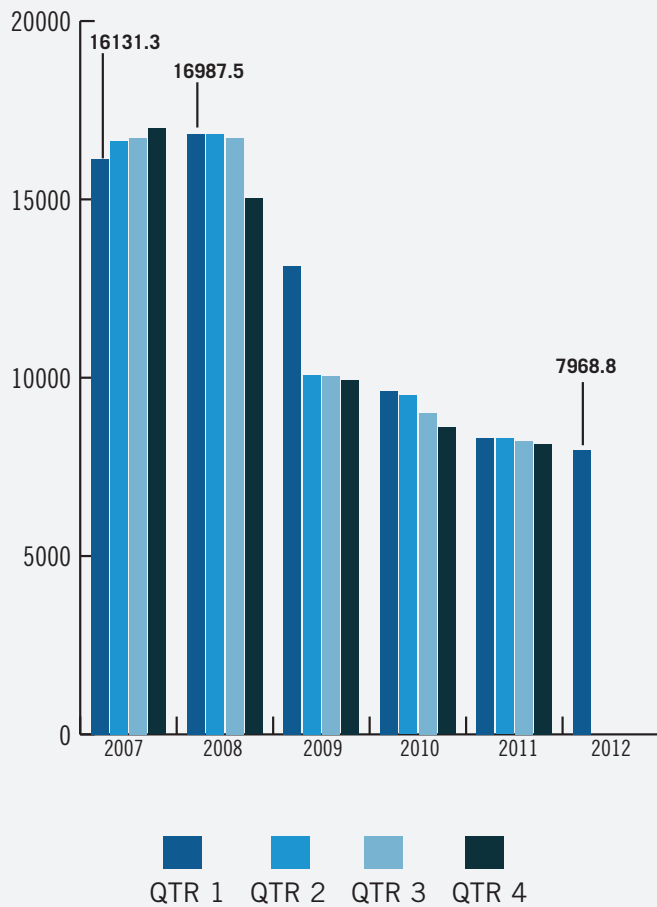
HELICOPTER



The Helicopter chart depicts the average price (in thousands) of the seven jets listed. Each model's year will precede the name of the aircraft.

YEAR/MODEL	%CHANGE
2005 Agusta A109E Power	0.0
2005 Bell 430	-14.7
2005 Eurocopter EC130B4	0.0
2005 Eurocopter AS350B-3 Ecureuil	-11.0
2004 Enstrom 280FX	0.0
2005 Robinson R44 Raven	0.0
2005 Sikorsky S-76C+	0.0

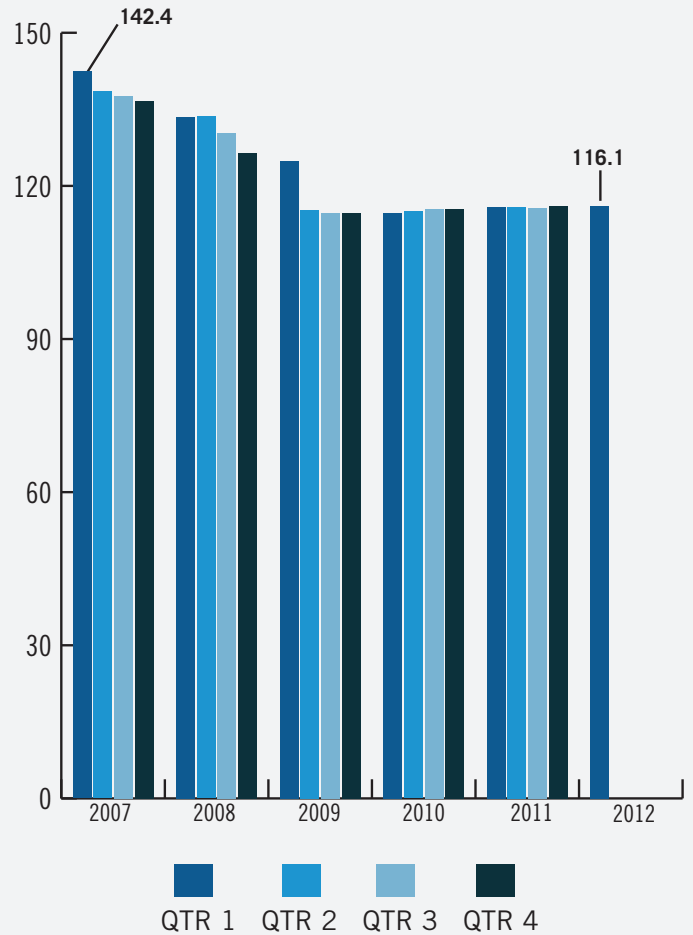
LEGACY JET



The Legacy Jet chart depicts the average price (in thousands) of the eight jets listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1996 Bombardier Challenger 604	-2.6
1996 Bombardier Lear 31A	-6.1
1996 Cessna Citation Ultra	-4.5
1996 Dassault Falcon 900B	-1.6
1997 Dassault Falcon 50EX	-7.7
1996 Gulfstream GV	0.0
1996 Gulfstream GIVSP	0.0
1996 Hawker800XP	-6.3

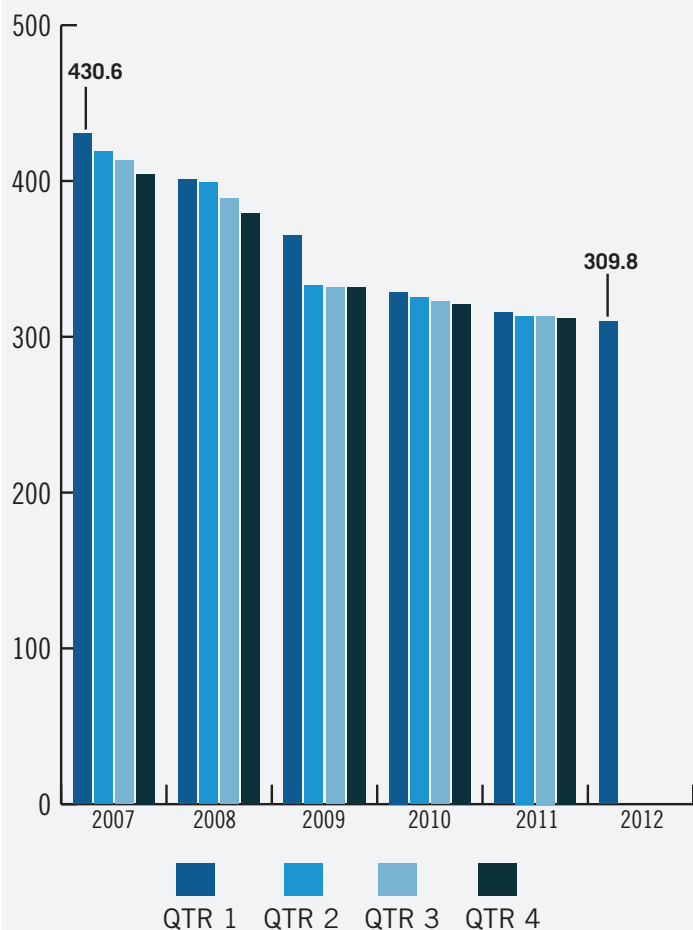
LEGACY PISTON



The Legacy Piston chart depicts the average price (in thousands) of the ten jets listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1990 Beech A36 Bonanza	0.0
1990 Beech F33 Bonanza	0.0
1986 Cessna 210 Centurion II	0.0
1986 Cessna 172P Skyhawk B	+2.1
1985 Cessna 152 Commuter II	-1.9
1990 Mooney 252 TSE	0.0
1990 Piper PA-28-236 Dakota	0.0
1990 Piper PA-28R-201 Arrow	0.0
1990 Piper PA-28-181 Archer II	0.0
1990 Piper PA-28-161 Warrior II	0.0

LEGACY MULTI ENGINE PISTON

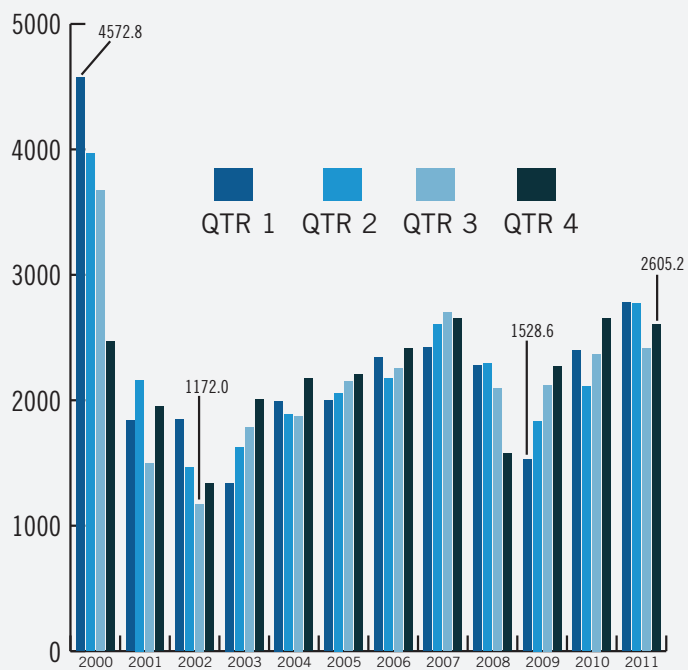


The Legacy Multi Engine Piston chart depicts the average price (in thousands) of the six jets listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1986 Beech 58P Pressurized Baron	0.0
1990 Beech 58 Baron	0.0
1985 Cessna 421 Eagle III	+1.2
1981 Cessna 310R II	+3.8
1982 Piper PA-310C Navajo	0.0
1990 Piper PA-34-220T Seneca III	+1.1

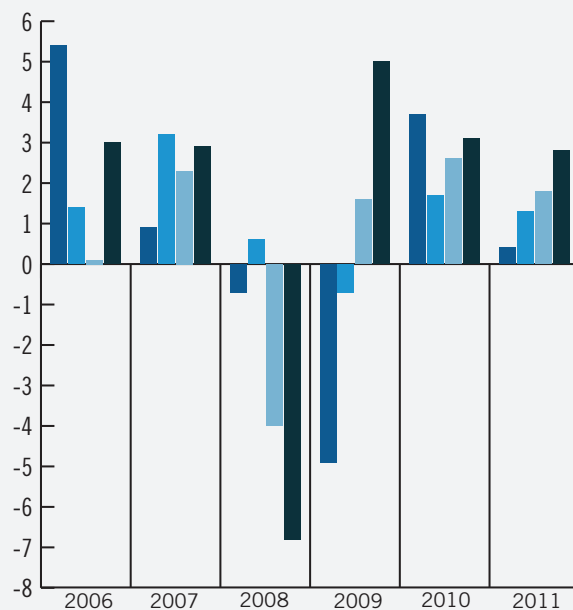
NASDAQ

Consider these graphs as crosschecks. The general aviation and business aircraft market does not operate in a vacuum but is a part of the bigger picture.



U.S. REAL GDP

Each data point represents the BEA's final figure or latest estimate of the quarter-to-quarter seasonally adjusted annual rates of change in real GDP "based on chained 2005 dollars." The study begins with the first quarter in 2006.

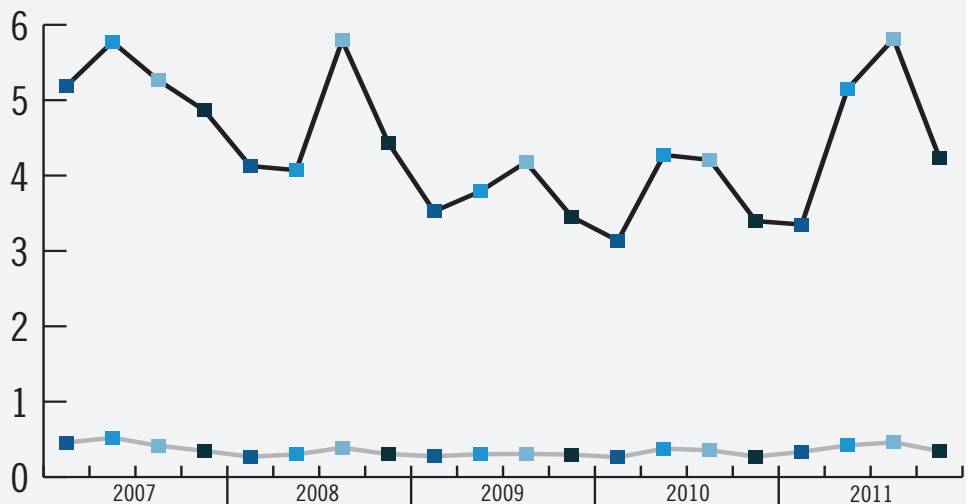


CHANGE OF STATUS: SINGLE/MULTI

The black line in the chart depicts change-of-status data for singles. The light gray line represents multi.

Single: 4232
Multi: 346

QTR 1 QTR 2 QTR 3 QTR 4

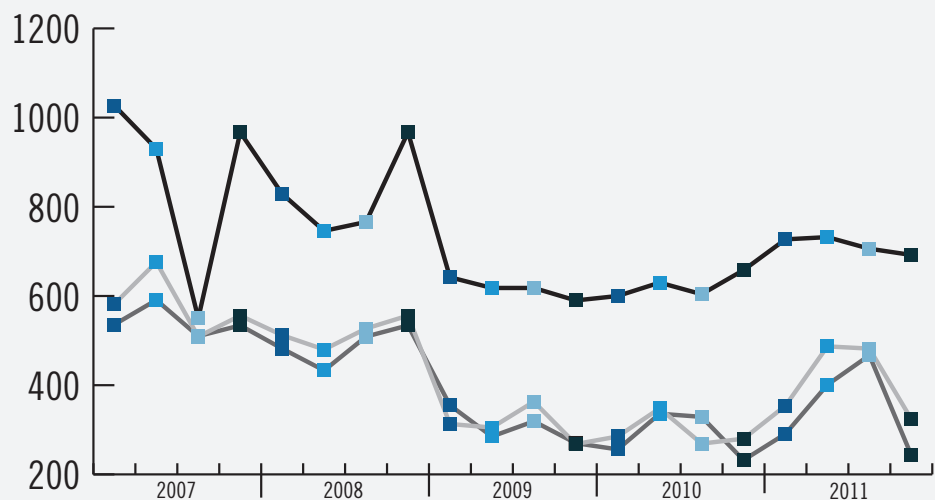


CHANGE OF STATUS: JET/TURBO/HELI

The black line in the chart represents change-of-status information for jets. The light gray line depicts turboprops, while the dark gray line represents helicopters.

Jet: 692
Turboprop: 324
Heli: 243

QTR 1 QTR 2 QTR 3 QTR 4

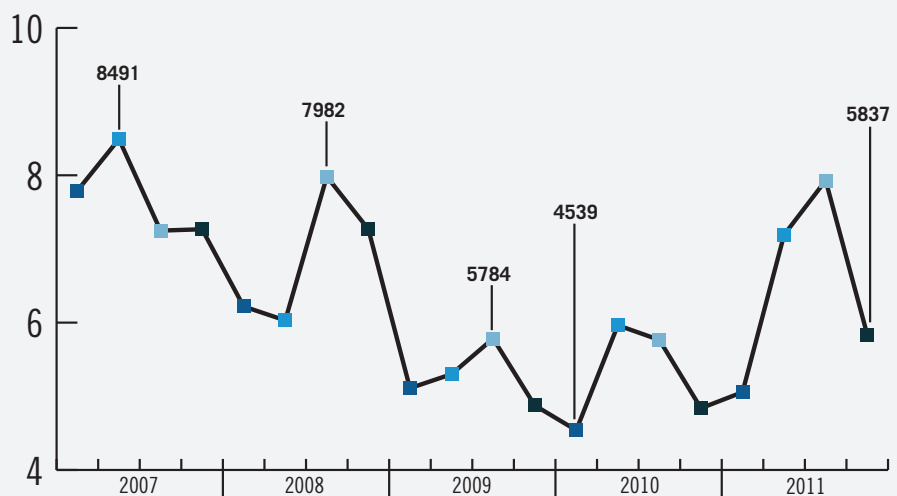


CHANGE OF STATUS: TOTAL MARKET

Depicts change-of-status data for all aircraft included in the Aircraft Bluebook. The numbers are from the FAA Registry. Gliders, homebuilts, airliners and other aircraft not found in the Bluebook are not included in this study.

Total Market

QTR 1 QTR 2 QTR 3 QTR 4



INTO THE BLUE

THE LSA CHOICE

By Chris Reynolds, AM | *Aircraft Bluebook-Price Digest* ®

If choices are king, it is good to be king. Even though the FAA's approved LSA category has only been around a few years, the number of aircraft and manufacturers from which to choose has literally flown through the roof. That's not to say that every LSA manufacturer is a new kid on the block, in fact a good majority have been producing aircraft for quite some time overseas. Almost all of the US registered models have scores of brethren flying elsewhere in the world. While most of the manufacturers have been European, American companies are on board as well, including big time manufacturer Cessna, who has been busy working on their large backlog of the Skycatcher.

The LSA is bringing the weekend warrior out of the hangar and could be the catalyst to reenergize recreational flying.

"IF CHOICES ARE KING, IT IS GOOD TO BE KING."

With more than 100 different models registered in the US, the prospective buyer certainly doesn't have to worry about a lack of choice. The consumer's abundant options don't stop once he or

she has decided on a particular model either. The trickle down effect of technology in aviation is rewarding the buyers of the newest LSAs.

Today the flexibility and availability of technology is giving buyers access to aircraft made with the latest materials and avionics that used to be found only in the business jet community. Most impressive is the selection of avionics ranging from a few standard gauges to Glass EFIS systems being offered as standard equipment. The relatively low cost of adding these advanced avionics make the buyer's decision as obvious as buying a new car, but not spending a little more for air-conditioning.

The appeal to the light sport movement is its ability to reach a compromise between the average pilot's needs and wants and his wallet. Mr. Webster defines compromise as something intermediate between or blending qualities of two different things. In this case, it means taking the best characteristics of full size aircraft, incorporating them into smaller LSAs and wrapping them up with the best avionics money can buy. The end result is a cutting edge aircraft that preserves the pilot's budget, while bringing back the feel of a Sunday afternoon flight in that old J3 Cub.

WHAT'S NEW IN ABB

Multiple 2012 models for the Spring Volume have been added

Rockwell Collins' Corporate Aircraft Service Program (CASP) was added, it can found in Appendix A at aircraftbluebook.com under the Maintenance Programs

Updated Airworthiness Directives available on [Aircraftbluebook.com](http://aircraftbluebook.com)

Tabbed navigation of the adjustment section on [Aircraftbluebook.com](http://aircraftbluebook.com) to make valuations quicker and convenient

A user notes feature was added to Aircraftbluebook.com to allow users 4,000 characters of space for notes on your aircraft valuation printouts

AIRCRAFT BLUEBOOK AROUND THE GLOBE

The National Aircraft Finance Association's (NAFA) annual meeting in Savannah, GA; April 24th – 27th

A non-profit corporation dedicated to promoting the general welfare of individuals and organizations providing aircraft financing and loans secured by aircraft; to improving the industry's service to the public; and to working with government agencies to foster a greater understanding of our members' needs. www.nafa.aero

The India Aviation Show in Hyderabad, India; March 14th – 18th

Ministry of Civil Aviation, Government of India, jointly with Federation of Indian Chambers of Commerce & Industry is organizing the 3rd edition of India Aviation 2012. www.india-aviation.in

Asian Business Aviation Conference & Exhibition (ABACE) in Shanghai, China; March 27th – 29th

Jointly sponsored by the National Business Aviation Association (NBAA) and the Asian Business Aviation Association (AsBAA). www.abace.aero

European Business Aviation Conference & Exhibition (EBACE) in Geneva, Switzerland; May 14th – 16th

Jointly hosted each year by the European Business Aviation Association (EBAA), the leading association for business aviation in Europe, and the National Business Aviation Association (NBAA), the leading voice for the business aviation industry in the United States, is the premier annual meeting place for the European business aviation community. This three-day event features Exhibits, an incredible Static Display of Aircraft, Education Sessions and Maintenance & Operations Sessions (M&Os) – all located at the magnificent Palexpo and Geneva International Airport. www.ebace.aero

ASK AIRCRAFT BLUEBOOK

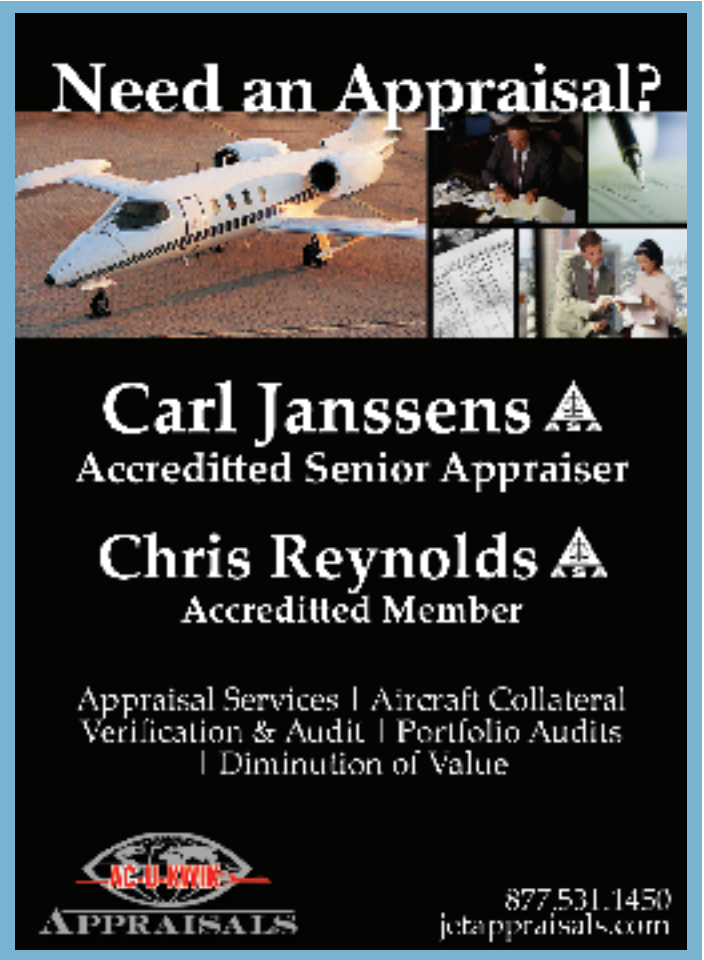
In an effort to better explain how the Aircraft Bluebook works, we have included a few more FAQs this month that are relevant to all aircraft large and small. If you have any questions about the Aircraft Bluebook-Price Digest®, please feel free to give the editorial staff a call at 1-800-654-6776 or email us, info@aircraftbluebook.com.

How much does the Bluebook deduct for missing or incomplete logbooks?


This question is one of the most frequently asked and is similar to questions regarding the impact of damage history. The answer is very subjective and depends on many things such as: the extent of the missing logs, amount of time the aircraft has flown since the missing history, and the cost to reconstruct the logs (if possible). This is why there is not a one-size-fits-all deduction, because each case is unique, making a standard answer inappropriate. Missing logs can cast a negative shadow over an aircraft and should initiate pause in the buyer's thought process. However, this doesn't mean there aren't extenuating circumstances why a log book might not be available, but as a buyer you should proceed with caution when considering an aircraft with lost or incomplete logs. The absence of logbooks prevent potential buyers from learning the aircraft's complete history including any damage incidents, component removal/installation, weight and balance changes, or maintenance lapses that may have occurred. As a seller, an attempt to reconstruct the logbooks can show good faith to the prospective buyer and might not be as difficult as one might think. A good place to start is the Aircraft Registration Branch of the FAA's Aeronautical Center in Oklahoma City. They can provide copies of an aircraft's airworthiness data, including any Form 337 reports of damage, for a small fee.


How is the Add for – low engine hourly rate in the Bluebook calculated?

The hourly rate listed for the majority of Aircraft in the Bluebook is calculated by dividing the average overhaul cost by the engine TBO hours. For example, a 1997 Cessna 172R with a 160 hp Lycoming IO-360-L2A has an average overhaul cost of \$25,000 dollars and the TBO for the engine is 2,000 hours. Dividing \$25,000 dollars by 2,000 hours results in \$12.50 for the hourly engine rate. Next, this number is used to calculate any credit or deduction for low or high engine time.




Need an Appraisal?

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Chris Reynolds 
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Verification & Audit | Portfolio Audits
| Diminution of Value


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