

MARKETLINE

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2012 NEWSLETTER

BLUEBOOK PERSPECTIVES

HEAT – THUNDER AND POLITICS

By Carl Janssens | Editor and Chief Appraiser

From a weather perspective, the first quarter of 2012 in Kansas City, wasn't so bad. What should have been snow and ice, turned out to be an early Spring. Second quarter April showers brought some May flowers, but after that it got hot, really hot – Arizona hot. Or, in the words of Airman Adrian Cronauer in the film Good Morning Vietnam, "It's hot!" With the heat came ... nothing. Mother Nature dried her tear ducts. A severe drought not only ensued, but is still in progress. Not to say there haven't been occasional claps of thunder, but nothing apart from hit and miss precipitation. The only thing in abundance is politics. As everyone knows by tuning into their favorite media outlet, it is the Olympics of American politics.

No, this isn't about weather or politics, but a great metaphor to describe the current general and business aviation re-sale economy.

Talk about heat, the ongoing battle over user's fees has the interest of general aviation standing at attention. Not that user fees will cause a grinding halt to general aviation, but it will certainly stifle its spirit. That's not good. Then, there are environmental issues, such as taking the low lead out of avgas in California. Buyers and sellers are keenly aware of these and other issues impacting our aviation marketplace. After these hurdles are cleared, then the aircraft's time and condition, along with market perception, will make up the sweet spot that makes a deal happen.

Along with the heat, there is a drought. Our industry has been a dustbowl since 2008. Even in a drought, an occasional clap of thunder happens. Not frequently, just here and there. Like thunder, there are similar pockets of activity that continue to bring relief, and more importantly, movement to the pre-owned market. New sales by aircraft manufacturers bring a compounded chain reaction. Market perceptions are related to the amount of activity being experienced in the pre-owned market. Moving the pre-owned inventory entails incredible knowledge and insight on the part of the aircraft dealer/broker. Bluebook help sheets collected from various dealers and brokers, report positive sales activity to others hoping activity will pick up. Just like a summer thunderstorm, it's a hit and miss scenario.

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BLUEBOOK-AT-A-GLANCE

JET

INCREASED	11
DECREASED	609
STABLE	336

TURBOPROP

INCREASED	2
DECREASED	46
STABLE	568

MULTI

INCREASED	4
DECREASED	171
STABLE	494

SINGLE

INCREASED	36
DECREASED	579
STABLE	1966

HELICOPTER

INCREASED	0
DECREASED	88
STABLE	1011

The presidential and national elections are dragging the economy, including the pre-owned aircraft market. Seems like Wall Street is slumbering in an attempt to wait and see what kind of day will arise on November 6, 2012. At least this election is anticipated to be decisive, and not a repeat of the November 2000 election. What's good or bad will be decided by the people.

Values have been predictable, as reference in Bluebook-At-A-Glance. A majority of aircraft in the jet category trended downward when compared to summer 2012 Bluebook values. Reasons include: better than average inventories, a buyer's market, and finance. Turboprops were mostly stable with little trending when compared to the previous reporting quarter. Likewise, Aircraft Bluebook – Price Digest is reporting a stable market for the multi, single and helicopter categories with minimal trending.

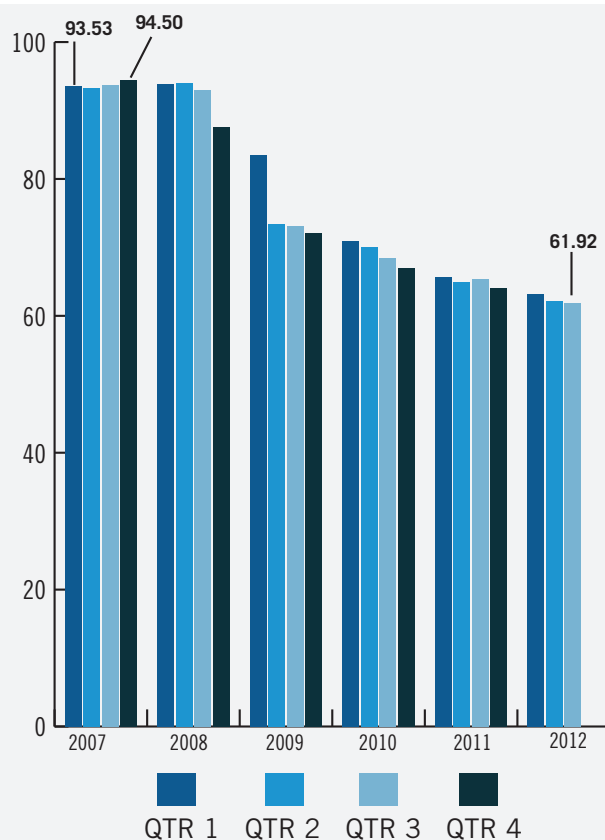
CURRENT MARKET STRENGTH

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.

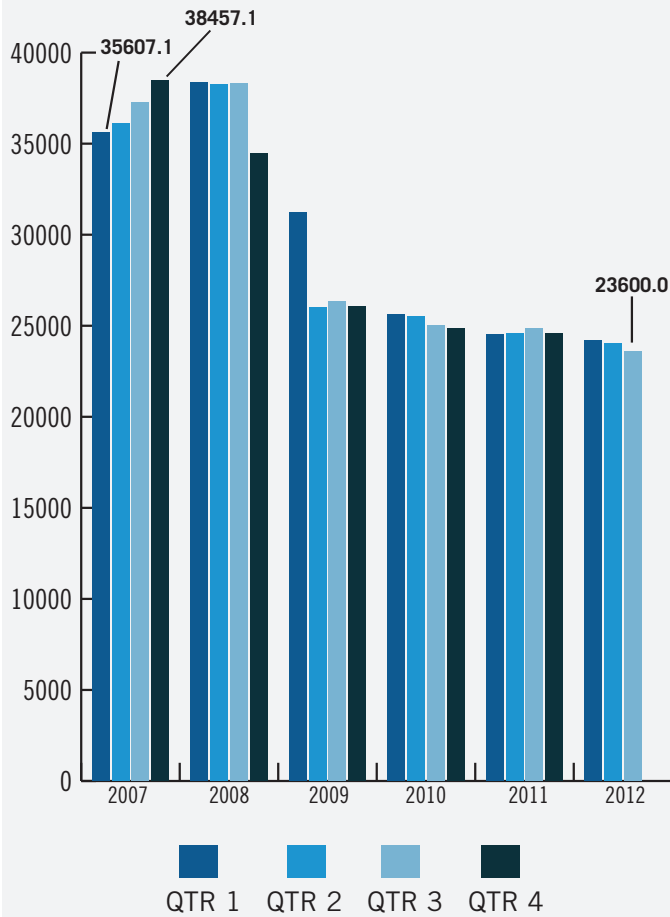
USED AIRCRAFT MARKET



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	Socata TBM850	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

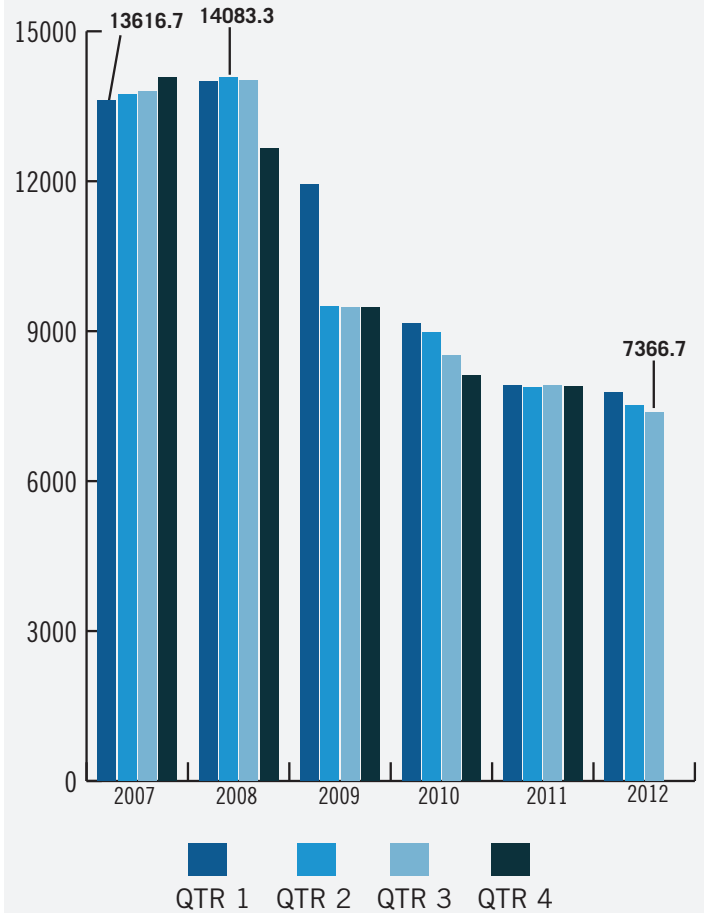
LARGE JET



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	-2.8
2005 Dassault Falcon 900 EX Easy	0.0
2005 Dassault Falcon 200EX Easy	0.0
2005 Gulfstream G550	-5.3
2005 Gulfstream G450	-4.3
2005 Embraer EMB135 Legacy	4.3

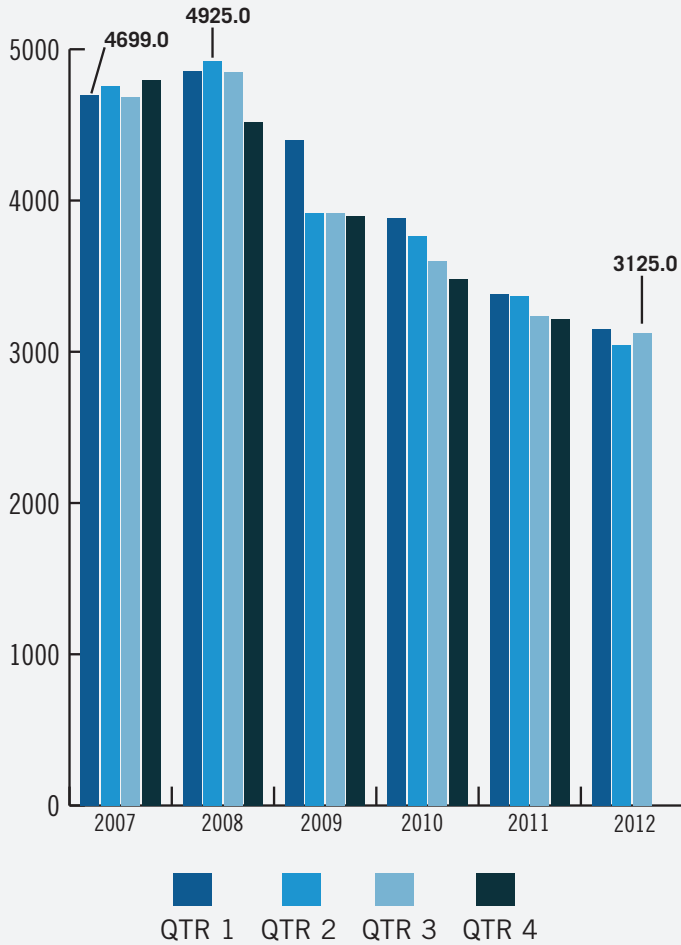
MEDIUM JET



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	-2.0
2005 Bombardier Lear 45XR	-1.9
2005 Cessna Citation Sovereign	-2.2
2005 Cessna Citation XLS	-2.5
2006 Gulfstream G150	0.0
2005 Hawker 800XP	-4.2

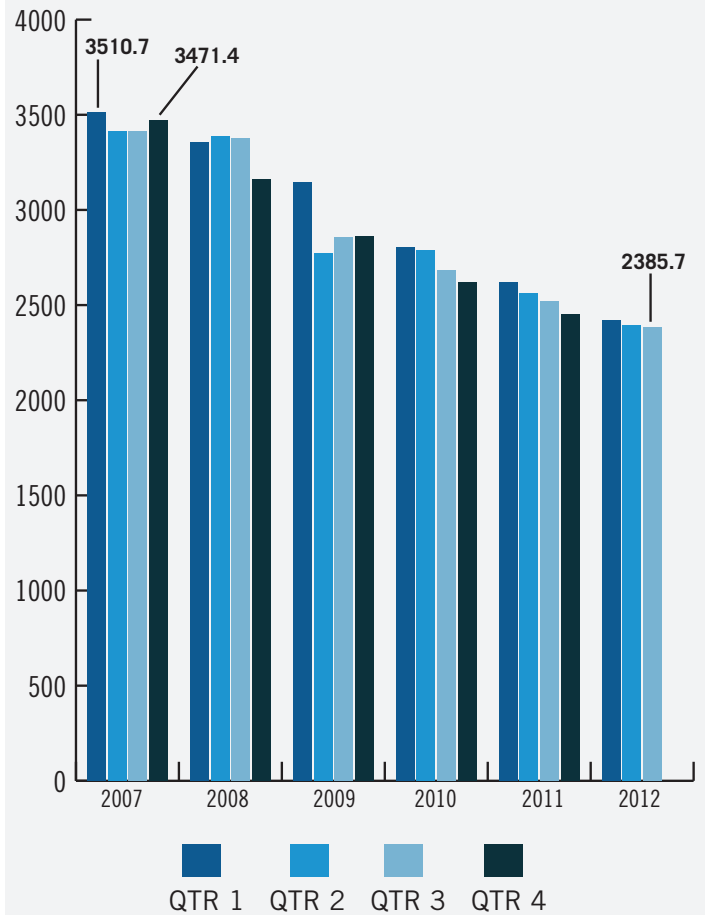
SMALL JET



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	-10.3
2005 Cessna Citation CJ2+	0.0
2006 Cessna 510 Mustang	0.0
2008 Embraer Phenom 100	8.7
2009 Embraer Phenom 300	10.8
2005 Hawker 400XP	-10.0

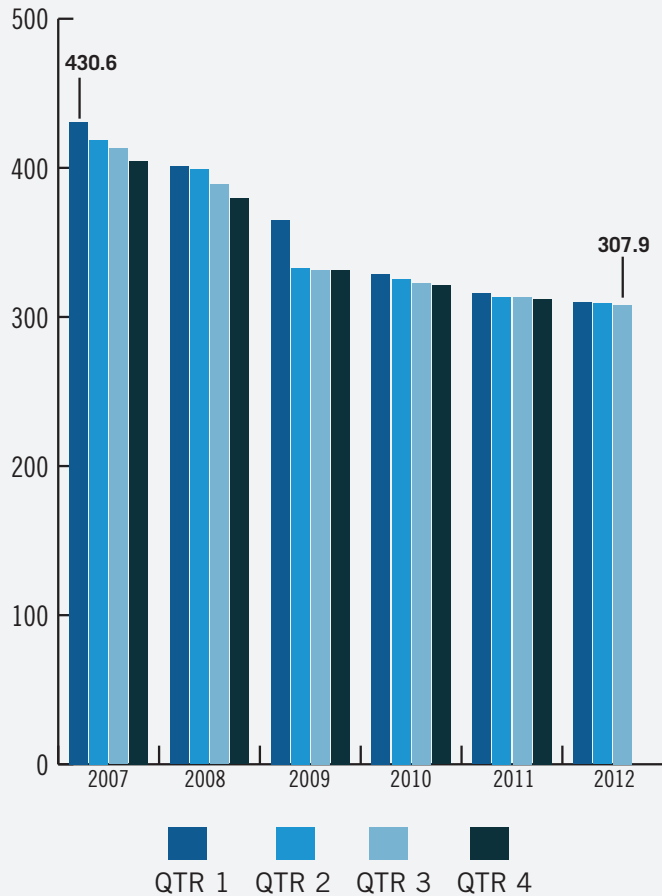
TURBOPROP



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

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

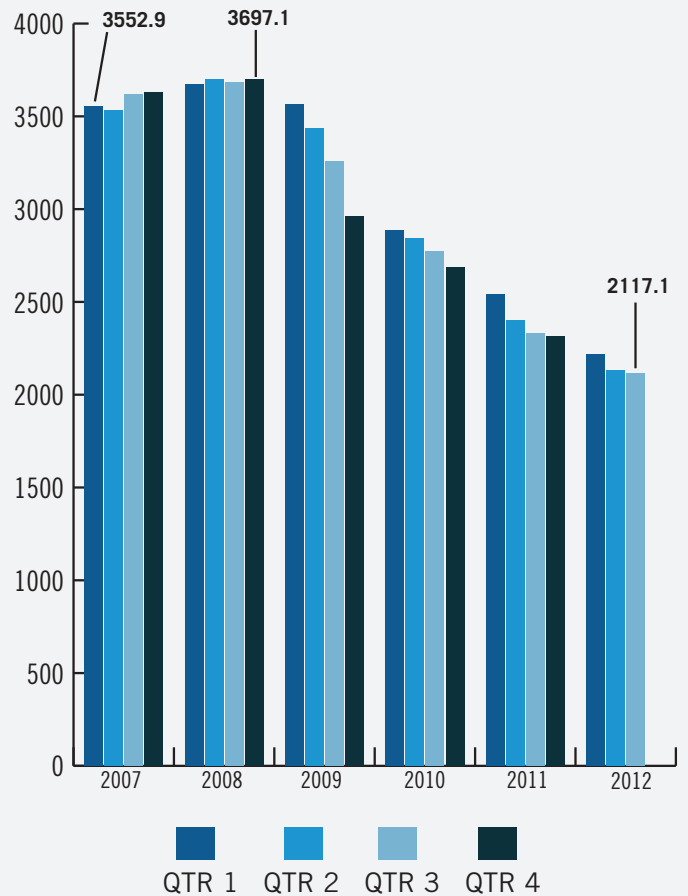
SINGLE/MULTI PISTON



The Single/Multi-Piston chart depicts the average price (in thousands) of the 12 aircraft 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	0.0
2005 Cessna 182T Skylane	0.0
2005 Cessna T206H Turbo Stationair	0.0
2005 Cessna 172S Skyhawk SP	0.0
2005 Cirrus SR22-G2	0.0
2005 Diamond DA40-180 Star	-1.5
2005 Piper PA46-350P Mirage	0.0
2005 Piper PA28R-201 Arrow	-2.9

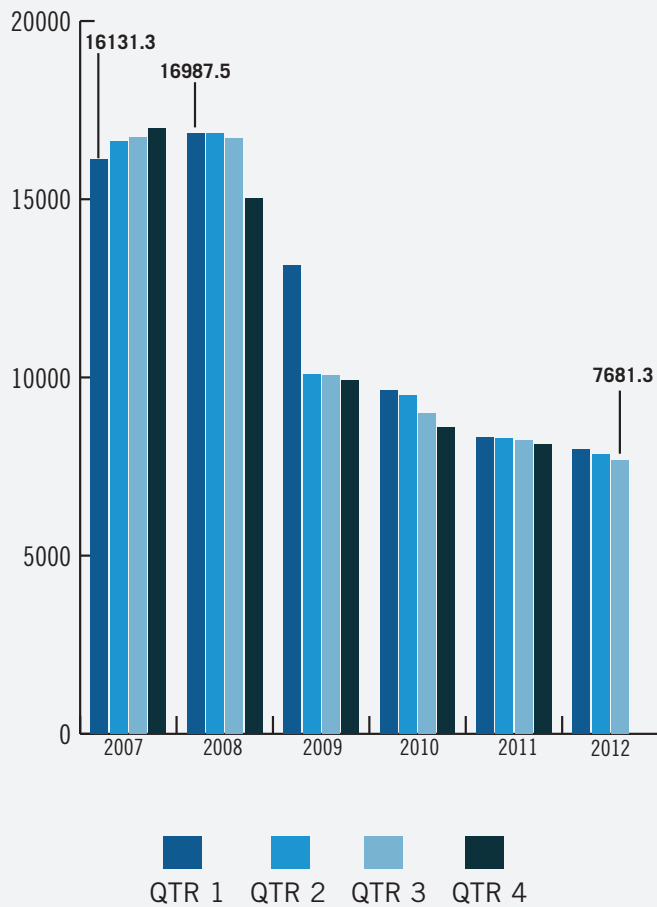
HELICOPTER



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

YEAR/MODEL	%CHANGE
2005 Agusta A109E Power	-3.3
2005 Bell 430	0.0
2005 Eurocopter EC130B4	0.0
2005 Eurocopter AS350B-3 Ecureuil	0.0
2004 Enstrom 280FX	0.0
2005 Robinson R44 Raven	0.0
2005 Sikorsky S-76C+	0.0

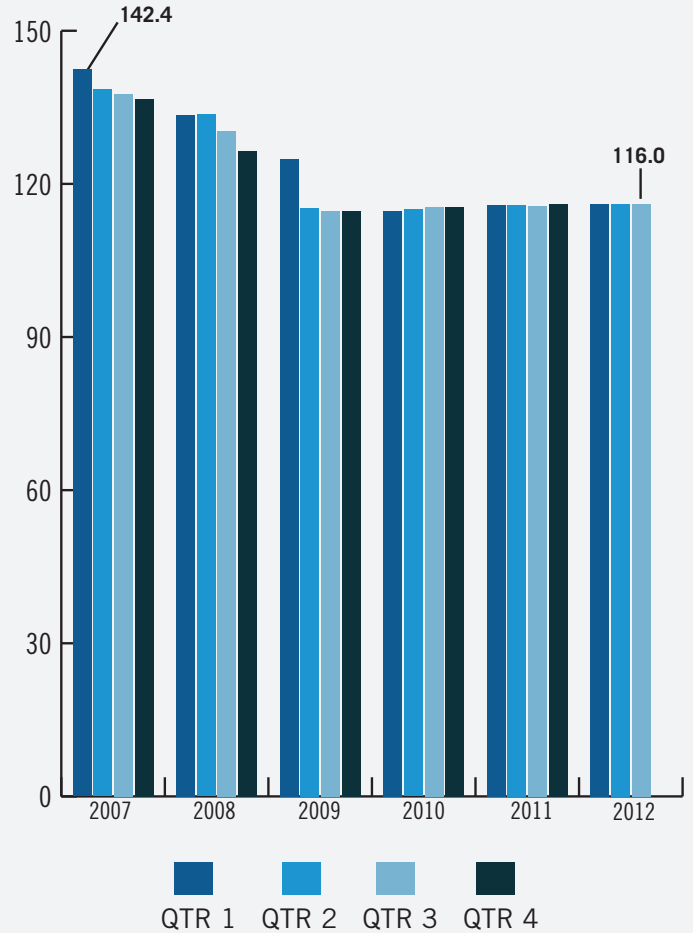
LEGACY JET



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	-1.4
1996 Bombardier Lear 31A	-6.9
1996 Cessna Citation Ultra	-5.0
1996 Dassault Falcon 900B	-4.3
1997 Dassault Falcon 50EX	-1.7
1996 Gulfstream GV	0.0
1996 Gulfstream GIVSP	0.0
1996 Hawker800XP	-10.7

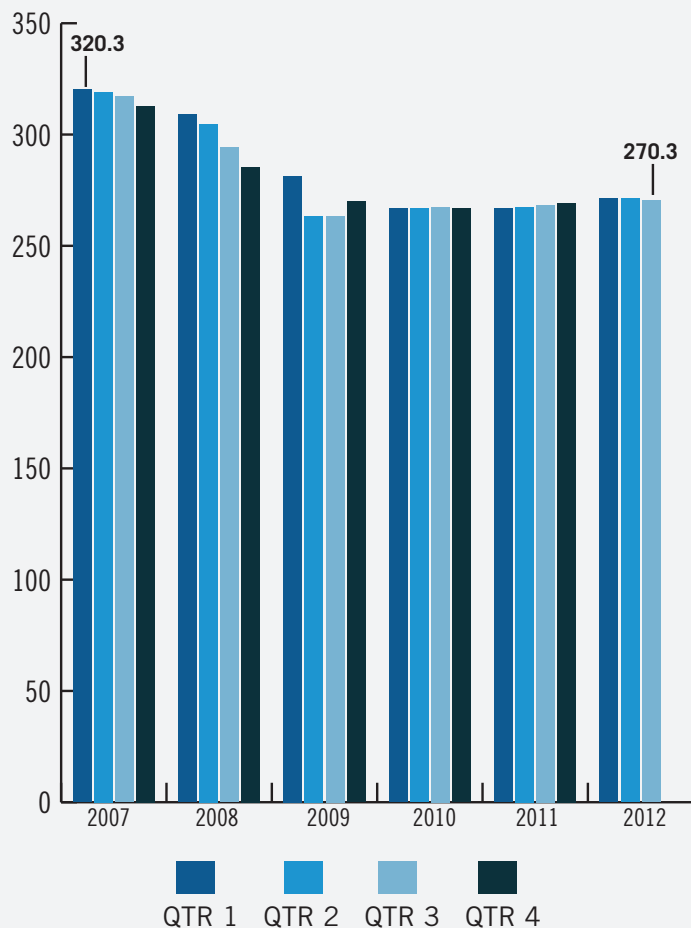
LEGACY PISTON



The Legacy Piston chart depicts the average price (in thousands) of the ten piston aircraft 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	0.0
1985 Cessna 152 Commuter II	0.0
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

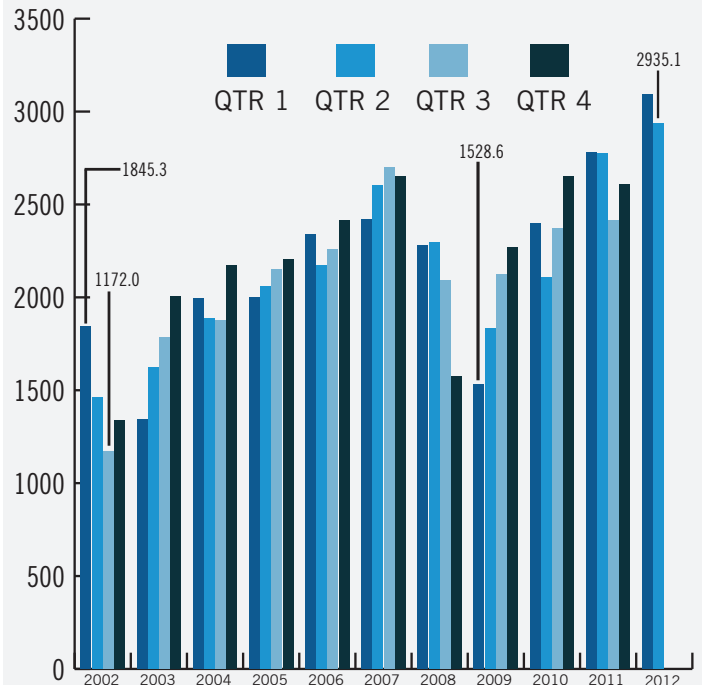


The Legacy Multi Engine Piston chart depicts the average price (in thousands) of the six aircraft listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1986 Beech 58P Pressurized Baron	0.0
1990 Beech 58 Baron	0.0
1985 Cessna 421 Eagle III	0.0
1981 Cessna 310R II	-3.7
1982 Piper PA-310C Navajo	0.0
1990 Piper PA-34-220T Seneca III	0.0

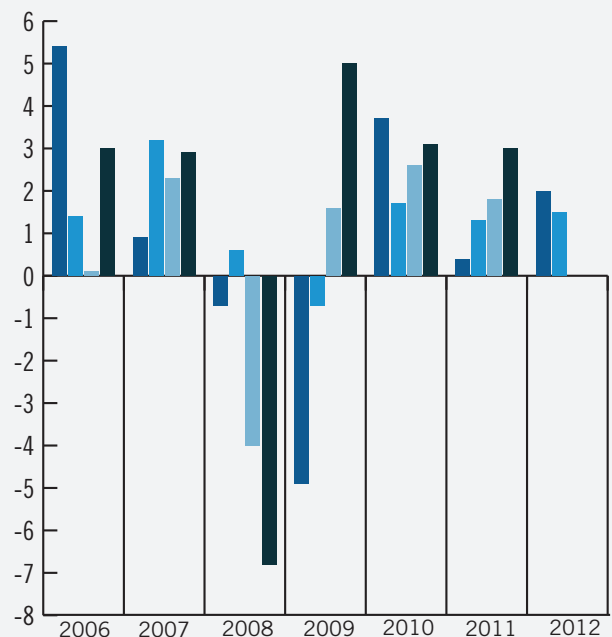
NASDAQ

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.

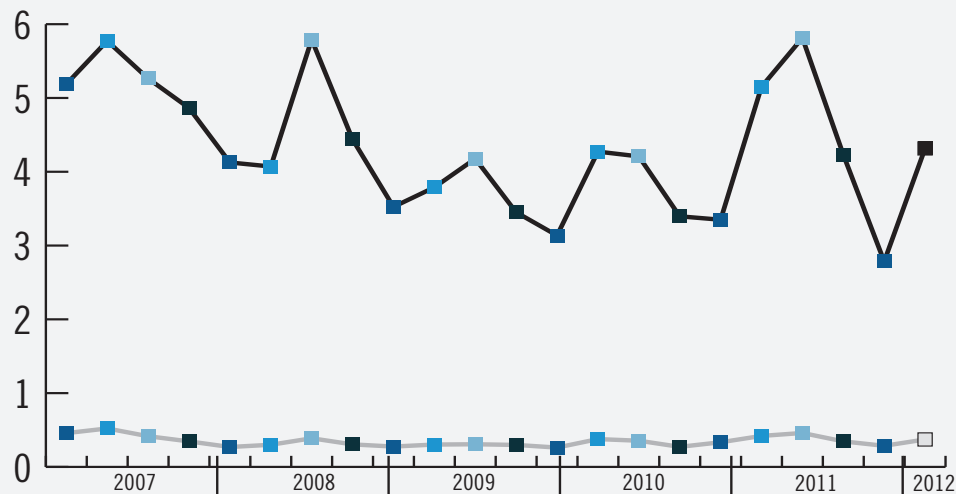


CHANGE OF STATUS: SINGLE/MULTI

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

Single: 4316
Multi: 372

QTR 1 QTR 2 QTR 3 QTR 4

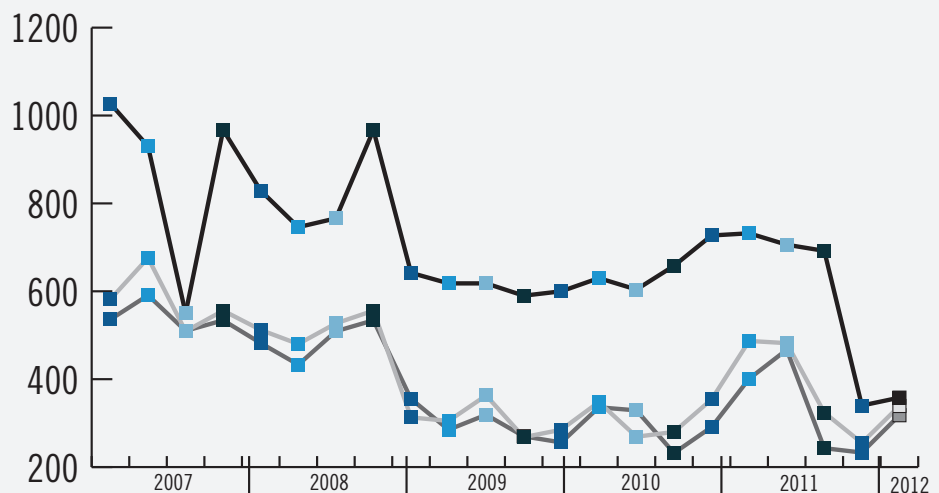


CHANGE OF STATUS: JET/TURBO/HELI

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: 358
Turboprop: 339
Heli: 318

QTR 1 QTR 2 QTR 3 QTR 4

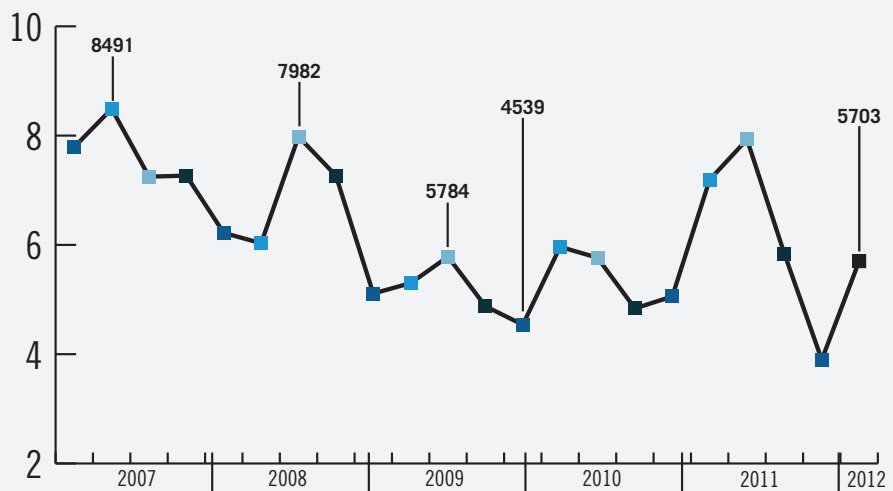


CHANGE OF STATUS: TOTAL MARKET

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

Cessna Citations – How to Keep Them All Straight

By Paul Wyatt | Consulting Editor

We can all agree that Cessna has always built an impressive line of business jets that carry the name “Citation”. However, they haven’t always been the best at naming them. Here is an easy way of mentally keeping track of all the models.

First flown in 1969, Cessna planned on simply calling their new jet the “Fan Jet 500”, sticking to the model numbering system begun in 1946 with the introduction of the Cessna 120. However, marketing guru Jim Taylor believed the plane needed a moniker that would invoke images of speed and performance (although the first Citations were anything but fast). Taylor chose “Citation” after the 1947 Triple-Crown winning race horse.

To this day, many documents produced by Cessna, such as performance and specifications publications, still have a horseshoe on the cover in reference to the origin of the Citation name.

The flying public loved the plane, and sales of the first Citations blossomed beyond Cessna’s expectations. But that’s where the creativity from the marketing department ended. For the next 24 years Cessna simply added numbers and letters after “Citation” until someone spoke up and said “Let’s call this one the Bravo!”

What followed that first 500 Citation, was a dizzying combination of names, numbers, pluses and even non-sequential roman numerals that often left jet consumers puzzled. People entering the business in a non- flying role, perhaps in the insurance or finance industries, have often been puzzled by a naming system that really doesn’t make any sense.

One might be trying to mentally separate them into three categories as Cessna intended: the 500 series, 600 series and 700 series. However, there are situations when these family members seem to jump ship from their own brethren, such as the XLS using the fuselage of a 600 series, when in reality it is a member of the 500 series family by name.

What separates these Citations that require so many name changes? Sometimes it seems that design or engineering upgrades give manufacturer marketing departments something they desperately crave: a new model to announce at NBAA. God forbid any airframe manufacture show up in Orlando without a sheet draped over the next big thing. Changes in fuselage width or length, engines, t-tails/cruciform, new avionics suites, improved performance characteristics and wing aerodynamics are among the items that marketing departments love to hang new names. Cessna’s not the only one of course. If you walk around NBAA, you’ll see plenty of white sheets covering mock-ups in wait of a press conference.

There is an easier way to wrap your head around how all of these models stack up to each other. You always hear the phrase, “so and so is bringing out a new model and it’s still the same old tube”... tube meaning cabin circumference. Learjet was famous for using the same “tube” of the original Lear 23 for thirty-six years until a “clean sheet” design resulted in the Lear 45 in 1999.

Cessna Citations can be categorized in the same way. It’s all about fuselage length, engines, wing span, tail configuration, swept wing or straight and avionics suites. But when it comes down to it, there are only three tubes.

Continued on page 10

WHAT’S NEW IN ABB

Propulsion International maintenance programs were added for 2012. They can be found in Appendix A or at Aircraftbluebook.com under the Maintenance Programs link.

Updated Airworthiness Directives are available on Aircraftbluebook.com.

GE maintenance programs were updated for 2012. They can be found in Appendix A or at Aircraftbluebook.com under the Maintenance Programs link.

AIRCRAFT BLUEBOOK AROUND THE GLOBE

**National Business Aviation Association (NBAA) 45th
annual meeting & convention in Orlando, Florida;
October 30th – November 1st**

Founded in 1947 and based in Washington, DC, the National Business Aviation Association (NBAA) is the leading organization for companies that rely on general aviation aircraft to help make their businesses more efficient, productive and successful.

MEBA 2012, Dubai, UAE; December 11th – 13th

Organized on behalf of the Middle East Business Aviation Association (MEBAA)

Tube 1 (Cabin width 55 inches)

The latest “tube” was added in 2006 and is used to build the Citation Mustang. It was a fresh sheet design. With this model, Cessna joined the VLJ (very light jet) market.

Tube 2 (Cabin width 58 inches)

This is where things get a little complicated. This is the basic fuselage design that spawned thousands of Citations throughout the world. As we said before, the **500** first flew in 1969 and was produced until 1985. The **501 SP** was the same plane, approved for single pilot operations. The Citation II, model **550** was a stretched version of the original 500 and was produced from 1978 to 1994 which also had a single pilot version denoted by “SP”. Mixed in for a brief five year run was the Citation SII that had an improved wing design. This aircraft was resurrected as the Citation Bravo in 1997 with several upgrades.

The Citation V stretched the same fuselage even more and began production in 1989. Thrust was increased in 1994 and the Citation Ultra was christened. Another boost in power (among other improvements) resulted in yet another name change to the Encore in 2000. Cessna ceased production of this line in 2009.

With the CitationJet 525, introduced in 1993, Cessna shrunk the airframe, changed the configuration of the empennage and made use of the smaller FJ-44-1A engine recently developed by Williams. A series of improvements over the years -stretching of the fuselage, increased power, more advanced avionics- have created the Citation CJ2, CJ3, and CJ4. Today these three models make up Cessna’s offering in the light jet category.

One other thing all these Citations share besides a 58 inch wide cabin, the same original and distinctive flattened and stubby nose design.

Tube 3 (Cabin width 66 inches)

This was considered “heavy iron” for Cessna when it first developed the Citation III Model 650 in the early eighties. A proposed upgrade of the III was to be called The Citation IV, but the project was shelved. Then Cessna decided to “de-content” the III with a simpler avionics suite and an off-the-shelf interior. Sometimes referred to as the “cheap III” the aircraft was called the Citation VI.

The model 650’s thrust was increased to 4,000 lbs. and it became the Citation VII in 1992, but the bargain VI was produced alongside of it for three years to offer buyers a cheaper alternative.

The Citation X used the same fuselage when it was introduced with its massive Rolls Royce engines with 6,400 lbs. thrust; however the wing was mated to the fuselage in such a way as to provide a “stand up” cabin. Customers loved the stand-up room, but many didn’t need the speed (read: cost) of the Citation X, so in 1998 the Citation Excel was born. It is essentially a shortened Citation X fuselage mated to a straight wing and it sports a cruciform tail. It became the XLS in 2004 after a power increase. Remember, this is officially a 500 series Citation (model 560) when all other 66-inch wide cabins are 600 series.

That leaves the Citation Sovereign. Cessna determined that there was a need for a larger Excel/XLS. So, in essence it has the size and passenger capacity of the Citation X, but straight wings and cruciform tail that enable it to fly in and out of smaller airports. It was first produced in 2004 and remains in production with the Citation X (now called “Ten”) and the Citation XLS (now called XLS+).

So, there you have it. Twenty-four versions of the Citation reduced to three “tubes”. And certainly there were many more changes instituted along the way than we’ve mentioned here, but this offers a way to get your head around so many models over the years. So, what about Citation Latitude and Longitude? Those will have an 83.2 inch wide tube, but let’s not get ahead of ourselves!

“TO THIS DAY,
MANY DOCUMENTS
PRODUCED BY
CESSNA, SUCH AS
PERFORMANCE AND
SPECIFICATIONS
PUBLICATIONS,
STILL HAVE A
HORSESHOE ON
THE COVER IN
REFERENCE TO
THE ORIGIN OF THE
CITATION NAME.”

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.

I have a Cessna 340A that has had a RAM VII overhaul & improvement. How do I adjust for this using the Bluebook?

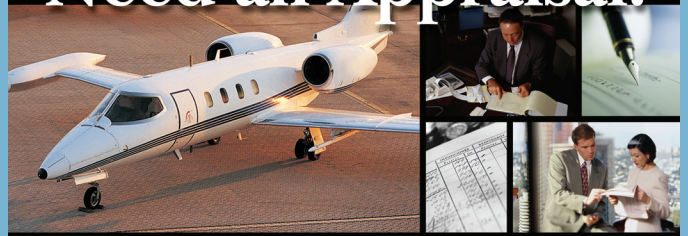
If you are using the Printed Aircraft Bluebook, you will find the RAM information in the Conversion & Modifications section located in Appendix A, under RAM Aircraft. Locate the Cessna 340 model and then the corresponding series of overhaul that is applicable to your model (in this case the series VII). Add the listed amount to the Average Retail value for the aircraft you are valuing. This represents the price of the overhauled engines along with the listed improvements. Since the Aircraft Bluebook values this aircraft with mid-time engines to begin with, the stock pre-RAM engines will need to be timed-out to eliminate their value from the Average Retail value. To do this, deduct 50% of the value of each of the stock engines (half of the value of each engine's listed average overhaul cost). Now that value of the stock engines have been negated, and the value for the RAM overhaul and improvements added, there is one more step, the deduction of hours flown since the RAM overhaul. This is done by looking at the end of the RAM section and finding the hourly rate for the appropriate engine. In this example the engine is the TSIO-520-NB and the rate listed is \$20.63 per hour. Multiply the hours flown since the RAM overhaul by the hourly rate and deduct the answer (for both engines) from the running aircraft valuation total. This adjusted figure now represents the aircraft with the old engines' value removed, while adding the value of the new RAM overhaul and adjusting it for time flown.

If using Aircraft Bluebook online or the Aircraft Bluebook CD-Rom, the process is the same, but with an easier process. To time the engines out, enter the TBO hours listed in the Aircraft Bluebook for each engine in their respective engine boxes. Next select the appropriate RAM overhaul from the Conversion and Mods menu choice, if using the Aircraft Bluebook CD-Rom, or from the Conversion & Mods Tab, if using the Aircraft Bluebook online program. Finally, you must calculate the hours since RAM overhaul deduction and input it manually on the valuation sheet for the CD-Rom users or in the custom adjustment tab for the online users.

How can I submit a sales report to Aircraft Bluebook?

If you receive the printed book, you also will receive a sales report questionnaire twice a year. You can fill it out and then use the return envelope (postage paid) to mail your report back to us or you can go online anytime to www.aircraftbluebook.com and click on the large orange box that says "Click Here to Submit your Aircraft Sales Reports". Finally, you can also email us at info@aircraftbluebook.com. We value your market information and keep all sales information strictly confidential.

Need an Appraisal?



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Verification & Audit | Portfolio Audits
| Diminution of Value



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