

MARKETLINE

VOL 26 NO 3

2013 NEWSLETTER

VALUE RETENTION IN TODAY'S MARKET

By Dennis Rousseau | President and Founder | *AircraftPost.com*

There has been conversation and many questions over the last few years relating to residual values, value retention, value as a percentage of cost new, values coming back, et al. For years, our industry used a 3 to 4 percent annualized depreciation schedule to gauge future values for business jets. Due to the fact our business was in its infancy, we did not possess formidable history to determine the validity of the schedule. When we buy-in to the fundamental assumption that aircraft are depreciating assets with a 30-year life cycle, most business jets will reflect an average midlife (15 years) value retention of 50 percent, when compared to the original cost new.

IN THE MAJORITY OF CASES, THERE SEEMS TO BE A COROLLARY BETWEEN THE TOTAL AIRCRAFT MANUFACTURED AND LOWER RESALE VALUE

As illustrated in the data sheet, we've made every attempt to compare aircraft in an equal light. For out of production aircraft we use a 1999-year model reflecting 14-years in service. For current production business jets, a 2007-year model is used reflecting 6-years in service. Regardless of the term, each make/model is generating nine to ten percent annualized depreciation. For each year through 2013 we've calculated the average [pre-owned] selling price for the respective model. The original price new reflects the average contract price for each make/model for the stated year.

Clearly, these numbers should not be construed as 'one size fits all.' Each transaction and make/model comes with its own set of dynamics. However, aircraft with greater capability (higher passenger loads, transcontinental range, increased performance, later generation avionics, etc.) tend to retain a higher percentage of their original cost new. In the majority of cases, there seems

Continued on page 2

TABLE OF CONTENTS

- 01-02 Value Retention in Today's Market
- 03 Around the Globe
- 03 Current Market Strength
- 03-08 Marketline Charts
- 09 Change of Status Charts
- 10 Into the Blue
- 10 What's New
- 10 Ask Aircraft Bluebook

BLUEBOOK-AT-A-GLANCE

JET

INCREASED	23
DECREASED	278
STABLE	702

TURBOPROP

INCREASED	5
DECREASED	36
STABLE	591

MULTI

INCREASED	5
DECREASED	266
STABLE	404

SINGLE

INCREASED	248
DECREASED	240
STABLE	2144

HELICOPTER

INCREASED	17
DECREASED	33
STABLE	1085

to be a corollary between the total aircraft manufactured and lower resale value—the greater the number built, competitive landscape increases and value retention erodes quicker. As of July 2013, AircraftPost calculated an average ten percent of current generation business jet fleets on the market. The range is from 2 percent of the fleet for the G550 to 22 percent for the Lear 60XR. In the case of the former, an anomaly exists. There are now over 425 G550s in-service which would lend one to believe, based on the above-mentioned criteria, that early year models should be retaining less of their original cost new. Current data however, reflects the opposite.

As evidenced recently in pre-owned markets, selling prices continue a downward trend. As newer generation avionics are installed in the next iteration aircraft (i.e., Global Express/XRS/Global 6000; Lear 60/60XR; GIV/IVSP/450, etc.), these newer aircraft will place more pressure on pre-owned aircraft. The rate selling prices decline is determined in part by the above-mentioned and also driven by global economic factors. With the eroding geopolitical situation in the Middle East, South America and Asia, countries like the U.S. and Japan accruing debt of \$16 and \$10 trillion, respectively, it's a wonder our markets are generating the sales they are.

Where do we go from here? In a nutshell, if our dollar continues to lose value, the price of most everything goes up. Does that include pre-owned aircraft that have been selling well under 'normalized markets?'

Out of Production													
	1999	2008		2009		2010		2011		2012		* 2013	
	Price New	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention
Hawker 800XP	\$ 10,500,000	\$ 6,800,000	65%	\$ 5,100,000	49%	\$ 4,000,000	38%	\$ 3,300,000	31%	\$ 3,000,000	29%	\$ 1,800,000	17%
Falcon 50EX	\$ 17,500,000	\$ 17,700,000	101%	\$ 7,500,000	43%	\$ 7,500,000	43%	\$ 7,000,000	40%	\$ 6,700,000	38%	\$ 5,000,000	29%
Gulfstream G200	\$ 17,500,000	\$ 13,200,000	75%	\$ 8,500,000	49%	\$ 8,000,000	46%	\$ 6,500,000	37%	\$ 5,000,000	29%	\$ 4,700,000	27%
Falcon 2000	\$ 20,000,000	\$ 20,600,000	103%	\$ 11,800,000	59%	\$ 9,000,000	45%	\$ 9,100,000	46%	\$ 8,000,000	40%	\$ 6,700,000	34%
Challenger 604	\$ 21,600,000	\$ 20,400,000	94%	\$ 11,500,000	53%	\$ 8,000,000	37%	\$ 9,000,000	42%	\$ 7,800,000	36%	\$ 6,000,000	28%
Gulfstream GIVSP	\$ 29,000,000	\$ 29,000,000	100%	\$ 18,200,000	63%	\$ 13,300,000	46%	\$ 13,100,000	45%	\$ 10,600,000	37%	\$ 9,800,000	34%
Falcon 900EX	\$ 29,900,000	\$ 33,200,000	111%	\$ 18,700,000	63%	\$ 18,100,000	61%	\$ 20,100,000	67%	\$ 14,700,000	49%	\$ 14,100,000	47%
Global Express	\$ 38,000,000	\$ 47,500,000	125%	\$ 24,250,000	64%	\$ 23,500,000	62%	\$ 23,600,000	62%	\$ 20,700,000	54%	\$ 18,400,000	48%
Gulfstream GV	\$ 39,500,000	\$ 38,200,000	97%	\$ 21,000,000	53%	\$ 20,700,000	52%	\$ 21,000,000	53%	\$ 19,500,000	49%	\$ 18,000,000	46%
In Production													
	2007	2008		2009		2010		2011		2012		2013	
	Price New	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention	Avg Sale Price	% Retention
Citation Sovereign	\$ 16,100,000	\$ 14,100,000	88%	\$ 12,800,000	80%	\$ 11,100,000	69%	\$ 11,000,000	68%	\$ 9,000,000	56%	\$ 8,800,000	55%
Challenger 300	\$ 17,900,000	\$ 22,000,000	123%	\$ 15,300,000	85%	\$ 14,800,000	83%	\$ 14,500,000	81%	\$ 13,700,000	77%	\$ 12,100,000	68%
Challenger 605	\$ 21,000,000	**		\$ 18,000,000	86%	\$ 23,000,000	110%	\$ 22,000,000	105%	\$ 20,000,000	95%	\$ 16,100,000	77%
Falcon 2000EXy	\$ 24,200,000	\$ 31,500,000	130%	\$ 21,800,000	90%	\$ 21,650,000	89%	\$ 20,000,000	83%	\$ 19,600,000	81%	\$ 18,000,000	74%
Falcon 900EXy	\$ 35,000,000	\$ 43,000,000	123%	\$ 29,800,000	85%	\$ 28,500,000	81%	\$ 27,000,000	77%	\$ 26,800,000	77%	\$ 23,600,000	67%
Gulfstream G450	\$ 34,800,000	\$ 43,000,000	124%	\$ 26,500,000	76%	\$ 29,000,000	83%	\$ 28,800,000	83%	\$ 28,500,000	82%	\$ 21,750,000	63%
Global XRS	\$ 45,500,000	\$ 55,000,000	121%	\$ 40,300,000	89%	\$ 41,100,000	90%	\$ 41,000,000	90%	\$ 37,800,000	83%	\$ 35,500,000	78%
Gulfstream G550	\$ 45,800,000	\$ 58,000,000	127%	\$ 38,300,000	84%	\$ 41,200,000	90%	\$ 41,000,000	90%	\$ 38,250,000	84%	\$ 37,300,000	81%

* YTD July '13

** '0' pre-owned transactions

AIRCRAFT BLUEBOOK AROUND THE GLOBE

National Business Aviation Association (NBAA) Annual Meeting, Las Vegas, NV; October 22 – 24, 2013

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.

Dubai Airshow, Dubai, UAE; November 17 – 21

The Dubai Airshow is produced by F&E Aerospace - a division of F&E; one of the most influential and long-standing names in the Middle East's events sector, delivering international trade events across a variety of markets since 1958.

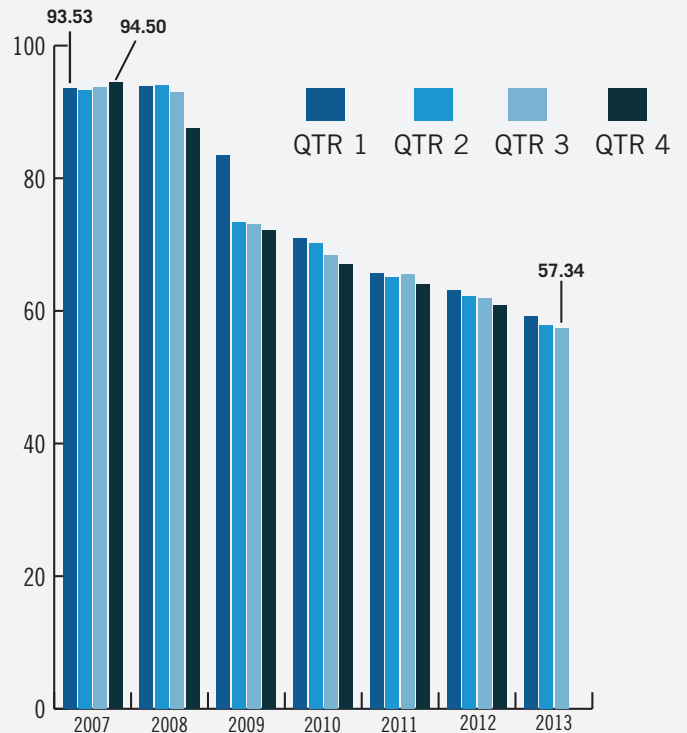
CURRENT MARKET STRENGTH

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.

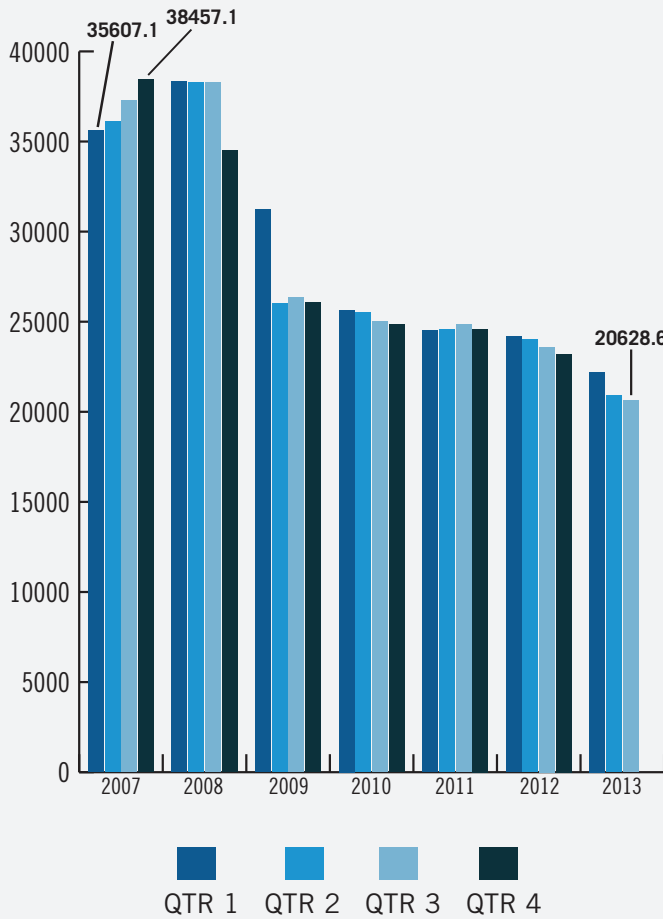
USED AIRCRAFT MARKET



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	A-	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	A	Piaggio P180	B	Piper PA28R-201 Arrow	B
Cessna Citation CJ2	A	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

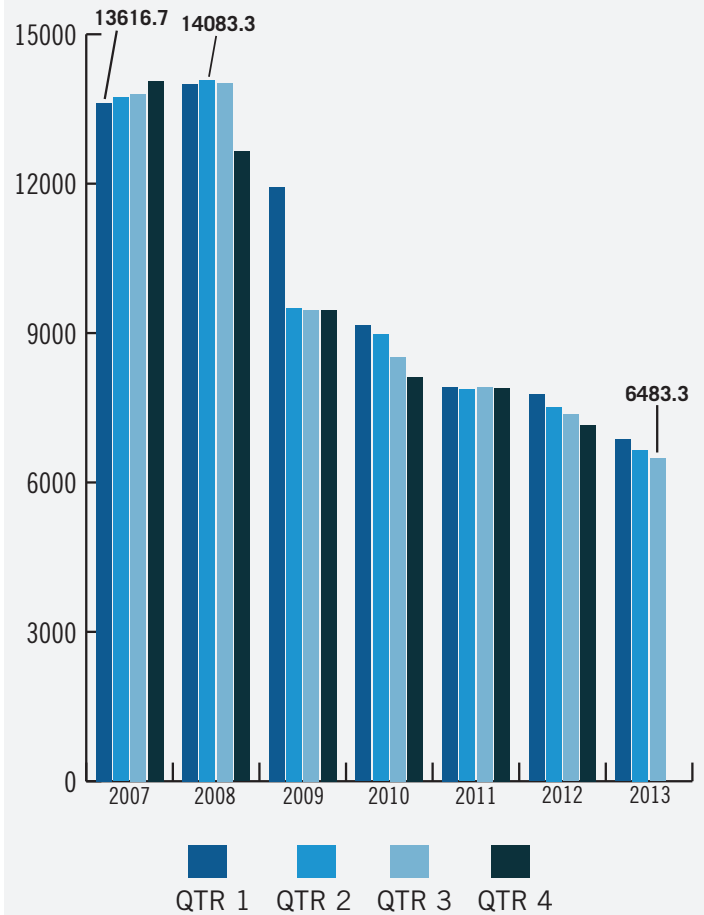
LARGE JET



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	-6.3
2007 Bombardier Challenger 605	-1.6
2005 Dassault Falcon 900 EX Easy	0.0
2005 Dassault Falcon 200EX Easy	0.0
2005 Gulfstream G550	0.0
2005 Gulfstream G450	0.0
2005 Embraer EMB135 Legacy	+3.9

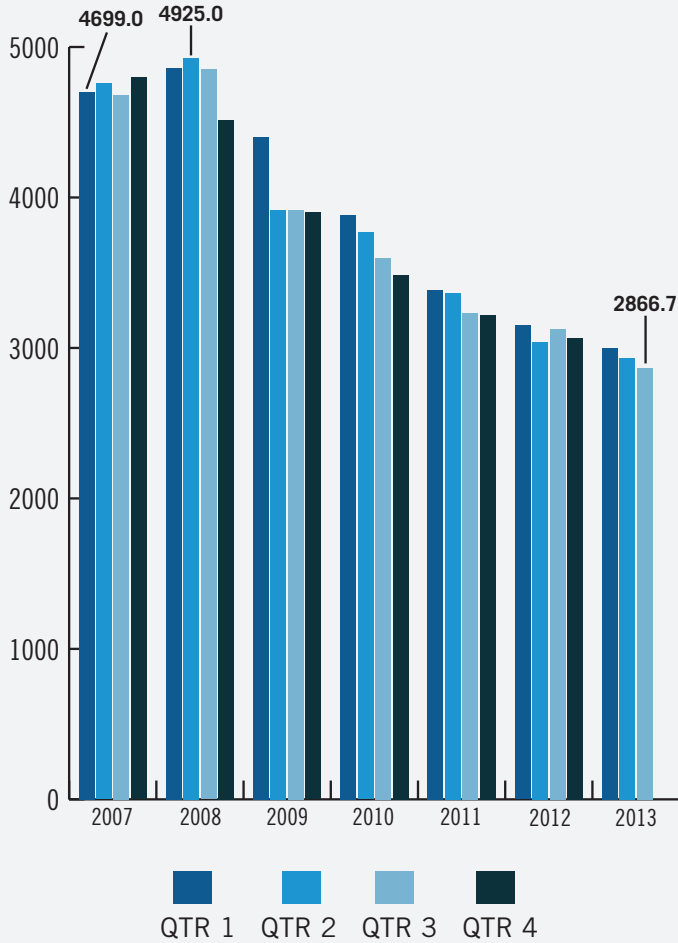
MEDIUM JET



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	-4.3
2005 Bombardier Lear 45XR	-2.2
2005 Cessna Citation Sovereign	-2.5
2005 Cessna Citation XLS	0.0
2006 Gulfstream G150	-2.9
2005 Hawker 800XP	0.0

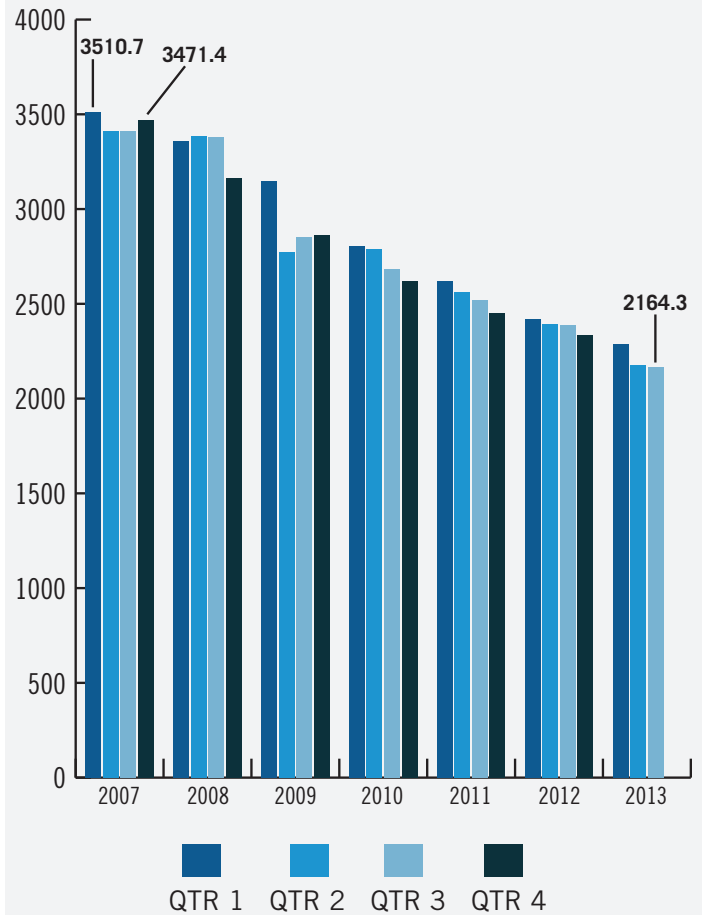
SMALL JET



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	0.0
2005 Cessna Citation CJ2+	-11.8
2006 Cessna 510 Mustang	0.0
2008 Embraer Phenom 100	0.0
2009 Embraer Phenom 300	0.0
2005 Hawker 400XP	0.0

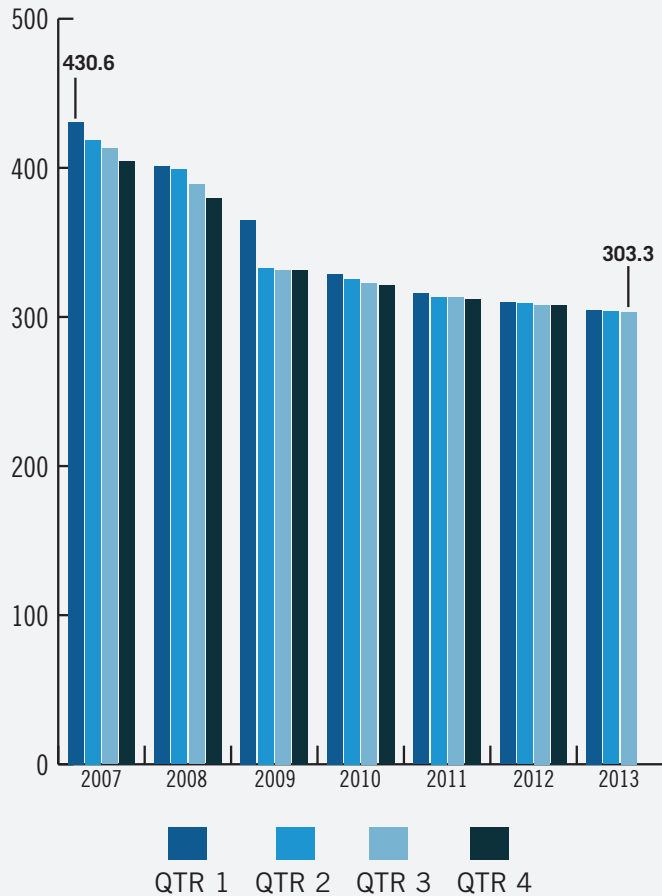
TURBOPROP



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	-3.4
2005 Pilatus PC12/45	0.0
2005 Socata TBM700C2	0.0

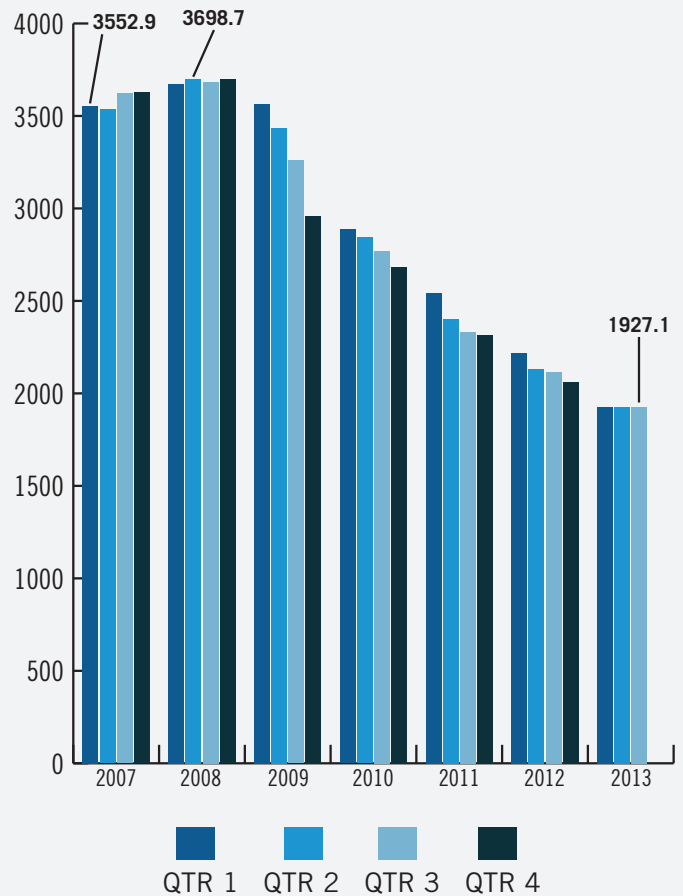
SINGLE/MULTI PISTON



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

YEAR/MODEL	%CHANGE
2005 Beech 58 Baron	-1.6
2005 Diamond DA42 Twin Star	0.0
2005 Piper PA34-220T Seneca V	0.0
2005 Beech A36 Bonanza	+1.5
2005 Cessna/Columbia 400	0.0
2005 Cessna 182T Skylane	0.0
2005 Cessna T206H Turbo Stationair	+1.9
2005 Cessna 172S Skyhawk SP	0.0
2005 Cirrus SR22-G2	0.0
2005 Diamond DA40-180 Star	0.0
2005 Piper PA46-350P Mirage	0.0
2005 Piper PA28R-201 Arrow	-3.0

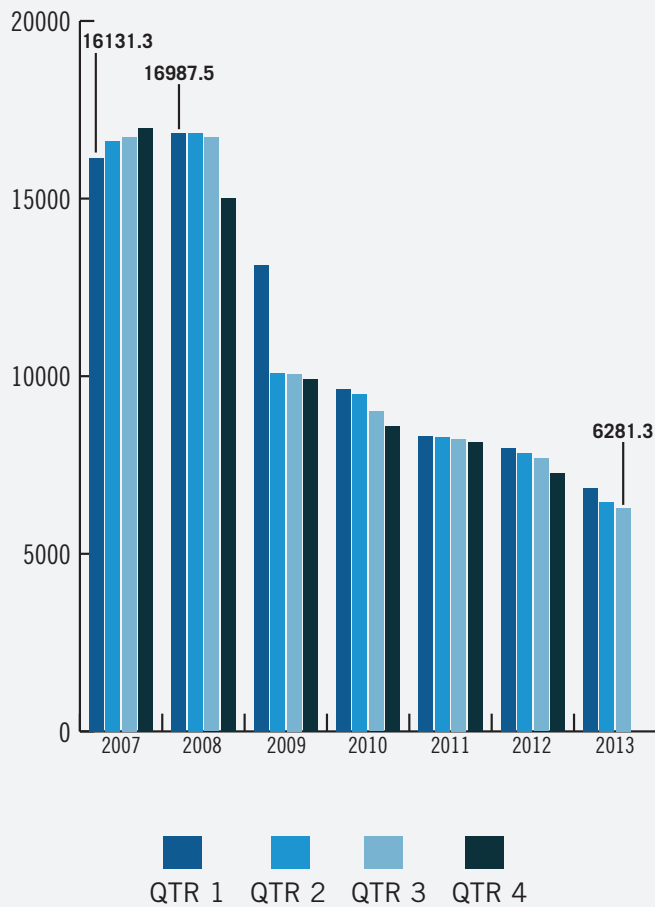
HELICOPTER



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	0.0
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

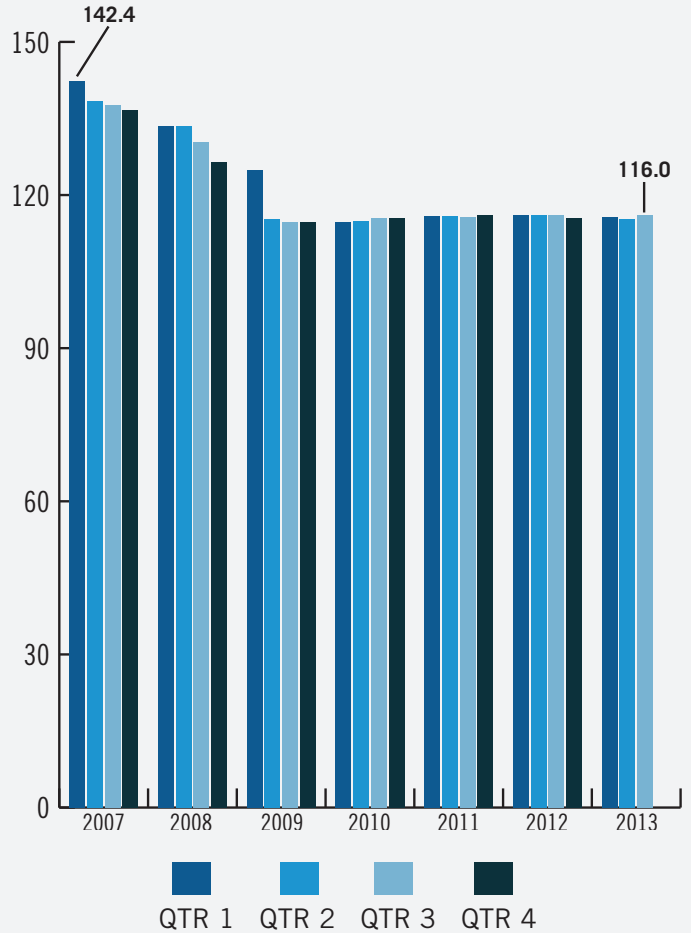
LEGACY JET



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	-6.0
1996 Bombardier Lear 31A	0.0
1996 Cessna Citation Ultra	-5.9
1996 Dassault Falcon 900B	0.0
1997 Dassault Falcon 50EX	0.0
1996 Gulfstream GV	-2.9
1996 Gulfstream GIVSP	-4.3
1996 Hawker800XP	0.0

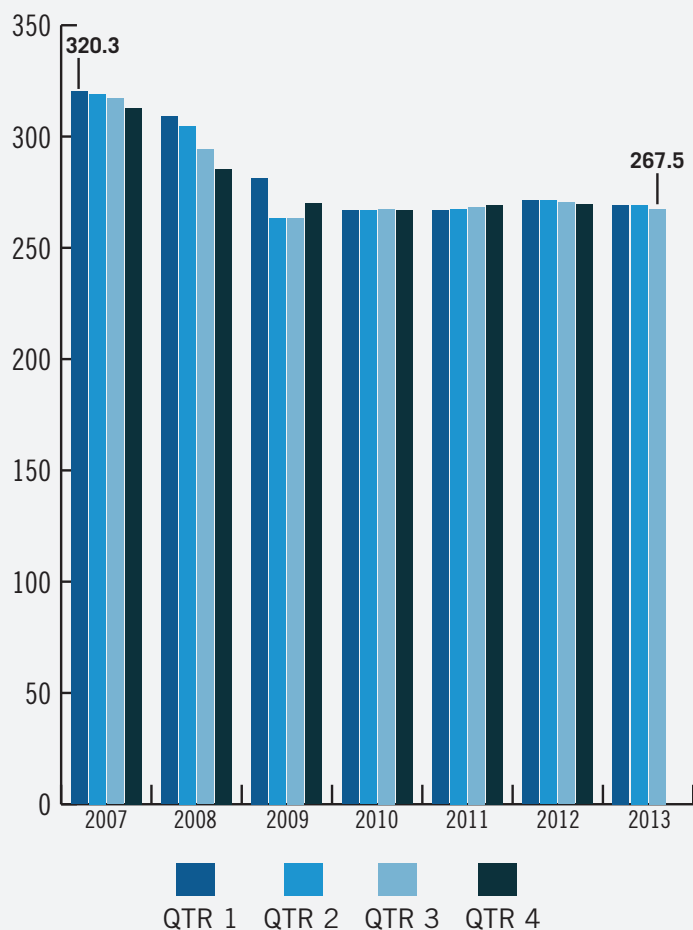
LEGACY PISTON



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	+2.6
1990 Beech F33 Bonanza	0.0
1986 Cessna 210 Centurion II	+1.0
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

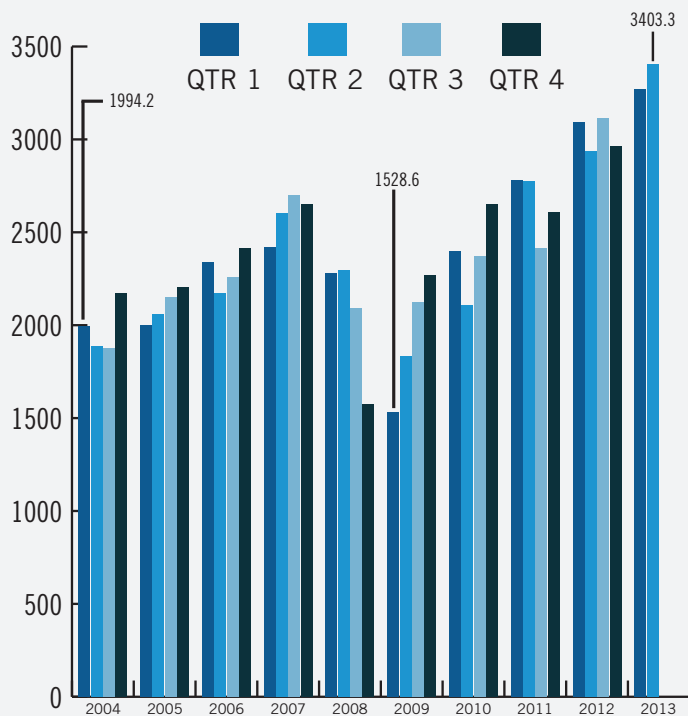


The Legacy Multi Engine Piston chart depicts the average price (in thousands) of the six aircraft listed. Each model's year will precede the name of the aircraft. Legacy Aircraft are those produced prior to the year 2000.

YEAR/MODEL	%CHANGE
1986 Beech 58P Pressurized Baron	0.0
1990 Beech 58 Baron	-1.7
1985 Cessna 421 Eagle III	+1.1
1981 Cessna 310R II	0.0
1982 Piper PA-310C Navajo	-2.3
1990 Piper PA-34-220T Seneca III	-2.6

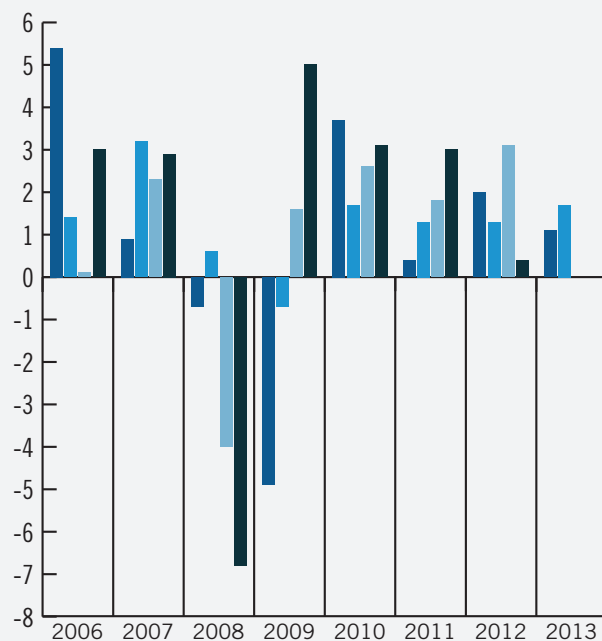
NASDAQ

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.

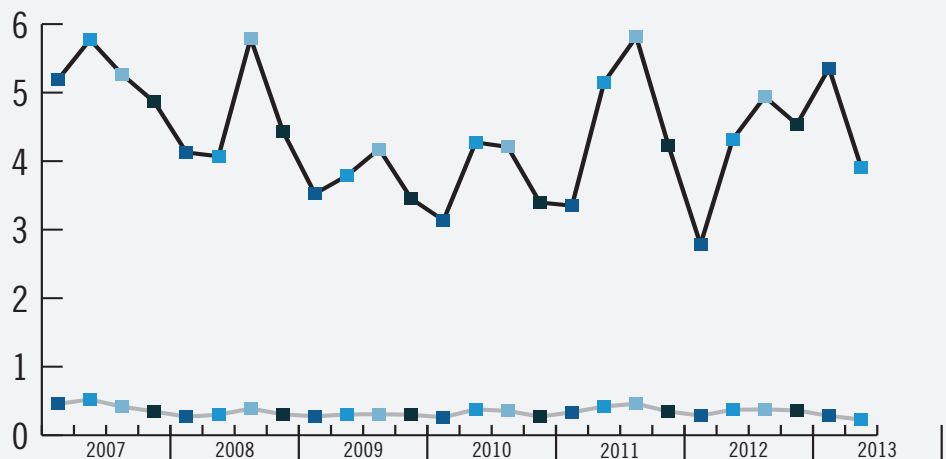


CHANGE OF STATUS: SINGLE/MULTI

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

Single: 3911
Multi: 228

QTR 1 QTR 2 QTR 3 QTR 4

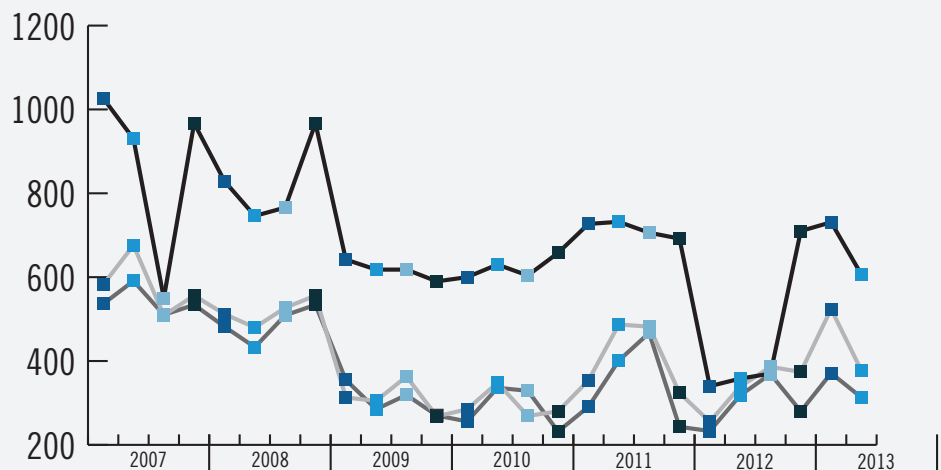


CHANGE OF STATUS: JET/TURBO/HELI

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: 606
Turboprop: 377
Heli: 313

QTR 1 QTR 2 QTR 3 QTR 4

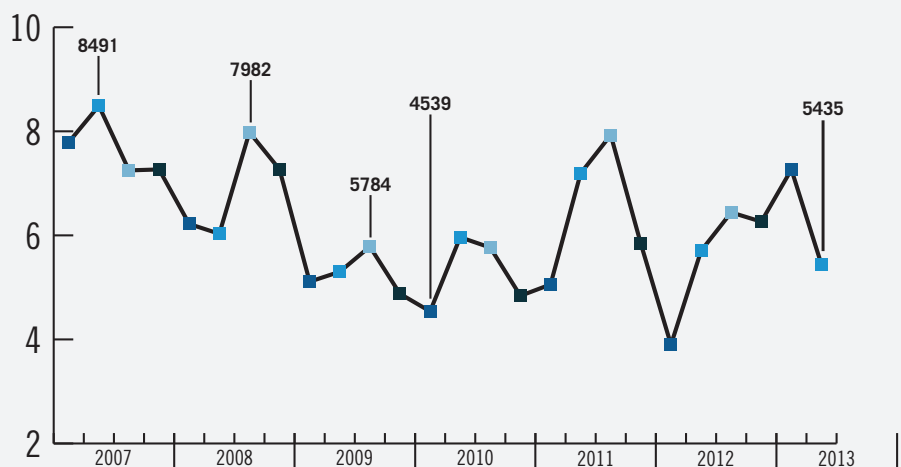


CHANGE OF STATUS: TOTAL MARKET

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

Penton Completes Acquisition of Aviation Week Group From McGraw Hill Financial

Penton announced today that it has completed its acquisition of Aviation Week, the leading brand in global aviation information, including its events, data, digital and media products from McGraw Hill Financial (NYSE: MHFI). Aviation Week, together with Penton's Aviation Group, establishes the largest and most powerful targeted marketing platform for companies and executives in the dynamic and growing global aviation industry.

"We are pleased to have completed the acquisition of Aviation Week from McGraw Hill Financial," said David Kieselstein, CEO of Penton. "Since announcing the deal last week, we have been meeting with the Aviation Week team and are really impressed with the assets and opportunities that exist in bringing their business together with Penton's Aviation Group. In addition, we have been talking to our partners in the aviation industry and the reaction has been very positive. This is a dynamic and growing industry that values the content, information, data, technology and events provided by Aviation Week and Penton's Aviation Group and they recognize the additional value we can provide working together and investing to enhance existing services and develop new offerings."

Penton Aviation and Aviation Week have established highly valued content platforms, leading events, research and information resources and analytical tools that serve the global commercial, defense, MRO, space and business aviation communities.

Aviation Week serves over 1.2 million professionals in 185 countries with its flagship media, online, live events and information technology and research assets, including Aviation Week & Space Technology and its MRO and Defense Technology editions, Business & Commercial Aviation and AWIN. Penton Aviation owns and operates leading brands in business and commercial aviation including Air Transport World, SpeedNews, Aircraft Bluebook, Air Charter Guide, Airportdata.com and AC-U-KWIK. Aviation Week expands Penton's transportation assets which include Wards, Fleet Owner and Penton Aviation. The Penton Aviation Group has 143 employees around the world including New York, Washington D.C., Kansas, California, Massachusetts, England, France, Germany and China.

Aviation Week marks Penton's third major strategic acquisition since late 2010, and follows the highly successful integrations of Farm Progress and Nation's Restaurant News. Penton has utilized both targeted strategic acquisitions and organic growth through innovative new product launches to drive its transformation. The acquisition of Aviation Week meets Penton's three key filters for capital allocation including: industry sectors with strong projected secular growth; combining existing and acquired assets to create or extend a clear market leadership position; and assets where Penton can unlock additional growth via its five digital growth initiatives, including user workflow, digital community, insights, virtual education, and its events "365" model.

For additional information on the company and its businesses, visit www.penton.com.

WHAT'S NEW IN ABB

- Updated Airworthiness Directives
- New models
- Updated maintenance programs

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 can I submit information to Aircraft Bluebook?

Currently, help sheets are mailed to subscribers, they also can be found in the front of the print version of Aircraft Bluebook. They also can be sent electronically through the website at www.Aircraftbluebook.com. We also welcome phone calls, emails or direct faxes. All information is kept strictly confidential.

Are previous copies of Aircraft Bluebook available for purchase?

Yes, the Aircraft Bluebook does keep limited quantities of previous Aircraft Bluebook Volumes available for purchase. If you wish to order a past volume, please contact our customer service department at 1-800-654-6776.

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