

AeronomX

THE SAMPLE GROUP



AeronomX LLC
614-437-9685
info@AeronomX.com

1. Ownership Differences
 - Older Pre-Owned GIVSP
(1993 to 1996)
 - Middle-Aged Pre-Owned GIVSP
(1997 to 2000)
 - Newer Pre-Owned GIVSP
(2001 to 2004)
 - New G450
(2005 to 2006)
2. Industry Forecast
3. Residual Value History
4. “Long Lead Time” Market reaction
5. Life Cycle Analysis

- **Goal**
 - Aircraft Age: Maximum of 20 Years
 - Total Time: 10,000 hours maximum
- **Why**
 - Smaller market of buyers for aircraft over 20 years old
 - Micro-market of buyers for high flight time of 10,000 hours plus (discounted additional 10% to 15%)
- **Entry/ Purchase Target**
 - 1996 or Newer
 - 3,000 hours total time or less

New Aircraft

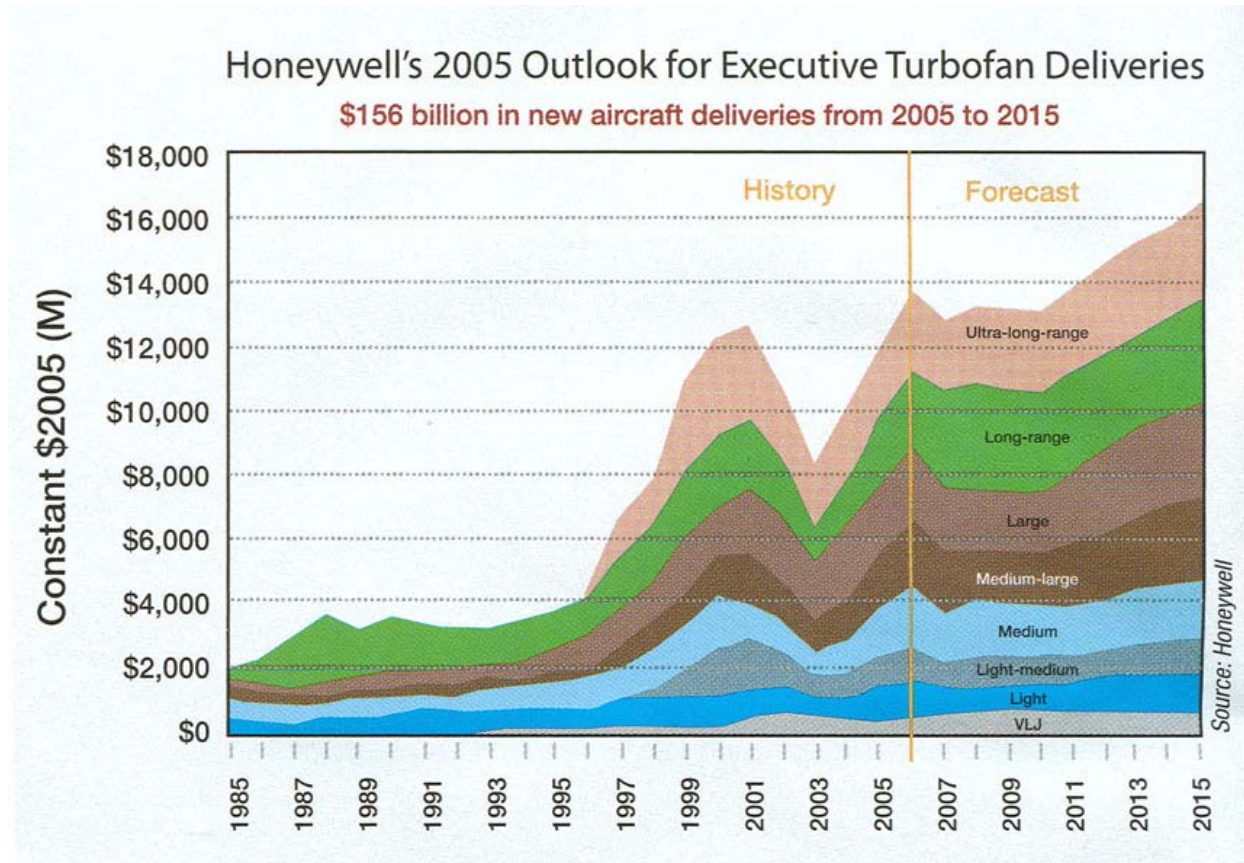
Industry Forecasts:

Rolls Royce – Leveling off of current surge in deliveries... followed by steady growth from 2009 thru 2014

Honeywell – Slight dip until 2007, level to 2011 followed by steady climb to 2020.

Long range and ultra-long range aircraft lead the growth cycle

Delivery dates extend into 2008 (22 to 30 months)





Influence of Long Lead Times *(2 years or greater)*

- Premium prices for immediately available G450's, G550's Global Express, Falcon 2000EX and Challenger 300's.
- Why? Buyers willing to pay equivalent dollars (Purchase price + Interest costs + Interim lift)

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Life Cycle Analysis- GIV1200 Series (93-96)

Does Not Meet Exit Strategy Due to Age and Hours

YEAR		1	2	3	4	5	6	7	8	9	10
Annual escalator	5%										
Hours Flown/YR		700	700	700	700	700	700	700	700	700	700
Cycles/YR		350	350	350	350	350	350	350	350	350	350
Total Hours		6,500	7,200	7,900	8,600	9,300	10,000	10,700	11,400	12,100	12,800
Total Cycles		6,500	6,850	7,200	7,550	7,900	8,250	8,600	8,950	9,300	9,650
Aircraft Age		13	14	15	16	17	18	19	20	21	22
Direct Operating Costs											
Fuel Price/GAL		\$3.90	\$4.10	\$4.30	\$4.51	\$4.74	\$4.98	\$5.23	\$5.49	\$5.76	\$6.05
Fuel Cost		\$1,296,750	\$1,361,588	\$1,429,667	\$1,501,150	\$1,576,208	\$1,655,018	\$1,737,769	\$1,824,657	\$1,915,890	\$2,011,685
Maintenance Shop Rate		\$85	\$89	\$94	\$98	\$103	\$108	\$114	\$120	\$126	\$132
Maintenance (Routine) Hours/Flt Time		2.2	2.4	2.7	2.9	3.2	3.5	3.9	4.3	4.7	5.2
Heavy Maintenance Item 1			24MO	36MO(5th)	24MO		72MO(3rd)		24MO	36MO(6th)	24MO
Heavy Maintenance Cost 1			\$150,000	\$75,000	\$150,000		\$400,000		\$150,000	\$75,000	\$150,000
Heavy Maintenance Item 2					OHAUL					MIDLIFE	GEAR
Heavy Maintenance Cost 2					\$2,000,000					\$1,500,000	\$250,000
Heavy Maintenance Item 3											
Heavy Maintenance Cost 3											
Accrual for Heavy Maintenance		\$937,917	\$937,917	\$862,917	\$837,917	\$300,417	\$300,417	\$233,750	\$233,750	\$215,000	\$390,877
Total Maintenance Cost & Accrual		\$1,068,817	\$1,089,106	\$1,037,541	\$1,039,607	\$533,369	\$569,477	\$544,515	\$592,683	\$629,568	\$869,703
Flight Expenses/HR		\$300	\$315	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465
Total Direct Operating Costs		\$2,575,567	\$2,671,194	\$2,698,732	\$2,783,859	\$2,364,833	\$2,492,514	\$2,563,704	\$2,712,832	\$2,855,724	\$3,207,167
Fixed Costs											
Salaries & Benefits		\$600,000	\$630,000	\$661,500	\$694,575	\$729,304	\$765,769	\$804,057	\$844,260	\$886,473	\$930,797
Hangar		\$120,000	\$126,000	\$132,300	\$138,915	\$145,861	\$153,154	\$160,811	\$168,852	\$177,295	\$186,159
Insurance		\$80,000	\$84,000	\$88,200	\$92,610	\$97,241	\$102,103	\$107,208	\$112,568	\$118,196	\$124,106
Training		\$125,600	\$92,450	\$97,073	\$101,926	\$107,022	\$112,374	\$117,992	\$123,892	\$130,086	\$136,591
Nav Services		\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144	\$20,101	\$21,107	\$22,162	\$23,270
Total Fixed Costs		\$940,600	\$948,200	\$995,610	\$1,045,391	\$1,097,660	\$1,152,543	\$1,210,170	\$1,270,679	\$1,334,213	\$1,400,923
Total Operating Costs		\$3,516,167	\$3,619,394	\$3,694,342	\$3,829,249	\$3,462,493	\$3,645,057	\$3,773,874	\$3,983,510	\$4,189,936	\$4,608,090



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Life Cycle Analysis- GIV1300 Series (97-00)

12/24 Month
Maintenance Program

YEAR		1	2	3	4	5	6	7	8	9	10
Annual escalator	5%										
Hours Flown/YR		700	700	700	700	700	700	700	700	700	700
Cycles/YR		350	350	350	350	350	350	350	350	350	350
Total Hours		4,500	5,200	5,900	6,600	7,300	8,000	8,700	9,400	10,100	10,800
Total Cycles		4,500	4,850	5,200	5,550	5,900	6,250	6,600	6,950	7,300	7,650
Aircraft Age		9	10	11	12	13	14	15	16	17	18
Direct Operating Costs											
Fuel Price/GAL		\$3.90	\$4.10	\$4.30	\$4.51	\$4.74	\$4.98	\$5.23	\$5.49	\$5.76	\$6.05
Fuel Cost		\$1,296,750	\$1,361,588	\$1,429,667	\$1,501,150	\$1,576,208	\$1,655,018	\$1,737,769	\$1,824,657	\$1,915,890	\$2,011,685
Maintenance Shop Rate		\$85	\$89	\$94	\$98	\$103	\$108	\$114	\$120	\$126	\$132
Maintenance (Routine) Hours/Fit Time		1.5	1.7	1.8	2.0	2.2	2.4	2.7	2.9	3.2	3.5
Heavy Maintenance Item 1		36MO	24MO	GEAR	72MO(2nd)		24MO	36MO	24MO		24MO
Heavy Maintenance Cost 1		\$50,000	\$150,000	\$250,000	\$350,000		\$150,000	\$50,000	\$150,000		\$150,000
Heavy Maintenance Item 2							OHAUL				36MO
Heavy Maintenance Cost 2							\$2,000,000				\$50,000
Heavy Maintenance Item 3											
Heavy Maintenance Cost 3											
Accrual for Heavy Maintenance		\$700,060	\$650,060	\$575,060	\$509,583	\$480,417	\$480,417	\$385,241	\$378,098	\$359,348	\$359,348
Total Maintenance Cost & Accrual		\$789,310	\$753,143	\$694,121	\$647,100	\$639,248	\$663,867	\$597,126	\$622,825	\$642,008	\$685,820
Flight Expenses/HR		\$300	\$315	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465
Total Direct Operating Costs		\$2,296,060	\$2,335,231	\$2,355,313	\$2,391,351	\$2,470,712	\$2,586,904	\$2,616,315	\$2,742,974	\$2,868,164	\$3,023,284
Fixed Costs											
Salaries & Benefits		\$600,000	\$630,000	\$661,500	\$694,575	\$729,304	\$765,769	\$804,057	\$844,260	\$886,473	\$930,797
Hangar		\$120,000	\$126,000	\$132,300	\$138,915	\$145,861	\$153,154	\$160,811	\$168,852	\$177,295	\$186,159
Insurance		\$90,000	\$94,500	\$99,225	\$104,186	\$109,396	\$114,865	\$120,609	\$126,639	\$132,971	\$139,620
Training		\$125,600	\$92,450	\$97,073	\$101,926	\$107,022	\$112,374	\$117,992	\$123,892	\$130,086	\$136,591
Nav Services		\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144	\$20,101	\$21,107	\$22,162	\$23,270
Total Fixed Costs		\$950,600	\$958,700	\$1,006,635	\$1,056,967	\$1,109,815	\$1,165,306	\$1,223,571	\$1,284,750	\$1,348,987	\$1,416,437
Total Operating Costs		\$3,246,660	\$3,293,931	\$3,361,948	\$3,448,318	\$3,580,527	\$3,752,210	\$3,839,886	\$4,027,724	\$4,217,151	\$4,439,721

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Life Cycle Analysis- GIV1400 Series (01-02)

MSG 3 Maintenance Program with 10%-25% Cost Savings and Enhanced Aircraft Availability

YEAR		1	2	3	4	5	6	7	8	9	10
Annual escalator	5%										
Hours Flown/YR		700	700	700	700	700	700	700	700	700	700
Cycles/YR		350	350	350	350	350	350	350	350	350	350
Total Hours		3,000	3,700	4,400	5,100	5,800	6,500	7,200	7,900	8,600	9,300
Total Cycles		3,000	3,350	3,700	4,050	4,400	4,750	5,100	5,450	5,800	6,150
Aircraft Age		6	7	8	9	10	11	12	13	14	15
Direct Operating Costs											
Fuel Price/GAL		\$3.90	\$4.10	\$4.30	\$4.51	\$4.74	\$4.98	\$5.23	\$5.49	\$5.76	\$6.05
Fuel Cost		\$1,296,750	\$1,361,588	\$1,429,667	\$1,501,150	\$1,576,208	\$1,655,018	\$1,737,769	\$1,824,657	\$1,915,890	\$2,011,685
Maintenance Shop Rate		\$85	\$89	\$94	\$98	\$103	\$108	\$114	\$120	\$126	\$132
Maintenance (Routine) Hours/Flt Time		1.3	1.4	1.4	1.5	1.7	1.8	2.0	2.2	2.4	2.7
Heavy Maintenance Item 1				96MO	36MO			144MO		OHAUL	36MO
Heavy Maintenance Cost 1				\$350,000	\$75,000			\$100,000		\$2,000,000	\$75,000
Heavy Maintenance Item 2				MIDLIFE				36MO			
Heavy Maintenance Cost 2				\$1,500,000				\$75,000			
Heavy Maintenance Item 3								GEAR			
Heavy Maintenance Cost 3								\$250,000			
Accrual for Heavy Maintenance		\$1,159,187	\$1,159,187	\$1,159,187	\$352,937	\$334,187	\$334,187	\$334,187	\$317,520	\$299,663	\$340,598
Total Maintenance Cost & Accrual		\$1,236,537	\$1,244,465	\$1,253,206	\$456,593	\$453,910	\$472,467	\$493,900	\$501,989	\$512,725	\$586,685
Flight Expenses/HR		\$300	\$315	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465
Total Direct Operating Costs		\$2,743,287	\$2,826,552	\$2,914,398	\$2,200,844	\$2,285,374	\$2,395,504	\$2,513,089	\$2,622,138	\$2,738,881	\$2,924,149
Fixed Costs											
Salaries & Benefits		\$600,000	\$630,000	\$661,500	\$694,575	\$729,304	\$765,769	\$804,057	\$844,260	\$886,473	\$930,797
Hangar		\$120,000	\$126,000	\$132,300	\$138,915	\$145,861	\$153,154	\$160,811	\$168,852	\$177,295	\$186,159
Insurance		\$100,000	\$105,000	\$110,250	\$115,763	\$121,551	\$127,628	\$134,010	\$140,710	\$147,746	\$155,133
Training		\$125,600	\$92,450	\$97,073	\$101,926	\$107,022	\$112,374	\$117,992	\$123,892	\$130,086	\$136,591
Nav Services		\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144	\$20,101	\$21,107	\$22,162	\$23,270
Total Fixed Costs		\$960,600	\$969,200	\$1,017,660	\$1,068,543	\$1,121,970	\$1,178,069	\$1,236,972	\$1,298,821	\$1,363,762	\$1,431,950
Total Operating Costs		\$3,703,887	\$3,795,752	\$3,932,058	\$3,269,387	\$3,407,344	\$3,573,573	\$3,750,061	\$3,920,958	\$4,102,642	\$4,356,099



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Life Cycle Analysis- G400 Series (03-04)

- MSG 3 Maintenance Program
- Partial Warranty

YEAR		1	2	3	4	5	6	7	8	9	10
Annual escalator	5%										
Hours Flown/YR		700	700	700	700	700	700	700	700	700	700
Cycles/YR		350	350	350	350	350	350	350	350	350	350
Total Hours		1,000	1,700	2,400	3,100	3,800	4,500	5,200	5,900	6,600	7,300
Total Cycles		1,000	1,350	1,700	2,050	2,400	2,750	3,100	3,450	3,800	4,150
Aircraft Age		2	3	4	5	6	7	8	9	10	11
Direct Operating Costs											
Fuel Price/GAL		\$3.90	\$4.10	\$4.30	\$4.51	\$4.74	\$4.98	\$5.23	\$5.49	\$5.76	\$6.05
Fuel Cost		\$1,296,750	\$1,361,588	\$1,429,667	\$1,501,150	\$1,576,208	\$1,655,018	\$1,737,769	\$1,824,657	\$1,915,890	\$2,011,685
Maintenance Shop Rate		\$85	\$89	\$94	\$98	\$103	\$108	\$114	\$120	\$126	\$132
Maintenance (Routine) Hours/Fit Time		1.1	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.6	1.7
Heavy Maintenance Item 1			36MO(WTY)			36MO	MIDLIFE	96MO	36MO		
Heavy Maintenance Cost 1			\$37,500			\$75,000	\$1,500,000	\$350,000	\$75,000		
Heavy Maintenance Item 2											
Heavy Maintenance Cost 2											
Heavy Maintenance Item 3											
Heavy Maintenance Cost 3											
Accrual for Heavy Maintenance		\$369,315	\$369,315	\$350,565	\$350,565	\$350,565	\$335,565	\$436,443	\$430,193	\$420,818	\$420,818
Total Maintenance Cost & Accrual		\$434,765	\$439,412	\$425,639	\$430,970	\$439,211	\$433,297	\$544,192	\$548,986	\$558,024	\$579,291
Flight Expenses/HR		\$300	\$315	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465
Total Direct Operating Costs		\$1,941,515	\$2,021,500	\$2,086,831	\$2,175,221	\$2,270,675	\$2,356,334	\$2,563,381	\$2,669,135	\$2,784,180	\$2,916,755
Fixed Costs											
Salaries & Benefits		\$600,000	\$630,000	\$661,500	\$694,575	\$729,304	\$765,769	\$804,057	\$844,260	\$886,473	\$930,797
Hangar		\$120,000	\$126,000	\$132,300	\$138,915	\$145,861	\$153,154	\$160,811	\$168,852	\$177,295	\$186,159
Insurance		\$110,000	\$115,500	\$121,275	\$127,339	\$133,706	\$140,391	\$147,411	\$154,781	\$162,520	\$170,646
Training		\$125,600	\$92,450	\$97,073	\$101,926	\$107,022	\$112,374	\$117,992	\$123,892	\$130,086	\$136,591
Nav Services		\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144	\$20,101	\$21,107	\$22,162	\$23,270
Total Fixed Costs		\$970,600	\$979,700	\$1,028,685	\$1,080,119	\$1,134,125	\$1,190,831	\$1,250,373	\$1,312,892	\$1,378,536	\$1,447,463
Total Operating Costs		\$2,912,115	\$3,001,200	\$3,115,516	\$3,255,340	\$3,404,800	\$3,547,166	\$3,813,754	\$3,982,026	\$4,162,716	\$4,364,218



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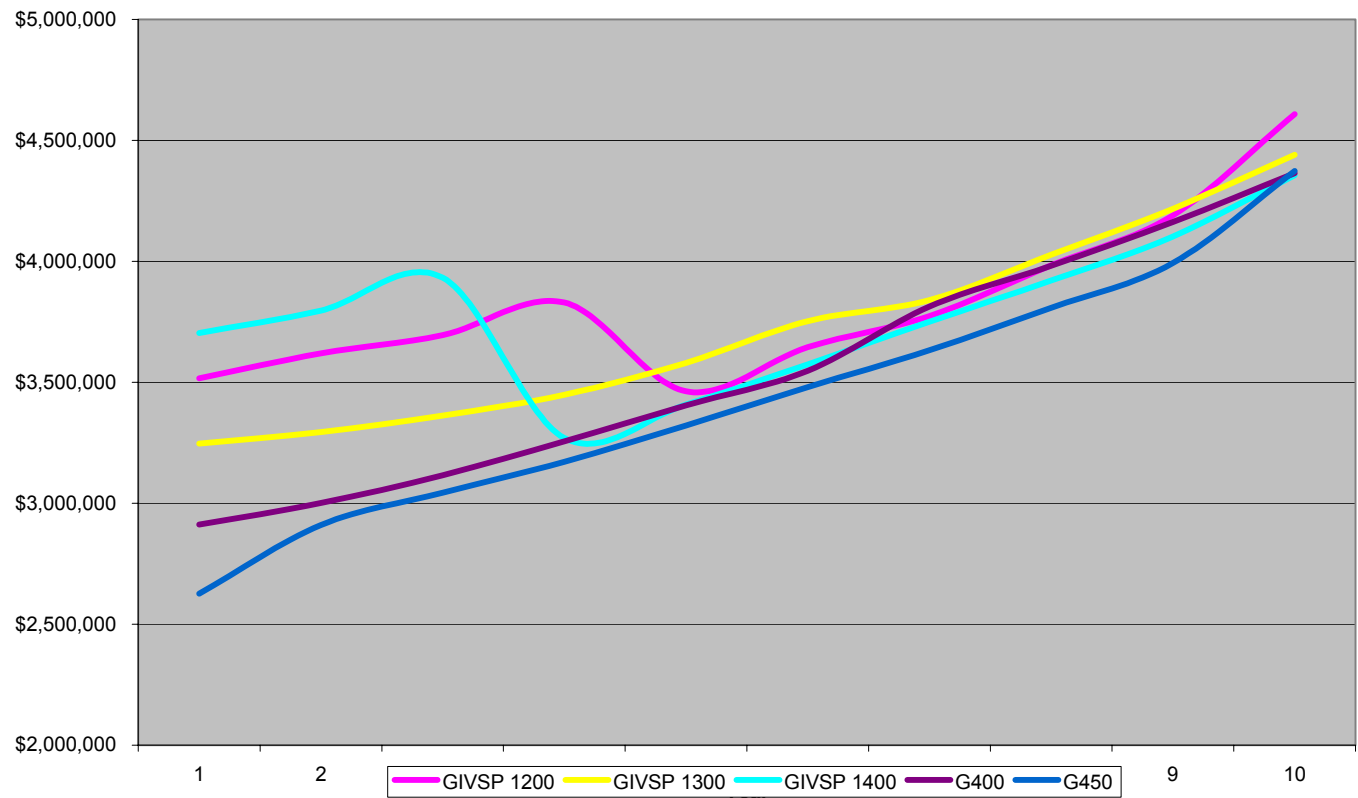
Life Cycle Analysis- G450 Series (05-06)

- MSG 3 Maintenance Program
- Full Warranty
- New Technology
- Extended Engine Overhaul Times
- Initial Pilot & Mechanic Training Paid by OEM

YEAR		1	2	3	4	5	6	7	8	9	10
Annual escalator	5%										
Hours Flown/YR		700	700	700	700	700	700	700	700	700	700
Cycles/YR		350	350	350	350	350	350	350	350	350	350
Total Hours		700	1,400	2,100	2,800	3,500	4,200	4,900	5,600	6,300	7,000
Total Cycles		350	700	1,050	1,400	1,750	2,100	2,450	2,800	3,150	3,500
Aircraft Age		1	2	3	4	5	6	7	8	9	10
Direct Operating Costs											
Fuel Price/GAL		\$3.90	\$4.10	\$4.30	\$4.51	\$4.74	\$4.98	\$5.23	\$5.49	\$5.76	\$6.05
Fuel Cost		\$1,228,500	\$1,289,925	\$1,354,421	\$1,422,142	\$1,493,249	\$1,567,912	\$1,646,307	\$1,728,623	\$1,815,054	\$1,905,807
Maintenance Shop Rate		\$85	\$89	\$94	\$98	\$103	\$108	\$114	\$120	\$126	\$132
Maintenance (Routine) Hours/Flt Time		1.1	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.5	1.6
Heavy Maintenance Item 1				36MO(WTY)			36MO		96MO	36MO	
Heavy Maintenance Cost 1				\$37,500			\$75,000		\$350,000	\$50,000	
Heavy Maintenance Item 2										450MID	
Heavy Maintenance Cost 2										\$1,500,000	
Heavy Maintenance Item 3											
Heavy Maintenance Cost 3											
Accrual for Heavy Maintenance		\$267,163	\$267,163	\$267,163	\$254,663	\$254,663	\$254,663	\$242,163	\$242,163	\$242,163	\$420,818
Total Maintenance Cost & Accrual		\$332,613	\$337,260	\$342,237	\$335,067	\$343,308	\$352,394	\$349,912	\$360,956	\$373,132	\$572,088
Flight Expenses/HR		\$300	\$315	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465
Total Direct Operating Costs		\$1,771,113	\$1,847,685	\$1,928,183	\$2,000,310	\$2,091,814	\$2,188,325	\$2,277,639	\$2,385,070	\$2,498,452	\$2,803,673
Fixed Costs											
Salaries & Benefits		\$600,000	\$630,000	\$661,500	\$694,575	\$729,304	\$765,769	\$804,057	\$844,260	\$886,473	\$930,797
Hangar		\$120,000	\$126,000	\$132,300	\$138,915	\$145,861	\$153,154	\$160,811	\$168,852	\$177,295	\$186,159
Insurance		\$120,000	\$126,000	\$132,300	\$138,915	\$145,861	\$153,154	\$160,811	\$168,852	\$177,295	\$186,159
Training		\$0	\$164,300	\$172,515	\$181,141	\$190,198	\$199,708	\$209,693	\$220,178	\$231,187	\$242,746
Nav Services		\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144	\$20,101	\$21,107	\$22,162	\$23,270
Total Fixed Costs		\$855,000	\$1,062,050	\$1,115,153	\$1,170,910	\$1,229,456	\$1,290,928	\$1,355,475	\$1,423,249	\$1,494,411	\$1,569,132
Total Operating Costs		\$2,626,113	\$2,909,735	\$3,043,335	\$3,171,220	\$3,321,270	\$3,479,254	\$3,633,114	\$3,808,319	\$3,992,863	\$4,372,805

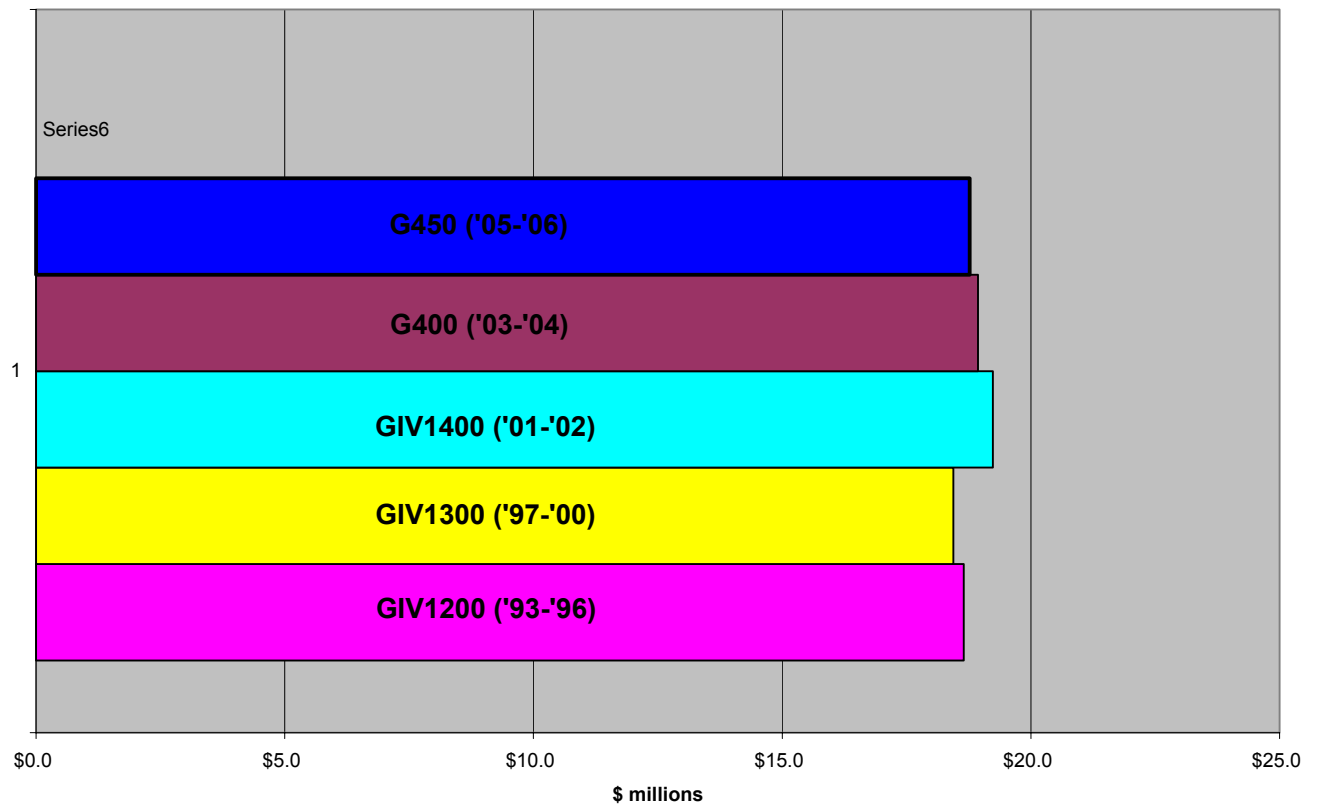
Accrual for Major
Maintenance Events
and Engine Overhaul

Pre-Tax Annual Operating Cost



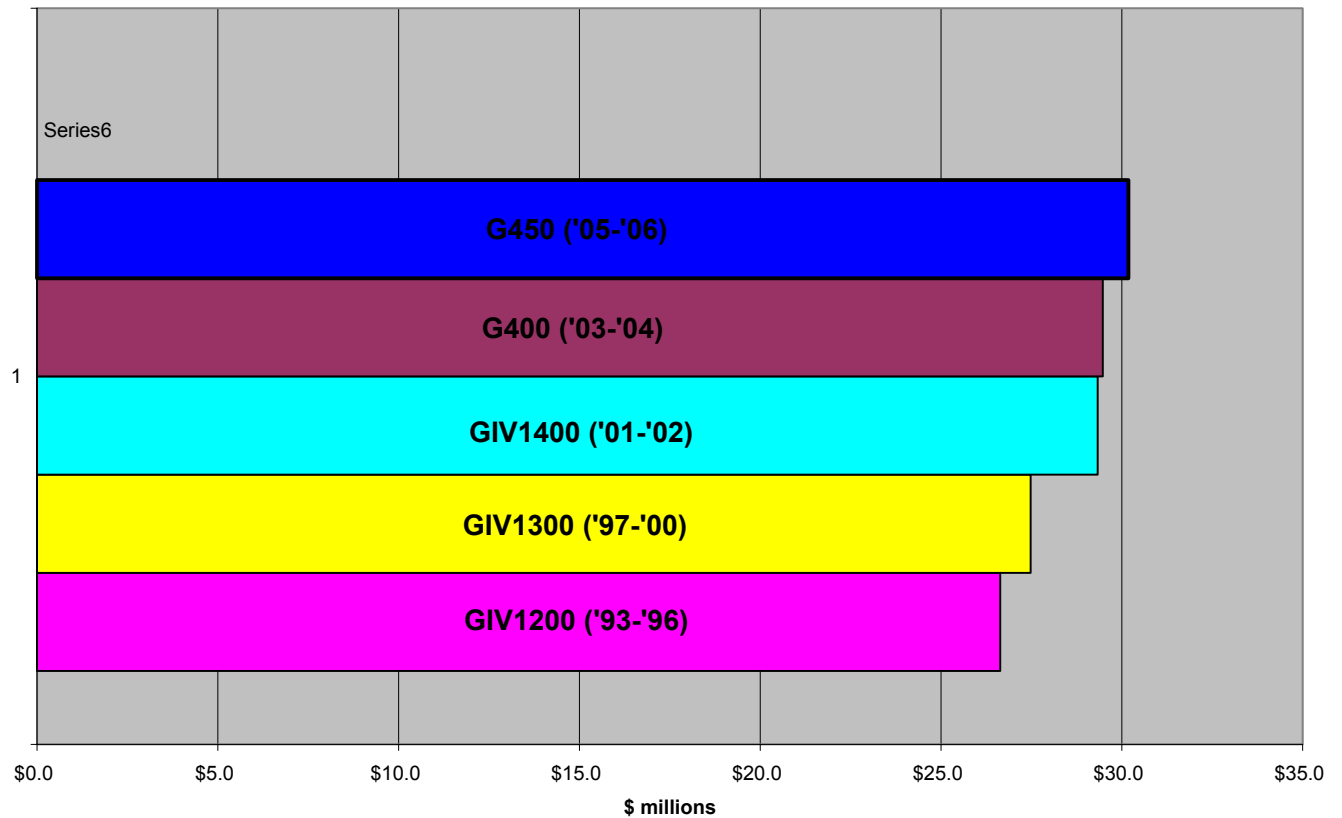
10 Year Cash Flow (0% Lost Investment Rate)

10 YR NPV Post-Tax Cash Flow Total Ownership Costs with 0% Lost Investment Cost



10 Year Cash Flow (5% Lost Investment Rate)

10 YR NPV Post-Tax Cash Flow Total Ownership Costs with 5% Lost Investment Cost



Gulfstream IVSP	0% Lost Investment Rate	5% Lost Investment Rate
1200 Series (\$22.75 Million)	\$ 18.651 Million	\$26.640 Million
1300 Series (\$25.75)	\$ 18.440	\$ 26.640
1400 Series (\$28.75)	\$ 19.234	\$ 29.331
G400 (\$30.0)	\$ 18.935	\$ 29.470
G450 (\$32.5)	\$ 18.770	\$ 30.183

Finding and Purchasing a “Deal”

- **Preparation**
 - Letters of Intent (LOI) (*Pre-Approved*)
 - Long form contacts (*Pre-Approved*)
 - Sales Use Tax
 - Residual Value Knowledge
 - Recognition of a “Deal”
 - Initial company appraisal
- **Quick Reaction**
 - Execution of a LOI and placement of refundable deposit prior to physical inspection and demonstration
 - Final company approval subject to:
- **Due Diligence**
 - Field Inspection
 - Demonstration flight
 - Long form contract negotiation
 - Pre-purchase inspection
 - Delivery
 - Refurbishment
 - In service