

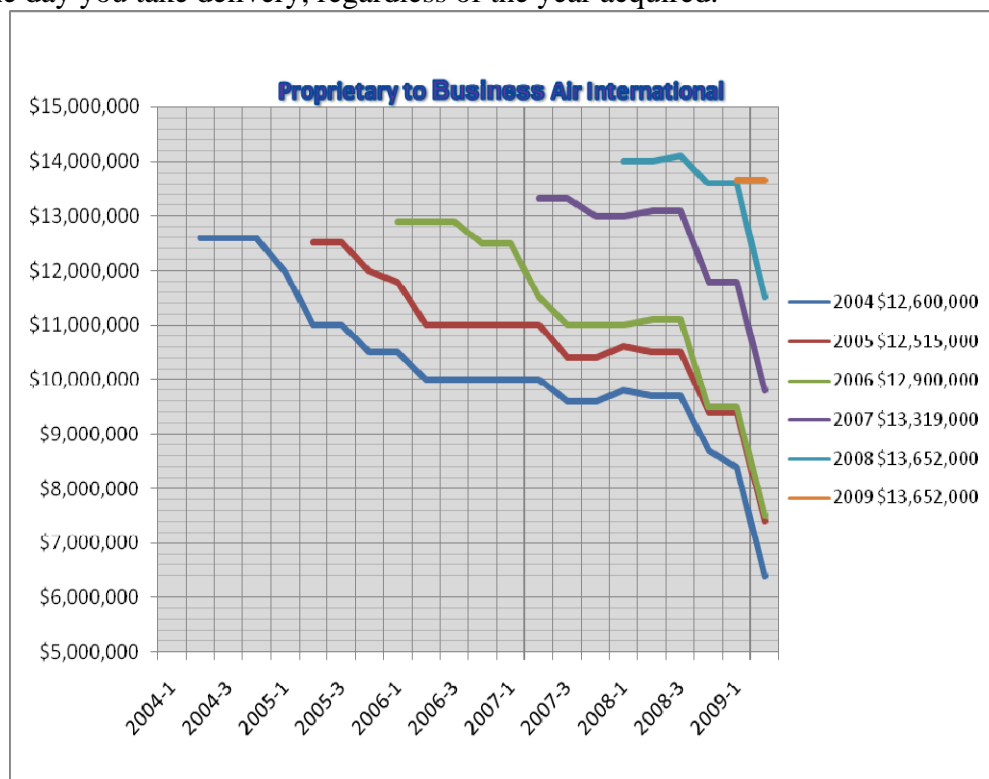


*It Can Reduce Total Ownership Cost By Millions*

# The Single Most Important Factor To Consider When Buying A Private Jet Is.....

Look at the two graphs below. Each graph traces the price history for a specific model aircraft. Each line in the graph traces the pricing history of that model for the particular year in which that model was manufactured. For instance, the bottom line for Model A, a well-known popular model of which just under 300 units have been produced, shows how the price of units produced in 2004 have declined since the day the aircraft was delivered from the factory.

If you look carefully you can generally determine that in the 2<sup>nd</sup> quarter of 2004 you would have paid approximately \$12,600,000 for the aircraft. By the 2<sup>nd</sup> quarter of 2008, the average retail price of 2004 units was bringing an average price of approximately \$9,600,000. Thus the decline in this model's value following four years of operation was \$3,000,000. From that point forward you can see that the bottom dropped out during the 3<sup>rd</sup> quarter of 2008, as it did for virtually all private jets. Just ignore that last major dip and note that during some really strong market conditions in 2004-2007, this aircraft's residual value was continually dropping and its resale value was only about 76% of the initial purchase price. Notice that the price starts to decline within a few months of the day you take delivery, regardless of the year acquired.

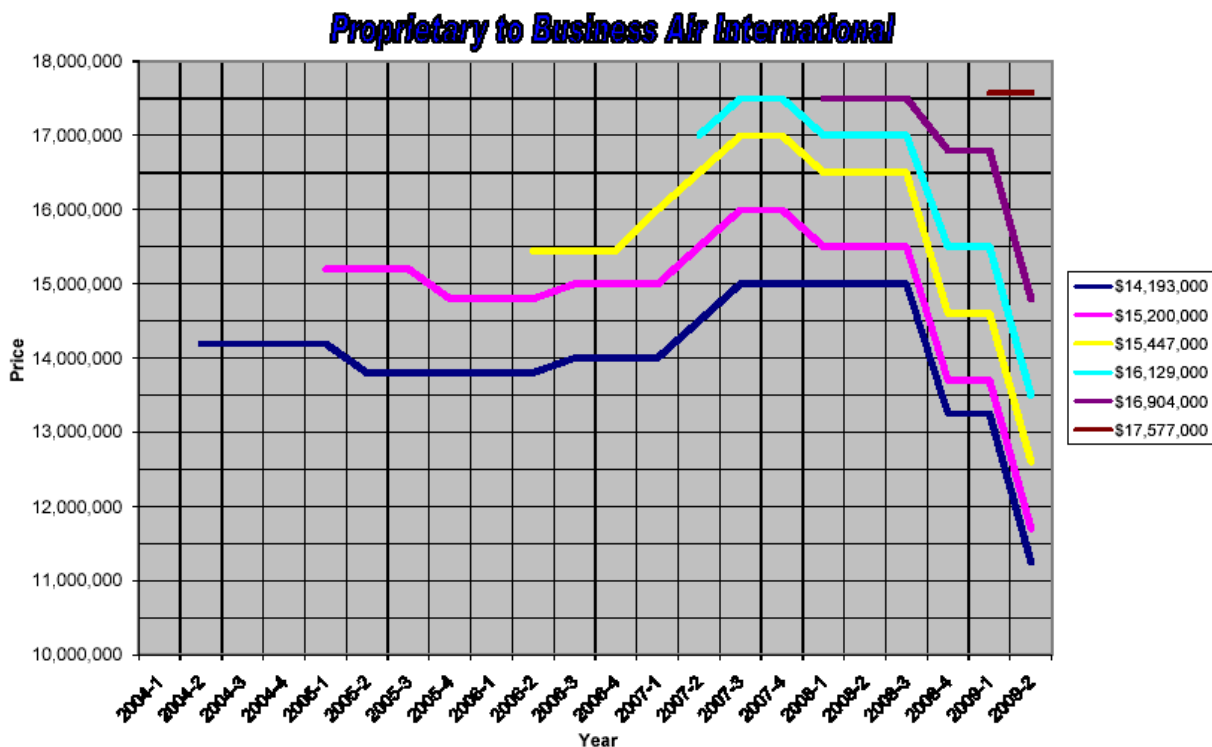


Now look at the Model B aircraft below. Just over 300 units of this model have been produced. Notice that it is in exactly the same calendar period as Model A. Notice also that the price range of Model B is



virtually identical to that of Model A. Finally, you can't tell it from this graph, but we can tell you that not only is the acquisition price the same, the speed, range, hourly operating cost and annual fixed cost are generally the same.

But look at the residual values of Model B during the exact time period as above. And notice how long the residual value holds its price after you take delivery. In the 2<sup>nd</sup> quarter of 2004 the acquisition price was about \$14,100,000. But by the 2<sup>nd</sup> quarter of 2008 Model B was, on average, selling for \$15,000,000, a \$900,000 price increase after four years of operation !



A decrease of \$3,000,000 in the resale value of Model A, but a \$900,000 increase for Model B, and the two are virtually identical in every major aspect of consideration.

The total ownership cost of your private jet over four years is total direct operating cost for 4 years of flying, *plus* total fixed cost over the 4 years, *plus* the cost of capital to own the aircraft for 4 years. In this instance, the direct operating, fixed and capital costs will be essentially identical.

But with Model A you have to add an additional \$3,000,000 to determine your total cost as that is capital that you did not recover. With Model B you actually can reduce the total ownership cost by \$900,000 because you sold it for more than the initial acquisition cost.

With these two aircraft, that is a \$3,900,000 swing in your ownership cost ! That's a savings of over \$80,000 per month.



Absolutely no other factor of ownership cost comes close to resulting in such a dramatic difference in total ownership cost. Even if Model A had an hourly operating cost of zero, and you flew 500 hours per year for 4 years, Model B will still have a lower total ownership cost for the 4 years because of the higher residual sales value.

So, the answer to the headline question of what is the single largest factor that determines total ownership cost will normally be the resale value, or residual value after your years of ownership compared to its initial price.

So why doesn't everyone factor this into their purchase equation? Simple. In short, the information has never been available until now.

BAI's analysis all started several months ago during dinner with a client in Geneva. He asked what information was available regarding residual value of aircraft, and is it possible that one model would have a significant advantage over another?

BAI assigned its researcher, W. Barry Smith, to the task and after several weeks he concluded that such data was not readily available. Smith did however discover that by collecting data and then doing a very significant amount of manipulation, he could generate large data tables that would in fact yield the very informative graphs as above.

As a result of the massive amount of laborous manipulation he has labored on over the past months, Business Air International now has graphs of the residual value history of 44 turbine powered business aircraft.

They report that the variations among the models is staggering. Some sure winners turn out to be the model whose resale price decreases the fastest. Some they thought would drop quickly actually rise in value even after 4, 5 or 6 years of utilization.

In summary, Business Air International now has available this exceptional new evaluation tool. Most importantly, they have set up their internal database such that they can update the charts on an on-going basis.

BAI clients who contract with them to assist in the acquisition of an aircraft under their acquisition agreement are provided full access to the data which helps them significantly reduce the total ownership cost over the period they own the aircraft. BAI also uses the data to demonstrate that by reviewing 15 to 20 years of historical pricing data, why it might be better to select one model over another, why they should purchase immediately, or wait a month or so to realize more advantageous pricing.

BAI clients for whom they act as a private jet broker and assist them in the disposal and sale of an existing aircraft, are also provided with the data to positively confirm the actual price level they can expect to realize from the sale. It helps sellers quickly evaluate whether an offer made is reasonable under current market conditions. The BAI data also quickly demonstrates recent trends as to whether the pricing trend is up or down.

BAI may be reached at 1+940-898-1999 or +44 793 856 3771 or via their website at [www.businessairinternational.com](http://www.businessairinternational.com) for further information regarding their proprietary residual value



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**Our reach is global.  
So is our knowledge and experience.**



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