

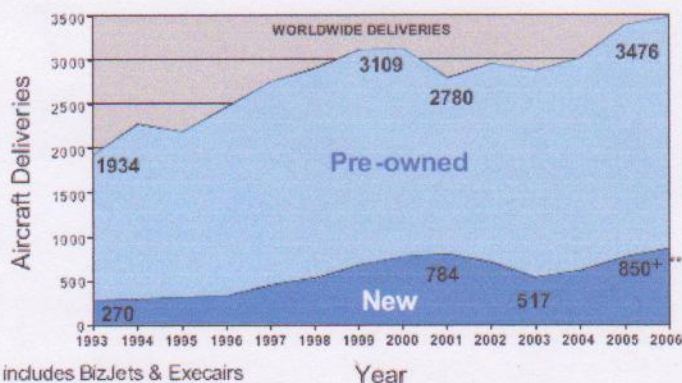
JETNET STAT ANALYSIS

2006 Is History!

Looking ahead at the prospects for 2007's market and beyond.

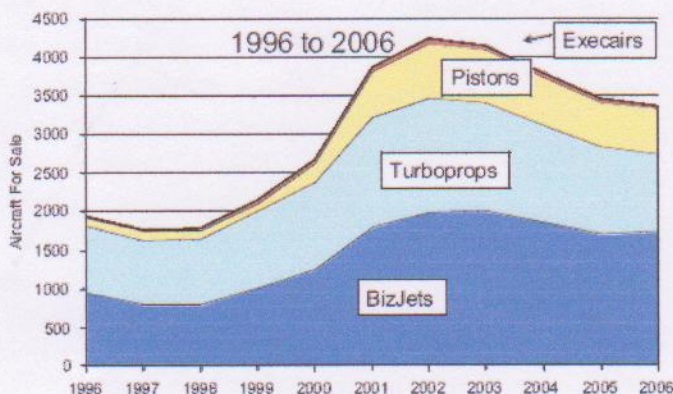
by Michael Chase & Marj DeLong

CHART A New and Pre-owned Business Jet*
Delivery cycles are different....



* includes BizJets & Execairs
** estimated to be greater than 850

CHART B Jets, TP, Pistons, & Execairs
Average Annual "FOR SALE"



112 WORLD AIRCRAFT SALES MAGAZINE - February 2007

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Aircraft Index see Page 2

From the new VLIJ market progress to record breaking aircraft deliveries, there was plenty of activity during 2006 to make the year a memorable one.

Now that the numbers are in let's take a quick look at the jet segment of business aviation and see what we accomplished in 2006 compared to previous years.

As illustrated in Chart A (top left), aircraft deliveries for both new and pre-owned business jets hit record levels in 2006. This upward trend is expected to continue into 2007 and 2008 with new deliveries hitting levels that may exceed the 1,000 mark for both years.

The record delivery levels are expected to help burn off the high level of backlog, which, (as of this writing) is greater than 3,000 aircraft. New aircraft orders are not expected to grow in 2007 and 2008 and may even decelerate modestly. This assumption is made on the anticipation that the OEMs will gear up production to reduce this record backlog. Owners and operators just do not want to wait two or more years to take delivery of their new aircraft.

So where does this leave the pre-owned market? We expect that the pre-owned market will continue to see record levels sold too. However, as shown in Chart B (displaying data sourced from JETNET/AvData (bottom left)), the number of aircraft "For Sale" will continue to decline compared to the peak years of 2002.

It is interesting to note that the number of used business jets "For Sale" increased slightly for the first time since 2002 to 1,728 compared to 2005 at 1,688 but were still under the peak numbers in 2002 and 2003 of nearly 2,000 aircraft.

Turning to Chart C - again compiled from JETNET/AvData information (top right) - the number of used aircraft "SOLD", which includes new and pre-owned user transactions, in 2006 was at the



same level as 2005 and stayed above the 6,000 mark with business jets accounting for as much as 56% of all the aircraft sold at 3,476 aircraft, a slight increase from the 3,361 sold in 2005.

Two additional leading indicators of the pre-owned market are the "Average Days on the Market" and the "Average Asking Prices", as shown in Chart D (right). Compiled from data furnished by JETNET/Av-Data, we can see that the average days expressed in months has fallen from the peak in 2004 at more than 10 months to a little over nine months in 2006.

However, the length of time to sell is still at a higher level compared to what it was back in 1998 and 1999, when it took an average of a little more than five months.

We can also observe that there was a major improvement in the "Average Asking Prices" in 2006 with an increase in prices for the first time since 2001. The average asking price at \$5.37 million was up \$820,000 compared to 2005 at \$4.55 million.

Both of these indicators in Chart D are moving in a positive direction, (i.e. it is taking less time to sell and the asking prices are increasing). There are high expectations that both of these lines will cross each other during 2007 as the pre-owned market continues to show overall improvement. This crossover last occurred in 1998 and 2002.

We've said many times previously: New aircraft orders are based on the successful sale of existing aircraft in the pre-owned market. We now add that these new aircraft deliveries need to be accomplished in a much timelier manner.

The length of time between order and delivery for some of the best sellers must be closer together or these owners and operators may switch to competitive alternatives to satisfy their requirements.

Our summary: Blue skies justifiably predicted for 2007 and 2008. ■

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CHART C Jets, TP, Pistons, Et Execairs
Average Annual "SOLD"

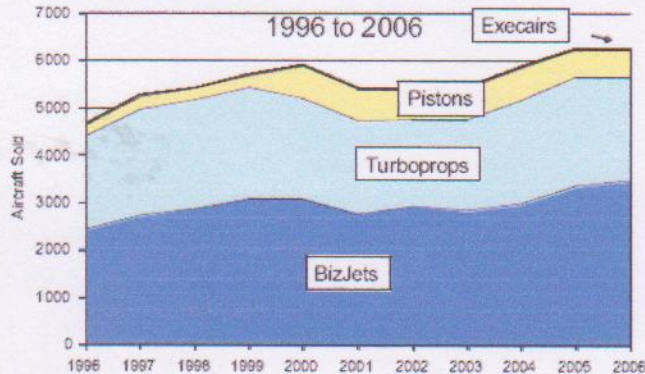
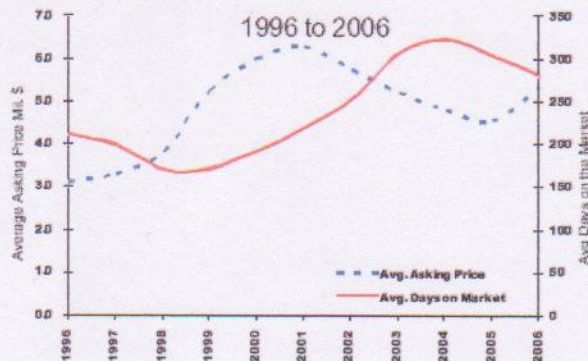


CHART D Aircraft "FOR SALE" - Jets & Execairs
"Avg Days on the Market" vs. Avg Asking Price



Source: JETNET & Bus Av Wk; Presentation and Analysis by Chase & Associates

MARKET ANALYSIS SUMMARY

- Aircraft "For Sale" in 2006 have steadily declined from a peak in 2002.
- The "Average Days on the Market" in 2006 at slightly over nine months are less than the peak levels of over 10 months in 2005 and 2004 but still double the levels of 1999.
- The "Average Asking Prices" in 2006 increased for the first time since 2001.
- Aircraft "Sold" in 2006 were at the same peak level as 2005.

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