

# AI<sup>2</sup> Market Report

Business Jet & Turboprop Aircraft – Volume 4, October 2020



## Q3 TRANSACTION VOLUME UP 71% OVER Q2; ASK PRICES IMPROVE EXCEPT FOR LARGE JET SECTOR

## Q3 DEMAND AT 2020 PEAK; DAYS ON MARKET UP 6.2% AS LOWER QUALITY INVENTORY LINGERS

Welcome to the AI<sup>2</sup> Market Report from Asset Insight, LLC. This Quarterly Market Report analyzed values for every production year of every modern make/model Business Class aircraft, and our September 30, 2020 maintenance analytics covered 134 fixed-wing models and 2,247 aircraft listed for sale.

### ➤ Q3 and year-to-date pricing mixed; Medium Jets posted 12-month high in September

	September	Q3	YTD Sept
Tracked Fleet Average	1.5%	2.1%	-1.6%
Large Jets	-1.5%	-4.3%	-13.5%
Medium Jets	5.5%	10.1%	4.4%
Small Jets	2.2%	0.0%	8.8%
Turboprops	0.3%	3.1%	-2.1%

### ➤ Demand\* peaks for current year during Q3, but is below Q3 2019 level

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Tracked Fleet Average	2.52	1.82	1.58	N/A	2.21
Large Jets	3.50	2.08	1.78	N/A	2.70
Medium Jets	3.06	1.94	1.69	N/A	2.39
Small Jets	2.57	1.33	1.20	N/A	1.68
Turboprops	3.67	1.83	1.58	N/A	2.06

\* Based on Percentage of each Make/Model's active fleet listed for sale and its Days on Market; Scale: 0.00 (Lowest Demand) to 5.00 (Highest Demand)

### ➤ Buyer preference for higher quality Jet assets decreases the Jet inventory Quality Rating; Turboprop Quality Rating improves

	September	Q3	YTD Sept
Tracked Fleet Average	-0.7%	-0.3%	0.4%
Large Jets	-1.1%	-1.9%	1.2%
Medium Jets	-0.2%	-0.1%	1.8%
Small Jets	-0.9%	-2.5%	-1.1%
Turboprops	-1.0%	4.0%	-1.2%

Quality Rating worsened (decreased) 0.3% to 5.293 during Q3, compared to 5.311 in Q2, but the Average Rating has remained within the 'Excellent' range during 2020, on our scale of -2.5 to 10.

### ➤ Buyer preference for higher quality Jet assets worsens (increases) Jet inventory Maintenance Exposure during Q3; Turboprop figures improve during Q3 and YTD

	September	Q3	YTD Sept
Tracked Fleet Average	3.3%	6.4%	9.9%
Large Jets	3.0%	3.3%	3.7%
Medium Jets	1.2%	1.3%	-1.5%
Small Jets	2.0%	14.6%	32.7%
Turboprops	1.3%	-3.0%	-2.9%

### ➤ Tracked fleet's marketability (ETP Ratio) posts record-worst figure

Average "Days on Market" increased 6.2% during Q3 (339 versus 319 during Q2). Our tracked fleet's Exposure to Price Ratio (Maintenance Exposure divided by Ask Price) worsened to a record-high 73.7%, compared to 69.9% during Q2. Statistics demonstrate that any ETP Ratio over 40% represents excessive Maintenance Exposure in relation to Ask Price and a hindrance to aircraft marketability (see chart on page 2). ***During Q3, aircraft whose ETP Ratio was 40% or higher were listed for sale over 52% longer (on average) than aircraft whose ETP Ratio was below 40% (269 vs. 404 Days on Market).***

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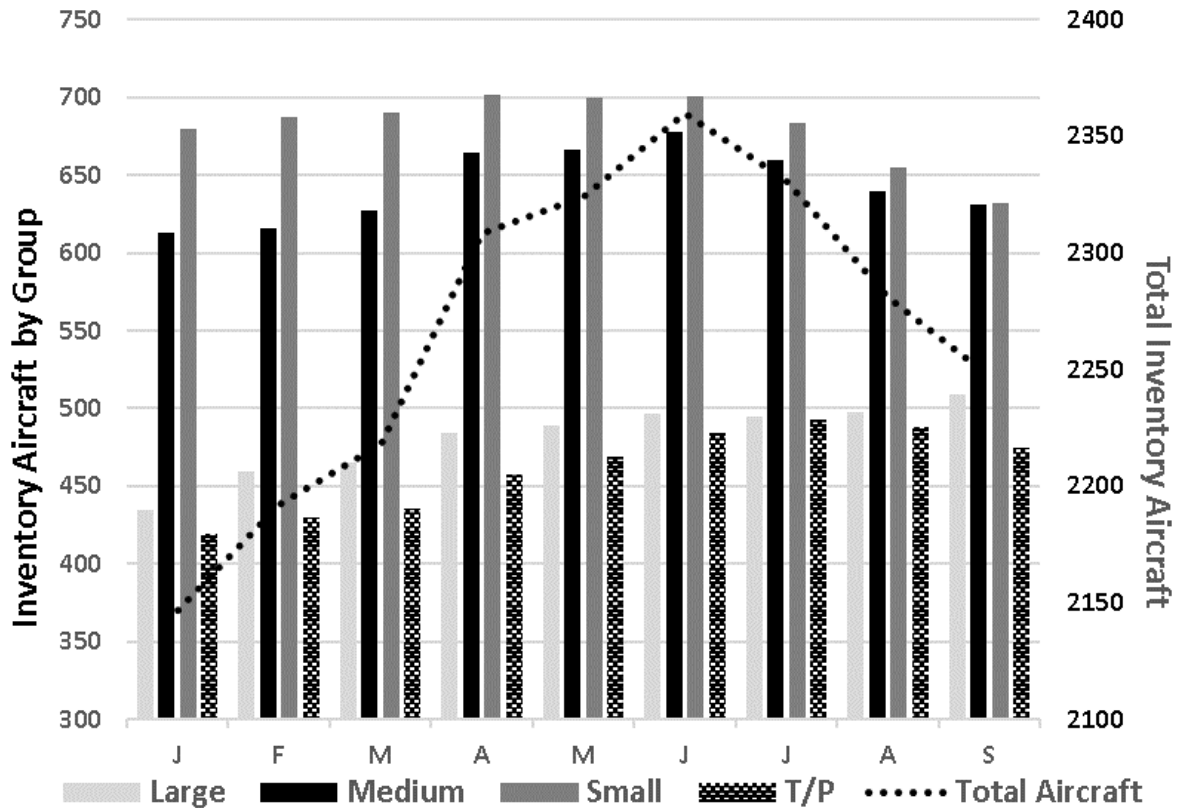
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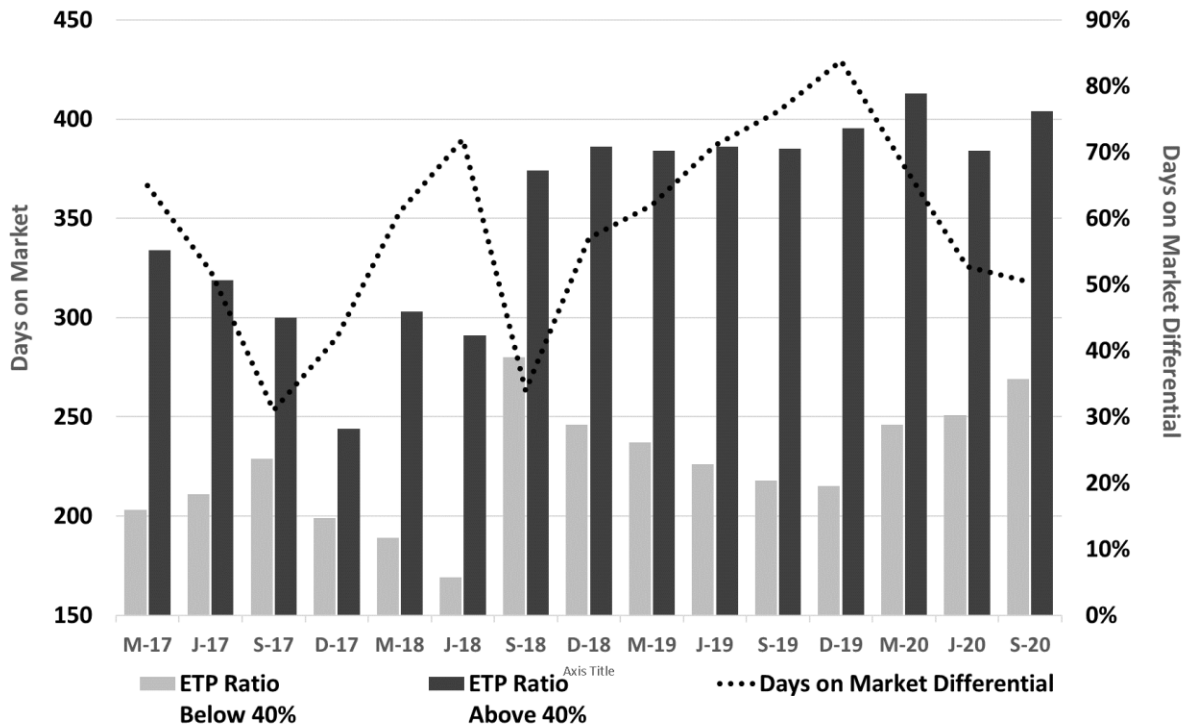
To discuss Asset Insight's services, or schedule an eValues™ System demo, please call us at (540) 905-4555

## Tracked Inventory Feet – 2020



(Source: Jetnet LLC)

## Average “Days on Market” Differential based on ETP Ratio

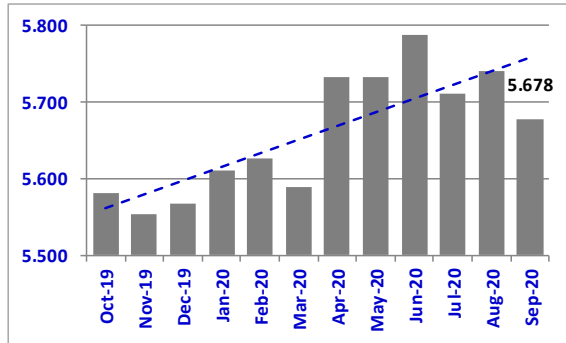


(Source: Jetnet LLC; Asset Insight LLC)

## Large Jets

### Asset Quality Rating

Scale -2.500 to 10.000

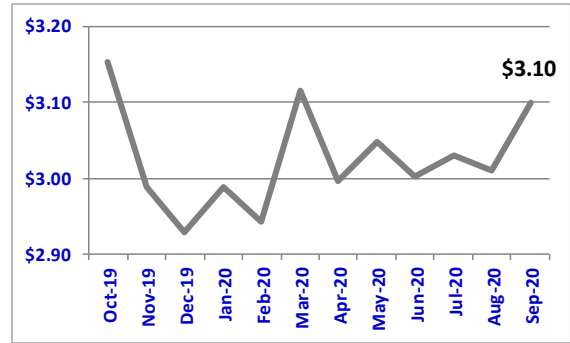


#### Asset Quality Rating Key

Outstanding	Excellent	Very Good	Good	Average	Below Average
5.500 or Greater	5.250 to 5.499	5.000 to 5.249	4.750 to 4.999	4.500 to 4.749	Less than 4.500

### Maintenance Exposure\*

(\$ Mil)



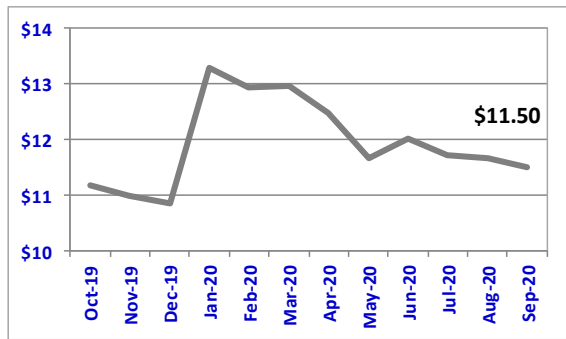
#### Maintenance Exposure - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Worst	Average	Best	Worst	Best
\$3.15	\$3.03	\$2.93	\$3.76	\$2.58

\* The accrued cost of future scheduled maintenance

### Average Ask Price

(\$ Mil)



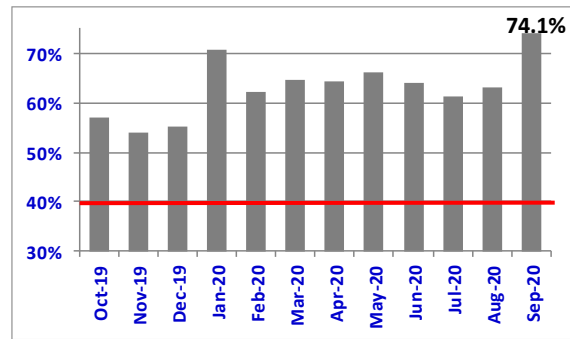
#### Ask Price - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Highest	Average	Lowest	Highest	Lowest
\$13.29	\$11.94	\$10.86	\$16.61	\$10.35

Source: Jetnet (www.jetnet.com)

### Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



#### Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

### Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

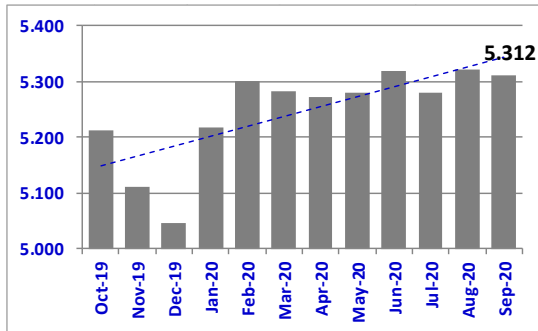
Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market
<b>Boeing</b>			<b>Dassault</b>			<b>Embraer</b>		
Boeing BBJ	17.2%	474	F2000LXS	6.9%	211	Legacy 650	15.9%	282
<b>Bombardier</b>			F7X	9.0%	245	Embraer Legacy 600	39.9%	521
CL-650	4.8%	202	F2000LX	14.1%	191	<b>Gulfstream</b>		
Global 6000	10.0%	241	F900EX EASy	16.1%	270	G500	1.3%	305
CL-605	19.9%	224	Falcon2000EX Easy	17.5%	105	G 650ER	5.5%	232
Global XRS	30.9%	210	F900DX	20.0%	274	G650	5.9%	95
Global 5000	31.5%	340	F900EX	31.1%	384	G 450	18.6%	354
CL-604	51.5%	198	F2000EX	31.3%	396	G550	31.6%	205
Global Express	79.5%	248	F900	43.2%	242	GV	40.7%	260
CL-601-3R	139.6%	309	F900B	62.3%	242	GIV-SP (MSG3)	54.7%	273
CL-601-3A	194.2%	500	Falcon 2000	72.7%	214	GIV-SP	102.9%	273
CL-601-1A	276.5%	375				G 300	103.4%	14
<b>Cessna</b>						GIV	171.7%	292
Citation Latitude	5.2%	178				G-III	692.0%	684

Ask Price and Days on Market source: Jetnet (www.jetnet.com)

## Medium Jets

### Asset Quality Rating

Scale -2.500 to 10.000

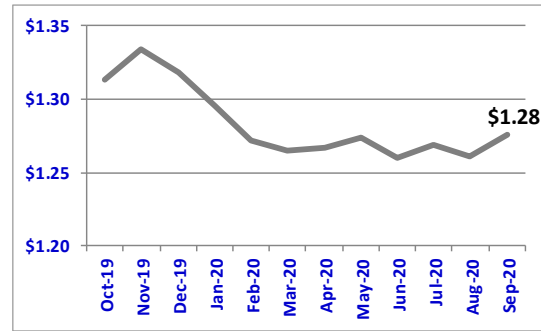


#### Asset Quality Rating Key

Outstanding	Excellent	Very Good	Good	Average	Below Average
5.500 or Greater	5.250 to 5.499	5.000 to 5.249	4.750 to 4.999	4.500 to 4.749	Less than 4.500

### Maintenance Exposure\*

(\$ Mil)



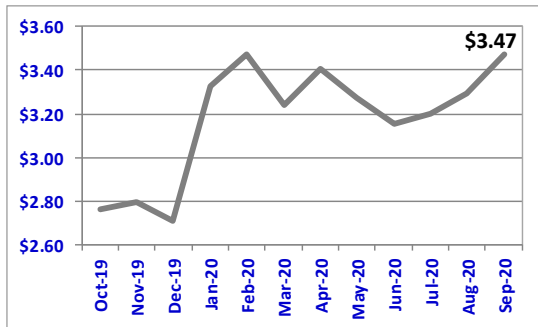
#### Maintenance Exposure - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Worst	Average	Best	Worst	Best
\$1.33	\$1.28	\$1.26	\$1.70	\$0.85

\* The accrued cost of future scheduled maintenance

### Average Ask Price

(\$ Mil)



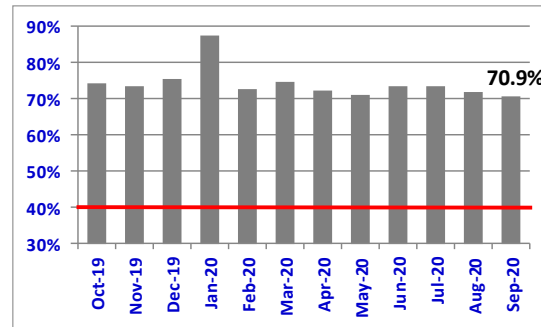
#### Ask Price - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Highest	Average	Lowest	Highest	Lowest
\$3.47	\$3.18	\$2.71	\$4.80	\$2.37

Source: Jetnet (www.jetnet.com)

### Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



#### Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

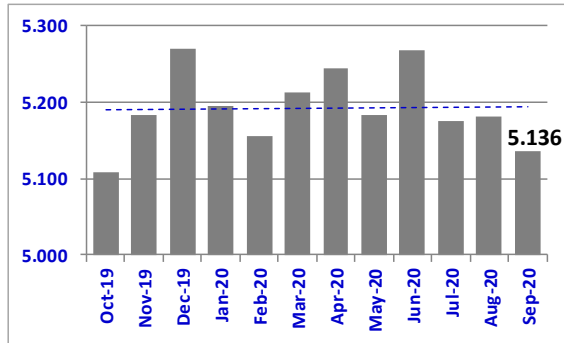
### Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market
<b>Bombardier</b>			<b>Cessna</b>			<b>Gulfstream</b>		
Challenger 350	9.3%	254	Citation XLS+ (MSG3)	14.2%	288	G-150	24.3%	303
Learjet 75	11.2%	157	Citation Sovereign 680	18.4%	250	G-200	52.1%	267
Learjet 70	16.3%	209	Citation XLS	35.3%	149	G-100	127.5%	237
Challenger 300	28.2%	212	Citation XLS (MSG3)	44.1%	149	<b>Hawker</b>		
Learjet 45XR	36.4%	255	Citation Excel 560XL	51.4%	174	Nextant 400XTi	24.3%	392
Learjet 60XR	43.0%	377	Citation VII	72.9%	329	Hawker 900XP	25.7%	264
Learjet 40	55.7%	560	Citation VI	118.9%	370	Hawker 4000	38.8%	388
Learjet 40XR	58.4%	273	<b>Dassault</b>			Hawker 850XP	43.2%	283
Learjet 45	79.8%	377	Falcon 50EX	47.7%	226	Hawker 750	53.0%	117
Learjet 45 w/APU	82.4%	377	Falcon 50	109.1%	313	Hawker 400XP	54.5%	430
Learjet 60	109.2%	338	Falcon 20-5	314.1%	368	Hawker Beechjet 400A	80.1%	564
Learjet 55C	120.3%	399	<b>Embraer</b>			Hawker 800XP	93.7%	315
Learjet 55	203.9%	602	Legacy 500	10.5%	143	Hawker 1000A	120.2%	965
<b>Cessna</b>			<b>Gulfstream</b>			Hawker Beechjet 400	130.8%	480
Citation Sovereign +	6.8%	123	G280	9.0%	225	Hawker 800A	157.4%	868
Citation X+	13.6%	250				Hawker 125-700A	304.6%	646

Ask Price and Days on Market source: Jetnet (www.jetnet.com)

## Small Jets

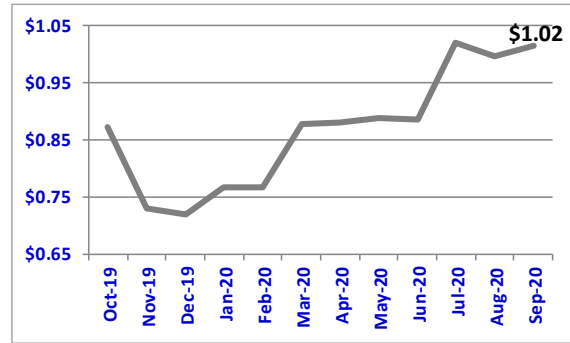
### Asset Quality Rating Scale -2.500 to 10.000



#### Asset Quality Rating Key

Outstanding	Excellent	Very Good	Good	Average	Below Average
5.500 or Greater	5.250 to 5.499	5.000 to 5.249	4.750 to 4.999	4.500 to 4.749	Less than 4.500

### Maintenance Exposure\* (\$ Mil)

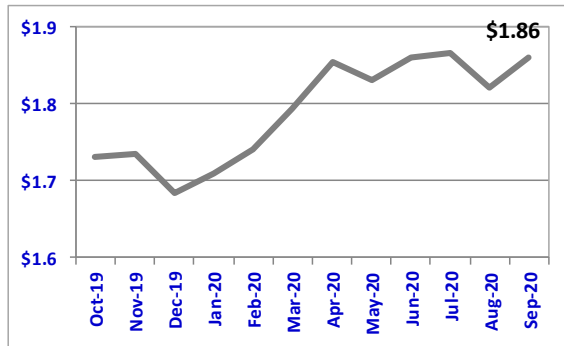


#### Maintenance Exposure - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Worst	Average	Best	Worst	Best
\$1.02	\$0.87	\$0.72	\$1.07	\$0.57

*\* The accrued cost of future scheduled maintenance*

### Average Ask Price (\$ Mil)

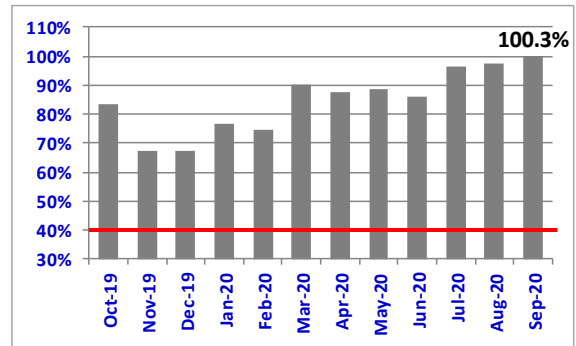


#### Ask Price - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Highest	Average	Lowest	Highest	Lowest
\$1.87	\$1.79	\$1.68	\$2.21	\$1.67

Source: Jetnet (www.jetnet.com)

### Maintenance Exposure to Ask Price Ratio ("ETP Ratio")



#### Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

### Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

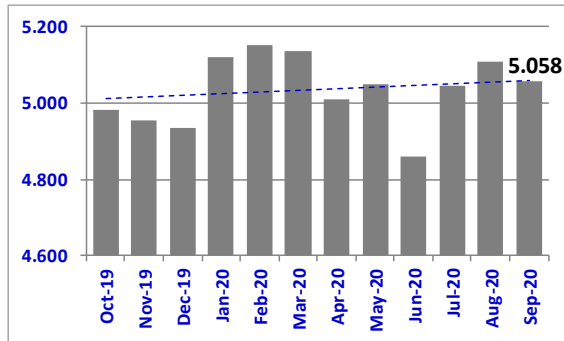
Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market
<b>Beechcraft</b>			<b>Cessna</b>			<b>Cessna</b>		
Premier 1A	59.9%	310	Citation CJ4 525C	14.8%	214	Citation V 560	89.3%	383
Premier 1	83.2%	407	Citation Encore +	20.8%	411	Citation ISP	128.2%	604
<b>Bombardier</b>			Citation CJ3	28.3%	210	Citation II	156.4%	634
Learjet 31A	112.5%	535	Citation CJ2+ 525A	28.6%	226	Citation III	217.9%	451
Learjet 36A	175.3%	758	Citation Encore	32.9%	308	Citation Bravo	226.0%	505
Learjet 31	198.8%	518	Citation CJ1+	34.1%	354	<b>Embraer</b>		
Learjet 35A	286.0%	586	Citation Mustang 510	35.7%	302	Phenom 300	14.7%	202
<b>Cessna</b>			Citation CJ2	44.3%	254	Phenom 100E	26.5%	288
Citation CJ3+	9.6%	113	Citation CJ1	58.0%	394	Phenom 100	45.3%	255
			Citation V Ultra	58.6%	357			

Ask Price and Days on Market source: Jetnet (www.jetnet.com)

## Turboprops

### Asset Quality Rating

Scale -2.500 to 10.000

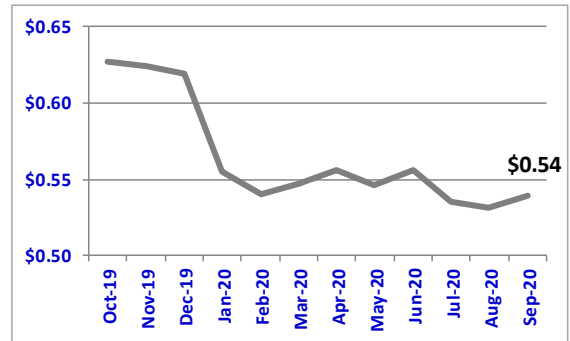


#### Asset Quality Rating Key

Outstanding	Excellent	Very Good	Good	Average	Below Average
5.500 or Greater	5.250 to 5.499	5.000 to 5.249	4.750 to 4.999	4.500 to 4.749	Less than 4.500

### Maintenance Exposure\*

(\$ Mil)



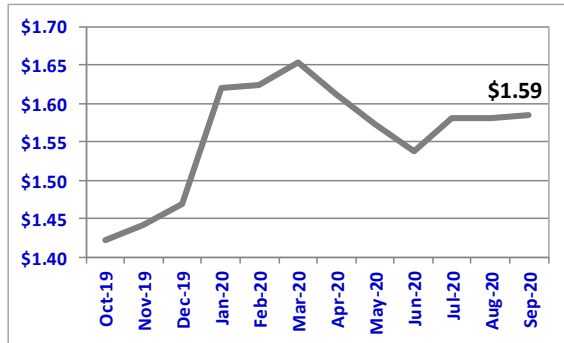
#### Maintenance Exposure - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Worst	Average	Best	Worst	Best
\$0.63	\$0.56	\$0.53	\$0.70	\$0.44

\* The accrued cost of future scheduled maintenance

### Average Ask Price

(\$ Mil)



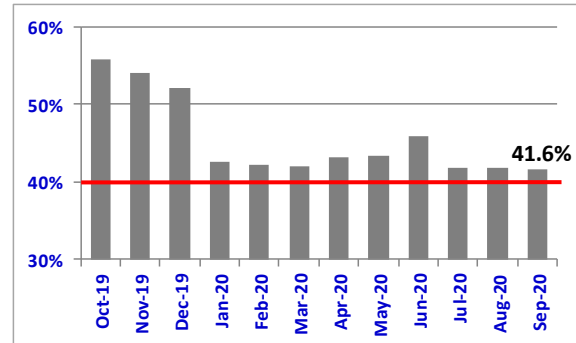
#### Ask Price - Reference Points

12-month Figures \$ Millions			Historical Figures \$ Millions	
Highest	Average	Lowest	Highest	Lowest
\$1.65	\$1.56	\$1.42	\$1.97	\$1.40

Source: Jetnet (www.jetnet.com)

### Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



#### Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

### Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market	Model	ETP Ratio	Days on Market
<b>Beechcraft</b>			<b>Cessna</b>			<b>Piaggio</b>		
King Air 350i	16.6%	171	Caravan 208-675	21.6%	493	Piaggio P-180 II	41.2%	451
KingAir 350 - Post-2000	24.1%	334	Caravan 208	36.5%	493	Piaggio P-180	118.5%	892
KingAir B-200 - Post-2000	33.0%	299	Caravan Grand 208B	40.3%	425	<b>Pilatus</b>		
KingAir 350 - Pre-2001	36.1%	334	<b>Daher - Socata</b>			Pilatus PC-12	19.0%	331
KingAir B-200 - Pre-2001	49.7%	299	TBM 850	21.9%	190	<b>Piper</b>		
KingAir 300	50.1%	349	TBM 700A	71.6%	418	Piper Meridian	20.8%	242
KingAir C90	114.5%	733						

Ask Price and Days on Market source: Jetnet (www.jetnet.com)

## Aircraft analyzed – maintenance analytics

Following is a list of the aircraft models researched to produce this Market Report’s maintenance analytics:

<u>Large Jets</u>	<u>Medium Jets</u>	<u>Small Jets</u>	<u>Turboprops</u>
<b>Beechcraft-Hawker:</b>			
	• Beechjet 400	• Premier 1	• King Air C90
	• Beechjet 400A	• Premier 1A	• King Air B-200
	• Hawker 400XP		• King Air 300
	• Hawker 700 Series		• King Air 350
	• Hawker 800 Series		• B-1900C
	• Hawker 900 Series		
	• Hawker 1000A		
<b>Boeing:</b>			
• BBJ			
<b>Bombardier:</b>			
• CL-601-1A; 3A; -3R; -SE	• Challenger 300	• Learjet 31	
• CL-604	• Learjet 45; 45 w/APU	• Learjet 35A	
• CL-605	• Learjet 45XR		
• Global 5000	• Learjet 55-55A		
• Global Express	• Learjet 55C		
• Global XRS	• Learjet 60		
	• Learjet 60XR		
<b>Cessna:</b>			
• Citation Latitude	• Citation Excel	• Citation CJ1+	
	• Citation Sovereign	• Citation CJ2	
	• Citation VI	• Citation CJ3	
	• Citation X (MSG3)	• Citation CJ4	
	• Citation XLS; XLS (MSG3)	• Citation Bravo	
	• Citation XLS+ (MSG3)	• Citation Encore; Encore +	
		• Citation I-SP	
		• Citation II	
		• Citation Mustang	
		• Citation V; Citation V Ultra	
<b>Daher Socata:</b>			
			• TBM 700; 850; 930
<b>Dassault Falcon Jet:</b>			
• F2000	• Falcon 20-5		
• F2000EX; F2000EX Easy	• Falcon 50		
• F2000DX; F2000LX	• Falcon 50EX		
• F900; F900B; F900C			
• F900EX; F900EX Easy			
• F900DX; F900LX			
<b>Eclipse:</b>			
		• Eclipse 500	
<b>Embraer:</b>			
• Legacy 600		• Phenom 100	
		• Phenom 300	
<b>Gulfstream:</b>			
• G-IV	• G-100		
• GIV-SP & GIV-SP (MSG3)	• G-150		
• GV	• G-200		
• G350	• G-280		
• G450			
• G550			
<b>Piaggio:</b>			
			• P-180; P180 II
<b>Pilatus:</b>			
			• PC-12
<b>Piper:</b>			
			• Malibu Meridian

## Analysis Methodology – Maintenance Analytics

Asset Insight, LLC has developed a proprietary **Asset Grading System Process™** (AGSP) that objectively evaluates assets relative to their Optimal Maintenance Condition and provides an easy-to-understand, uniform, yet robust, set of data that can be acted upon, on a timely basis, to protect and/or enhance an asset’s financial performance.

The AGSP is based on patented algorithms analyzing current age, the hours and cycles on an aircraft’s Major Sectors – airframe, engine(s), propeller(s), APU, paint, and interior – as well as the cost to repair or replace parts with no defined life. The AGSP derives an index (the “**Asset Insight Index**”) providing an objective measure of an aircraft’s current maintenance status and its related Financial Exposure going forward (the financial liability accrued with respect to future scheduled maintenance events).

The Asset Insight Index is comprised of three factors that evaluate two aspects of an aircraft’s maintenance, its **Asset Quality Rating** and its **Maintenance Exposure Value**. The Asset Quality Rating is computed by averaging the aircraft’s **Maintenance Rating** and **Financial Rating**, while the Maintenance Exposure Value measures an aircraft’s accrued / consumed financial liability with respect to future scheduled maintenance events, presenting such information in financial terms.

## Asset Quality Rating and the Factors Comprising the "Asset Insight Index"

### Asset Quality Rating

The Asset Quality Rating allows any aircraft’s maintenance status to be directly compared to any other aircraft’s maintenance status, by virtue of the Asset Insight standardized scale. The Asset Quality Rating is computed by averaging the aircraft’s Maintenance Rating (“ATC Score”) and Financial Rating (“ATFC Score”) – explained in the following two sections, and is based on a scale ranging from -2.500 to 10.000, the latter reflecting a newly produced aircraft (see scale below).

-2.500 – 2.000	3.000	4.000 – 6.000	7.000	8.000 – 10.000
Poor Asset Quality	Below average asset quality due to upcoming scheduled maintenance	Most aircraft will Score within this range, representing good asset quality	Very good asset quality (usually associated with recent production aircraft)	Exceptional asset quality (typical of new, or nearly new, production aircraft)

### ① Maintenance Rating – Asset Technical Condition Score (“ATC Score”)

The “Asset Technical Condition Score” (“ATC Score”) utilizes the Asset Grading System Process™ developed by Asset Insight, Inc. to objectively evaluate and grade an aircraft’s maintenance status, on a standardized scale, relative to its Optimal Maintenance Condition (achieved on the day it came off the production line), utilizing the aircraft’s (standard/typical) Scheduled Maintenance Program. The ATC Score is based on a scale ranging from -5.000 to 10.000, the latter reflecting a newly produced aircraft (see scale below).

-5.000 – 2.000	3.000	4.000 – 6.000	7.000	8.000 – 10.000
Poor Asset Quality	Below average asset quality due to upcoming, heavy, scheduled maintenance	Most aircraft will Score within this range, representing good asset quality	Very good asset quality (usually associated with recent production aircraft)	Exceptional asset quality (typical of new, or nearly new, production aircraft)

### ② Financial Rating – Asset Technical Financial Condition Score (“ATFC Score”)

The “Asset Technical Financial Condition Score” (“ATFC Score”) evaluates and grades the Aircraft’s financial rating relative to its Optimal Maintenance Condition based on the Aircraft’s ATC Score (see Maintenance Rating above). The ATFC Score is based on a scale from 0.000 to 10.000, the latter reflecting a newly produced aircraft (see scale below).

0.000	3.000	4.000 – 6.000	7.000	8.000 – 10.000
All scheduled maintenance events due	Aircraft with upcoming, high cost, scheduled maintenance events	Most aircraft will Score within this maintenance status cost range	Aircraft facing relatively low-cost maintenance events	New or recently manufactured aircraft



To score each aircraft make/model, the average cost for completing each maintenance event comprising the ATC Maintenance Program is determined. Having compiled the aircraft's maintenance history, the time (calendar, flight hours or cycles) accumulated toward each individual scheduled/anticipated maintenance event is used to determine the aircraft's ATFC Score.

The Financial Rating (ATFC Score) differs from the Maintenance Rating (ATC Score). While the ATC Score evaluates and grades an aircraft's maintenance status relative to its Optimal Maintenance Condition, the ATFC Score grades an aircraft's financial condition relative to its Optimal Maintenance Condition, meaning the ATFC Score is weighted by the estimated cost to complete each maintenance event. Accordingly, the Maintenance Rating is likely to differ from the Financial Rating.

For example, if an aircraft had only two maintenance components, and if one component was three-quarters of the way toward its overhaul while the second was one-quarter of the way toward its overhaul, their combined ATC Score would be 5.000, based on the following calculation:  $(75\% + 25\%) / 2 \times \text{Perfect Score (10.000)} = 5.000$ .

However, if the first of these components has an overhaul cost of \$1,000, while the second has an overhaul cost of \$10,000, their combined ATFC Score would be 2.955 (see below).

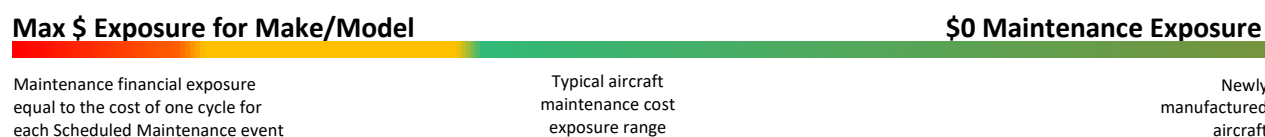
	<u>Remaining Useful Life</u>	<u>Overhaul Cost</u>	<u>Remaining Financial Value</u>
Component #1	75%	\$1,000	\$750
Component #2	25%	<u>\$10,000</u>	<u>\$2,500</u>
		<u>\$11,000</u>	<u>\$3,250</u>

**ATFC Score Calculation Methodology**

Aircraft's Financial Ratio  $(\$3,250 / \$11,000) \times \text{Perfect Score (10.000)} = 2.955$

**Maintenance Exposure – Asset Technical Financial Exposure Value (“ATFE Value”)**

The “Asset Technical Financial Exposure Value” (“ATFE Value”) measures the aircraft's financial exposure based on its maintenance condition – the liability accrued / consumed with respect to future scheduled maintenance events – and presents this information in financial terms, as follows:



To derive an aircraft's ATFE Value, the estimated cost for completing each event comprising the ATC Maintenance Program has been established. Having compiled an aircraft's maintenance history, the time (flight hours, landings/cycles, and/or calendar period) accumulated toward each individual scheduled/anticipated maintenance event is used to compute the dollar liability accrued toward that event, with the ATFE Value representing the total accrued liability toward future maintenance events.

**Ask Price vs. Maintenance Exposure to Ask Price Ratio (“ETP Ratio”) Graph**

The graph displays the relationship between each aircraft group's “Maintenance Exposure to Ask Price” Ratio (the ATFE Value divided by the Average Ask Price) and the Average Ask Price. In general, as aircraft Ask Prices rise, the Ratio should decrease – all other factors being equal. However, the Ratio's relationship to Ask Price is not an absolute inverse correlation. Aircraft with a greater or lesser maintenance-related Financial Exposure, but with the same Ask Price, may replace aircraft listed “for sale” during any given month. Accordingly, it is possible for both the Ratio and the Ask Price lines to move in the same direction.

## Maintenance Exposure to Ask Price Ratio (“ETP Ratio”)

The Maintenance Exposure to Ask Price Ratio (“ETP Ratio”) is calculated by dividing the aircraft’s Maintenance Exposure (the financial liability accrued with respect to future scheduled maintenance events) by its Ask Price. Accordingly, as the ETP Ratio decreases, the aircraft’s “value” increases (in relation to its Ask Price). Aircraft whose ETP Ratio is 40% or greater are believed to have accrued an excessive level of Maintenance Exposure in relation to their Ask Price. ETP Ratios are only available in cases where a statistically significant sample of aircraft Ask Price and maintenance status can be derived for a specific Make / Model.

## General Information

Asset Insight, LLC ([www.assetinsight.com](http://www.assetinsight.com)) provides asset evaluation and financial optimization services. The company’s “Asset Grading System Standard,” and related analyses, provides the ability to translate the asset’s technical condition into easy-to-understand, actionable financial information. Asset Insight is independent of any manufacturer, appraisal firm, financial services firm, or technical services facility, enabling it to provide an unbiased view of an asset’s condition with respect to its technical status and related financial exposure. The company is managed by business, technical and financial professionals with significant experience in aviation asset management.

The analytics in this document are not intended to represent a technical evaluation of any Aircraft. Further, the reader, or any party using information contained in this Report, should recognize that this Report is limited in scope, and that discrepant conditions may exist in any one or more analyzed aircraft that were not known by Asset Insight, LLC.

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