

PREMIER JET AVIATION

Gulfstream IVSP Ownership & Operating Cost Analysis

Prepared for:

XYZ Corporation

Aircraft:

Gulfstream GIVSP

Estimated Purchase Prices*: GIVSP \$13,500,000

*prices assume best condition/value for each aircraft series not necessarily the lowest or highest prices

Location:

International Airport

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NOTE: This ownership cost analysis is an estimate. All tax consequences should be verified by your tax advisors.

Company/Individual Ownership

XYZ Corporation	Owner Expenses before Tax Considerations					
Case ID: XYZ						
Gulfstream GIVSP						
International Airport						

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
ANNUAL FIXED EXPENSES						
Employee Salaries (Pilot & CoPilot)	180,000	180,000	180,000	180,000	180,000	180,000
Employee Benefits (Pilot & CoPilot: 30.0%)	54,000	54,000	54,000	54,000	54,000	\$54,000
Employee Training (Pilot & CoPilot)	51,800	20,000	20,000	20,000	20,000	\$26,360
Insurance-Hull (0.14% of purchase price)	18,900	18,900	18,900	18,900	18,900	\$18,900
Insurance-Liability (\$100,000,000 limit)	96,000	96,000	96,000	96,000	96,000	\$96,000
Navigation Chart Services	2,000	2,000	2,000	2,000	2,000	\$2,000
Weather/Flight Planning Services	4,300	4,300	4,300	4,300	4,300	\$4,300
Computerized Maintenance Service	20,000	20,000	20,000	20,000	20,000	\$20,000
Other Subscriptions(GPS...)	6,500	6,500	6,500	6,500	6,500	\$6,500
Aircraft Cleaning	16,020	16,020	16,020	16,020	16,020	\$16,020
Aircraft Improvements	30,030	30,030	30,030	30,030	30,030	\$30,030
Special Fixed Expenses (SEE *1)	8,500	-	-	-	-	1,700
TOTAL ANNUAL FIXED EXPENSES	\$ 488,050	\$ 447,750	\$ 447,750	\$ 447,750	\$ 447,750	\$ 455,810

VARIABLE EXPENSES PER HOUR						
Fuel (\$3.85 average per gallon)	1,713.25	1,713.25	1,713.25	1,713.25	1,713.25	\$1,713.25
Maintenance-Labor	190.95	190.95	190.95	190.95	190.95	\$190.95
Parts-airframe, engines, avionics	196.90	196.90	196.90	196.90	196.90	\$196.90
Engine Overhaul Reserve	362.52	362.52	362.52	362.52	362.52	\$362.52
Other Overhaul Reserve	72.67	72.67	72.67	72.67	72.67	\$72.67
Landing/Parking Fees	73.61	73.61	73.61	73.61	73.61	\$73.61
Aircraft catering & supplies	60.00	60.00	60.00	60.00	60.00	\$60.00
Crew Travel Expenses	249.60	249.60	249.60	249.60	249.60	\$249.60
REGULAR VARIABLE EXPENSES	\$ 2,919.50	\$ 2,919.50	\$ 2,919.50	\$ 2,919.50	\$ 2,919.50	\$ 2,919.50

ANNUAL EXPENSE SUMMARY						Average
Owner Usage-Hours/Year	300	300	300	300	300	300
Total Aircraft Usage-Hours/Year	300	300	300	300	300	300
Percent of Aircraft	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
TOTAL ANNUAL FIXED EXPENSES	\$ 488,050	\$ 447,750	\$ 447,750	\$ 447,750	\$ 447,750	\$ 455,810
TOTAL VARIABLE EXPENSES (300 Hrs/Yr)	\$ 875,850	\$ 875,850	\$ 875,850	\$ 875,850	\$ 875,850	\$ 875,850
TOTAL ANNUAL EXPENSES	\$ 1,363,900	\$ 1,323,600	\$ 1,323,600	\$ 1,323,600	\$ 1,323,600	\$ 1,331,660

* All special expenses are expensed in the year they occur. *1> Mechanic Training *2>

Case ID: Gulfstream GIVSP - XYZ Corporation			Aircraft Price	\$	13,500,000
Ownership Cost Analysis Gulfstream GIVSP International Airport			Down Payment	20.00%	\$ 2,700,000
			Amount Financed	80.00%	\$ 10,800,000
Aircraft Usage Summary			Interest Rate		4.90%
Hrs/Yr usage by XYZ Corporation	Hrs/Yr	300	Loan Term-Months		180
			Loan Payoff @ 60 Months (if any)	\$	8,036,207
			Monthly Payment	\$	84,844
Total Hours/Year usage	300		Insurance-\$ Liability Limit	\$	100,000,000

YEAR TO YEAR CASH FLOW				Year 1	Year 2	Year 3	Year 4	Year 5
Acquisition & Capital Costs								
Down Payment	Year One	20.00%	Down Payment	2,700,000	-	-	-	-
Loan Origination Fee		0.50%		54,000				
Interest				518,069	493,008	466,691	439,055	410,035
Principal				500,062	525,122	551,439	579,075	608,096
	Sub-Total			3,772,130	1,018,130	1,018,130	1,018,130	1,018,130
Operating Costs								
Fixed Expenses				488,050	447,750	447,750	447,750	447,750
Variable Expenses				875,850	875,850	875,850	875,850	875,850
	Sub-Total			1,363,900	1,323,600	1,323,600	1,323,600	1,323,600
Possible Deductible Expenses								
Loan Origination Fee				54,000				
Aircraft Depreciation	5 Yr	MACRS		2,700,000	4,320,000	2,592,000	1,555,200	1,555,200
Interest				518,069	493,008	466,691	439,055	410,035
Operating Costs				1,363,900	1,323,600	1,323,600	1,323,600	1,323,600
	Sub-Total			4,635,969	6,136,608	4,382,291	3,317,855	3,288,835
Tax Consequences								
Actual Deductible Expenses for % Business Use		100.00%		(4,635,969)	(6,136,608)	(4,382,291)	(3,317,855)	(3,288,835)
Net Income (Loss)				(4,635,969)	(6,136,608)	(4,382,291)	(3,317,855)	(3,288,835)
Federal & State Tax Savings (Payment)		38.00%		1,761,668	2,331,911	1,665,271	1,260,785	1,249,757
After Tax Cash Flow								
Acquisition & Capital Costs				(3,772,130)	(1,018,130)	(1,018,130)	(1,018,130)	(1,018,130)
Operating Costs				(1,363,900)	(1,323,600)	(1,323,600)	(1,323,600)	(1,323,600)
Federal & State Tax Savings (Payment)				1,761,668	2,331,911	1,665,271	1,260,785	1,249,757
	Annual After Tax Cash Increase (Decrease)			(3,374,362)	(9,819)	(676,460)	(1,080,945)	(1,091,973)
Cumulative After Tax Cash Increase (Decrease)				(3,374,362)	(3,384,181)	(4,060,641)	(5,141,586)	(6,233,559)

Ownership Cash Flow if Aircraft is TRADED after year indicated>								Year 5
Cumulative After Tax Cash Increase (Decrease)								(6,233,559)
Proceeds from sale of Aircraft								12,150,000
Payoff of Aircraft note								(8,036,207)
Taxes on disposal deferred to replacement aircraft								DEFERRED
Commission on sale of Aircraft								(60,750)
Total Ownership Cash Flow								(2,180,515)
per Month								(36,342)
per Flying Hour								(1,454)
per Statute Mile								(2.64)
per Seat/Statute Mile								(0.17)