



>>> Challenger 300/604/605

Market Report
Third Quarter 2015



THE CHALLENGER MARKET

The Challenger (300, 604, and 605) market is changing. Values overall continue to decline but the reasons for that softening vary by model. The 605 market is relatively healthy and pricing decreases can be mainly attributed to normal depreciation.

The 300 inventory levels are on the way down from earlier this year which could help stabilize pricing but buyers are very mindful of increasing maintenance and regulatory compliance costs for early versions of the aircraft that will be discussed later in this report.

Challenger 604's, on the other hand, are rushing to the market and have been slow to sell recently. Eventually, buyers will recognize an attractive buying opportunity and start snatching them up but inventory levels will have to change dramatically before prices can be expected to stabilize.

Our team of Challenger experts at Elliott Jets is ready to assist you with any questions you may have or help with your next aircraft purchase. Contact us for more information.

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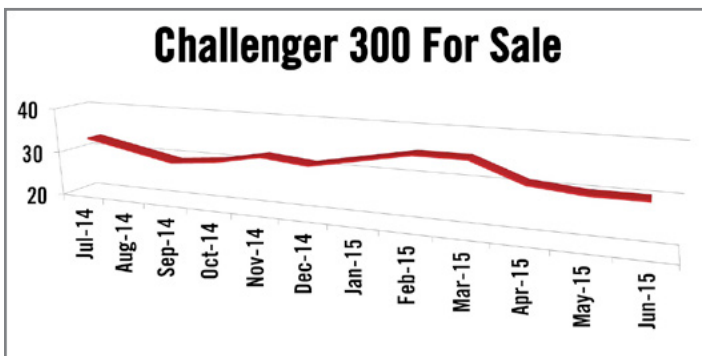
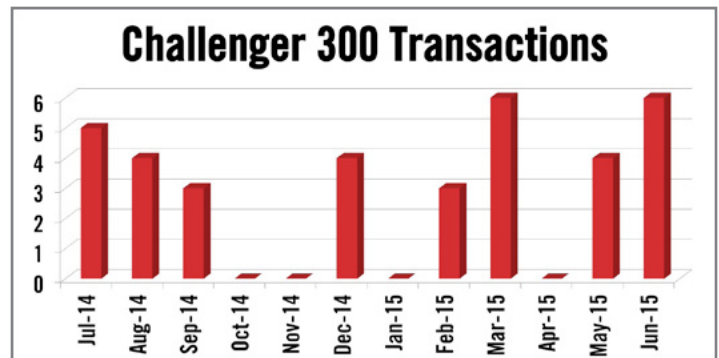


Current State of the Challenger 300 Market

The Bombardier Challenger 300 entered service in 2004 and was upgraded and replaced with the Challenger 350 in 2014. To date, there have been more than 450 of these models produced. Owners and operators purchase this aircraft for its excellent performance and all around capability.

Along with the other aircraft in its class, the Challenger 300 has suffered from a declining used aircraft market. Prices continue to fall for this model. In fact, overall Challenger 300 pricing has fallen approximately 9% in the past year. Expect to pay between \$7,500,000 and \$17,000,000 for a used Challenger 300, depending on availability. So far in 2015, 19 used Challenger 300's have sold. This compares to 14 units for the same period in 2014. Inventory levels of used 300's have fallen in the past few months to 30 units, representing 6.6 percent of the fleet.

Some important issues to consider are upcoming maintenance and regulations. If the aircraft is coming up to its 96 month and landing gear inspection, it could be a \$500,000 expense. The oldest models will need their third 48th month inspection next year, which can also run \$500,000. Also, the earlier serial numbers will be more costly to modify for the upcoming FANS update, which is important if you plan on traveling to Europe.



Market Snapshot for the Challenger 300

On Market: 30
 Fleet Size: 454
 % on market: 6.6%
 Average asking price: \$12MM
 Avg. Days on Market (sold in 2015): 584
 Average TT of aircraft currently for sale: 2900
 Transactions in 2015: 19
 Transactions in Q2: 10

Challenger 300 Performance

Range (NM):	3,340
Seating:	8/11
Cabin Volume (CuFt):	930
Max Speed (Kts):	470
Cruise Speed (Kts):	459
Rate of climb (f/s):	4,240
Balanced field length/Landing (feet):	4,810/2,300
Baggage:	106/-
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$3,113
Direct Operating Cost (per NM)	\$7.43

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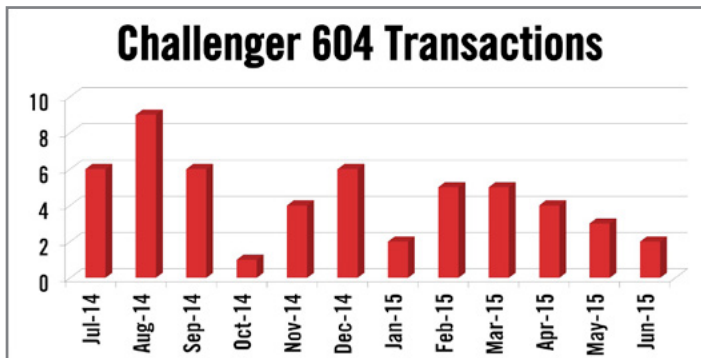




Current State of the Challenger 604 Market

The fourth iteration of Bombardier's Challenger line, the Challenger 604 was first introduced in 1996. As a major upgrade over the Challenger 601, the Challenger 604 features many updates including more advanced GE CF34-3B engines, increased fuel capacity, Rockwell Collins ProLine 4 avionics, a new undercarriage for higher takeoff and landing weight, and structural improvements to the wings and tail. Bombardier produced the Challenger 604 until 2007 with a total of 347 total aircraft delivered. However, Challenger 604's placed on the market have increased and have been slower to sell recently. Eventually, buyers will recognize an attractive buying opportunity and start snatching them up but inventory levels will need to level off before prices can be expected to stabilize.

Again, like other aircraft in its class, the Challenger 604 market is softening from both pricing and the number on the market. In fact, the average asking price has fallen nearly 16% in the past year. In addition to declining prices, the number of Challenger 604's on the market has increased from 22 last July to 46. Right now, depending on the aircraft, you can expect to pay between \$5,000,000 and \$10,000,000. So far in 2015, 21 used Challenger 604's have sold. This compares to 32 units for the same period in 2014. Inventory levels of used 604's have risen this year to 46 units representing 12% of the fleet. Inventory will need to decrease for prices to stabilize.



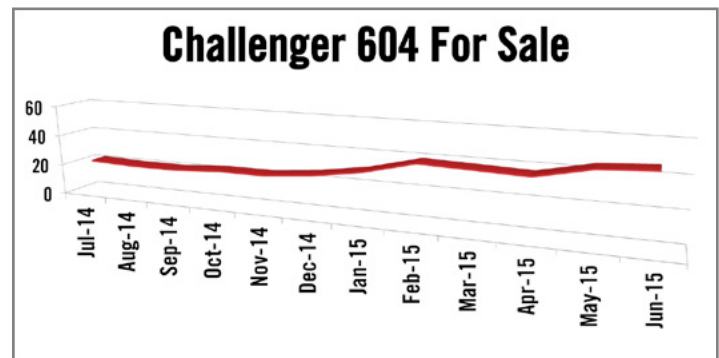
Market Snapshot for the Challenger 604

On Market: 46
 Fleet Size: 362
 % on market: 12.7%
 Average asking price: \$7.2MM
 Avg. Days on Market (sold in 2015): 101
 Average TT of aircraft currently for sale: 5600
 Transactions in 2015: 21
 Transactions in Q2: 9

Challenger 604 Performance

Range (NM):	4,119
Seating:	10/13
Cabin Volume (CuFt):	1,146
Max Speed (Kts):	488
Cruise Speed (Kts):	459
Rate of climb (f/s):	4,345
Balanced field length/Landing (feet):	5,765/2,300
Baggage:	115/-
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$3,627
Direct Operating Cost (per NM)	\$8.76

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Market Snapshot for the Challenger 605

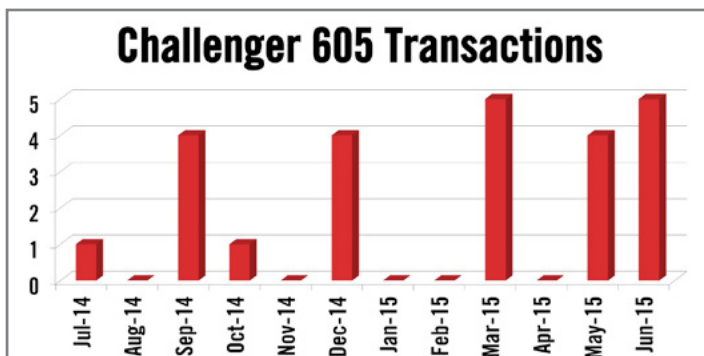
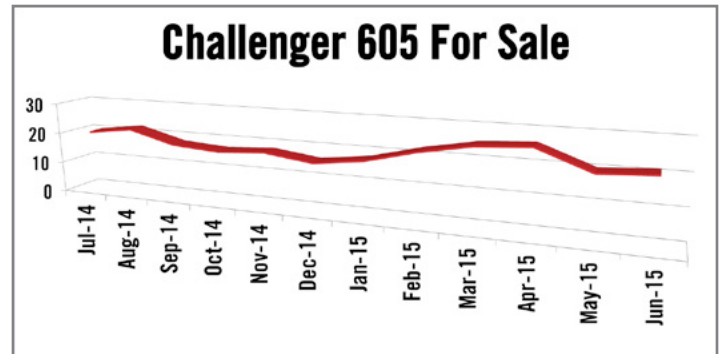
On Market: 21
 Fleet Size: 274
 % on market: 7.6%
 Average asking price: \$13.9MM
 Avg. Days on Market (sold in 2015): 252
 Average TT of aircraft currently for sale: 1652
 Transactions in 2015: 14
 Transactions in Q2: 9



Current State of the Challenger 605 Market

The Challenger 604's upgrade, the Challenger 605 was introduced in 2007 to replace the 604. It includes larger cabin windows, better LED cabin lighting, a new cabin management system and a Collins Pro Line 21 integrated avionics suite. To date, Bombardier has delivered over 260 units.

While not as soft as its competitors, the Challenger 605 market is fairly flat. From a pricing standpoint, the average price has fallen a little over two percent from the prior year. You can expect to pay between \$11,500,000 and \$20,000,000, depending on the aircraft. Activity is up slightly year to date as 14 have sold since the beginning of the year compared to 10 units for the same period in 2014. There are currently only 21 Challenger 605's on the market.



Challenger 605 Performance

Range (NM):	4,123
Seating:	10/13
Cabin Volume (CuFt):	1,146
Max Speed (Kts):	488
Cruise Speed (Kts):	459
Rate of climb (f/s):	4,345
Balanced field length/Landing (feet):	5,840/2,300
Baggage:	115/-
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$3,375
Direct Operating Cost (per NM)	\$8.15

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WHO WE ARE

Elliott Jets, the aircraft sales division of Elliott Aviation, has eight decades of proven success brokering, acquiring and selling aircraft all over the world. Customers know they can rely on us to provide world-class service with their needs as our priority. Our reputation has made us the trusted partner to chief pilots, executives and aircraft owners. There are few aircraft sales and acquisition businesses in the world that offer you decades of excellence, integrity and passion for customer service. The Elliott Jets team consists of sales executives, acquisition experts, market research specialists, marketing professionals, contracts and administrative support.

ELLIOTT AVIATION

As an Elliott Jets customer, you have access to some of the most knowledgeable technical representatives in the industry. The parent company of Elliott Jets, Elliott Aviation, is a leading service business for jets and turboprops, providing the industry's highest quality business aviation solutions with 400 skilled employees in three Midwest locations. Whether or not you choose to use Elliott Aviation for aftermarket services, you have the option to interact with our technical service representatives to help guide your decisions throughout the transaction, helping you avoid any pitfalls before they arise.

Our one-stop-shop in Moline, IL is an ISO 9001:2008 and AS9100 Rev C facility, ensuring the highest-level of quality standards and processes available. We are a FAA and EASA certified aircraft maintenance facility with highly skilled, factory trained mechanics, many with over 20 years of experience. They have seen many pre-buy inspections and can help you with common discrepancies in numerous different types of aircraft.

In addition to maintenance, we offer one of the largest avionics facilities in the world to assist you with even the most complicated retrofits, enhancements and troubleshooting. For total aircraft transformation, our paint and interior craftsmen can assist you with creating a flawless presentation of your aircraft inside and out. Whether you are buying or selling, these experts can help you evaluate what options are available for your aircraft to either more closely fit your mission or to attract more buyers to your aircraft.

Our company also offers Wyvern-rated flight charter with a perfect safety record and aircraft management services giving you access to experts to help determine if leasing back or chartering your aircraft would work for you.

With all of these resources just a phone call away, customers of Elliott Jets can rest assured they have the most collective body of aviation resources dedicated to creating a successful aircraft transaction each and every time.

ACQUISITION SERVICES

Aircraft Acquisitions is a major function of Elliott Jets. We are unique as we are involved in the process every day by investing in turbine aircraft to be owned and resold by Elliott Jets. We are experts at finding the best aircraft, at the best price, and representing you every step along the way. We carefully analyze your situation to acquire the aircraft that best suits your needs based on knowledge of trends, market expertise and industry resources. Whether you need an accredited appraisal, pre-purchase inspection or unrivaled technical expertise, we have a veteran team to assist. Feel confident when hiring Elliott Jets to find your next aircraft or fleet to provide the best outcome for your aviation needs. Our goal is to ensure your peace of mind throughout the entire acquisition process.

BROKERAGE SERVICES

Your aircraft is a huge investment. When it's time to put it on the market you want a quick resolution at the right price. Our team of industry veterans will help you get you a fair price and help you find a buyer – fast. We're committed to providing you with a quick response and the highest level of customer service in the industry. We will set a price for your aircraft that accurately reflects the most up-to-date market conditions. We'll sell your aircraft at the best possible price, in the least amount of time. We handle your transaction from start to finish, sparing you the hassles of selling your own aircraft. Our experienced technical staff conducts an in-depth aircraft evaluation, so you're ready for the sale. Using the latest technologies, our proven processes and exclusive marketing network, we promote your aircraft and attract qualified buyers. At sale time, we negotiate terms on your behalf and prepare all documents, so your transaction will go smoothly. Our promise is an exceptional experience.



AIRCRAFT RESEARCH

Real research is what it takes to analyze and truly understand the pre-owned aircraft marketplace. Elliott has a full time research department which has specialized in jet aircraft for decades. Armed with this research, knowledge of actual selling prices, not just ask and take prices, as well as thorough knowledge of the aircraft, enables accurate appraisal values for aircraft from both the buying and selling standpoint. This accuracy provides the very best information to maximize the sale price of your aircraft while effectively limiting the time on the market before it is sold.

Our research department also has the capability to identify all known aircraft publicly for sale as well as aircraft not advertised for sale, but available. Elliott has “off market” sources for acquiring aircraft in addition to the open market with aircraft manufacturers trade-in(s), banks, leasing companies and other dealerships.

Many times these “off market” airplanes will sell before they are ever offered publicly. We are subscribers to dealer aircraft market tracking services. Our researchers communicate regularly with other dealers in the pre-owned aircraft market.

We have the means to identify, qualify and accurately evaluate all available aircraft. Additionally Elliott will advertise to find aircraft owners who have not yet decided to market their airplanes. All of this assures you that in today's market you don't need to overpay for and will be able to find the best available aircraft.

AIRCRAFT VALUATION AND NEGOTIATION

Once the target group of aircraft is identified, Elliott works the search and performs the valuation and negotiation process. In fact, our full time appraiser, Jim Becker, is accredited by the American Society of Appraisers as an Accredited Senior Appraiser to ensure the most fair price and evaluation of an aircraft.

Elliott will manage the entire purchase for you through closing. The real world experience, reputation and professionalism of Elliott Jets truly provides a distinct industry advantage.

Our interests are your interests as we represent you in this transaction. As we have done many times in acquiring aircraft, you will be kept fully informed of every step. This process is always completely transparent for you. You will never be left wondering what is happening or what is next.

MULTI-MEDIA MARKETING

Elliott Jets uses all forms of media communications to advertise your aircraft for sale. Elliott utilizes internet and print advertising on multiple prominent turbine aircraft marketing sites. Elliott Jet's own web-site, both in a mobile and internet applications, social media, email mass mailings to qualified lists of customers globally and electronic media are included at multiple sales offices throughout the United States. Check out additional information on aircraft for sale, our services, a side-by-side aircraft comparison tool and more at www.elliottjets.com.

In addition, Elliott creates brochures, specs sheets, and professional photographs and videos of your airplane both in print and electronic formats. All of these marketing means are designed to communicate accurately with the best impression the aircraft we are selling for you to the potential buyer.

A TURN-KEY PROCESS

Elliott Jet's process for you is completely “turn-key”. Our business is selling airplanes and your business is running and managing your business. When you hire Elliott Jets, the entire brokerage process is professional, complete and transparent. The only tasks for you are to sign documents and approve deals. Selling a turbine aircraft is a very complex transaction with many customer touches, potential pitfalls, as well as many financial and legal negotiation points along the way. The Elliott Executive Sales Directors and Elliott team take that complexity and make it simple. Aircraft brokerage services at Elliott Jets manage all of those processes and negotiation points for you.



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