



>>> Market Reports Second Quarter 2016

Hawker 800XP/850XP/900XP
Citation Excel/XLS/XLS+/Sovereign/X
Phenom 100/300
Beechjet 400A **Hawker** 400XP
Lear 45/45XR/60/60XR
Challenger 300/604/605



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Hawker 800XP/850XP/900XP <<<

We previously reported the Hawker 800XP/850XP/900XP market as stable in Q1. That seems to have changed, with inventory levels increasing and lower average asking prices across all models of Hawkers. The number of units for sale across all three models increased by 11 aircraft and the average asking price dropped nearly 10% collectively. The most significant was the average asking price for the 850XP dropped from \$5.9MM to \$5.2MM. There were 14 sales in Q1 against 27 new listings for these three models. Therefore, the overall Hawker market presents a value to buyers and it seems that may only get better with prices falling and inventories rising.



PAGES 4-6

>>> Citation Excel/XLS/XLS+/Sovereign/X

Overall the Citation product line still has very good activity compared to other light and midsize jets. The Excel and XLS models have an active market. We are seeing a number of customers moving up to the XLS+ at this time. The Sovereign and X market does not have as much activity. We don't see any indications that will change in 2016.



PAGES 7-11

Phenom 100/300 <<<

The Embraer Phenom 100 and 300 are viable and really good aircraft in the single-pilot jet market. The 300 continues to compete hard with the longer range light jet competitors like the CJ3+ and CJ4. The 100 is a very attractive, very capable entry-level aircraft and competes with the Cessna M2 and Cessna Mustang. There is a slight increase of available aircraft for sale and demand remains relatively stable. Overall, there is a market for both aircraft and, priced properly, either can be quickly sold.



PAGES 12-13

>>> Beechjet 400A / Hawker 400XP

The Beechjet 400A market had a soft 2015 and continued to suffer from a drop in activity and values. For the first quarter of 2016, there were 10 transactions compared to 10 in the first quarter of 2015. This airframe continues to represent one of the best values in its class. With upcoming upgrades like the Garmin G5000 avionics solution and the Elliott 400E program, it will be interesting to see how the market responds. The Beechjet 400A market has been relatively stable and fairly predictable over the last year. For 2015, there were 33 retail transactions, down from 40 the previous year. Inventory levels have been steady for the first quarter. The values of 400A range between \$500,000 and \$2,500,000, with \$1,103,000 for an average aircraft. A premium continues to be paid for low engine and airframe times.



PAGES 14-15

Lear 45/45XR/60/60XR <<<

During the quarter, the Learjet 45/45XR was not quite as strong as the Learjet 60/60XR. The increase in available inventory in the 45 series has again gone up and transactions continue to lag. If available inventory continues to outpace transactions, pricing will continue the downward trend for the foreseeable future. For the 45 series, if sellers continue to find common ground at the pricing level for ready buyers, we may see inventories peak, start down and then begin to stabilize overall values.

The Lear 60 series markets had a good first quarter; the number of transactions continues to outpace the number of available aircraft. This has slowed the downward pressure on pricing as the number of available inventory has decreased. If the number of transactions continue at the current pace, we may finally see some stabilization in the Lear 60 series pricing after a long road down the last few years.



PAGES 16-19

>>> Challenger 300/604/605

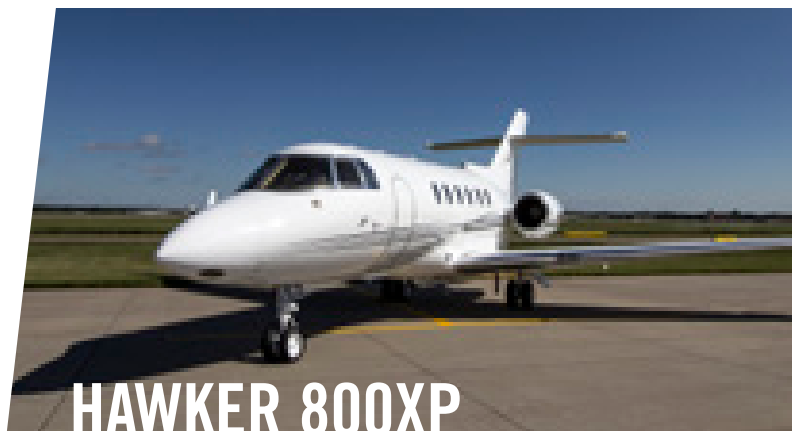
Last Quarter we reported "the collective Challenger 300/604/605 market has been quite dynamic the previous 12 months." That trend continued in Q1 of 2016 with 16 sales and 26 new listings across all three fleets. The Challenger 300 market can be described as stable, having the same number of sales as new listings currently versus our Q1 report. Additionally, the Challenger 300 average asking price remained the same at \$11.7MM. However, the trend for the CL604/605 is less stable, with the percentage of the CL604/605's on the market jumping from 9.4% (61 for sale) in Q1 to now 11.0% (71 for sale). While not surprising to have fewer transactions in Q1 vs Q4, the CL604/605's did slow considerably from 18 sold in Q4 to only 9 sold in Q1. However, as previously reported all three models represent a good value and should be considered if you are in the market for super-midsize and large cabin options.



PAGES 20-22

Current State of the Hawker 800XP Market

The Hawker 800XP continues to be an active market with eight sales in Q1; however overall inventory increased 60 units on the market compared to the 54 we reported last quarter. Another indicator of a softening market is the average asking price declining from \$2.65MM to \$2.5MM in the past 90 days. When analyzing the sales occurring in Q1, it was surprising to see that half the sales were earlier model Honeywell equipped avionics aircraft compared to the later model Pro Line 21 equipped models.

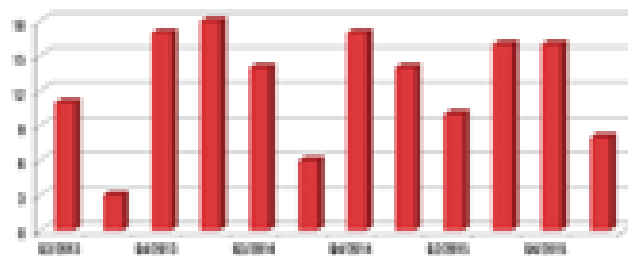


Market Snapshot for the Hawker 800XP

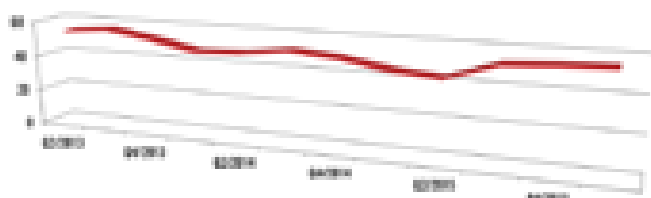
On Market: 60
Fleet Size: 471
% On Market: 12%
Avg. Asking Price: \$2.5M
Avg. Days On Market (Sold): 290
Avg. TT of Aircraft Currently For Sale: 5791
Transactions in 2015: 56
Transactions in Q1: 8



Hawker 800XP Transactions



Hawker 800XP For Sale



Hawker 800XP Performance

Range (NM):	2,620
Seating:	2/10
Cabin Volume (CuFt):	551
Max Speed (kts):	449
Cruise Speed (kts):	402
Rate of climb (f/s):	3,415
Balanced field length/Landing (feet):	5,640/2,282
Baggage:	48/-
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$3,020
Direct Operating Cost (per NM)	\$7.50

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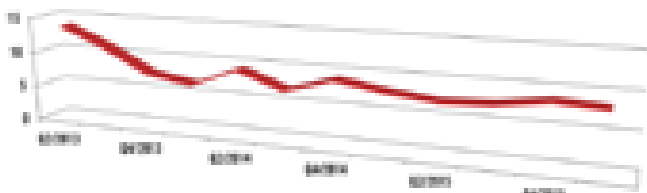
HAWKER 850XP

Market Snapshot for the Hawker 850XP

On Market: 8
 Fleet Size: 99
 % On Market: 8%
 Avg. Asking Price: \$4.2M
 Avg. Days On Market (Sold): 278
 Avg. TT of Aircraft Currently For Sale: 2259
 Transactions in 2015: 18
 Transactions in Q1: 1



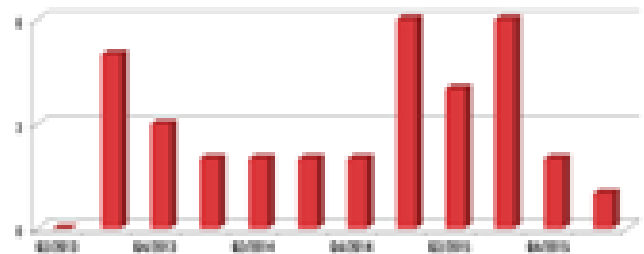
Hawker 850XP For Sale



Current State of the Hawker 850XP Market

The 850XP market is smaller with a total fleet size of 99 aircraft. Therefore, the number of transactions is smaller. Q1 only produced one sale, which is likely the reason for the drop in the average asking price from \$4.9MM to \$4.2MM. The 850XP market was very active in 2015; however, Q1 of 2016 is showing signs of slowing down. The overall Hawker market is still a great value and should be considered when reviewing mid-cabin options.

Hawker 850XP Transactions



Hawker 850XP Performance

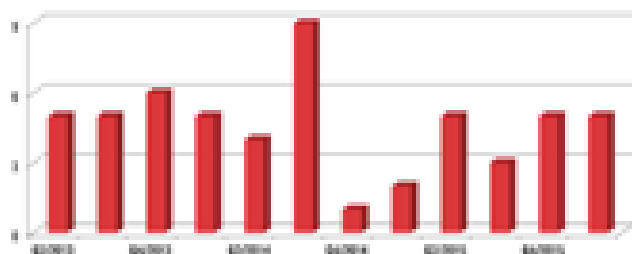
Range (NM):	2,710
Seating:	2/10
Cabin Volume (CuFt):	551
Max Speed (kts):	452
Cruise Speed (kts):	402
Rate of climb (f/s):	3,415
Balanced field length/Landing (feet):	5,641/2,286
Baggage:	50/-
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$3,019
Direct Operating Cost (per NM)	\$7.40

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Current State of the Hawker 900XP Market

The Hawker 900XP presents a significant value for the capabilities of the aircraft. Surprisingly, this market is also trending down. Inventory increased six units to a total of 22 on the market, up from 16 in Q1, and the average asking price dropped from \$5.9MM in Q1 to \$5.5MM in Q2. The pace of transactions remained steady with five sales in Q1, which was the same number of sales in Q4 2015. In our view, the 900XP is still an outstanding aircraft and value. Although the Hawkers are no longer in production, they are still well supported and very desirable in the pre-owned market.

Hawker 900XP Transactions



Market Snapshot for the Hawker 900XP

On Market: 22
 Fleet Size: 183
 % On Market: 12%
 Avg. Asking Price: \$5.6M
 Avg. Days On Market (Sold): 224
 Avg. TT of Aircraft Currently For Sale: 1919
 Transactions in 2015: 15
 Transactions in Q1: 5

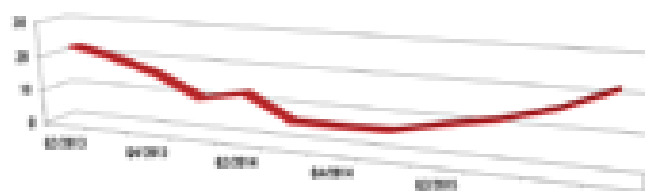


Hawker 900XP Performance

Range (NM):	2,929
Seating:	2/10
Cabin Volume (CuFt):	551
Max Speed (kts):	452
Cruise Speed (kts):	402
Rate of climb (f/s):	3,415
Balanced field length/Landing (feet):	5,258/2,283
Baggage:	50/-
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$2,713
Direct Operating Cost (per NM)	\$6.68

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Hawker 900XP For Sale



Current State of the Citation Excel Market

The Excel market was very active in 2015. The first quarter of 2016 is showing signs of a slowdown to more normal activity levels. Currently, there are 25 Excels available for sale which is a noticeable increase over the last few quarters. That is 6.8% of the aircraft produced. There have been nine retail sales transactions since the first of the year. Sales prices seem to have had a slight decrease compared to the last two quarters. The demand rating for the Excel is B+.

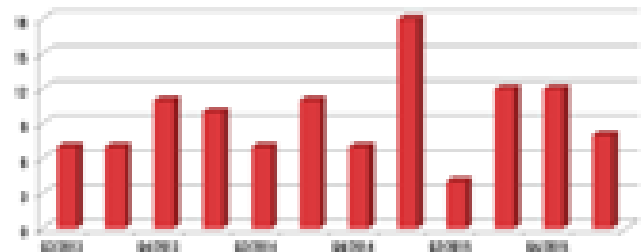


Market Snapshot for the Citation Excel

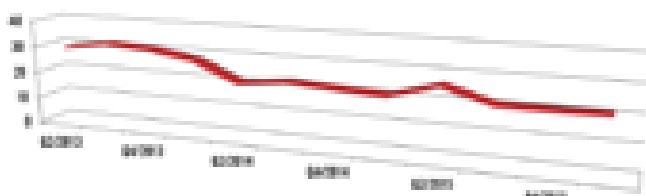
On Market: 22
 Fleet Size: 369
 % On Market: 6%
 Avg. Asking Price: 2.9M
 Avg. Days On Market (Sold): 214
 Avg. TT of Aircraft Currently For Sale: 4922
 Transactions in 2015: 46
 Transactions in Q1: 8



Citation Excel Transactions



Citation Excels For Sale



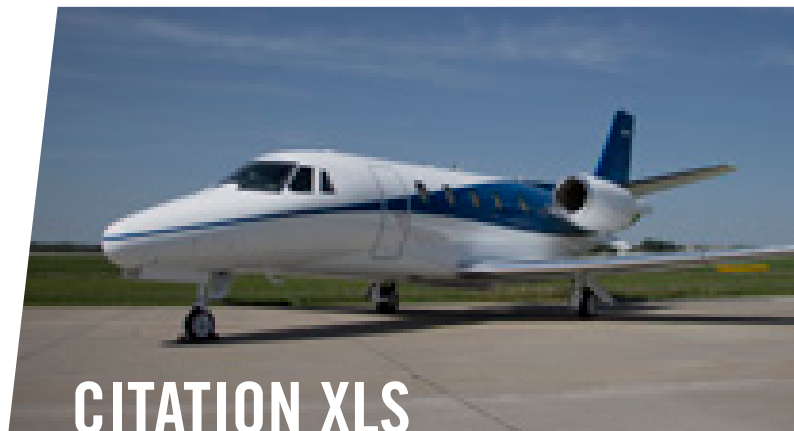
Citation Excel Performance

Range (NM):	1,839
Seating:	7/9
Cabin Volume (CuFt):	422
Max Speed (kts):	433
Cruise Speed (kts):	373
Rate of climb (f/s):	3,790
Balanced field length/Landing (feet):	4,060/2,950
Baggage:	10/80
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$2,416
Direct Operating Cost (per NM)	\$6.10

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Current State of the Citation XLS Market

Sales activity on the Citation XLS has been steady the last few quarters. There have been six retail transactions since the first of the year. For comparison, last year 29 XLS aircraft changed ownership. Currently, there are 19 XLS aircraft for sale, just under 6% of the XLS aircraft manufactured. The demand rating for the XLS is a B-.

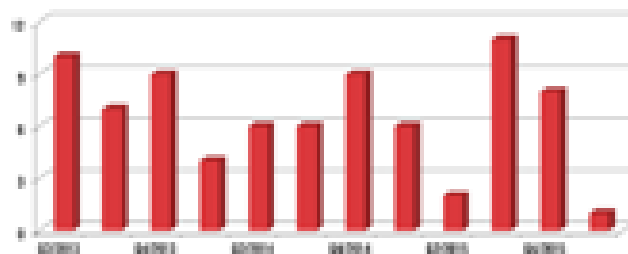


Market Snapshot for the Citation XLS

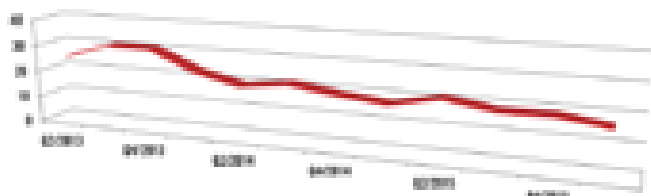
On Market: 16
 Fleet Size: 328
 % On Market: 5%
 Avg. Asking Price: \$5.2M
 Avg. Days On Market (Sold): 284
 Avg. TT of Aircraft Currently For Sale: 3015
 Transactions in 2015: 27
 Transactions in Q1: 1



Citation XLS Transactions



Citation XLS For Sale



Citation XLS Performance

Range (NM):	1,989
Seating:	8/10
Cabin Volume (CuFt):	422
Max Speed (kts):	433
Cruise Speed (kts):	373
Rate of climb (f/s):	3,500
Balanced field length/Landing (feet):	3,910/2,843
Baggage:	10/80
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$2,342
Direct Operating Cost (per NM)	\$5.80

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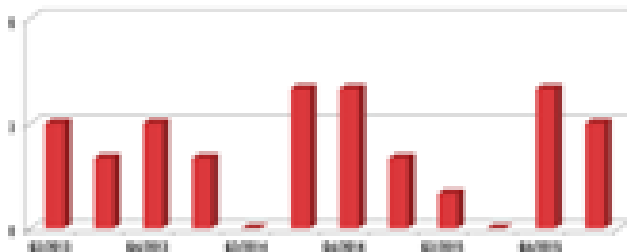


CITATION XLS+

Market Snapshot for the Hawker Citation XLS+

On Market: 17
 Fleet Size: 202
 % On Market: 8%
 Avg. Asking Price: \$8.1M
 Avg. Days On Market (Sold): 241
 Avg. TT of Aircraft Currently For Sale: 1297
 Transactions in 2015: 7
 Transactions in Q1: 3

Citation XLS+ Transactions



Citation XLS+ Performance

Range (NM):	1,975
Seating:	8/10
Cabin Volume (CuFt):	422
Max Speed (kts):	440
Cruise Speed (kts):	373
Rate of climb (f/s):	3,500
Balanced field length/Landing (feet):	3,910/2,843
Baggage:	10/80
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$2,302
Direct Operating Cost (per NM)	\$5.70

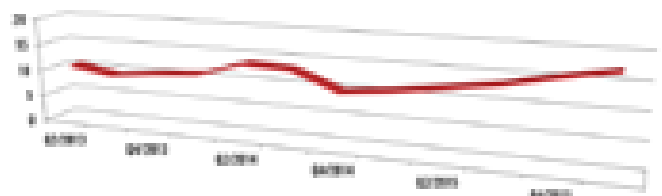
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Current State of the Citation XLS+ Market

The XLS+ market activity has picked up the last few quarters, due to more aircraft available for sale. Currently, there are 16 used XLS+ aircraft for sale, just under 8% of the XLS+ aircraft production. There have been five retail transactions since the first of the year. Citation XLS+ values are continuing to drop. The demand rating for the XLS+ is a C-.



Citation XLS+ For Sale



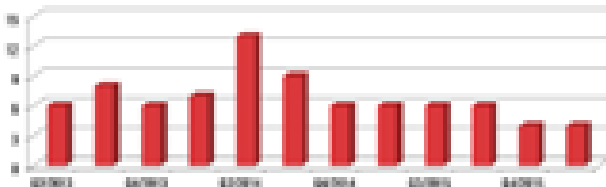


CITATION SOVEREIGN

Market Snapshot for the Citation Sovereign

On Market: 26
 Fleet Size: 348
 % On Market: 7%
 Avg. Asking Price: \$7.4M
 Avg. Days On Market (Sold): 346
 Avg. TT of Aircraft Currently For Sale: 2678
 Transactions in 2015: -22
 Transactions in Q1: 4

Citation Sovereign Transactions



Citation Sovereign Performance

Range (NM):	3,010
Seating:	9/11
Cabin Volume (CuFt):	571
Max Speed (kts):	459
Cruise Speed (kts):	388
Rate of climb (f/s):	4,016
Balanced field length/Landing (feet):	3,810/2,320
Baggage:	35/100
Ceiling (feet):	47,000
Direct Operating Cost (per hour)	\$2,791
Direct Operating Cost (per NM)	\$6.74

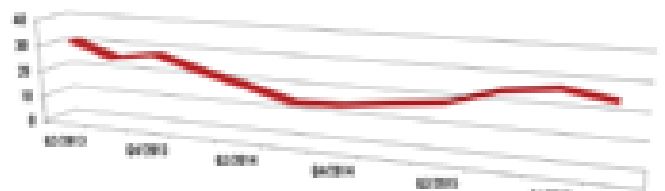
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Current State of the Citation Sovereign Market

The Sovereign sales activity has continued to slow down over the last four quarters. Since the first of this year, three Sovereigns have changed ownership. Last year, 31 aircraft changed hands and today there are 25 Sovereigns available for sale. That is 7.5% of the Sovereigns produced. Sales prices have continued to drop due to the low sales activity. The demand for the Sovereign is a C-



Citation Sovereigns For Sale



Current State of the Citation X Market

The Citation X used aircraft market seems to have stabilized as far as transactions. Values continue to fall though. There are 32 used Citation X aircraft for sale. That is over 10% of the aircraft production. In the first quarter of 2016, six Citation X aircraft changed hands compared to last year when 27 aircraft were sold. The average days on market has been increased with the Citation X. The demand for the Citation X is a C-.

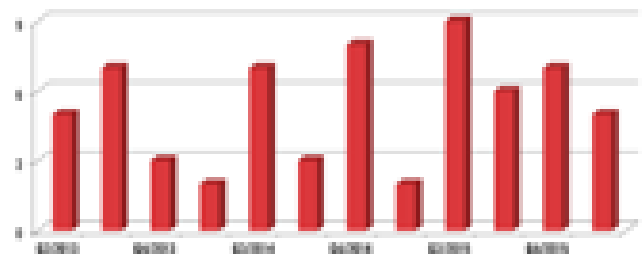


Market Snapshot for the Citation X

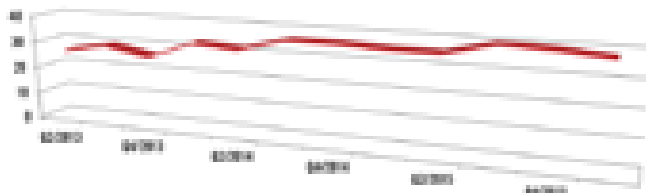
On Market: 33
 Fleet Size: 310
 % On Market: 11%
 Avg. Asking Price: \$5M
 Avg. Days On Market (Sold): 179
 Avg. TT of Aircraft Currently For Sale: 6642
 Transactions in 2015: 24
 Transactions in Q1: 5



Citation X Transactions



Citation X For Sale



Citation X Performance

Range (NM):	3,125
Seating:	8/10
Cabin Volume (CuFt):	538
Max Speed (kts):	525
Cruise Speed (kts):	470
Rate of climb (f/s):	3,650
Balanced field length/Landing (feet):	5,480/2,816
Baggage:	-/82
Ceiling (feet):	51,000
Direct Operating Cost (per hour)	\$4,031
Direct Operating Cost (per NM)	\$8.56

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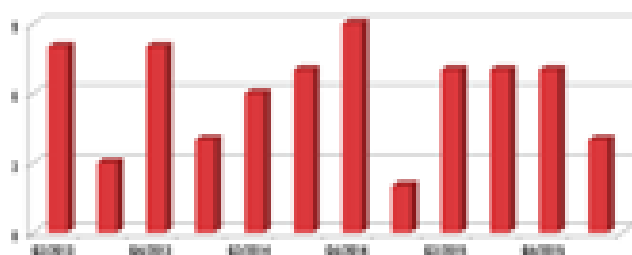


PHENOM 100

Market Snapshot for the Phenom 100

On Market: 30
 Fleet Size: 328
 % On Market: 9%
 Avg. Asking Price: \$2.7MM
 Avg. Days On Market (Sold): 301
 Avg. TT of Aircraft Currently For Sale: 1021
 Transactions in 2015: 23
 Transactions in Q1: 4

Phenom 100 Transactions



Phenom 100 Performance

Range (NM):	1,242
Seating:	1/6
Cabin Volume (CuFt):	212
Max Speed (kts):	390
Cruise Speed (kts):	333
Rate of climb (f/s):	3,061
Balanced field length/Landing (feet):	3,040/2,448
Baggage:	10/60
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$1,151
Direct Operating Cost (per NM)	\$3.58

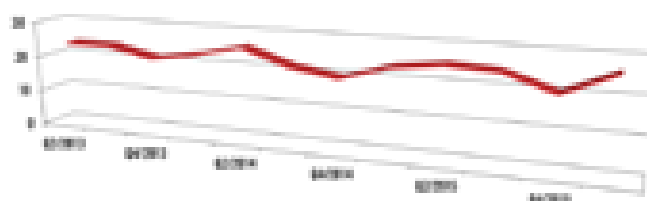
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Current State of the Phenom 100 Market

The Phenom 100 market cooled off a bit during early 2015 and that trend continued through the first quarter of 2016 with only four retail transactions. The total of 20 transactions for the 2015 calendar year was down from 26 transactions that occurred in 2014. First quarter last year there were two Phenom 100s sold, so activity this year is comparatively good. Inventory levels have climbed for the first quarter. Currently there are 30 Phenom 100s on the market still representing only 9% of the fleet. That number is up slightly since the end of last year. About half the Phenom 100s on the market are registered in the US. While prices trend down, they have remained relatively stable compared to some models.



Phenom 100 For Sale



Current State of the Phenom 300 Market

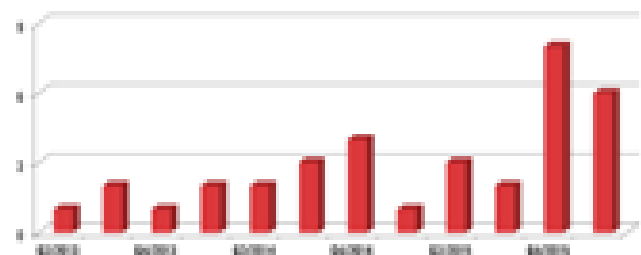
The Phenom 300 continues to be a very successful aircraft for Embraer and the used market for the model is becoming more established. After a slow start in 2015, the pre-owned Phenom 300 market heated up in the fourth quarter. Seven retail transactions during that historically active quarter brought the total aircraft traded in 2015 to 12, topping 2014's total of 10. For the first quarter of this year, activity has been good and six aircraft have already been sold. Inventory levels during the year bottomed out in the second quarter and rose steadily to 15 units by the end of the year. They have now climbed to 20, still representing only about 6% of the fleet. For the first quarter, while prices are trending down slightly, they are still very steady compared to some competitors light jet class.



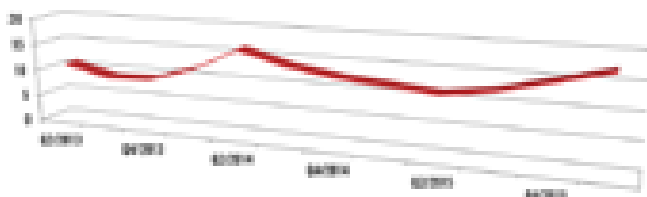
Market Snapshot for the Phenom 300

On Market: 20
 Fleet Size: 321
 % On Market: 6%
 Avg. Asking Price: \$8M
 Avg. Days On Market (Sold): 181
 Avg. TT of Aircraft Currently For Sale: 708
 Transactions in 2015: 10
 Transactions in Q1: 6

Phenom 300 Transactions



Phenom 300 For Sale



Phenom 300 Performance

Range (NM):	2,077
Seating:	2/9
Cabin Volume (CuFt):	324
Max Speed (kts):	444
Cruise Speed (kts):	383
Rate of climb (f/s):	3,335
Balanced field length/Landing (feet):	3,138/2,229
Baggage:	19/66
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$1,757
Direct Operating Cost (per NM)	\$4.39

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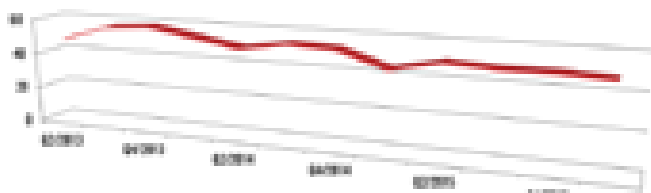
Current State of the Beechjet 400A Market

The Beechjet 400A market had a soft 2015 and continued to suffer from a drop in activity and values. For the first quarter of 2016, there were 10 transactions compared to 10 in the first quarter of 2015 and 33 for the entire year in 2015. This airframe continues to represent one of the best values in its class. With upcoming upgrades like the Garmin G5000 avionics solution and the Elliott 400E program, it will be interesting to see how the market responds.

The Beechjet 400A market has been relatively stable and fairly predictable over the last year. For 2015, there were 33 retail transactions, down from 40 the previous year. Inventory levels have been steady for the first quarter. The values of 400A range between \$500,000 and \$2,500,000, with \$1,103,000 for an average aircraft. A premium continues to be paid for low engine and airframe times.



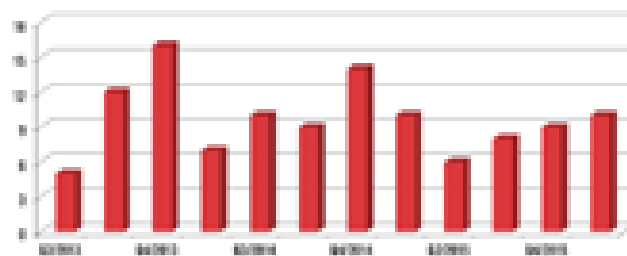
Beechjet 400A For Sale



Market Snapshot for the Beechjet 400A

On Market: 45
 Fleet Size: 303
 % On Market: 15%
 Avg. Asking Price: \$1.1M
 Avg. Days On Market (Sold): 366
 Avg. TT of Aircraft Currently For Sale: 5619
 Transactions in 2015: 33
 Transactions in Q1: 10

Beechjet 400A Transactions



Hawker Beechjet 400A Performance

Range (NM):	1,519
Seating:	2/9
Cabin Volume (CuFt):	305
Max Speed (kts):	458
Cruise Speed (kts):	410
Rate of climb (f/s):	4,020
Balanced field length/Landing (feet):	4,600/3,050
Baggage:	30/26
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$2,142
Direct Operating Cost (per NM)	\$5.20

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Current State of the Hawker 400XP Market

The Hawker 400XP market continues to be soft in 2016. Sales for 2015 were off by 20 units from the previous year, which represent a whopping 60% decrease in activity. Only three aircraft were sold in the first quarter this year. Inventory levels trended down slightly throughout the year with a range from 19 to 23 units for sale at any given time. There are 19 400XPs for sale at this time. Prices for the 400XP remain extremely soft; as such the airplanes are truly at bargain prices. You can expect to pay between \$1,200,000 to \$2,950,000 for a 400XP.



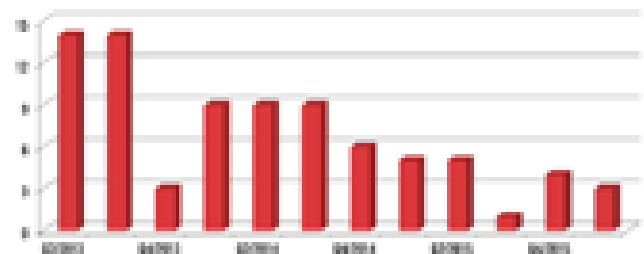
HAWKER 400XP

Market Snapshot for the Hawker 400XP

On Market: 19
 Fleet Size: 232
 % On Market: 8%
 Avg. Asking Price: \$2.1M
 Avg. Days On Market (Sold): 255
 Avg. TT of Aircraft Currently For Sale: 2336
 Transactions in 2015: 15
 Transactions in Q1: 3



Hawker 400XP Transactions



Hawker 400XP For Sale



Hawker 400XP Performance

Range (NM):	1,519
Seating:	2/10
Cabin Volume (CuFt):	305
Max Speed (Kts):	450
Cruise Speed (Kts):	410
Rate of climb (f/s):	4,020
Balanced field length/Landing (feet):	4,600/3,015
Baggage:	31/25
Ceiling (feet):	45,000
Direct Operating Cost (per hour)	\$2,111
Direct Operating Cost (per NM)	\$5.13

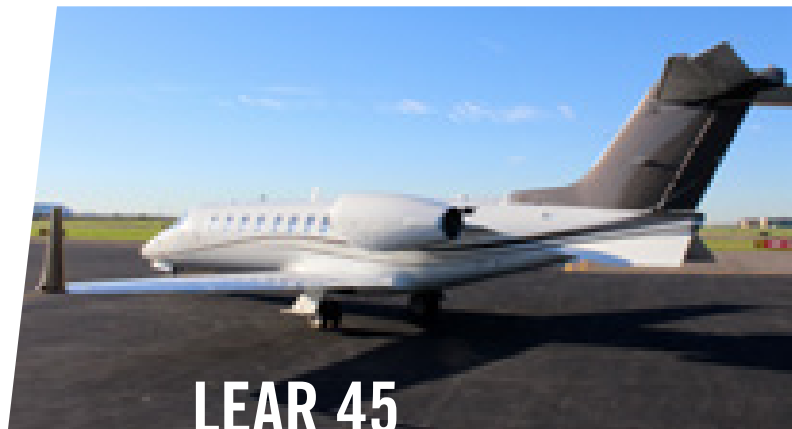
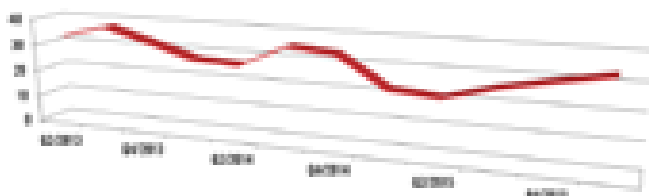
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Current State of the Lear 45 Market

The Lear 45 market saw a total of four retail transactions in the first quarter of 2016; this is below the previous year's quarterly average. Inventory levels have increased by almost 11% from the fourth quarter, from 30 to 34 units available. Unlike the first quarter of 2015, where we saw a significant increase in activity and a decrease in available fleet, we are seeing an increase in available fleet and a reduction in transactions. We expect pricing to continue on a downward trend for the balance of 2016. Also a contributing factor in the reduction in values is the continued downward pressure of the 45XR market as well as the continued aging of the fleet. If the first quarter is an indicator for the balance of the year, the Lear 45 market will continue to struggle.



Lear 45 For Sale

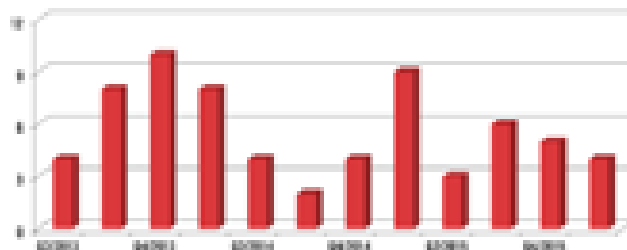


LEAR 45

Market Snapshot for the Lear 45

On Market: 32
 Fleet Size: 241
 % On Market: 13%
 Avg. Asking Price: \$2.8M
 Avg. Days On Market (Sold): 257
 Avg. TT of Aircraft Currently For Sale: 4718
 Transactions in 2015: 23
 Transactions in Q1: 4

Lear 45 Transactions



Lear 45 Performance

Range (NM):	1,968
Seating:	2/10
Cabin Volume (CuFt):	415
Max Speed (kts):	465
Cruise Speed (kts):	416
Rate of climb (f/s):	2,800
Balanced field length/Landing (feet):	4,350/2,438
Baggage:	15/50
Ceiling (feet):	51,000
Direct Operating Cost (per hour)	\$2,301
Direct Operating Cost (per NM)	\$5.49

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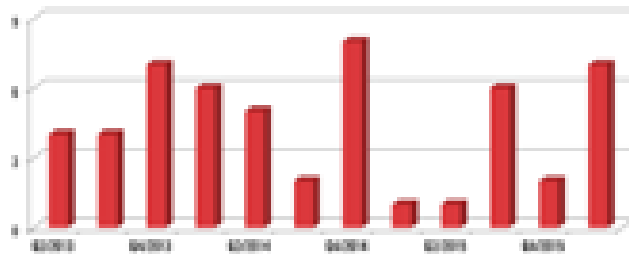


LEAR 45XR

Market Snapshot for the Lear 45XR

On Market: 25
 Fleet Size: 208
 % On Market: 12%
 Avg. Asking Price: \$4.2M
 Avg. Days On Market (Sold): 307
 Avg. TT of Aircraft Currently For Sale: 2780
 Transactions in 2015: 10
 Transactions in Q1: 7

Lear 45XR Transactions



Lear 45XR Performance

Range (NM):	1,960
Seating:	2/10
Cabin Volume (CuFt):	369
Max Speed (kts):	465
Cruise Speed (kts):	432
Rate of climb (f/s):	2,820
Balanced field length/Landing (feet):	4,680/2,436
Baggage:	15/50
Ceiling (feet):	51,000
Direct Operating Cost (per hour)	\$2,341
Direct Operating Cost (per NM)	\$5.46

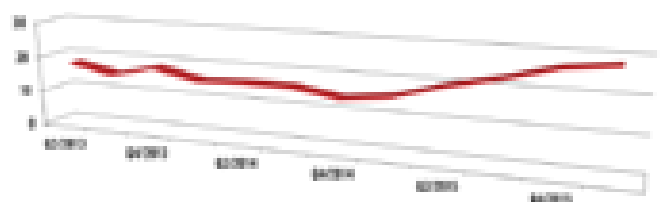
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Current State of the Lear 45XR Market

The Lear 45XR market saw a total of seven retail transactions in the first quarter of 2016; this is above the previous year's quarterly average. However, inventory levels have increased by almost 12% from the fourth quarter of 2015, from 30 to 34 units available. Sellers have finally been willing to sell at prices buyers are willing to pay and that pricing trend continued to decline in the first quarter of 2016. We expect pricing to continue on a downward trend for the balance of 2016 as inventory levels continue to climb. Hopefully, buyers and sellers will continue to find common ground; that will help stabilize the market for the balance of the year.



Lear 45XR For Sale



Current State of the Lear 60 Market

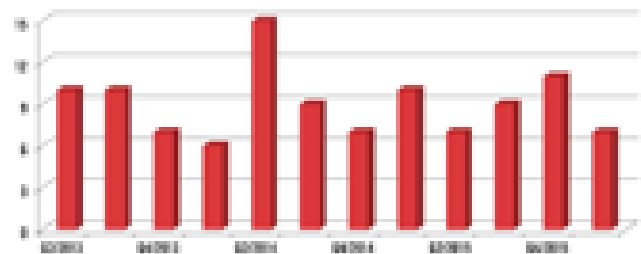
The Lear 60 market saw a total of seven retail transactions in the first quarter of 2016, on the low end of the previous year's quarterly average but still at reasonable levels. Inventory levels were reduced by almost 10% from the fourth quarter, from 41 to 37 units available; this is helping move the market towards a better balance with 13% of the active fleet for sale. We expect pricing to again remain reasonably stable with some continued downward pressure as the fleet ages and the 60XR market applies downward pressure. If the first quarter is an indicator for the balance of the year, the Lear 60 market will remain reasonably healthy.



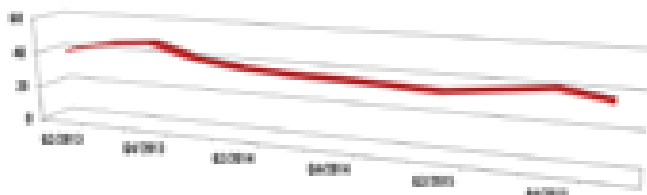
Market Snapshot for the Lear 60

On Market: 37
 Fleet Size: 309
 % On Market: 12%
 Avg. Asking Price: \$2.1M
 Avg. Days On Market (Sold): 311
 Avg. TT of Aircraft Currently For Sale: 5821
 Transactions in 2015: 37
 Transactions in Q1: 7

Lear 60 Transactions



Lear 60 For Sale



Lear 60 Performance

Range (NM):	2,418
Seating:	2/9
Cabin Volume (CuFt):	447
Max Speed (kts):	465
Cruise Speed (kts):	423
Rate of climb (f/s):	4,500
Balanced field length/Landing (feet):	5,450/3,125
Baggage:	24/24
Ceiling (feet):	51,000
Direct Operating Cost (per hour)	\$2,390
Direct Operating Cost (per NM)	\$5.64

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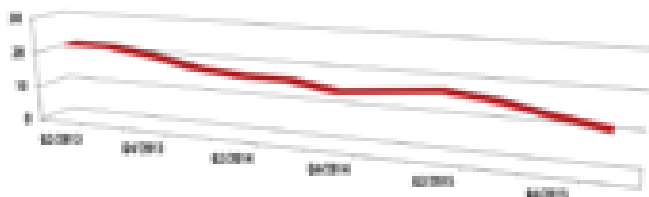


Current State of the Lear 60XR Market

The Lear 60XR market saw a total of three retail transactions in the first quarter of 2016, on the low end of the previous year's quarterly average. However, inventory levels were reduced by almost 15% from the fourth quarter, from 16 to 11 units available. This is also helping to balance the market. We expect pricing to again remain reasonably stable with some continued downward pressure as the fleet ages. If the first quarter is an indicator for the balance of the year, the Lear 60XR market will remain reasonably healthy.



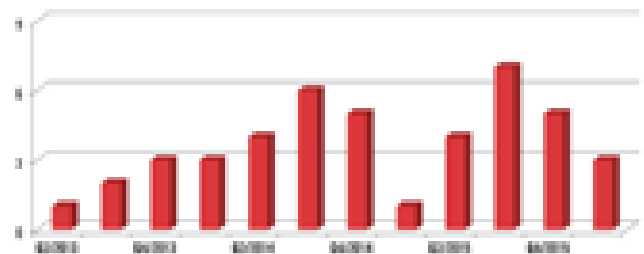
Lear 60XR For Sale



Market Snapshot for the Lear 60XR

On Market: 11
 Fleet Size: 113
 % On Market: 10%
 Avg. Asking Price: \$4.3M
 Avg. Days On Market (Sold): 363
 Avg. TT of Aircraft Currently For Sale: 1652
 Transactions in 2015: 17
 Transactions in Q1: 3

Lear 60XR Transactions



Lear 60XR Performance

Range (NM):	2,398
Seating:	2/9
Cabin Volume (CuFt):	447
Max Speed (kts):	465
Cruise Speed (kts):	423
Rate of climb (f/s):	4,500
Balanced field length/Landing (feet):	5,450/3,190
Baggage:	24/24
Ceiling (feet):	51,000
Direct Operating Cost (per hour)	\$2,390
Direct Operating Cost (per NM)	\$5.64

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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 570 Challenger 300/350 models produced. Even with increased competition from the Gulfstream 280, Embraer Legacy 500 and soon Cessna's Longitude, the Challenger 300/350 series provides excellent performance and all around value. Inventory levels of used 300's continue to be stable with 34 units (about 7% of the fleet) on the market. The average asking price also remained the same at \$11.7MM this quarter compared to Q1. The sales activity for the improved Challenger 350 has been robust. The Challenger 350 offers the following improvements compared to the 300: avionics upgrades such as synthetic vision, dual inertial reference systems, and completely paperless cockpit. Additionally, the Challenger 350 provides slightly better range, increased engine thrust (HTF7350 engine vs the previous HTF7000), larger windows and completely redesigned cabin. The popularity of this model series has kept the used market for Challenger 300's very healthy.



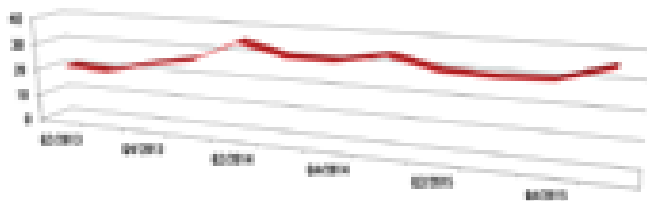
CHALLENGER 300

Market Snapshot for the Challenger 300

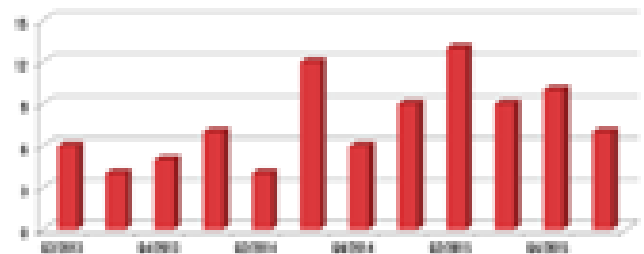
On Market: 34
Fleet Size: 454
% On Market: 7%
Avg. Asking Price: \$11.7M
Avg. Days On Market (Sold): 244
Avg. TT of Aircraft Currently For Sale: 3051
Transactions in 2015: 41
Transactions in Q1: 7



Challenger 300 For Sale



Challenger 300 Transactions



Challenger 300 Performance

Range (NM):	3,340
Seating:	2/11
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)	\$3,135
Direct Operating Cost (per NM)	\$7.48

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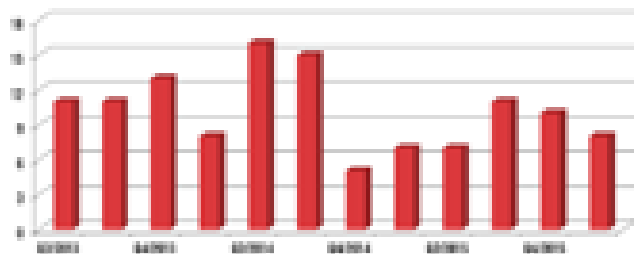


CHALLENGER 604

Market Snapshot for the Challenger 604

On Market: 43
 Fleet Size: 363
 % On Market: 12%
 Avg. Asking Price: \$6.6M
 Avg. Days On Market (Sold): 287
 Avg. TT of Aircraft Currently For Sale: 5505
 Transactions in 2015: 33
 Transactions in Q1: 8

Challenger 604 Transactions



Challenger 604 Performance

Range (NM):	4,119
Seating:	2/13
Cabin Volume (CuFt):	1,146
Max Speed (Kts):	488
Cruise Speed (Kts):	425
Rate of climb (f/s):	4,345
Balanced field length/Landing (feet):	5,765/2,300
Baggage:	115/0
Ceiling (feet):	41,000
Direct Operating Cost (per hour)	\$3,640
Direct Operating Cost (per NM)	\$8.79

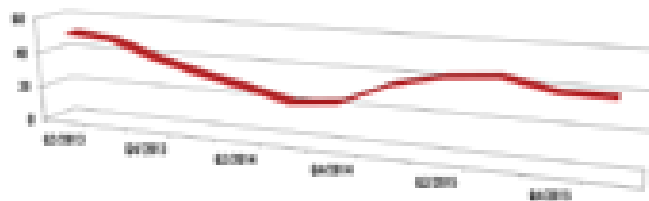
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Current State of the Challenger 604 Market

The Challenger 604 was first introduced in 1996. Bombardier produced the Challenger 604 until 2007 with a total fleet size of 363 until the model was upgraded and branded as the Challenger 605. The market for CL604's seems to be slowing down since our Q1 report. With an increase of units on the market, 43 currently versus 39 in Q1, and a decline in average asking price, these are indicators of a softening market. The large cabin markets across all manufacturers overall are suffering from increased inventory and declining prices, therefore it is no surprise to see the Challenger 604/605's experiencing the same decline. The current asking prices range from \$4.5MM to \$10MM. There is still an active market however, with eight sales in Q1. According to our data, those eight sales brought an average price of \$6.2MM. In summary, the large cabin markets are trending down, however the Challenger 604 seems to still be active and proving to be a good value for buyers.

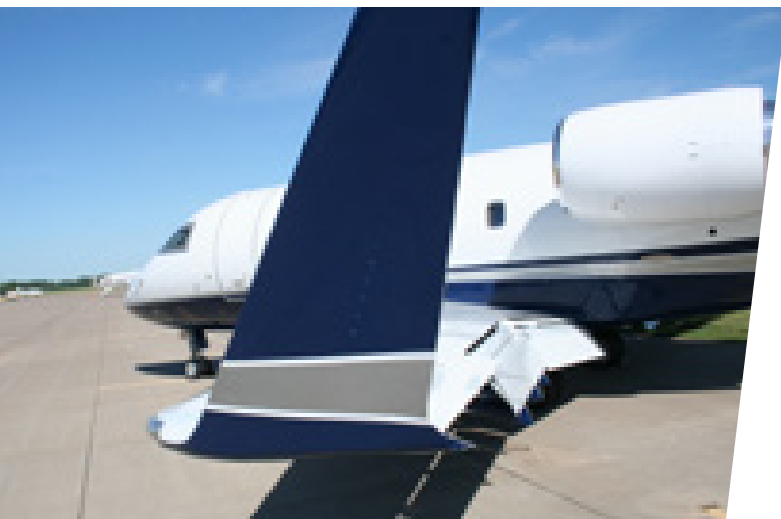


Challenger 604 For Sale

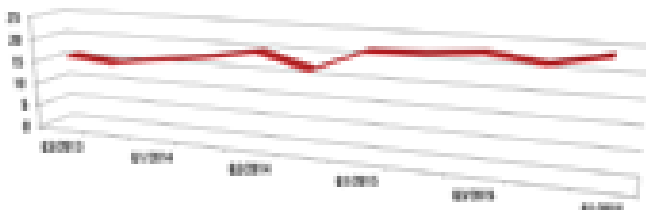


Current State of the Challenger 605 Market

The Challenger 604's replacement, the Challenger 605 was introduced in 2007. It includes larger cabin windows, better LED cabin lighting, a new cabin management system and a Collins Pro Line 21 integrated avionics suite. The Challenger 605 fleet size is 286 units and Bombardier introduced the Challenger 650 as the new and improved model which began delivering in 2015. To date, 12 CL650's have delivered, over half of those going to NetJets. The CL605 available aircraft for sale has grown to 28 units compared to the 22 we reported in Q1. The 28 units represent approximately 10% of the total fleet for sale. The average asking price declined about 4% to \$13.4MM since our last report in Q1. Of most concern, only one sale occurred in Q1 at a final sales price well below the asking price. Therefore, we will watch this market closely and watch for improvement in Q2.



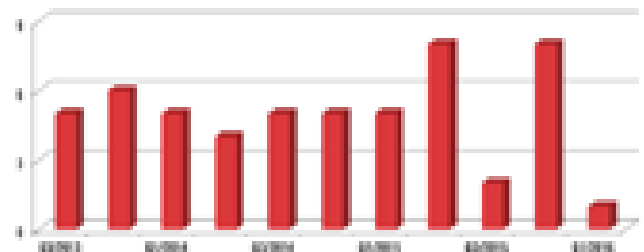
Challenger 605 For Sale



Market Snapshot for the Challenger 605

On Market: 28
 Fleet Size: 286
 % On Market: 10%
 Avg. Asking Price: \$13.4M
 Avg. Days On Market (Sold): 261
 Avg. TT of Aircraft Currently For Sale: 1875
 Transactions in 2015: 23
 Transactions in Q1: 1

Challenger 605 Transactions



Challenger 605 Performance

Range (NM):	4,123
Seating:	2/13
Cabin Volume (CuFt):	1,146
Max Speed (Kts):	488
Cruise Speed (Kts):	425
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)	\$3,388
Direct Operating Cost (per NM)	\$8.18

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