

JETNET Releases July 2011 Pre-owned Market Information

UTICA, NY – JETNET LLC, the leading provider of corporate aviation information, has released July 2011 and the first seven months of 2011 results for the pre-owned business jet, business turboprop, and helicopter markets.

As the 2nd half of 2011 begins, we are seeing mixed signals from both new and pre-owned fixed wing and rotary market places. Some of the signs are indicating recovery is slowly working, while others are not.

- New aircraft deliveries – down 16% and billing - down 22% (table A) compared to 2010
 - Business Jets showed the largest decline by 26%
 - Cessna is the only OEM in the Top 6 to show an increase of 35% of New Deliveries (table B)
 - Dassault Falcon and Embraer are down 58% and 48% respectively (table B)
- Pre-owned Business Jet Sale Transactions are up 11.2% (table C)
 - Average asking prices are down by 9.2% but showed increases in June and July 2011 vs. 2010
 - For Sale inventories have continued to slowly drop to 13.7% for business jets and 10.1% for business turboprops
- Jet-A Fuel Prices have increased steadily and are within 3% of the previous 2008 record level.
- US Economy had a weak 1% (2nd estimate) GDP growth in the 2nd quarter of 2011.

Table A

| | New Aircraft Deliveries | | | |
|--|--------------------------------|-------------------------|-------------------|-------------|
| | 1st Six Mos. '10 | 1st Six Mos. '11 | Difference | % |
| Business Jets | 355 | 261 | -94 | -26% |
| Business Turboprops | 157 | 143 | -14 | -9% |
| Total Piston | 425 | 387 | -38 | -9% |
| Total | 937 | 791 | -146 | -16% |
| Total Billings- (billions US\$) | \$9.405 | \$7.307 | (\$2.098) | -22% |

Source: GAMA

Table B

| OEM | New Aircraft Deliveries | | | |
|-------------------------------------|--------------------------------|----------------------|-------------------|-------------|
| | 1st 6 Mos '10 | 1st 6 Mos '11 | Difference | % |
| Bombardier | 82 | 69 | -13 | -16% |
| Cessna | 74 | 100 | 26 | 35% |
| Gulfstream | 56 | 47 | -9 | -16% |
| Hawker Beechcraft | 27 | 21 | -6 | -22% |
| Dassault Falcon | 45 | 19 | -26 | -58% |
| Embraer | 60 | 31 | -29 | -48% |
| Total 'TOP' Six | 344 | 287 | -57 | -17% |
| Total 'TOP' Six - Billings * | \$8.240 | \$6.584 | -\$1.656 | -25% |

* Cessna and HBC includes T/P and Piston



JETNET reported that the first six months of the 2011 pre-owned market showed early-stage recovery signs. In July this trend continued as JETNET reported double-digit growth of 11.2% in pre-owned business jet retail sale transactions in the first seven months of 2011. However, the long-anticipated good news seen in Table D is that the average asking prices in June and July improved by \$1.2 million and \$2.7 million, respectively compared to 2010, a trend seen for the first time in 2011. Two consecutive months of increases in the average asking prices for business jets is a clear signal that the bottom has been reached in the average asking prices and that a turnaround is in the works.

Market Summary

Highlighted in Table C are key worldwide trends across all aircraft market sectors comparing July 2011 to July 2010. Business Jet inventory For Sale percentage showed the largest change (down 1.2 points), to 13.7% from 14.9%. However, the only market sector to show an increase in for-sale inventory was the piston helicopter market, increasing 2/10 of a point, from 6.3% in July 2010 to 6.5% in July 2011. Business Jet Sale Transactions increased 11.2% in the first seven months of 2011 compared to the same period in 2010. Business turboprops also showed an increase of 3.7%. Both helicopter categories saw double digit declines in sale transactions (down 11.5% for turbine and 17.7% for piston) in the first seven months of 2011 versus the first seven months of 2010.

All pre-owned aircraft categories showed large decreases in average asking price percentages after seven months, except piston helicopters, which showed an increase of 5.2%. The decrease in the average asking price ranged from a -9.2% for business jets to -3.8% for business turboprops and -11.0% for turbine helicopters, as shown in the Worldwide Trends Table C.

Table C

| Worldwide Trends | | | | |
|-------------------------------|--------------------|------------------|------------------|---------------|
| July | Business Aircraft | | Helicopters | |
| | Jet | T/P | Turbine | Piston |
| For Sale | 2,491 | 1,324 | 1,189 | 592 |
| % For Sale 2011 | 13.7% | 10.1% | 6.7% | 6.5% |
| % For Sale 2010 | 14.9% | 10.9% | 6.8% | 6.3% |
| Change - % For Sale | (-1.2) pts. | (-0.8) pt | (-0.1) pt | .2 pt |
| January to July 2011 | | | | |
| Full Sale Transactions | 1,181 | 611 | 709 | 479 |
| Average Days on Market | 385 | 310 | 406 | 322 |
| Avg. Asking Prices -\$USD mil | \$4.490 | \$1.276 | \$1.268 | \$0.223 |
| January to July 2011 vs 2010 | | | | |
| % Change - Sale Transactions | 11.2% | 3.7% | -11.5% | -17.7% |
| Change - Avg. Days on Market | 1 | -16 | 60 | 7 |
| % Change - Avg. Asking Prices | -9.2% | -3.8% | -11.0% | 5.2% |

Source: JETNET



Table D

| Pre-owned Business Jets | | | | |
|-------------------------------|-----------------|---------|-------------|--------|
| Fleet | July | | | |
| | 2011 | 2010 | Change | % |
| In Operation | 18,160 | 17,561 | 599 | 3.4% |
| For Sale | 2,491 | 2,616 | -125 | -4.8% |
| % For Sale | 13.7% | 14.9% | (-1.2) pts. | |
| Fleet | July | | | |
| | 2011 | 2010 | Change | % |
| Full Sale Transactions | 151 | 172 | -21 | -12.2% |
| Average Days on Market | 393 | 384 | 9 | 2.3% |
| Avg. Asking Prices -\$USD mil | \$6.857 | \$4.177 | \$2.680 | 64.2% |
| Fleet | January to July | | | |
| | 2011 | 2010 | Change | % |
| Full Sale Transactions | 1,181 | 1,062 | 119 | 11.2% |
| Average Days on Market | 385 | 384 | 1 | 0.3% |
| Avg. Asking Prices -\$USD mil | \$4.490 | \$4.944 | -\$0.454 | -9.2% |

Source: JETNET

Business Jet 'FOR SALE' Fleet Age

Table E shows the Business Jet fleet age split for aircraft in operation and for sale today (July 2011) compared to five years ago (July 2006). The aircraft age is split between aircraft that are less than 20 years old and 21 years and older. While the total percentage for sale in July 2011 is at 13.7% compared to July 2006 at 12.6%, there has been nearly a doubling of aircraft for sale today for aircraft 20 years or less in age at 1,239 or 10.1% for sale compared to 664 or 7.6% for sale in July 2006. In reviewing the percentage of aircraft for sale that are 21 years or older the percentages are nearly the same at 21.1% in July 2011 versus 20.8% in July 2006. The 21 and older age group percentages for sale are very high and account for 1 out of every 5 being offered for sale.

Table E

| Business Jet Age | Today - July 2011 | | | Five Years Ago - July 2006 | | |
|------------------|-------------------|--------------|--------------|----------------------------|--------------|--------------|
| | In Operation | For Sale | % | In Operation | For Sale | % |
| 0 -20 years | 12,237 | 1,239 | 10.1% | 8,629 | 664 | 7.6% |
| 21 years plus | 5,920 | 1,251 | 21.1% | 5,115 | 1,062 | 20.8% |
| Total | 18,157 | 2,490 | 13.7% | 13,744 | 1,726 | 12.6% |

Source: JETNET STAR Reports



US JET-A Fuel Prices

The 2nd quarter 2011 U.S. Jet-A prices at \$6.63 per gallon are on the rise, up \$1.10 per gallon or 19.9% from the 2nd quarter 2010 at \$5.53. Most concerning is that the current fuel price is only 20 cents below the 2008 record setting price at \$6.83 per gallon.

US Economy

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 1.0 percent in the second quarter of 2011, (that is, from the first quarter to the second quarter), according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 0.4 percent.

Historically, whenever the U.S. economy shows a growth in GDP of greater than 3.0%, the business aviation market is in a growth mode. Unfortunately, the U.S. economy has reported in the first two quarters of 2011 GDP percentage growth numbers well below this level.

Summary

As we move into the 2nd half of 2011, we are hopeful that the US economy starts showing stronger GDP growth numbers and that fuel prices are held in check. It is very important that new aircraft deliveries pick up in the 2nd half as well. The Pre-owned market has been slowly improving in 2011. Business aircraft owners should be excited to learn that average asking prices for pre-owned business jets have improved in the past two months.

Since 1988, JETNET has delivered the most comprehensive and reliable business aircraft research to its exclusive clientele of aviation professionals worldwide. JETNET is the ultimate source for information and intelligence on the worldwide business aircraft fleet and marketplace, comprised of some 60,000 airframes. The company offers services for both fixed wing and helicopter aircraft. Headquartered in its state-of-the-art facility in Utica, NY, JETNET offers comprehensive user-friendly aircraft data via real-time internet access or regular updates.

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