AIR APPRAISAL
COMPANY

NATIONAL AIRCRAFT APPRAISERS ASSOCIATION
CERTIFIED APPRAISAL REPORT
USPAP

1997 LEAR 60 NXXXXX

PREPARED FOR AIR APPRAISAL COMPANY

CERTIFICATIONS
Aircraft Appraisal Report - NXXXXX
Conducted in conformity with the Uniform Standards Of Professional Appraisal Practice

I certify that to the best of my knowledge and belief:

A. The statement of facts contained in this report are true and correct.

B. The reported analyses, opinion, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.

C. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

D. I have no bias with respect to the property that is the subject of this report or to the parties involved with the assignment.

E. My engagement in this assignment is not contingent upon developing or reporting predetermined results.

F. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal report.

G. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

H. I have made an inspection of the property that is the subject of this report.

I. No one provided significant professional or personal property appraisal assistance to the person signing this certification and report.

_____

Rob Adsem
Air Appraisal Company

NATIONAL AIRCRAFT APPRAISERS ASSOCIATION
USPAP AIRCRAFT APPRAISAL REPORT

Client:	Air Appraisal Company	**Attention:**	Equipment Finance
Company:	Air Appraisal Company	**Phone:**	513-683-2140
Address:	6049 Windy Hollow Court Loveland, OH 45140		

This appraisal report is intended to be used by:

Air Appraisal Company
Rob Adsem
ABC Bank

This appraisal report is to be held strictly confidential and should not be disseminated to anyone other than the intended users without the client's permission.

The purpose of this appraisal report is to estimate the Fair Market Value of the subject aircraft in U.S. dollars primarily for financing. For the purposes of this appraisal report the aircraft is considered to be free and clear of all liens and encumbrances, unless noted within the report.

The scope of work for this assignment includes:

A. A physical inspection of the subject aircraft identified in the Aircraft Identification Section of this report.
B. A physical inspection of the aircraft's logbooks and records.
C. Determination whether the Market, Cost, or Income approach is relevant to the subject aircraft.
D. Determination of Fair Market Value, Wholesale Value, and Liquidation Value for the subject aircraft.
E. The appropriate research that includes many sources including aircraft advertised for sale, published value information, the use of proprietary databases.
F. The preparation of this summary appraisal report.

Aircraft Identification

Make: LEAR JET AIRCRAFT CORP. **Model:** 60 - Learjet

Serial No: 60-XXX **Reg. No.:** NXXXXX **Yr. Mfg.:** 1997

Type of Aircraft: Multi-Engine Fan-Jet

Airframe Total Time: 6206 Hrs. **No. Landings:** 4446

Airframe Condition: Very Good

Log Books in Aircraft Appear: Original

Comments: The aircraft and engine records were personally inspected at Pinnacle Air, LLC maintenance facility in Springdale, Arkansas on August 29, 2005. All hours, cycles, and landings listed in this report are based on current information as of this date.

All of the aircraft and engine logbooks appear to be original and complete. Documentation includes 7 aircraft logs, 2 engine logs, Maintenance Manuals, FAA 337 and 8130 Forms, and the Pinnacle Air, LLC Approved Airworthiness Inspection Program (AAIP) Manual. The logs are neatly organized, and are maintained on shelves and fireboxes in the office of the Director of Maintenance. Most of the logbook entries are computer printed on stickers, and are adhered to individual log pages. All entries are neat and legible and written in English. There is no foreign registry or significant foreign maintenance present.

Aircraft Logbooks:

#1 January 29, 1997 - February 26, 1998
#2 March 13, 1998 - March 3, 1999
#3 March 12, 1999 - December 23, 1999
#4 December 27, 1999 - September 29, 2000
#5 September 29, 2000 - September 3, 2001
#6 September 7, 2001 - May 21, 2002
#7 May 23, 2002 - Present

Engine Logbooks:

PCE-CA00XX
#1 November 22, 1996 - Present

PCE-CA00XX
Logbooks are with the engine at Pratt & Whitney, West Virginia for overhaul. The logs for this engine *were not* inspected at the time of appraisal.

This aircraft is maintained under the Pinnacle Air, LLC Approved Airworthiness Inspection Program. This form of inspection program allows the operator to follow maintenance procedures which meet or exceed all FAA and Manufacturer requirements on an on-going basis. All procedures and inspection intervals are spelled out in the Program Manual which are very similar to the Learjet 60 Maintenance Manual. Pinnacle Air uses an in house computer generated spreadsheet to track all required maintenance items, including Life Limited Parts, scheduled maintenance items, and Airworthiness Directive and Service Bulletin compliance.

The logbooks indicate one occurance of damage repair in 2001 which is described in detail in the Damage History section below.

Maintenance Status

Last Significant Maintenance: 6-30-2005 **On Inspection Program:** Yes

Inspection Status:

OPERATION	REQ. EVERY	LAST COMPLIED	NEXT DUE
300 Hour Airframe	300 HRS	6039 HRS	6338.9 HRS
600 Hour Airframe	600 HRS	6039 HRS	6638.9 HRS
1200 Hour Airframe	1200 HRS	5387.2 HRS	6587.2 HRS
2400 Hour Airframe	2400 HRS	4217.3 HRS	6617.3 HRS
3000 Landing Gear Inspection	3000 CYCLES	2996 CYCLES	5996 CYCLES
Major Landing Gear Inspection	6000 CYCLES	2985 CYCLES	8985 CYCLES
12000 Hour Airframe	12000 HRS	N/A	12000 HRS

Comments: The aircraft is maintained well and is in mechanically sound condition. The entire exterior of the aircraft was inspected, beginning at the cabin entry door and proceeding counter-clockwise.

The cabin door seal is in good condition. There are no rips or holes present, however repairs have been made with sealant in a couple of areas. The cabin door fits flush with the fuselage when closed. The door handle operates smoothly, and requires slightly more than average pressure to fully lock the door. The door pins are correctly aligned and the latches engage properly. When open, the upper door is held securely by the hinge lock. The door steps are in good condition, and the door cables are secure.

The cabin windows are in good condition with no significant scratches present. The fuselage is in good condition with no current damage present. Rivet lines are straight and pulled evenly. All screws and fasteners are secure, with no corrosion noted.

The wing leading edges are polished and in excellent condition with no dents (figure 1). The winglets are secure and undamaged. The wing tip position light lenses are secure and clear with no abrasion wear. The flaps are secure with no excess movement. The ailerons move free and correct with no binding noted. The spoiler panels are flush with the wing surface when stowed. The upper surface of the wings show no sign of hail damage. The fuel caps are secure and flush. There is so sign of fuel leakage under the wings.

The main landing gear doors are secure. The main landing gear tires are in excellent condition, showing no cord and even wear (figure 2). There is no sign of leakage from the landing gear. The landing lights are secure and the lenses are clear and undamaged.

The baggage doors and recessed handles fit flush with the fuselage when closed. The oxygen relief blow out discs are intact. The aft body fuselage strakes are in good condition with no damage. The aircraft identification plate is intact and the aircraft serial number was verified.

The engine cowls are secure. All inspection panels are secure. There is no sign of fluid leakage from the engines. All drains and vents are clear of obstruction. The engine thrust reversers are equipped with modified composite fairings (figure 3). These are in good condition.

The aircraft is equipped with single point refueling. There are two access panels located on the right fuselage behind the right wing. Both panels are secure and flush with the fuselage when closed. The external power receptacle is located on the fuselage beneath the right engine. The emergency exit door over the right wing is flush with the fuselage.

The nose access doors are secure and flush. The radome and nose static wicks are secure. The nose gear doors are secure. The nose tire is in excellent condition, showing no cord and even wear. The gear well is clean. The windshield is in excellent condition with no significant scratches or crazing present. The pitot tubes are secure and in good condition.

Overall, the aircraft is in very good physical condition. The one exception is the damage repair discussed below. There is no wrinkling of aircraft wing or fuselage skin. There is no evidence of corrosion on any aircraft surface. There are no fluid leaks around the aircraft. All antennae and static wicks are secure. There is no current damage present.

Past Registration Numbers:

NXXXXX
NXXXXX
NXXXXX
NXXXXX (Since 11-16-2004)

Time Life Limited Systems: Yes **Cycle Life Limited Systems:** Yes

Comments: Numerous Time and Cycle Life Limited Systems apply to the aircraft and engines. Following are the Limited Systems for the Pratt & Whitney PW305A engines:

Engine #1 PCE-CA00XX:

DESCRIPTION	PART NUMBER	SERIAL NUMBER	TOTAL TIME	TOTAL CYCLES	CYCLE LIMIT	REMAINING CYCLES
HUB	30B2256	34B475	5975.1	4278	12000	7722
HP IBR 1ST	30B2799-01	TXA1A3917	224.8	158	12000	11842
HP DRUM ROTOR	30B4745-01	55B946	224.8	158	8500	8342
IMPELLER	30B2486	6F664	5975.1	4278	12000	7722
HPT AIR SEAL	30B2793-01	WG001138	1757.6	1293	4000	2707
HPT FRONT COVER	30B2748-01	A000YCF4	1757.6	1293	4800	2707
HPT DISK 1ST	30B2981-01	A001M72A	224.8	158	3100	2942
HPT DISK REAR COVER	30B2747-01	A000YCF2	1757.6	1293	4400	3107
HPT DISK 2ND	30B2912-01	A001MHFM	224.8	158	3300	3142
LPT DISK 3RD	30A1102	11B316	5975.1	4278	7500	3222
LPT DISK 4TH	30A1565	50A157	5975.1	4278	7500	3222
LPT DISK 5TH	30A1104	11B094	5975.1	4278	7500	3222

Engine #2 PCE-CA00XX:

DESCRIPTION	PART NUMBER	SERIAL NUMBER	TOTAL TIME	TOTAL CYCLES	CYCLE LIMIT	REMAINING CYCLES
HUB	30B2256				12000	
HP IBR 1ST	30B2799-01				12000	
HP DRUM ROTOR	30B4745-01				8500	
IMPELLER	30B2486				12000	
HPT AIR SEAL	30B2793-01				4000	
HPT FRONT COVER	30B2748-01				4800	
HPT DISK 1ST	30B2981-01				3100	
HPT DISK REAR COVER	30B2747-01				4400	
HPT DISK 2ND	30B2912-01				3300	
LPT DISK 3RD	30A1102				7500	
LPT DISK 4TH	30A1565				7500	
LPT DISK 5TH	30A1104				7500	

Service Bulletin Status: Sevice Bulletin compliance is noted in the aircraft logbooks.

AD's Complied With: Yes **Estimated Cost for AD's Compliance:** N/A

Tires Condition: Excellent **Type Brakes:** Disc **Anti-Skid:** Yes

Exterior Paint Condition: Very Good

Repaint Date: N/A **Repainted By:** N/A

Comments: The aircraft is painted in overall Matterhorn White, with accents in Gamma Gray, Sunfast Red, and Royal Blue. The current paint is the original application, which was applied at 15 hours total time.

From a distance, the paint looks glossy and new. The paint maintains its glossy appearance upon close inspection, however there are some areas of slight wear in the form of cracking and chipping evident upon closer scrutiny. The most visible wear is due to abrasion wear along airframe leading edges (figure 4). The overall workmanship of the paint application is excellent, with no flaws in the form of dripping or pooling. The lines and numbering are crisp and clean. There are no dust particles noted in the paint application.

The paint around the cabin door shows some wear in the form of chipping around the exterior edges (figure 5). The paint is in very good condition on the fuselage. Many of the rivets and screw heads have been touched up since the complete application (figure 7). These touch-ups

are well done using paint that blends well. These areas are only noticeable upon very close inspection. Some rivets and screw heads, most notably on the vertical stabilizer, have not been touched up.

There is some slight peeling present immediately aft of the cowl lips of both engines. The paint is completely worn away outboard of the horizontal stabilizer deice boots from abrasion wear (figure 6). The vertical stabilizer also shows some wear immediately aft of the alloy leading edge and around many of the screws.

There are a handful of nickel-sized chips around the fasteners of the nose access panel doors. The radome paint is in good condition, with the exception of a quarter-sized chip on the right side aft of the radome and one more quarter-sized area of peeling paint.

Overall, the paint is protecting the airframe well. There is no significant deterioration of the paint application. However, the small areas of exposed airframe should be attended to in order to avoid future problems.

Interior Condition: Very Good

Cockpit Condition: Very Good

Pressurized Cabin: Yes

Cabin Configuration: Passenger

Panel Layout: Good

Window Condition: Good

Comments: The cabin is configured in an executive seating arrangement, allowing seating for 8 passengers in addition to two crewmembers. The seating arrangement includes a two-place, side facing divan on the starboard side, an individual forward facing seat on the captain's side, four seats in club seating configuration, and a belted potty seat.

The seats are upholstered in Townsend Custom Navy. The head liner and sidewalls are Tapis Ultra Leather Arctic. The carpet is a beige wool with a dark fabric rug runner installed over the carpet along the center aisle. The cabinets and wood trim throughout the cabin is Real Wood High Gloss Bubinga.

The cabin is equipped with three fold out executive writing tables, coffee maker, hot water dispenser, oven, forward refreshment center, VCR, CD player, flat panel TV display, aft toilet and lavatory, magazine racks, and cupholders.

The interior is in very good condition overall. The leather seats are clean and in excellent condition (figure 8). All seams are straight and tight. The carpet is clean, with no significant stains present. The carpet is showing slight signs of wear in the form of snags and frayed edges underfoot of the seats (figure 9). The carpet is in good condition otherwise, with no matting present. The headliner and sidewalls are in excellent condition. The windows are clean with no scratches. The windows are equipped with accordian style pull down shades. The shades operate smoothly and are all in excellent condition. The fold out tables extend and stow smoothly and easily. The table surfaces are in excellent condition. All woodwork is in excellent condition. The galley cabinet work surfaces are in excellent condition.

The seats were recovered on September 9, 2000 by McKinney Aerospace at the same time the new Millenium lav faucet was installed.

Airframe Modifications

Date of Modification: 9-30-2003
Modification: Artex C406-2 MHz ELT System, IAW JetCorp drawing 67-329W015

Date of Modification: 10-29-2001
Modification: Atlantic Aero Thrust Reverser Stang Fairing Assembly, STC #ST02209AT-D

Date of Modification: 4-29-2000
Modification: Millennium Concepts, Inc. Infrared Sensor Faucet System, STC #ST2732WI-T

Damage History

Current Damage: None

Damage Event: October 26, 2001 **Extent of Damage:** Superficial

Repairs: Repaired dent in aircraft skin located at FS 410.42, WL 18.0 on the right hand fuselage in accordance with West Virginia Air Center E.O. #MISC-53-0084. Restored dented area to original contour using a standard dent puller "as best as possible" referencing Learjet 60 SRM. Tested area using eddy current non-destructive test method. Countersunk hole and installed CR3214 blind rivet. Treated and painted bare metal.

This damage was caused by a cart that was pushed into the side of the aircraft. The damage was superficial and the repairs were done well. Only upon very close inspection is the area of repair visible. This damage repair is only noticeable upon close scrutiny with knowledge of its presence. This damage has no impact on the value of the aircraft.

Engines & Props

Engine Manufacturer: Pratt and Whitney **Model:** PW305A

Engine Type: Fan Jet **Thrust Reversers:** Yes

Engine Fire Detection: Yes **Engine Fire Bottles:** Yes

Engine #1 **Serial No:** PCE-CA00XX

Time Since Factory Overhaul: 225 Hrs.

Engine Overhauled By: Pratt & Whitney, Bridgeport, WV **Recommended TBO:** 6000 Hrs.

Comments: Enrolled in ESP. The TBO on this engine has been extended from 5000 to 6000 hours by complying with applicable Service Bulletins. This extention occured on October 24, 2001 and was signed off by Pratt & Whitney.

****Engine #2*** **Serial No.:** PCE-CA00XX

Time Since Factory Overhaul: 0 Hrs.

Engine Overhauled By: Pratt & Whitney, Bridgeport, WV **Recommended TBO:** 7200 Hrs.

Comments: Currently at Pratt & Whitney for overhaul. Loaner engine installed in #2 position is serial number PCE-305001.

****Loaner Engine #2*** **Serial No.:** PCE-CA305001

Time Since New: 4433 Hrs.

Engine Overhauled By: Pratt & Whitney, Bridgeport, WV **Recommended TBO:** 6000 Hrs.

Comments: This engine is temporarily installed on November 16, 2004 while the original engine is undergoing overhaul at the Pratt & Whitney facility.

*The Fair Market Value of this report is based on the status of the aircraft as it was configured on the date of examination. The currently installed loaner engine, serial number PCE-CA305001 was used to establish the total aircraft value. It is expected that the original engine, serial number PCE-CA00XX will be reinstalled within weeks, and the information on this engine has been provided in anticipation of this event. The values listed in this report *should not* change when the engine replacement occurs. This is due to the fact that both engines are maintained on a factory Service Plan, and are each covered at 100%.

An Extraordinary Assumption has been made, assuming that the original engine (PCE-CA00XX) will be in a newly overhauled condition with similar Life Limited Component time to the loaner engine. It is also assumed that the logbooks are in similar condition, and are original and complete.

Engine Modifications

None known or reported.

Known Maintenance Problems with Engine(s): None

Estimated Cost to Repair: $0

Instrumentation

Full Panel: Yes

Dual Panel: Yes

Panel Configurations: Good

Panel Condition: Good

IFR Equipped: Yes

Comments: The instrument panel is an EFIS configuration. All instrument glass is clean and clear. There is no damage noted to any controls, switches, or indicators. The center pedastal is clean with no damage noted.

Avionics

Type of Avionic: AVIONICS PACKAGE

Mfg: COLLINS **Model:** PRO LINE 4

Type of Avionic: ADF

Mfg: COLLINS **Model:** ADF 462

Type of Avionic: COMM

Mfg: COLLINS **Model:** VHF 422A
Mfg: COLLINS **Model:** VHF 422A

Type of Avionic: NAV

Mfg: COLLINS **Model:** VIR 432
Mfg: COLLINS **Model:** VIR 432

Type of Avionic: DME

Mfg: COLLINS **Model:** DME 442
Mfg: COLLINS **Model:** DME 442

Type of Avionic: TRANSPONDERS

Mfg: COLLINS **Model:** TDR 94D Mode S
Mfg: COLLINS **Model:** TDR 94D Mode S

Type of Avionic: EFIS

Mfg: COLLINS **Model:** PROLINE 4-TUBE

Type of Avionic: FLIGHT MANAGEMENT SYSTEMS

Mfg: COLLINS **Model:** AMS 850
Mfg: COLLINS **Model:** AMS 850

Type of Avionic: AIR DATA COMPUTERS

Mfg: COLLINS **Model:** ADC 850D
Mfg: COLLINS **Model:** ADC 850D

Type of Avionic: COCKPIT VOICE RECORDER SYSTEMS

Mfg: UNIVERSAL AVIONICS **Model:** CVR 30A

Type of Avionic: TELEPHONE

Mfg: MAGNASTAR **Model:** C 2000

Type of Avionic: TRANSCEIVERS (HF XCVR)

Mfg: KING **Model:** KHF 950

Type of Avionic: ALTIMETERS, RADIO & RADAR

Mfg: COLLINS **Model:** ALT 55B

Type of Avionic: TCAS

Mfg: COLLINS **Model:** TCAS II w/change 7

Type of Avionic: WEATHER RADAR

Mfg: COLLINS **Model:** WXR 840

Type of Avionic: GPWS

Mfg: ALLIED SIGNAL **Model:** MARK V

Type of Avionic: CABIN INFORMATION DISPLAYS

Mfg: AIRSHOW **Model:** AIRSHOW 400

Type of Avionic: ELT

Mfg: ARTEX **Model:** G406-2

The Avionics On This Aircraft Are Considered To Be: Average.

Additional Equipment

Dual Controls: Yes **Type:** Yoke

Stall Warning System: Yes **Stick Shaker:** Yes

Rotating Beacon: Yes **Strobe Light:** Yes

Taxi Lights: Yes **Navigation Lights:** Yes

Long Range Fuel: No **Fuel Qty:** 7,910 Pounds

Single Point Refuel: Yes

Toilet: Yes **Lavatory:** Yes

Galley: Yes **Cabinetry:** Yes

Other Equipment: 3-Inch Standby Gyro, Triple Pitot Heat Annunciation, Concorde Batteries, Hobbs Meter, Double Wide Pedastal, 10 Disc CD Player, Baker Amp and Speaker Package, Dual Davtron 877 Clocks, Rosen Visors.

De-Icing Systems

Known Ice System: Yes

Ice Lights: Yes

Prop De-Ice: N/A

De-Ice Type: Bleed Air/Pneumatic Boots

Tail Boots: Yes

Boots Condition: Very Good

Windshield De-Ice: Yes

Windshield Wipers: None

Jet Intake De-Ice: Yes

Pitot Heat: Yes

Comments: The leading edges of the wings and vertical stabilizer are polished alloy and use engine bleed air for deicing. The horizontal stabilizer is equipped with pnuematic boots. The wing and vertical stabilizer leading edges are in excellent condition, with no dents present. The tail deice boots are in very good condition and are adhering well the the leading edge. The boots are shiny and supple, with no cracking or drying present. There is one patch present on the left inboard side of the horizontal stabilizer deice boot. This patch is approximately the size of a silver dollar, and appears to be adhering well (figure 10).

Learjet 60 Market

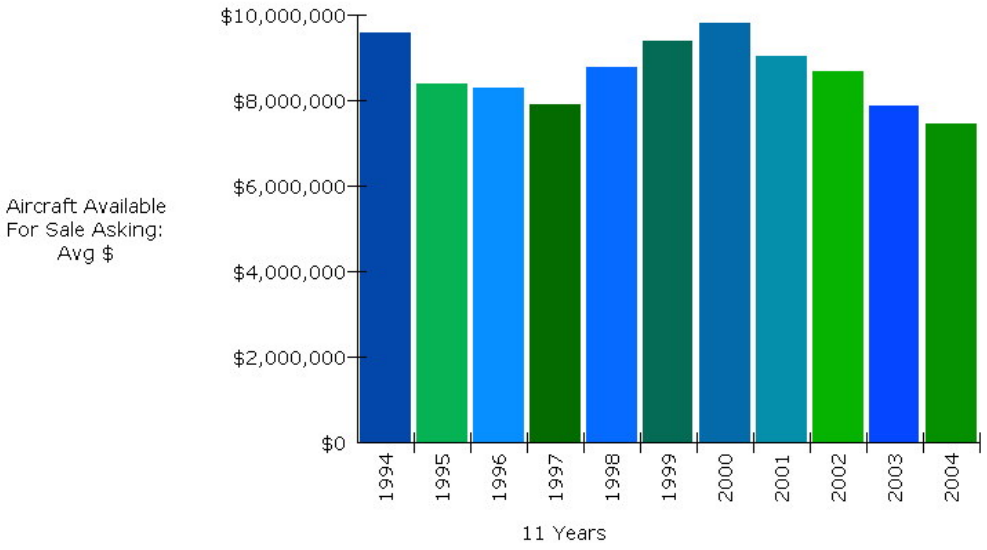
The Learjet 60 model began delivery in 1993 with serial number 60-001, and are still in production today. The Lear 60 is the largest of all the Learjet models. Derived from the model 55C, the Learjet 60 is 43 inches longer and employs highly fuel efficient Pratt & Whitney PW305A engines. It also benefits from numerous aerodynamic refinements to its wing and fuselage, as well as larger aft stabilization delta fins. All these improvements give the Learjet 60 superior gross takeoff weight, fuel capacity, speed and range as compared to its predecessor. Rohr hydraulic thrust reversers and single-point refueling are standard, as is the Collins Pro Line 4 Avionics suite. This aircraft can be RVSM certified when service bulletin SB-60-34-06 is complied with.

Along with the rest of the industry, this market suffered from the effects of a downturn in the economy beginning in late 2000 and was exacerbated by the events of September 11th. The business jet market began to stabilize in the summer quarter of 2003, and market values began to recover some lost ground later that same year. The recovery has continued through the most recent quarter, with the business jet market as a whole showing an increase of approximately 5% since the bottom in 2003.

Although the Lear 60 market has recovered slightly, it has lagged the overall market until recently. The decline for this model continued through the fourth quarter of 2003. Values were stable, showing little movement throughout 2004, and have just recently begun to show a trend upward. In April 2005, average asking prices for the Lear 60 began moving upward, increasing nearly 21% between April and August of this year. Much of this increase can be attributed to the strong sales in the new jet market. Manufacturers are swamped with sales and are pushing back deliveries. This has created demand for late model jets that are in fly-away condition, with no maintenance issues and excellent paint and interior. It is interesting to note that during this same period, available inventory in the used Lear 60 market has increased from 27 to 35 aircraft, which is a 44% increase. With a total of 293 aircraft in the fleet, this amounts to approximately 12% of the total fleet available for sale. Normally, higher inventory means lower average sales prices. It can be expected that the near record high oil prices and high inventory will have a stabilizing, or at least slowing impact on this market.

The subject aircraft of this report, serial number 60-0XX, was manufactured in 1996 and was the first 1997 model delivered. According to JetNet, there were 18 Lear 60s manufactured in 1997, all of which are still in operation. Of the 1997 models, there are currently 4 listed for sale. Average days on market for all Lear 60s is approximately 236 days. Average total airframe time is approximately 2,900 hours.

The charts below depict the total Lear 60 market over the past 11 years and the most recent 12 months. The aircraft represented range from 1992 to 2005 model years. Current asking prices range from $6.35 million to $11.7 million.



*Information courtesy of JetNet

Aircraft Appraisers Comments

This aircraft was physically examined at the Pinnacle Air executive hangar located in Springdale, Arkansas. The logbooks were also available on site and were examined.

This aircraft is currently operated under FAR Part 135 charter operations. This aircraft has been operated as a fractional ownership jet for most of its history. It was originally owned by Bombardier, and was operated with Flex Jet. Previous to the current owner, the aircraft was operated by Delta Air Elite under similar operations. When the aircraft was with Delta Air Elite, it was maintained under a High Utilization Maintenance Program (HUMP). The current owner does not operate as a fractional ownership, however Pinnacle Air provides charter services to companies such as Flex Jet, on demand. The aircraft operates frequently, and according to Pinnacle Air, accumulates approximately 50 hours per month, or 600 per year. This amount of flying is approximately 53% more than the average utilization of 391 hours per year for the entire Lear 60 fleet. Currently, the aircraft total time of 6206 hours is 98% more than the 3128 hours for an average Lear 60. Given its current time, and the forecast monthly utilization, it would be expected that this aircraft will continue to be considered a "high time" aircraft when compared to like models.

Overall, the aircraft is well maintained, both mechanically and cosmetically. The damage history described in this report is considered by the appraiser to be superficial. The damage did not involve any structural components, and was easily repaired with a dent puller. Although the damaged area can be seen upon visual inspection, it is likely not significant enough to cause any disruption in airflow, or affect on the airworthiness of the aircraft. This damage event should not have an effect on the aircraft value or time to sell.

The aircraft has always been under United States registration. There is no sign of present damage. Considering the high airframe time and heavy usage, this aircraft is a fine example of a Lear 60.

The Market, Income, and Cost Approaches have been considered to determine the value of the subject aircraft. After due consideration it has been determined that the Market Approach is the most relevant method for conducting this appraisal.

The highest and best use of this aircraft has been considered. The aircraft was manufactured as a personal and corporate transportation vehicle, and it has been and is being used for that purpose.

This aircraft, NXXXXX, was personally inspected on August 29, 2005 by Rob Adsem, member of the National Aircraft Appraisers Association at Springdale Municipal Airport, located in Springdale, Arkansas.

Aircraft Comparison Chart Based on Asking Price

Make: LEAR JET AIRCRAFT CORP.

	Aircraft #1	Aircraft #2	Subject A/C
Year	1997	1995	1997
Model	Lear 60	Lear 60	Lear 60
Serial Number	60-109	60-066	60-0XX
Asking Price	$7,200,000	$6,295,000	N/A
Airframe Time	1619	5122	6206
Engine(s) SMOH	1619/1607	392/406	225/0
Engine(s) TBO(Hrs.)	5000	5000	6000
Days Listed For Sale	212	269	N/A
Avionics	comparable	comparable	comparable
Adjust For :			
Airframe Time*	-$687,390	-$98,200	
Engine(s) SMOH**	$0	$0	
Avionics	$0	$0	
Model Year	$0	+$600,000	
APU	$0	-$285,000	
Value Adjusted to Equivalent Aircraft Based Upon Asking Price	**$6,512,610**	**$6,511,800**	
Subject Aircraft Appraised Value			***$6,690,720***

*** Adjustment made to value in order to compare with Subject Aircraft airframe total time. Adjustments based on NAAA data.**

**** Although engine times vary between the comparable aircraft, no adjustments are made due to each aircraft's current enrollment in Engine Service Plans.**

Aircraft Blue Book Comparison Chart - Fall 2005 Vol. 05-03

(See Above Chart For Aircraft Details)

		Aircraft 1	Subject A/C
Blue Book Average Value		$7,100,000	$7,100,000
Airframe Time Calculation*		$497,000	-$915,900
Engine Time**		$0	$0
Avionics***		$199,500	$199,500
Add for:	Airshow	+$56,000	+$56,000
	Flightfone	+$59,000	+$59,000
Deduct for:	No APU	-$285,000	-$285,000
Book Value		**$7,626,500**	**$6,213,600**

*** Calculataion based on percentage deviation from fleet average airframe time of 391 hours per year. Value adjustments are based on the Airframe Time/Value chart in the Blue Book.**

**** Because the Bluebook assigns value based on Lear 60 enrollment in an engine maintenance plans, no corrections are made.**

***** Additions to value for optional avionics listed in the Blue Book.**

Appraisal Computation

Average Green Aircraft Value	**$4,909,930**
Additions	
Add for Airframe Condition	$333,870
Add for Airframe Low Total Time	$0
Add for Annual and Mandatory Inspection	$2,200
Add for Exterior Paint Value	$21,750
Add for Interior Value	$45,450
Add for Airframe & Engine Modifications	$14,700
Add for Engine(s) Residual Value	$1,200,000
Add for Avionics Value	$844,220
Add for De-Ice Systems Value	$0
Add for Additional Equipment	$0
Total Additions	**$2,462,190**
Deductions	
Deduct for Airframe Condition	$0
Deduct for Airframe High Total Time	-$396,400
Deduct for Damage History	$0
Deduct for Airframe/Engine Maintenance Items	$0
Deduct for Exterior Paint Value	$0
Deduct for Interior Value	$0
Deduct for AD's Estimated Cost for AD Compliance	$0
Deduct for Estimated Cost to Repair Avionics	$0
Deduct for No APU	-$285,000
Total Deductions	**-$681,400**
Based on the above, the computed retail value of NXXXXX is	**$6,690,720**
Based on the above, the computed wholesale value of NXXXXX is	**$6,122,008**
Based on the above, the computed liquidation value of NXXXXX is	**$5,934,668**

DEFINITIONS

APPRAISAL: The act or process of developing an opinion of value; an opinion of value.

APPRAISER: A person who performs valuation services competently and in a manner that is independent, impartial, and objective.

ASSUMPTION: Information that is taken to be true.

CLIENT: A party or parties who engage an appraiser for a specific assignment.

CONFIDENTIAL INFORMATION: Information that is identified as confidential by a client when it is provided to the appraiser, which is not available from any other source.

EXTRAORDINARY ASSUMPTION: An assumption, directly related to a specific appraisal assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

FAIR MARKET VALUE (as used in this report):
The price that would be agreed upon between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.

HIGHEST AND BEST USE (as used in this report): The reasonably probable and legal use of personal property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

INTENDED USE: The use or uses of an appraiser’s reported appraisal and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER: The client and any other party as identified, by name or type, as users of the appraisal report by the appraiser on the basis of communication with the client at the time of the assignment.

LIQUIDATION VALUE (as used in this report): The price that would be agreed upon between a willing buyer and a seller who is compelled to sell on a specific date given a reasonable period of time to find a purchaser, in an appropriate marketplace with knowledgeable buyers, with the buyer assuming all costs of removal, with all sales made free and clear of all liens and encumbrances.

WHOLESALE VALUE (as used in this report): The price agreed upon between a willing buyer who is a dealer, broker, agent, or individual who is intending to resell the subject property, and the seller, who may or may not be acting under a compulsion to sell on a specific date given a reasonable period of time to find a purchaser.

NATIONAL AIRCRAFT APPRAISERS ASSOCIATION

The information herein has been prepared from many sources and believed to be correct. The National Aircraft Appraisers Association and Air Appraisal Company do not warrant the accuracy of the source material.

An inspection and inventory was conducted by a physical examination of the external surfaces of the aircraft, cockpit and passenger cabin. It includes an inventory and assessment of condition of avionics, instrumentation and aircraft systems. No inspection plates were removed for internal inspection. Further, the logbooks and other aircraft records were carefully examined for compliance with FAA regulations relating to Airworthiness Directives, damage and maintenance history, along with other required inspections.

The following extraordinary assumptions were made:

- **All aircraft records were assumed to be authentic, and unaltered unless specific comments indicate otherwise. Signatures attesting to, and inspections detailed therein, were assumed to be entered by persons designated and appropriately licensed to make the entries. AD compliance was attested to by referencing the AD compliance report maintained by Pinnacle Air.**

- **The originally installed engine, serial number PCE-00XX will be reinstalled within weeks of this report, and will be in freshly overhauled condition. It is assumed that the Life Limited Component times are similar to the currently installed engine. It is also assumed that the engine logbooks are accurate, original, and complete.**

No hypothetical conclusions were made.

No departures from any of the USPAP standards were made in this report.

The appraiser hereby certifies that he has no personal interest in the aircraft identified in this appraisal or any bias toward any of the parties who may be involved in the resulting transaction coincident to this report. The appraiser's fee is not contingent upon a predetermined value being reported or a percentage of the value being reported.

All values expressed in this report are in U.S. Dollars unless otherwise stated.

The effective date of this report is **08/29/2005** and the expiration date of this report is **11/29/2005**. This report was written on **9/1/2005**.

This appraisal report may be used for the stated purpose exclusively and only in its entirety. Appraisal procedures, research methodology, market selection, and the resulting value conclusions can vary with the various purposes and functions of appraisal assignments. Therefore, this report, the markets selected, and the value conclusions are intended solely for the stated purpose and function. They are invalid for any other purpose or function.

In the event of error or omission, the liability of the Association, Association Members, and Air Appraisal Company, is limited and may not, in any event, exceed the amount paid for the appraisal. Further, the National Aircraft Appraisers Association and Air Appraisal Company accept no responsibility for usage of this form unless signed by an officer or current Member of the Association.

Rob Adsem
Senior Certified Aircraft Appraiser

Air Appraisal Company
6049 Windy Hollow Court
Loveland, Ohio 45140
513-683-2140

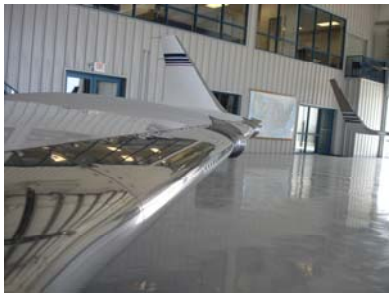


FIGURE 1

FIGURE 2

FIGURE 3

FIGURE 4

FIGURE 5

FIGURE 6

FIGURE 7

FIGURE 8

FIGURE 9

FIGURE 10

National Aircraft Appraisers Association Certificate of Appraisal

A visual inspection and log book analysis was performed August 29, 2005 on the aircraft NXXXXX at: Springdale Municipal Airport, located at: Springdale, Arkansas. It is the opinion of this appraiser that the fair market value of the above aircraft is:

$6,690,720

This appraisal is valid when accompanied by appraisal work sheet number #20050901NXXXXX and signed by an Aircraft Appraiser Certified by the National Aircraft Appraisers Association.

Rob Adsem
SENIOR AIRCRAFT APPRAISER