



## Helicopter Cash Flow Example: Bell 407 Ownership & Operating Cost Analysis

Prepared for:

**XYZ Helicopter Owner, LLC**

Aircraft:

**Bell 407**

Location:

**HOU Houston Hobby**

Prepared by:

**Premier Jet Aviation, Inc.  
Telephone +1(317) 858-6000**

[www.jetav.com](http://www.jetav.com)

**Company/Individual Ownership**

XYZ Helicopter Owner, LLC

Case ID: Helicopter Cash Flow Example

Bell 407

HOU Houston Hobby

**Owner Expenses before Tax Considerations**

An annual inflation percentage of 3.1% is assumed on all expenses.

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
<b>ANNUAL FIXED EXPENSES</b>						
Employee Salaries (ONE Pilot)	75,000	77,325	79,722	82,193	84,741	79,796
Employee Benefits (ONE Pilot: 30.0%)	22,500	23,198	23,917	24,658	25,422	\$23,939
Employee Training (ONE Pilot)	11,500	11,857	12,224	12,603	12,994	\$12,235
Hangar/Storage (\$1,330 average per month)	15,000	15,465	15,944	16,439	16,948	\$15,959
Insurance-Hull (5.00% of purchase price)	140,000	144,340	148,815	153,428	158,184	\$148,953
Insurance-Liability (\$20,000,000 limit)	25,875	26,677	27,504	28,357	29,236	\$27,530
Navigation Chart Services	2,000	2,062	2,126	2,192	2,260	\$2,128
Weather/Flight Planning Services	500	516	531	548	565	\$532
Computerized Maintenance Service	1,200	1,237	1,276	1,315	1,356	\$1,277
Other Subscriptions(GPS...)	545	562	579	597	616	\$580
Aircraft Cleaning	3,000	3,093	3,189	3,288	3,390	\$3,192
<b>TOTAL ANNUAL FIXED EXPENSES</b>	<b>\$ 297,120</b>	<b>\$ 306,331</b>	<b>\$ 315,827</b>	<b>\$ 325,618</b>	<b>\$ 335,712</b>	<b>\$ 316,121</b>
<b>VARIABLE EXPENSES PER HOUR</b>						
Fuel (\$6.17 average per gallon)	266.80	275.07	283.60	292.39	301.45	\$283.86
Oil & Lubricants	6.90	7.11	7.33	7.56	7.80	\$7.34
Maintenance-Labor	83.79	86.39	89.07	91.83	94.67	\$89.15
Parts-airframe, engines, avionics	165.32	170.44	175.73	181.18	186.79	\$175.89
Engine Overhaul Reserve	98.79	101.85	105.01	108.27	111.62	\$105.11
<b>REGULAR VARIABLE EXPENSES</b>	<b>\$ 621.60</b>	<b>\$ 640.87</b>	<b>\$ 660.74</b>	<b>\$ 681.22</b>	<b>\$ 702.34</b>	<b>\$ 661.35</b>
<b>ANNUAL EXPENSE SUMMARY</b>						
Owner Usage-Hours/Year	400	400	400	400	400	400
<b>Total Aircraft Usage-Hours/Year</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Percent of Aircraft	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
TOTAL ANNUAL FIXED EXPENSES	\$ 297,120	\$ 306,331	\$ 315,827	\$ 325,618	\$ 335,712	\$ 316,121
TOTAL VARIABLE EXPENSES ( 400 Hrs/Yr)	\$ 248,640	\$ 256,348	\$ 264,295	\$ 272,488	\$ 280,935	\$ 264,541
<b>TOTAL ANNUAL EXPENSES</b>	<b>\$ 545,760</b>	<b>\$ 562,679</b>	<b>\$ 580,122</b>	<b>\$ 598,105</b>	<b>\$ 616,647</b>	<b>\$ 580,662</b>

<b>XYZ Helicopter Owner, LLC Case ID: Helicopter Cash Flow Example</b>				Aircraft Price	\$	2,800,000
<b>Ownership Cost Analysis</b>				Down Payment	20.00%	\$ 560,000
<b>Bell 407</b>				Amount Financed	80.00%	\$ 2,240,000
<b>HOU Houston Hobby</b>				Interest Rate		7.00%
<b>Aircraft Usage Summary</b>		Hrs/Yr	<b>Average Expenses Over 5 Years</b>	Loan Term-Months		60
Hrs/Yr usage by XYZ Helicopter Owner, LLC		400	Monthly Fixed Expenses \$	26,343	Loan Payoff @ 60 Months (if any)	\$ -
Total Hours/Year usage		400	Hourly Variable Expenses \$	661	Monthly Payment	\$ 44,355
					Insurance-\$ Liability Limit	\$ 20,000,000

<b>YEAR TO YEAR CASH FLOW</b>			<b>3.10% Annual Inflation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Acquisition &amp; Capital Costs</b>								
Down Payment	Year One	20.00% Down Payment		560,000	-	-	-	-
Loan Origination Fee		1.00%		22,400				
Sales Tax		5.000% of AC Price		140,000				
Interest				144,517	116,487	86,431	54,202	19,644
Principal				387,739	415,769	445,825	478,054	512,612
	<b>Sub-Total</b>			<b>1,254,656</b>	<b>532,256</b>	<b>532,256</b>	<b>532,256</b>	<b>532,256</b>
<b>Operating Costs</b>								
Fixed Expenses				297,120	306,331	315,827	325,618	335,712
Variable Expenses				248,640	256,348	264,295	272,488	280,935
	<b>Sub-Total</b>			<b>545,760</b>	<b>562,679</b>	<b>580,122</b>	<b>598,105</b>	<b>616,647</b>
<b>Possible Deductible Expenses</b>								
Loan Origination Fee				22,400				
Aircraft Depreciation	5 Yr	MACRS		588,000	940,800	564,480	338,688	338,688
Interest				144,517	116,487	86,431	54,202	19,644
Operating Costs				545,760	562,679	580,122	598,105	616,647
	<b>Sub-Total</b>			<b>1,300,677</b>	<b>1,619,966</b>	<b>1,231,033</b>	<b>990,996</b>	<b>974,978</b>
<b>Tax Consequences</b>								
Actual Deductible Expenses for % Business Use		100.00%		(1,300,677)	(1,619,966)	(1,231,033)	(990,996)	(974,978)
Net Income (Loss)				(1,300,677)	(1,619,966)	(1,231,033)	(990,996)	(974,978)
Federal & State Tax Savings (Payment)		38.00%		494,257	615,587	467,792	376,578	370,492
<b>After Tax Cash Flow</b>								
Acquisition & Capital Costs				(1,254,656)	(532,256)	(532,256)	(532,256)	(532,256)
Operating Costs				(545,760)	(562,679)	(580,122)	(598,105)	(616,647)
Federal & State Tax Savings (Payment)				494,257	615,587	467,792	376,578	370,492
<b>Annual After Tax Cash Increase (Decrease)</b>				<b>(1,306,159)</b>	<b>(479,348)</b>	<b>(644,585)</b>	<b>(753,783)</b>	<b>(778,411)</b>
<b>Cumulative After Tax Cash Increase (Decrease)</b>				<b>(1,306,159)</b>	<b>(1,785,507)</b>	<b>(2,430,092)</b>	<b>(3,183,875)</b>	<b>(3,962,287)</b>
<b>Ownership Costs if Aircraft is sold after year indicated&gt;</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Cumulative After Tax Cash Increase (Decrease)				(1,306,159)	(1,785,507)	(2,430,092)	(3,183,875)	(3,962,287)
Proceeds from sale of Aircraft				2,380,000	2,324,000	2,240,000	2,128,000	2,016,000
Payoff of Aircraft note				(1,852,261)	(1,436,491)	(990,666)	(512,612)	-
Tax (Due) Savings from gain/loss on disposal				34,580	(302,708)	(486,886)	(575,156)	(663,425)
Commission on sale of Aircraft				(119,000)	(116,200)	(112,000)	(106,400)	(100,800)
<b>Total Ownership Costs</b>				<b>(862,840)</b>	<b>(1,316,906)</b>	<b>(1,779,645)</b>	<b>(2,250,044)</b>	<b>(2,710,512)</b>
per Month				(71,903)	(54,871)	(49,435)	(46,876)	(45,175)
per Flying Hour				(2,157)	(1,646)	(1,483)	(1,406)	(1,355)
per Statute Mile				(15.63)	(11.93)	(10.75)	(10.19)	(9.82)
per Seat/Statute Mile				(2.61)	(1.99)	(1.79)	(1.70)	(1.64)
<b>Net Present Value (NPV) assuming a Discount Rate of &gt;</b>				<b>(844,521)</b>	<b>(1,238,143)</b>	<b>(1,588,618)</b>	<b>(1,913,354)</b>	<b>(2,211,930)</b>