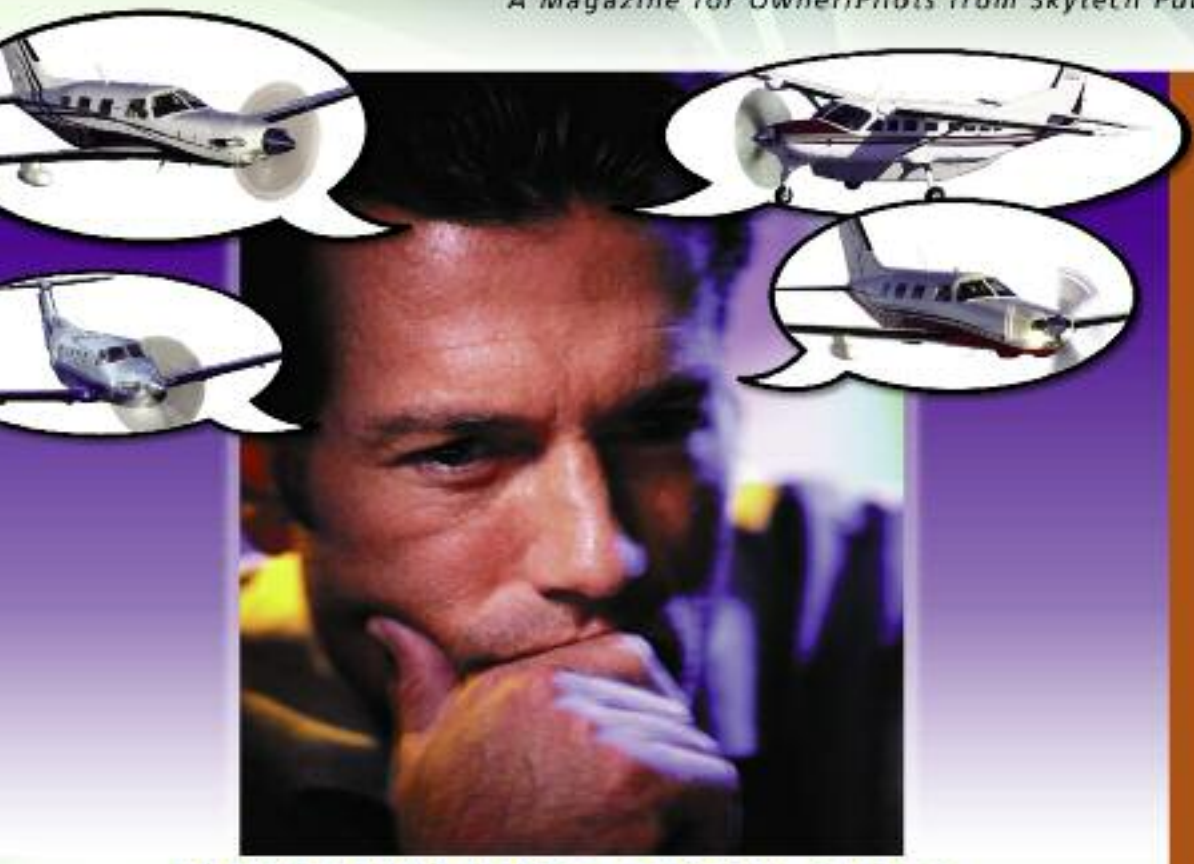
WINTER 2008

IN THIS ISSUE:

OWNER PILOT
Advantage
A Magazine for Owner/Pilots from Skytech Publications



MINIMIZING RISK AND ENSURING VALUE WHEN YOU BUY A PRE-OWNED AIRCRAFT.

Acquiring the right pre-owned aircraft, with the right equipment, at the right price is a complex process that can be a daunting task. This is particularly true if the buyer is an owner/pilot, whose time is typically consumed with managing a business or professional career – as well as meeting normal domestic demands and joining in family activities.

With experience and expertise in lines of work that are quite different from aircraft evaluation and acquisition, this group of buyers normally needs assistance in several areas. Having acquisition experience on their side can make a world of difference, and their aircraft investment will most likely be a wise one that minimizes risk and ensures long-term investment value.

IMPORTANT FIRST STEP

Maximizing the investment value begins with acquiring the right make and model aircraft for your company or personal use, because this is key to cost-effective travel. Determining the right aircraft is a process based upon comprehensive knowledge about such travel realities as current usage profiles, anticipated future needs, tax and financial implications and any number of other considerations specific to each ownership situation. Remember – a "good deal" on the wrong airplane is not a good deal.

An experienced specialist in aircraft sales and management can help you examine your mission profiles – which are basically

see *Minimizing Risk* on page 4

MORE PAGES GIVE YOU MORE *ADVANTAGE* THAN EVER!

Advantage magazine for this first quarter of 2008 is our first 12-page issue! It contains more articles of interest for owner/pilots. And there's a very good reason for that:

"Skytech people specialize in high-end private, owner-flown aircraft as well as entry-level corporate aircraft. In other words, we specialize in your needs, offering service and expertise to provide you with enjoyable, worry-free aircraft operation. Your total satisfaction is always our goal."

We call that our Skytech-Advantage BENEFIT #1. There are many other benefits, but this one has great application to our cover story for this issue. (Please see our Skytech ad on pages 10 and 11 for complete Skytech-Advantage BENEFITS information).

There is no group of aviation specialists anywhere that is better qualified to help an owner/pilot make a sound pre-owned aircraft investment – one that maximizes value and totally satisfies the customer!

In addition, we can handle the pre-buy inspection and any needed maintenance on many makes and models of owner-flown aircraft.

Call us at 888.386.3596

Skytech, Inc., publisher of this magazine, is an aircraft sales and service company located in Baltimore, MD *and* Rock Hill, SC (*Charlotte, NC metro area*).

Your thoughts, suggestions, comments and criticism are important to us and we will always welcome reader feedback. Please respond to:

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TURBOPROP MARKET POSTS GAINS FOUR YEARS IN A ROW.

While the vacillating U.S. stock market, record personal bankruptcies, foreclosures and high gas prices seem to have no negative effect on newer turbine deliveries, the remainder of the resale market is nervous. Some things about the current market are very different than anything we remember – primarily the spectacular ramp-up of prices in the new and nearly new jet market. There is every reason to believe the new economies emerging outside the United States will continue to be prosperous in the long term.

THE TURBOPROP MARKET

Continuously for 17 quarters, including this one, the turboprop market has posted gains. The trend remains up, but not at a frantic pace.

Low-time King Airs, with recent paint and interior, aren't staying around long. Airplanes nearing overhaul, original P&I or other negatives are piling up. King Air C90As are strong and the C90B is seeing good activity. The late-model F90 is up. The B200 is boasting the highest prices ever with King Air 300s and 350s still edging up. Prices are flat for the Cessna Conquest I and a looming inspection is driving down the value of the Conquest II. Prices for the Fairchild Merlin IIB and IIIA are down and the IIIBs are falling flat. The Mitsubishi is down and the Pilatus market is tight as can be. Prices are stable for the TBM700. The Piper Meridian market is flat. The Cheyenne I and II are down slightly while the Cheyenne IIIA and 400LS are moving up.

THE PISTON-TWIN MARKET

We won't repeat the adjectives used to describe this segment. It's not pretty. A new uptrend in fuel prices is not helping. Through it all, twin buyers are there if the price is right. There is a mission that only a pressurized twin can fill – small growing company who wants twin-engine safety on short legs with two or three passengers. More importantly, an overhaul on a GTSIO-520 can be $250,000 less than a PT6.

In the recent quarter, Aerostars are flat and Beech Barons are still trending down. The Cessna 310s and 340s are also edging down. The Beech Duke is flat. The 400 series is mostly unchanged with older 421As and Bs down again. The downward trend continues for the Piper Twin Comanche, Aztec and older Senecas. The Piston Twin Commanders are down again.

THE SINGLE-ENGINE MARKET

This segment continues to be price driven. However, prices appear to be stabilizing. Many complex singles were down in the recent quarter, but the changes were relatively small. A few owners are getting realistic or perhaps buyers are sensing the bottom surely must be near.

The weak dollar, long credited with helping the jet market, is now boosting single-engine trainers. There is a steady market outside the U.S. for ready-to-go Cessna 152s and Skyhawks. •

HEARD IN THE PILOT'S LOUNGE

Stop by the pilot's lounge for intriguing anecdotes, fascinating facts and a dash of hard-earned lessons.

Q: Who flies more in business aircraft?

A: According to the National Business Aviation Association, surveys indicate that 86 percent of business aircraft passengers are marketing and sales personnel, technical experts, other company representatives and customers. Only 14 percent of passengers are top company managers.

Q: In what type of aircraft do pilots log the most hours?

A: Single engine pistons. In 2006, pilots logged nearly 14 million hours in single-engine aircraft compared to 1.3 million hours in twin-engine turboprops.

Q: What aircraft whisks away Ingrid Bergman and Paul Henreid in the famous foggy scene of the 1943 Academy Award-winning film Casablanca?

A: The final scene featured a Lockheed 12A Electra. The aircraft is similar to Amelia Earhart's ill-fated 10E Electra Special.

Q: What's clearly different about the Vistaliner?

A: . It has flat windows. The Vistaliner, which is used for Grand Canyon tours, is actually a modified deHavilland Twin Otter and the only special purpose aircraft designed for aerial sightseeing. Its very large, flat, untinted windows allow 19 passengers to take undistorted photographs of scenery.

Q: Which aircraft engine was developed from the powerplant of the Tomahawk cruise missile?

A: The Williams-Rolls FJ44. At the end of the Cold War, cutbacks in defense spending spurred Williams Research to develop the

*see **PILOT'S LOUNGE** on page 4*

THE NEW SIX-PLACE PIPER MALIBU MATRIX GIVES YOU MORE VALUE IN SO MANY WAYS –

More Range than Columbia 400
More Baggage than Cirrus SR22
More Cabin Room than Bonanza G36
More Payload than Mooney Acclaim

This six-place, very high performance, high value aircraft has the same proven airframe and cabin as the pressurized Piper Mirage model, as well as the famous turbine-powered, pressurized Meridian.

The Malibu Matrix is built to be aerodynamically identical to the Piper Mirage, with the exception of removal of the weather radar pod. The aircraft will, however, have a lighter empty weight than the current Mirage, due to the removal of pressurization equipment and fuselage sealant, as well as the copilot PFD and the weather radar system.

The turbocharged power and reduced empty weight result in substantially increased performance for a Malibu Matrix:

Fueled with 100 gallons, the Malibu Matrix Lycoming turbocharged power gives you a high-speed cruise of 190 KTAS at 12,000 ft. for a range of 800 nautical miles with an 800-pound payload and 45 minutes reserve.

For more information about the amazing Piper Malibu Matrix, call 888.386.3596 now!

ALL OF THIS FOR SO MUCH LESS

The Malibu Matrix, without the *Flight Into Known Icing* equipment (shown on the in-flight aircraft photo you see on this page) costs $757,000 – which is $400,000 less than pressurized Mirage.

• **An Avidyne Entegra** flat panel, two screen display system. The EXP5000 Primary Flight Display (PFD) will portray all operational, navigation and flight parameters. The multi-function display will portray moving map, trip information, engine display parameters and system monitoring. The Avidyne MultiLink system features Sirius Satellite radio, satellite weather datalink with weather graphics displayed on the MFD.

There are Dual Garmin GNS 430 VOR/LOC/GPS receivers and the S-Tec system 55x autopilot with automatic electric trim and much more. Many avionics options are available at additional cost.

• **A roomy cabin**, with airstair entry door on the port side of the fuselage, has the current Piper Meridian interior scheme. Four leather-upholstered seats are placed in a club arrangement with a retractable executive writing table. There is an open storage area between the cockpit and the rear-facing seats. An off-white headliner and window panels, with color-coordinated carpeting and side panels are installed, with your choice of two interior color schemes.

• **Ground and Flight training** for one pilot at the factory-approved and contracted training institution, will be furnished to the initial retail purchaser. This program utilizes advanced flight training systems and technology as well as the owner's aircraft. •

For more information about the amazing Piper Malibu Matrix, call 888.386.3596 now!

Advertorial

Minimizing Risk
from page 1

comprised of passenger and trip requirements, destinations, stage lengths and frequency – and recommend the right aircraft for you. Take time to understand all of the important components involved in those requirements, such as whether your aircraft will need to operate from short or unimproved runways, what airspace you'll be flying in and what equipment is required.

Buying a pre-owned aircraft is just like buying a new one in this respect – buy one that will suit 80% of your trips well. If you buy one that's just right for 100%, you bought too much aircraft! Be sure to consider all of the costs – acquisition, operating and ongoing ownership costs – and you'll also need to understand the financial implications of depreciation. And before you make a final decision, you should factor in the accessibility of maintenance expertise and manufacturer's support for the make and model aircraft you plan to acquire.

PUT AN EXPERT IN YOUR CORNER

Once you've narrowed your aircraft search to the make, model and what avionics and equipment you'll need (which you may choose to retrofit after purchase), you'll need to source potential candidates – aircraft for sale that meet all your criteria. This can be a rather challenging process for an individual, but it is possible. Excellent sources include aviation publications featuring aircraft for sale and the Internet – with particular attention to the websites of sales and service facilities you or your aviation friends know about and trust.

Go to one that does a lot of work on the make and model aircraft you are looking for. Generally, your best option is utilizing such a facility that, in addition to their own inventory, has access to other sources such as network associates or other OEM dealers around the country they cooperate with in pre-owned inventory sales.

Also, since pre-owned aircraft of the same make and model can have vastly different market values, the sales and acquisition specialists at these facilities can help you determine the appropriate price, as well as negotiate on your behalf for the aircraft you decide upon.

Even if you choose to locate and buy a particular aircraft on your own from an Internet site, you'll definitely want assistance from professionals in navigating the sales transaction. If you are not acquainted with such a person, choose an aircraft broker or aviation attorney with experience handling hundreds of sales. Without knowledgeable representation, you could compromise your investment.

PRE-BUY INSPECTION – A MUST

An extremely important way to minimize risk and ensure value is to hire a reliable service provider for a pre-buy inspection of the aircraft and an objective third-party assessment of its condition. They will test-fly the aircraft, inspect the airframe, engine and undercarriage, determine the airworthiness, and locate any technical issues that might require service presently or in the near future.

Don't let them settle for just a few items, because the only good pre-buy is a complete annual or a full set of phase inspections.

They will also review the maintenance history and aircraft records — specifically, looking at how the maintenance and inspections have been handled during the life of the aircraft, which facilities actually performed the work and whether or not they are reputable. Organized, complete records normally indicate a well-maintained, well-cared-for aircraft.

You'll also want them to give you a list of any upcoming maintenance requirements, inspections or future mandates. These can be costly and time-consuming issues adding hundreds of thousands of dollars of immediate or future expense and weeks of aircraft downtime.

At any point during this process, you and your advisor may or may not decide that additional specific inspections are appropriate.

It is customary for the buyer to pay for the inspection and the seller to be responsible for any maintenance that is required to bring the aircraft back up to airworthiness standards. This is one of the issues to be agreed upon at the beginning of the process.

After the inspection and any maintenance that was required, there should be a final test flight by the service provider to make sure that the aircraft is squawk-free.

SUCCESS WILL FOLLOW

Buying the right pre-owned aircraft for your company or personal use is not a simple task, but there is no reason that it should be a particularly difficult one. Just handle it like any other important investment – get the best advice possible from experts, decide what you want to do and let experienced professionals execute your decision.

This will help guarantee your success in reducing risk and ensuring the value of your aircraft investment. And to avoid future downtime, you may also want to consider making any enhancements or upgrades before you put the aircraft into service.

Enjoy! •

PILOT'S LOUNGE
from page 2

lightweight turbofan engine. It contains fewer than 700 components compared to about 2,500 in older business jet engines. The CitationJet introduced in 1992 was the first aircraft to benefit from the design.

Q: In 1919, Matty Laird designed the first U.S. commercial aircraft. It had the name "Wichita Tractor" until it was renamed after its maiden flight a year later when someone said it looked like what bird?

A: Swallow. The biplane flew 86 mph and took 10 minutes to climb to 4,000 feet when loaded with pilot, two passengers and fuel.

Q: What powerful, odd-shaped aircraft staple earned the nickname "corncob"?

A: The Pratt & Whitney R-436028-cylinder radial engine. At 3,500 HP, it was one of the most powerful piston engines ever made. It appeared on Boeing's B-50 bombers and Stratocruisers, Hughes' Hercules/Spruce Goose, Vought/Goodyear F2G-1 and more.

Q: What extraordinary engineer is credited with "designing" the first airplane, helicopter and armored car?

A: Leonardo Da Vinci. In the 16th century, Da Vinci was truly ahead of his time. Unfortunately, the world had to wait hundreds of years for technology to catch up with his ideas. He also designed a diving suit, moveable bridges and an automated mass production machine. He may be most famous for painting the Mona Lisa and The Last Supper but his first love was the pursuit of flight.

WHAT OWNER/PILOTS NEED TO KNOW ABOUT STC development

When an aircraft is modified, the Federal Aviation Administration (FAA) categorizes the alterations – ranging from minor to major. Scopes classified as minor or major alterations that do not require a STC can be approved with a Form 337 (Field Approval) at the Flight Standards District Office (FSDO) level. Some major alterations affect the airworthiness and Type Certificate of the aircraft, and when that happens, a Supplemental Type Certificate (STC) is necessary.

EXACTLY WHAT IS AN STC?

Supplemental Type Certificate (STC) is a certificate issued when an applicant has received FAA approval to modify an aircraft from its original design. The STC, which contains a reference to the related type certificate, approves not only the modification but how that modification affects the original design.

The STC and all the information developed for its approval – drawings, data and specifications – are the property of the STC holder. The FAA will not release this information without authorization from that owner organization.

HOW IS AN STC DEVELOPED?

Very few operators fully understand the complexity of STC development. More importantly, most have no reason to know what's required when installing and updating equipment requiring an STC specific to their make and model aircraft. The development of an STC comprises:

1) Submittal and FAA evaluation of Application and Data: The application package includes a Certification Plan, which describes the nature of the modification, system architecture and integration with existing aircraft equipment. In addition, the Certification Plan summarizes the approval basis for the modification, as well as means of compliance with the Federal Aviation Regulations (FARs).

2) Inspection of all the Components, Assemblies and Installation: Once the FAA has reviewed the installation and substantiating data, a Type Inspection Authorization (TIA) is issued to conduct installation conformity inspections. After the equipment installation conformity has been performed, a series of ground and flight test are accomplished to satisfy the TIA requirements.

3) Issuance of the STC: A Supplemental Type Inspection Report (STIR) is released when the FAA evaluates and approves the final data package. At this point, all the design data and compliance reports have been reviewed and approved, which leads to the issuance of the STC Certificate.

Remember, this is just a brief summary of what's involved in getting a Supplemental Type Certificate. And actually, we should be glad it is so incredibly involved, because its whole purpose is safety!

PRACTICAL CONSIDERATIONS

Developing an STC today is much more complex than it once was. The FAA has re-evaluated the process and stiffened the requirements, resulting in aviation being safer today. But service facilities must have vastly increased expertise today in order to to compete in the arena of STC development.

As you can see, the complexity of today's demanding STC development and approval process requires a level of expertise that takes years of knowledge and experience to attain. Consequently, aircraft operators cannot simply look at cost in proposals and decide which facility is best for a modification or installation requiring an STC.

SOME REALLY GOOD ADVICE

If an STC you need already exists for the same modification in your make and model aircraft, work with the STC holder! This may seem obvious, but some companies actually sell their previously approved STCs to other facilities who do not have the capabilities or experience to develop their own.

Here's the problem with that. If the STC does not match your aircraft configuration perfectly, it must be amended to cover your aircraft configuration.

The FAA allows only the STC owner to make or authorize amendments, and that's not all. Future upgrades, new software or any change to your installed equipment will require changes to the FAA-approved flight manual supplement, ultimately requiring an amendment to the STC. So if the STC holder doesn't install your equipment, additional expense could effectively eliminate any long-term value.

Those are obvious problems, but here's one that's not. An aircraft that serves as a specimen to develop a new STC also requires to be issued a Special Airworthiness Certificate, for the sole purpose of the experimental activity until the STC is issued. There is a risk that it may not come out of that category as easily or quickly as planned – extending downtime, increasing flight test costs and possibly causing insurance concerns.

Solution? Do business with a service facility that has a good reputation in the marketplace and has successfully developed many STCs – including an STC for whatever it is you need in your make and model aircraft. Let their expertise and aircraft specific experience with STCs maximize your value and minimize your risk.

You'll be glad you did! •

ED KING – THE AVIONICS GENIUS WHO BROUGHT SOPHISTICATED, PANEL-MOUNTED EQUIPMENT TO OWNER-FLOWN AIRCRAFT.

An aviation pioneer who knew how to make sophisticated electronics simple and less costly to manufacture, Ed King was a major force in moving the avionics industry light years ahead.

After graduating from Kansas State University, Ed started a company that made electronic components. In 1955, he sold the company, Communications Accessories, to one of his good customers, Collins Radio, and stayed on, continuing to run the company for three years.

Ed was an active owner/pilot with a Beechcraft Bonanza. He spent a lot of time thinking about the market he believed existed for panel-mounted radios that were better engineered and higher quality than those presently available for pilots of small business and personal aircraft.

But try as he might, he could not convince Collins to build the "one and a half" system he had in mind (a combined VOR/LOC NAV receiver that shared the same power and other circuits with the COMM transceiver). "They were deeply involved in airline equipment and didn't see much future for their business in general aviation panel-mounted radios," Ed said.

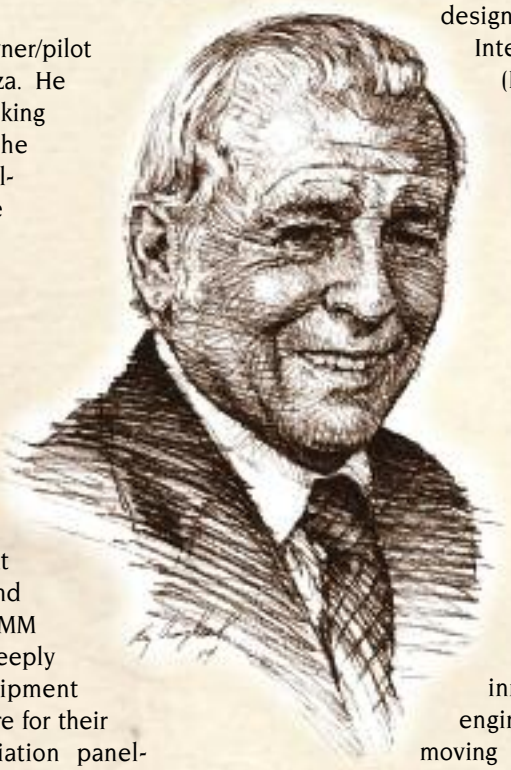
So In 1959, with his big idea and $400,000, he started King Radio. His competitors were Narco, Lear, Motorola and Bendix. And at that time, according to Ed, the president of Narco said, "Ed King seems like a nice guy, but he doesn't have a snowball's chance in hell!"

A SNOWBALL'S CHANCE, INDEED

Soon after King's first radio, the KY-90 transceiver, came the KX-100, adding NAV to the KY-90 and becoming the first "one and a half" system. "That was the secret to getting us off and running as a newcomer competing with all those established companies. Nobody else had a one and a half system," Ed explained.

Before long, the KY-90 was installed in almost every type of American made light aircraft.

The creative atmosphere at King Radio yielded many industry firsts, including the KTR-900, the first all solid-state transceiver for airline use in 1966 and the first low-cost, all solid-state, TSO'd VHF NAV/COM unit, the KX-175 in 1970. They also designed and built the first digital ADF for general aviation and led the industry in the design of Large Scale Integrated Circuits (LSI chips) that did the work of literally hundreds of transistors.



Yes, all of this is old hat today, but many people now in aviation are not aware of what an enormous contribution Ed King, his one-of-a-kind president, Bob Cox, and their innovative staff of engineers made in moving yesterday's technology toward what we enjoy today.

While sewing up the light aircraft market with Silver Crown panel-mounted avionics, King Radio also produced products that were soon being used by 141 of the world's leading commercial airlines.

SILVER – GOLD'S WORST ENEMY

As part of their planned expansion, King naturally went after the turbine aircraft avionics business. And just as naturally, their Gold Crown remote- mounted line of equipment was state-of-the-art, featuring typically innovative King Radio engineering.

But King Gold Crown was competing against Collins. When King Radio entered the remote-mounted market, most jet pilots perceived Collins as the only acceptable brand in turbine aircraft.

King's tremendous success with Silver Crown (the world leader) was their worst enemy in selling Gold Crown. However, they eventually achieved a remote-mounted market share of about 30% worldwide.

The company built by Ed and his merry band of innovators will always be remembered as a world-class avionics manufacturer by those who've been in aviation long enough to have witnessed and personally benefited from what they did. But, as you probably know, buyouts by huge conglomerates take their toll on innovative companies like King Radio, as well as Beech Aircraft and others who once were great but are no longer leaders in their fields.

LIFE AFTER KING RADIO

What became of Ed King?

- He *sold King Radio* to Allied Bendix in 1984 and became a multimillionaire.
- He *bought a pre-owned* Citation II, ripped out the Collins avionics and loaded it with King equipment.
- He *took off the top of a mountain* and built a beautiful home, with all the comforts a mountaintop can provide. As a good friend said at the time, "Ed never let anything stand in his way – not even a mountain!"
- He *had a sailing ship built* – the Sea Angel, an 88-foot sailing vessel of aluminum construction with teak decks and a 275-hp diesel engine.
- He *started a winery in Oregon*. In a venture with one of his sons, Ed bought land south of Eugene, Oregon with water availability and soil just right for growing grapes. Then he began to learn about wine making and the father and son business became the King Estate Winery. It opened in 199I and is managed and operated by skilled and experienced wine makers.

The New York Times and other national publications as well as many wine lovers have praised Ed's winery and its line of King Estate wines.

Try a bottle. Raise your glass in a toast to Ed King – a true aviation pioneer – who said his greatest career satisfaction came from working every day with the incredibly smart and talented people at King Radio. •

THE ROLE OF AVIATION IN AN AMAZING INTERNATIONAL MISSION.

JAARS, Inc. is headquartered in Waxhaw, North Carolina. Its purpose is to provide technical support to Wycliffe Bible Translators (WBT) and to SIL International (SIL). JAARS provides equipment, training (including flight training) and experienced technical personnel to those in the process of supplying Bible translations to people of all countries around the world-in their native languages!

IN THE BEGINNING

Both Wycliffe Bible Translators and SIL International were founded by William Cameron Townsend who, in the spring of 1917, arrived in Guatemala as a 21-year-old on a mission to sell Spanish Bibles. He soon learned that 60% of Guatemalans spoke Indian tribal languages instead of Spanish. "If your God is so great, why can't He speak my language?" asked an elderly Cakchiquel man. That question spurred Townsend into translation work.

In 1929, Townsend finished the Cakchiquel New Testament. His pioneering work set the standard for future linguistic and translation methods. Pursuing his vision for translators to reach other Latin American language groups, he opened a linguistics training school at Sulpher Springs, Arkansas, in 1934. He named it "Camp Wycliffe" after 14th century scholar John Wycliffe, who initiated the first translation of the Latin Vulgate Bible into English. The school's name was later changed to Summer Institute of Linguistics (SIL), and more recently to SIL International.

REALIZING THE NEED FOR AVIATION

As early as 1926, one year before Lindberg crossed the Atlantic, Townsend saw the need for airplanes and radios to reach remote areas of the South American jungles. Yet it was not until 1946, when the Peruvian government invited SIL into the country, that the organization purchased its first airplane, a military surplus Grumman Duck, to fly translators into locations along the Amazon River.

Jungle Aviation and Radio Service began in Peru in 1948. In view of its diversification of services that developed over the years, the organization is now named JAARS, Inc.

SKYTECH – A PILATUS FOR PAPUA

JAARS headquarters in Waxhaw, North Carolina is around 17 miles from Skytech in Rock Hill, South Carolina. Skytech was very much involved with them during their time of learning about the Pilatus PC-12 and raising money to acquire one to be sent to Papua, Indonesia.

Here's how Michael Bucklin, Chief of Maintenance in Papua described it in an email to Rob Sammartino at Skytech, primary contact on the JAARS project. "Our PC-12 arrived in Papua after literally years of research, funding and a myriad other details. Thanks for all your efforts on this project. Though the PC-12 was not purchased through Skytech, you had a critical part in the success of this purchase. Your information gathering, arranging of the flights at JAARS, and other details you helped with are a huge part of this airplane's presence here."

Mike Fitzgerald at Skytech said, "We knew that JAARS would have to buy their airplane from an overseas distributor, but we realized that they are on a very worthy mission, and the PC-12 is what they need. So we mounted a major effort, and we're so glad we could help them get the world's best turboprop!"

The photos below show their PC-12 being prepared for one of its many out-of-the-ordinary missions. •

To learn more about this interesting organization, go to www.JAARS.org.

How do you move a tractor from one jungle location to another? You put it in the large, easy-to-load cabin of your Pilatus PC-12, of course. And this is just one of many uses for the JAARS Papua PC-12. Considering the scope of the mission they have undertaken, there's no telling how it will be used next.

TAX DEDUCTIONS FOR NON-BUSINESS USE OF A BUSINESS AIRPLANE.

NEW PROPOSED REGULATIONS PROVIDE SOME ANSWERS AND MORE QUESTIONS.

The Treasury Department has recently issued proposed regulations on a 2004 change in the tax law regarding deductibility of personal use of business aircraft provided to employees. The law applies to use by officers or 10% stockholders, the nature of which is entertainment. Therefore, if the employee uses the aircraft for non-entertainment reasons, or the employee is neither an officer nor a shareholder, the changes in the law do not apply. Although the entertainment classification is pivotal in determining the applicability of the disallowance, the regulations provide no guidance in defining it. Obviously, family vacations, attending sporting events with personal friends, and the like, are entertainment, but what about commuting or visiting family members?

WHERE'S THE LOGIC?

The regulation is clear that the disallowance could occur when a guest travels for personal entertainment purposes on a business trip. The mere fact that there is no incremental cost incurred on the trip does not preserve the deduction. Of course this disallowance would seem to apply only when the guest was traveling for entertainment reasons; a guest traveling merely to be with their spouse may be fully deductible.

Although the proposed regulations do not allow the use of a primary purpose test as an escape for a non-business guest; that test is applicable when determining whether a trip is primarily for business or for personal use. The regulations use an example of an extended business trip involving negotiation of a contract followed by a game of golf. Because the primary purpose of the trip was the negotiation of the contract, it is not reclassified as entertainment subject to disallowance. However, to the extent that there is a personal entertainment deviation to a business trip, the incremental cost of this deviation would be subject to disallowance.

MAYBE – MAYBE NOT

The regulations contain some surprising elections designed to both simplify and potentially reduce any disallowance for shareholder entertainment. Perhaps the most important, and most surprising, provision of the new proposed regulations alluded to the potential use of charter rates rather than actual cost to determine disallowed expenses. Although the proposed regulations do not approve this methodology at this time, they state that Treasury is considering adopting a charter rule when the regulations are released in final form.

ONE SURE THING

Regardless of the ambiguity in the proposed regulations relating to potential disallowance for entertainment, there is no question in the law about the duty to keep contemporaneous records. Existing law requires that logs be maintained for all aircraft use. The contemporaneous record-keeping requirement mandates that information be retained as to the business purpose of the trip, who traveled on the aircraft, and any person visited during the trip. Taxpayers may choose to rely on the proposed regulations prior to them becoming final; however they may differ significantly when finally released. •

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SINGLE-ENGINE OPERATION.

Since the unveiling of the PiperJet at the NBAA convention in 2006, several people have asked why Piper went with a single engine jet rather than a twin-engine. The reason is simple – it just makes sense.

Perception of single-engine aircraft has dramatically improved over the last 20 years. Many pilots were somewhat reluctant to operate single-engine piston aircraft in heavy IFR conditions or over inhospitable terrain. But with technology advancements resulting in improved reliability, this stigma is pretty much a thing of the past. More and more operators have opted for a single-engine aircraft, primarily because of turboprop and turbojet/fan development for lighter aircraft, as well as significant improvement in piston-engine reliability.

SINGLE-ENGINE ADVANTAGES

A single-engine turbofan aircraft has many advantages over a twin:

- Acquisition costs are lower, simply because the engine is the most expensive part. One engine costs less than two.
- Engine maintenance costs for two engines are almost twice as costly as a single.
- Fuel burn is less for one larger engine than for two smaller engines, reducing cost per mile and total fuel required for a mission. And, as we all know, less fuel needed equals more payload available.
- Aircraft insurance is less expensive and more readily available for single-engine aircraft.
- A single engine aircraft is easier for the pilot to operate, a primary goal for Piper designs.

All of these factors work to reduce operating costs of the PiperJet while increasing its utility and enhancing the PiperJet experience for both pilot and passengers.

SAFETY, FIRST AND FOREMOST

Safety has always been the prime concern for any pilot or aircraft user. With advancements in efficiency, reliability and safety systems, general aviation pilots are now comfortable with the fact that single engine aircraft can safely transport their passengers and families.

Aircraft sales help prove this point. From 1962 to 1987, multi-engine aircraft accounted for 16 percent of all piston aircraft (mostly general aviation) manufactured in the United States. The percentage of multi-engine aircraft manufactured in the United States has declined steadily to 3.5 percent in 2006.

Turboprop aircraft have followed a similar pattern, although not as dramatic as pistons. In 1995, 41 percent of manufactured turboprops were single-engine. In 2006, 62 percent were singles.

Trade and market studies show that the owner-flown segment of general aviation has accepted single-engine aircraft. A recent survey of owners conducted for Piper concluded that there is a strong desire for a single engine jet. In addition, customers recognize the reliability and safety of a single engine jet and are not willing to incur the price or operation costs of a second engine.

ASTONISHING TURBOFAN RECORD

Significantly improved engine technology is the driving force in changing perspectives about the safety of single-engine aircraft in today's market.

While customers view turboprop engines as "almost bullet proof," they see turbofan engines as even more reliable than turboprops. With over 3.3 million hours of operation, the Williams FJ44 series of engines – the same family of turbofans that the PiperJet uses – has recorded an incredible 1.54 In-Flight Shut Downs for each 100,000 hours of operations. And actually, most of these shut downs were multi-engine aircraft and were precautionary.

Should an extremely rare engine failure occur, the PiperJet will still give pilots a large safety margin. An astonishing 17:1 glide ration gives a no-wind gliding range of as much as 100 nm and approximately 45 minutes of glide time. More often than not, pilots will be able to choose the best from among many airports within gliding range.

ELIMINATING PILOT CONCERNS

One of a pilot's prime concerns is cabin decompression at high altitudes. In the event an engine fails at 35,000 feet, the cabin will not experience a rapid decompression. Instead, pressure will leak out of the cabin at a much slower rate. If the cabin were to reach an altitude of 15,000 feet, an automatic emergency oxygen system will deploy oxygen masks to the pilot and passengers with enough oxygen for the entire emergency descent profile.

The batteries will supply enough electricity to power the PiperJet for a minimum of 30 minutes, with only essential equipment operating. Automatic load shedding will ensure that navigation, communication and other essential systems remain operational during the descent. Electrically operated flaps and landing gear will also remain operational without the engine operating.

Combining the advantages of a single-engine jet with the latest technology that increases reliability to new levels has made the PiperJet, with its single-engine turbofan, one of the safest, easiest to operate and economical aircraft in the very light jet market today. •

The Skytech-Advantage is your advantage.

BENEFIT #1

Skytech people specialize in high-end private, owner-flown aircraft, as well as entry-level corporate aircraft. In other words, *we specialize in your needs*, offering service and expertise to provide you with enjoyable, worry-free aircraft operation. Your total satisfaction is always our goal.

BENEFIT #2

We understand that as an owner/pilot, you lead a demanding business/professional life. So you sometimes need advice and counseling regarding aircraft acquisition and technical services. *Supporting you in these areas is a specialty of ours.* As a result, many customers form personal bonds of trust and friendship with our people.

BENEFIT #3

Skytech has more than 30 years of technical service experience and two FAA-certified repair stations, Rock Hill, SC (CRS C41R727N) and Baltimore, MD (CRS LF1R294K). As part of our quality control, your service is performed by a team of A&P *mechanics experienced with your make and model aircraft* and led by an independent FAA-certified inspector (IA).

BENEFIT #4

For inspections and maintenance, *dedicated service pilots and a* Malibu *are available at each location to transport customers home, and then back to our facility when their aircraft is ready.* We also feature industry-leading expertise in major airframe repair for our core aircraft makes and models. Computerized maintenance records assure that all maintenance and repair information is always available for logbook entry or any other need.

BENEFIT #5

You get top-level work at a fair price, and those two factors define VALUE! Skytech's systems and processes meet the stringent underwriting requirements for one of the world's largest, most respected aviation insurers. Considering a recommendation like that, great work, fair price and real value, why would you go anyplace else?

BENEFIT #6

We have been tracking sales of specific aircraft important to our customers for more than two decades. Our extensive database allows us to follow the market closely and use this information for up-to-date pricing, allowing us to spot trends long before other dealers and brokers. (This is particularly helpful in brokering an aircraft and advising the owner when an offer is acceptable).

Here are 10 MAJOR BENEFITS FOR YOU!

BENEFIT #7

Our multiple OEM affiliations plus more than 140 years of cumulative sales experience representing all the major airframe manufacturers provide *a wide range of specialized knowledge and expertise that is valuable to you when purchasing an aircraft.*

BENEFIT #8

With one of the most complete product lines in general aviation, *we have the ability to move owners up step-by-step* from the entry-level Piper Archer to the Pilatus PC-12 or on up to the PiperJet .

BENEFIT #9

A dealer of all Piper aircraft for many years, Skytech is the major PiperJet dealer in the nation, with a franchise of 15 states and the District of Columbia. Those of you who want an owner/flown jet in the future can move up to a PiperJet, taking advantage of Piper's step-up bonus plan. I*t can save you a substantial sum of money – and we can help*!

There are untold BENEFITS to you from Skytech's position as the only sales and service facility in the nation that represents three major aircraft OEMs. The aircraft involved are the Pilatus PC-12, the Cessna Caravan and the entire Piper line – including the soon-to-come PiperJet – with factory-authorized service for all these aircraft.

BENEFIT #10

Our long-term relationships are a major asset for you – major insurance underwriters, financing resources that specialize in our product lines and several elite brokers – enabling us to place a customer with the broker most experienced in their aircraft. Plus, Skytech's Baltimore headquarters is in close proximity to Washington, DC, and our relationships with current and former FAA personnel are carefully maintained.

As you can easily see, it is true that our Skytech-Advantage is actually your advantage. So join our steadily growing group of very satisfied customers now!

Contact Skytech, Inc. 888.386.3596

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A WORD To The WISE

from Dave Conover

Remember when a Bendix/ King KLN90 or a Northstar M1 was state of the art in your cockpit? Or, for those of us just a little bit older, remember a 2-waypoint RNAV? While very capable in their time, just about all of the equipment we depended on for many years has rapidly become obsolete. The advancement in aircraft electronics accelerated through several generations in a very short period of time. Now, glass is the new standard for everything from the new LSA trainers to the myriad of new light jets under development.

A RAPID TRANSITION

Practically every new general aviation aircraft incorporates a two- or three-tube integrated glass panel with a wide array of options. As the initial front runners, Garmin with their G1000 and Avidyne with their Integra package continue to evolve and add features – while Honeywell and L3 Electronics are in the midst of their own development and certification programs. With all this glass and technology comes a cockpit that provides many attributes.

The improved situational awareness and intuitive operation of these systems reduces a pilot's workload as well as provides vastly improved system reliability. In short, flight safety is enhanced.

TIME FOR A LITTLE HELP

When you jump out of an 8-10 year old aircraft into a new 2008 model, you may feel like you need some assistance to simply turn the power on! While the new cockpits can initially seem a bit intimidating, with a few simple pointers you can begin to feel a little more at ease. Actually, in most cases with a knowledgeable copilot, you can rapidly get through some basics and get airborne (I recommend good VFR weather for this) and begin to familiarize yourself. Don't get frustrated. Once you get through the basic layout of the flight and engine instruments, the navigation integration comes naturally and you will soon find that old comfort level. Get to know the system better before attempting any IFR flying.

If you are taking a new aircraft transition course, the instructors realize that the electronics are now an integral part of the training regime. However, if you are acquiring a pre-owned aircraft or you simply wish to have additional training, there are instructional CDs and DVDs available for most of the systems. While they may not be specific to your particular aircraft, they will provide you with comprehensive data on the equipment features and operation.

THE REWARDS ARE GREAT

Take the time to learn and understand this new equipment and you will be amazed how much easier your flying will become.

I'm not sure there was ever a clear consensus from pilots about which was better – the KLN90 or the Northstar M1. In hindsight, they were both pretty damn good. Fast forward to the present – Garmin or Avidyne? In my opinion they are both winners. •

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