

To: jeevacation@gmail.com[jeevacation@gmail.com]
From: [REDACTED]
Sent: Mon 11/26/2012 7:24:59 PM
Subject: GIV update

Jeffrey,

sorry for the long email, may be best to read on Ipad or computer, but I have to relay my thoughts on GII and possible GIV purchase.

Gary spoke to Juan Carlos (Enrique's business manager), currently Enrique is in the recording studio, Enrique has spoken to Juan regarding the deal that was presented. It is confirmed the only offer that was presented to Enrique was Jack Pruitt's low ball offer / trade against the global Express. Enrique has officially declined to purchase the Global Express since the numbers didn't make sense and many brokers were involved. Juan Carlos informed Gary that Enrique still has interested in purchasing the Global and a deal with us could work. Gary knows the owner of the Global Express, I believe Gary told me his name was Tom Blair, and motivated to sell his Global Express.

Juan Carlos has the \$5.75M number in his mind, since that is what verbal offer from Puritt last year before engines needed overhaul.

Here is what is on the table at this time, I told Gary we need to know all commissions and no hidden payments. Gary recommends making your highest offer, Non negotiable, to purchase this GIV direct to Juan and Enrique. Gary already informed Enrique & Juan we are offering \$5.2M. Juan's response to Gary was, "two years ago, Enrique had a \$9M offer in which he turned down". Gary told him the market will not bear much higher than \$6M for his GIV. Juan listens to Gary, a verbal negotiation is fine at this point according to Gary. Enrique invested \$1.63M for engine overhauls this month, which I confirmed with BizJet Engine overhaul shop. Enrique wants to purchase this Global Express but is leery of the market going lower on the Global Express, as he's seen his GIV value hit below \$6M now. (As Gary's mentioned, Enrique changes his mind, and gets cold feet on these types of transactions).

Gary has been very honest and up front with me, to this point. I think he is capable of putting together this deal. Gary is requesting \$50,000 commission from us.

Gary indicates Enrique would pay \$50,000 to him also.

Tom Blair would pay \$50,000 to Gary. (his total commish \$150k).

Gary advises to make a firm Non negotiable final Offer \$5.70M to Enrique for the GIV. Gary feels this number will sway Juan and Enrique to move fwd and release his GIV and pursue the Global Express, since its ready to fly and Enrique likes the interior.

This would be an owner to owner transaction with everybody knowing what monies are being distributed.

My opinion for what its worth:

I compare all the GIV's to the Reno aircraft with 3600 hours as I've stated before.

I spoke to BizJet, John Hankhammer in GIV engine overhaul sales, the engine facility that just completed the overhauls on Enrique's GIV, I confirmed the cost for engine overhaul on a GIV is \$815K per side. total \$1.63M ,Next overhaul is 4000 hours or 10 calendar years, due date for Enrique's GIV engines is **11/01/2022**.

Enrique's GIV like the Reno GIV have been stored in hangers and it shows. The value is in the engines, all the Cockpits are the same in GIV's except for HUD & EVS options, however the DU885 is the hot upgrade at this time, Paul at Gulfstream informed me they have installed "30" DU885 cockpit upgrades and "40" are scheduled for 2013 on a mixture of GIV's and GV's,

The Reno GIV we had in contract for 6.1M had engines that would be due overhaul in 2017, which is 5 years earlier than Enrique's aircraft. Simple formula, engines have value of \$163,000 per year, since 10 year overhaul is \$1.63M. My calculations of 5 years less engine time gives a \$815,000 engine value to Enrique's plane compared to the Reno GIV which should have sold for \$5.3M, but in fact, sold for \$6M right after we canceled our contract. In conclusion, yes I believe \$5.7M for Enrique would be a good buy, provided they would agree to that number.

GII note, I'm seeing more electrical problems on the GII, nothing serious as you know, but in the past 30 days, I've changed R/H alternator, L/H alternator, L/H control buss relay for Alternator, co-pilots ADC (Air Data Computer), and now I have autopilot issues. We lost the L/H alternator again en route to Palm Beach last flight again, originally Meridian determined it was the ALT control panel to be faulty, since Nadia and I lost the co-Pilots instruments during our Alternator failure. On the flight to Palm Bch, the L/H ALT failed again, however the copilots instruments were not lost, which would be normal in a L/H alternator failure. Gulfsteam in PBI changed the Alternator and works normal at this time.

I'm also facing quality of mechanics that have knowledge to work on the GII, Its easier to find quality mechanics

for the Boeing 727 for some reason. Gulfstream in Palm Beach does not employ one mechanic that is qualified to start the APU or Engines on a GII or GIII, this says a lot to me., I have to go in person and run the aircraft for them. Same with Gulfstream in Long Beach. Gulfstream in Savannah will not work or quote maintenance on GII's anymore only GIV's and above., only General Dynamic satellite operations like PBI or LongBeach will work GII's. I understand we are working toward an aircraft upgrade, let me know whether you think the Enrique plane is most suited for our operation.

please advise if you want to make a different verbal offer to Enrique and Juan Carlos?

Thank you,

Larry