



June 18, 2017

Reference: G650 Candidate Aircraft Review & Recommendations

During June 12-14 and on behalf of Elysium Management LLC, Lee Rohde and Tom Mitchell performed onsite reviews of three (3) Gulfstream 650 aircraft. The review process included two (2) aircraft which are individually owned by the Bass brothers of Fort Worth, Texas, and a third owned by Occidental Petroleum Corporation of Houston, Texas. The particular aircraft serial numbers reviewed were 6022, owned by Robert Bass, 6044 owned by Lee Bass and 6071 owned by Occidental. Aircraft 6022 had been disqualified as a contender primarily due to a very light color wood veneer throughout the aircraft; however we chose to show interest in this aircraft for purposes of benchmarking data and for negotiating of other aircraft.

The review process performed by Essex considers three (3) objectives: 1) the flight department operation and personnel as it normally has influence on compliance and quality of records, 2) the aircraft itself as to past damage, wear and tear and general condition, and 3) the content of the aircraft's records, including any unique characteristics and gauging upcoming scheduled inspections.

All three (3) aircraft revealed no damage history and have only supported Part 91 (non-charter) flight operations. Also, all three (3) aircraft have been subject to Gulfstream's 650 upgrade campaign, which essentially introduces later designs and improvements to earlier serial number aircraft in order to bring consistency with the newest model 650 aircraft. While this program continues, it was noted that all three (3) aircraft have been aggressively maintained to implement these enhancements and complete them as early as possible when other maintenance events were occurring.

While recognizing the entry into service dates of November 2013 and May 2014 for 6044 and 6071 respectively, the total hours of utilization for both aircraft are lower than the Gulfstream 650's annual fleet average utilization. 6044 is 1,180 hours below the 2013 entry into service fleet average of 1,921 hours; 6071 is 237 hours below the 2014 entry into service fleet average of 1,469 hours.

6044 has several calendar based scheduled inspections due in the fall of 2017. 6071 has the same scheduled inspections, but they are not due until May 2018, and would need to be completed by the new owner next year.

The owner of 6044 has approved a proposal from Gulfstream for the construction and installation of an aft-cabin bulkhead/pocket door assembly. The construction of the bulkhead and pocket door has begun and the monuments are scheduled to be completed in early August. The aircraft is also currently scheduled to have the installation of the bulkhead and pocket door to start in early August and be completed in mid-September. 6071 currently has the aft-cabin bulkhead/pocket door already installed on the aircraft.



Essex would consider both 6044 and 6071 very qualified candidate aircraft. Essex considers 6044 to be an aircraft that uniquely exemplifies an owner's personal influence, pride and financial support at an above industry standard level. While also in excellent condition, 6071 has been utilized in a more traditional operation as a corporate asset with a primary mission to support the Occidental senior management team.

Based on the review of 6044 and 6071, the projected sale prices and other cost factors associated with each aircraft, Essex recommends that a Letter of Intent (LOI) be presented to purchase 6044 for \$46.0M under the following terms and conditions with anticipation that a final agreement can be reached at \$48.5M or lower:

- Aircraft will be flown to Teterboro Airport for a physical review and inspection by the Buyer
- Cost of fuel for all movement of the Aircraft will be split equally between the parties with all Buyer costs credited back to the Buyer at closing
- Within three (3) days after acceptance of the LOI, Buyer will place a fully refundable initial deposit of Two Hundred Fifty Thousand (\$250,000) US Dollars in escrow with Insured Aircraft Title Services, Inc. (IATS).
- Buyer will complete a Gulfstream Basic Package - Aircraft Records & Condition Survey (ARCS) at either Gulfstream's Savanna, Appleton or Brunswick service centers (inspection fixed cost of \$60,000 which will be reduced with the removal of duplicate tasks from the scheduled maintenance events that we recommend also be done and be paid the Owner)

The offer will be subject to the Owner delivering the aircraft with the following items completed at their cost:

- Completion of all maintenance items and inspections scheduled as due through:
  - December 31, 2017
  - 1,200 hours
- Completing the construction and installation of the aft cabin bulkhead and pocket door as per the currently approved proposal # 7035351, R00, dated May 4, 2017
- All current loose equipment (a final inventory of items is currently being prepared)

The formal Letter of Intent will include all other standard language pertaining to the transfer of all warranties, programs and service agreements etc., which would be normally found in a pre-owned aircraft transaction.

We would be happy to speak with you concerning our recommendations.