It’s been 21 years since Richard Santulli opened the doors of NetJets, having figured out a way to lower the barriers to entry to business aviation by selling fractional shares in corporate jets. Now all sorts of industries that sell expensive products have latched onto fractional shares; the latest are companies that sell specialized manufacturing equipment to factories that need to switch production lines to new products quickly. Whatever the product—high-end real estate, yachts, airplanes, machinery—fractional shares lower the cost of buying an expensive product, albeit only a portion of the product, and attract new entrants who might never afford to buy, operate and maintain the whole product.

The fractional industry took years to take off, but a dozen years ago new companies joined the field and the airplane fractional share market began fragmenting into subsegments. Buyers could opt for shares of new or used jets, turboprops and piston-engine airplanes. Jet cards also became an option. Fractionals spread around the world, too, with NetJets opening in Europe and branching out to a partnership operation in the Middle East. The company is seriously studying the market in China (see sidebar on page 21) and Club Air One has opened a fractional operation in New Delhi, India.

Now that fractional share operations are completely mainstream in business aviation, has the rapid growth that attracted so many new entrants during the past dozen years moderated or is it continuing? And as the subprime financial mess and the consequent upsetting of the credit markets work their way through the global financial system, how will the fractionals fare if there is a recession? Conventional wisdom used to hold that fractional shareowners would be less likely than whole-airplane owners to sell during a recession because the fractional owners are locked into long-term contracts. But is that truly the case?

Flat or Flying Higher?

When a company grows as large as NetJets, even buying roughly 80 new business jets per year doesn’t translate into huge growth numbers. Nevertheless, said NetJets president Jim Christiansen, “We believe there is still a tremendous amount of opportunity. As the fleet grows bigger, the percentage of growth drops, but we are bullish on the fractional market. We’re seeing robust activity and acceptance and believe we’ve barely scratched the surface.”

In his 2006 letter to shareholders of Berkshire Hathaway, which bought NetJets in 1998, Warren Buffett noted that previously “profits had been erratic.” Now, he wrote, “A much improved situation is emerging at NetJets.”

From a loss of $19 million in the first quarter of 2006, NetJets’ U.S. operation rebounded to pre-tax earnings of $143 million. And in Europe, where NetJets signed up only 80 customers during the first five years of operation, “demand has exploded, with a net of 589 customers having been added in 2005-2006.” Although, Buffett wrote, “by mid-year 2006 our cumulative pre-tax loss had risen to $212 million…NetJets is now operating profitably in Europe, and we expect the positive trend to continue.”

JetNet and UBS estimates

Operator share of the fractional market

NetJets 48%

CitationShares 10%

Flight Options 24%

Flexjet 11%

Other 7%

Fractional Market Share by Provider

The Beneficial Pyramid

One of the reasons NetJets president Jim Christiansen feels so encouraged about the future of the fractional marketplace is because of the rise of very light jets. While VLJs aren’t a type of airplane that NetJets would offer, they are helping expand the business jet market. “What we’re seeing is a continuing broadening of the base of the pyramid of people who can access private aviation,” he said.

The pyramid used to rest on the foundation of airlines, then narrowed into the charter market, followed by jet cards, fractional shares and topped off with whole-airplane ownership. With VLJs occupying the level between airlines and business jet charter, a new world of customers will hopefully find that traveling on business jets is worthwhile. “It’s a different type of aircraft and different type of service,” Christiansen said. If the VLJ air-taxi plans of companies such as DayJet, Pogo and MagnumJet come to fruition, “they’re going to broaden the base of customers, which is good for everybody,” he said.

“I think it’s a fascinating thing to watch. America’s a wonderful place to be. If you have an idea and the wherewithal to pursue it, it can be nothing more than [a high] energy level and a great idea, and you can pursue your ideas.”

–M.T.
Christiansen believes that business aviation has evolved from a luxury to a necessity. While fractional share companies aren’t immune to a recession, he said, “I don’t think it’s going to go back [to being a luxury].” Even during the last recession, he added, “I didn’t see wholesale closings of flight departments, and in our business we saw a relatively minor effect. This is widely accepted as a responsible investment.”

One advantage that fractional shares have over whole-airplane ownership is that a share is scaleable. Buyers can buy only as much lift as they need, Christiansen said, “and you don’t find a lot of owners overextended.” The other advantage is that costs are predictable. NetJets guarantees costs for the duration of the five-year contract, subject to consumer price index increases and a fuel surcharge. Whole-airplane owners find that their costs go up if they fly less during a downturn because the fixed costs remain the same. “You don’t see that with fractional,” he said.

“We will expand our fleet by 15 to 20 aircraft per year for the foreseeable future,” said Steve O’Neill, president of CitationShares, which is owned by Cessna Aircraft and TAG Aviation. While O’Neill declined to discuss any financial aspects of his company, he said it is managing growth carefully. “My philosophy about growth is that we will grow in a prudent fashion,” he said, “consistent with the highest possible service at prices that meet our targets. I will not grow for the sake of being bigger, as many of our colleagues in the airlines have done.”

CitationShares’ Vector jet card is stimulating growth and “is incredibly popular and good business for us,” O’Neill said. But it is important to manage that growth and match available lift to the jet card demand.

At Flexjet, the fractional share operation owned by Bombardier, “The growth rate is faster than the average the industry is experiencing,” according to vice president of sales Bob Knebel. “We’re taking delivery of more than 20 new aircraft per year.” Flexjet has experienced no leveling off or slowdown in business, he said, although the growth rate has moderated. Since the program’s 1995 inception, Flexjet’s aircraft sales growth rate has averaged 34 percent per year. While the rate is still climbing, during the past five years that number has dropped to 19 percent per year.

“At this point,” Knebel conceded, “the fractional is maturing as a business model. I think it has a bright future ahead of it. It’s a well established solution for those customers who have a need to travel anywhere from fifty to several hundred hours per year.” At the same time, the business aviation industry is fragmenting further into smaller discrete segments such as new air taxis modeled around very light jets. “The market is persistently in search of another solution,” he said. Yet, he added, “I see growth for the fractional. For those who have done their due diligence, fractional is the optimal solution.”

During his 30-year aviation career, Knebel has seen his share of downtowns and witnessed firsthand how fractional shares are affected by a down cycle. He told AIN that during the first of three cycles he experienced, “I watched with particular interest as fractional operators took considerable risk to operate for the first time went through a significant economic downturn. Until that point no one knew what would happen. Fractional experienced much the same response that traditional whole aircraft ownership experienced.”

Fractional shareowners, he added, are subject to the same pressures as whole-airplane owners but sometimes at different times. Sometimes, he said, “it isn’t financial, but more about their needs at any given point in time.”

Flight Options, which is still owned by Raytheon, commented, “The fractional market has flattened in recent years.” Growth is still occurring, however, due to membership or jet card programs, which allow potential business jet users “to try out private aviation without an asset purchase and at zero risk,” the company explained.

“We’ve experienced year-over-year financial improvement for the past six quarters,” the company said, “and year-over-year operational improvement for the last ten quarters. The company is stronger than it has ever been in its history.”

In the latest release of its Business Jet Update, UBS Market Research wrote, “The business jet market remains strong, having not yet seen any impact from tightening credit markets. New fractional share sales were off 1 percent from the prior year on a rolling three-month basis and off 11 percent year-to-date, although fractional providers continue delivery of a significant amount of new aircraft to refresh their fleets.”

Liquid Jets Offers ‘Used’ Share Market

While most fractional-share operations will buy back a share or resell it for a remarketing fee, shareowners have not had access to an efficient marketplace to resell shares beyond their fractional provider. Liquid Jets, based in Carlsbad, Calif., opened such a market in April and currently lists about a dozen fractional shares for sale, in jets ranging from VLJs to Gulfstreams, Falcons and Citations. The most expensive share listed is $1.718 million for a one-sixteenth share of a Falcon 2000EX. The listings don’t say which company is the fractional-share operator, but one can guess in some cases by the airplane type. A one-eighth share of a Citation Sovereign, for example, most likely belongs to CitationShares.

Liquid Jets was founded by Lee Young, a former Navy fighter pilot and Wall Street trader who wondered why there is no secondary market for fractional shares and jet cards. The fractional operators don’t prohibit shareowners from selling or leasing their shares outside the fractional’s own structure, according to Young. “Fractional shares and jet cards have five-year commitments,” he said. “But what if you get into it three years and you’ve got to liquidate? This allows people to liquidate their jet cards and shares.”

Young got the idea for Liquid Jets when his sister, who does bookkeeping for celebrities, learned that some of her clients who couldn’t use their jet cards were giving them away. She told Young about the celebrities’ problem, “and that’s how Liquid Jets was born,” he said.

Liquid Jets makes money by trading products, just like any other trading exchange. Instead of charging a commission or a 7-percent remarketing fee, the company buys and sells “used” jet cards and fractional jet shares that were originally sold by the big four operators. Like stock exchanges, Liquid Jets makes money on the spread between the bid and ask prices. “I’m buying at the bid,” Young said, “and selling at the ask.” The typical spread is now about $5,000, he said, but as more buyers and sellers use the Liquid Jets trading system, that should drop.

Liquid Jets works with one of the big four fractionals to help sell its inventory of time-consuming jet cards and shares whose owners need to get out of their contracts. He would not reveal which operator or operators because, “I have to be careful not to dilute the brand,” he said. “I can facilitate liquidating these cards and shares.”

Young believes that Liquid Jets is helping bring new entrants to business aviation. For an aviation outsider, deciding to enter a five-year contract for a fractional share can be intimidating, he explained. But committing to a share that has two years left on the contract might be more palatable.

Liquid Jets has about five times as much inventory as it displays on its Web site. Young said the trading program that runs the buying and selling is not available to Web site users. Young does all that on his computer system at his office. —M.T.
Through July, the four major fractional providers—NetJets, Flight Options, Flexjet and CitationShares—added 58 new airplanes, according to UBS, roughly on par with last year, which saw 113 new airplanes added during the entire year.

**THE OPERATORS**

**NetJets**

NetJets, headquartered in Woodbridge, N.J., but with a main operations base in Columbus, Ohio, is the oldest and largest of the fractional-share operators, with 61 percent of the fractional fleet, according to UBS Market Research. When considering the number of aircraft shares, however, NetJets accounts for 48 percent of the installed base, UBS noted, adding, “We believe the larger fleet is mainly to support the 25-hour Marquis Jet card fractional program and strong growth in its European program.”

The provider has 694 airplanes and is adding more at the rate of 80 per year, so NetJets president Christiansen sees nothing to stop the company from continuing to grow. “We’ve got a strong order book,” he said, “out through 2015 in some cases, and we’ll continue to fill in other aircraft along the way as demand dictates, to continue that kind of pace.”

NetJets is taking advantage of its expanding global footprint with a new policy, announced on September 7, waiving ferry fees to many locations. Ferry-free service is available to different zones, depending on which type of airplane the customer is flying. Four zones are available, and the NetJets fleet is divided into four groups based on range. “It’s something we’ve been looking at for quite a while,” said Christiansen, “and we’ve now reached the critical mass where we feel comfortable doing it. And in keeping with NetJets’ philosophy, all customers are treated the same, so anybody who is already in the program enjoys this benefit as well as new customers joining the program.”

Critics claimed that NetJets had grown too large and was running into trouble because of its size, but now the company seems to be able to use that size to its advantage. “A year or two ago,” Christiansen concluded, “people were saying how the NetJets model was broken. Clearly the results we’re enjoying show that was an ill-conceived response. We are going like gangbusters.”

**Flight Options**

Flight Options, with 130 airplanes in its fractional fleet and 1,500 owners, combines under one corporate umbrella multiple businesses, including fractional shares, aircraft leasing, jet card membership, aircraft management and charter. After a rocky start with a hugely varied fleet, Cleveland, Ohio-based Flight Options...
As for new entrants—the key to growth for any of the fractional programs—Flight Options added, “Interest in private aviation continues, with many new entrants into the market. Our Fractional First program has gained many new entrants, attracted by the added value of the program.”

**Flexjet**

Founded in 1995, Bombardier’s Flexjet is one of the older fractional-share operations. With 90 airplanes ranging from the Learjet 40XR and 60XR to the soon-to-arrive Challenger 605, Flexjet, based in Richardson, Texas, employs 850 people, including 424 pilots.

Flexjet is one of the few large fractional share companies willing to discuss churn rate, or the number of customers buying shares versus those leaving. Flexjet’s churn rate is currently 0.4, which reflects 96 new owners and 39 owners leaving the program. “Our churn rate has improved, with the previous year being 0.7, with 94 new owners inducted and 65 owner exits,” the company said.

Like those of other fractionalists that are owned by larger companies, Flexjet’s financials are not broken out for public consumption. But, the company noted, “Flexjet is fully profitable under all GAAP accounting methods.”

**Flexjet features include:**

- Versatility Plus, which allows owners to place unused hours in a pool for purchase by other owners.
- Ferry fees waived in the Flexjet secondary service area outside the U.S.
- Maintenance department certified to the ISO AS9100 quality standard.

The Flexjet 25 card program is driving new buyers into the fractional share program, according to the company, something that most fractionalists are experiencing with their card programs. “The total pie of [wealthy] individuals continues to expand,” the company said, “which in turn brings new people into the private aviation market at varying levels.”

Like Flight Options, Flexjet has no plans to incorporate VLJs, and in any case, Bombardier does not (yet) offer a VLJ. “As Flexjet’s entry-level aircraft is the Learjet 40XR, Flexjet does not play at the lowest end of the market,” the company noted. “However, Flexjet views VLJs as having great potential to expand the overall market as they will attract new customers, and, historically, as people travel more they aspire to larger jets with more range.”

Flexjet is adding more than 20 new airplanes per year, according to vice president of sales Knebel, and is growing more quickly than the industry average, both in the fractional share and Flexjet 25 card program.

“We listen carefully to our customers,” he said, and one result of that is a new program announced at last month’s NBAA.

*Continues on next page*
According to Flexjet, its jet-card option, Flexjet 25, is attracting new buyers to the fractional program. Other providers report similar results: the jet-card offering gives potential buyers a taste of the freedom fractional ownership provides without the commitment of buying a share.

CitationShares

Based in Greenwich, Conn., and owned primarily by Cessna Aircraft and partially by TAG Aviation, CitationShares targets a slightly smaller airplane size than the larger jets that are the focus of many

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Convention, where customers can buy all the shares in one airplane but still enjoy the benefits of belonging to a fractional share program. The program is a combination of fractional ownership and aircraft management. Benefits include access to the entire Flexjet fleet, ability to fly in more than one airplane per day, predictable expenses, no start-up costs and no decisions on which pilots to hire, where to have maintenance done and hangar and storage issues. Participants also don’t have to pay ferry fees for flights to the secondary service area outside the U.S. and share unused hours with other owners.

Buyers who join the new program, tentatively called Flexjet One, “have reached a point in terms of total usage and may have a tax appetite that this can help them address,” said Knebel. “Above all they’re looking to reduce their effective occupied hourly rate. The economics are compelling.”

Flexjet can save a whole-airplane buyer money in the Flexjet One program not just by the typical management company’s ability to buy products and services in volume, but by using the capacity of the airplane that the owner isn’t using to generate income. The income comes mostly from charter flights to support the Flexjet 25 card program. Also, other Flexjet owners can use the excess capacity, essentially buying that time from the whole-airplane owner.

Another feature that helps lower costs to the owner is called efficient-trip pricing. This reduces the hourly rate by up to 25 percent and applies to trips within Flexjet’s primary service area, and “applies when each leg of the same trip is pre-scheduled, requested on the same flight type, and is geographically contiguous, with a time differential between each leg ranging from eight to 20 hours depending on the trip schedule.”

Flexjet One will apply to any airplane in the Flexjet fleet. “We think it will contribute to additional growth,” said Knebel.

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Data supplied by respective providers.
other fractional companies. The CitationShares new aircraft available now include the Cessna Citation Bravo, CJ3, XLS and Sovereign.

“We don’t focus on anything bigger than the Sovereign,” said president Steve O’Neill.

The reason for this tight focus on smaller jets is that in its studies of the fractional marketplace, CitationShares found that only 15 percent of customers buy shares in airplanes larger than the Sovereign. “We’re focusing on a niche,” O’Neill said, “and 85 percent of the marketplace is big enough to chase. We don’t want to be [everything] to all people.”

CitationShares could offer shares in the Citation X, but “you’d better want to go fast,” said O’Neill. The Sovereign offers better value, however, in terms of cabin and baggage space, short-field and hot-and-high performance, he said, “comparable range for most missions and it’s very close on speed for a material reduction in cost. The market appreciates that.” Rather than criticizing the X, O’Neill emphasized that he is merely pointing out what his customers appreciate about the Sovereign.

The company currently has 650 employees and 85 airplanes, and plans to grow by 15 to 20 new airplanes per year. It has no plans to include the Citation Mustang or the upcoming CJ4.

“The LCC [large-cabin concept jet] could fit us well, if Cessna decides to build it,” he said.

CitationShares tries not to keep any airplanes longer than seven to eight years. The fleet averages between 800 and 1,000 hours per year per airplane, so by the time an airplane is retired, it will have accumulated about 5,000 hours.

O’Neill said that CitationShares is the only fractional operator to offer customers financial incentives to avoid peak days, in the Citelines program. “We do not subscribe to the theory that customers should pay the same price regardless of the day,” he said. The incentives are handled by varying the hourly pricing charged to shareowners. An owner who participates in the Citelines program saves money for each peak day he elects not to fly. “The more busy days you give up the right to fly on,” he said, “the more money you save.”

The Vector JetCard program, said O’Neill, “is incredibly popular and good business for us.” CitationShares is careful to manage the available lift with the demand by Vector buyers. “In my opinion,” he said, “there’s more demand than there is supply at levels that meet our customer service needs. Whenever we feel that we’ve reached a limit we’re comfortable with, we turn off our Vector sales. There is a limit as to how big we’ll allow that business to get.”

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that we’re comfortable with, we either stop selling or raise prices.”

O’Neill is comfortable with CitationShares’ current product mix and offerings, although he is always on the lookout for opportunities. “We never assume that what was popular yesterday is popular today,” he said. “We’re always working on new product ideas.”

Avantair

Clearwater, Fla.-based Avantair might have to change its name. Although it started as a fractional-share operator selling shares exclusively in the Piaggio Avanti, Avantair has ordered 20 Embraer Phenom 100s, with first delivery scheduled for 2009. The five-year-old company is the only publicly traded standalone fractional-share operator in the U.S. Currently, Avantair operates 37 Avantis. It has 48 more on order, keeping the Piaggio factory plenty busy trying to fill a big backlog.

Since the company was founded, Avantair’s revenues have grown 68 percent year-over-year. It now employs 300, including 131 pilots and 53 mechanics. The choice of a single airplane (until the Phenoms arrive) sets the operator apart in the fractional share business, as only one other operator, PlaneSense with Pilatus PC-12s, operates that way.

The advantage of operating one airplane type, according to Avantair, is reduced cost structure because maintenance and training costs are lower, pilots and mechanics do not have to be trained on different types, and fewer parts need to be kept in inventory. The Avanti itself is about 30 to 50 percent more efficient, costwise, than a comparable jet yet it can fly 1,500 nm with five adults, luggage and full fuel at nearly 400 knots.

According to Avantair, fractional ownership is growing in popularity, and the potential customer base of households with a net worth between $5 million and $30 million has reached two...
and continues to climb. That fact, coupled with the poor experiences that airline travelers have to endure, should put Avantair in a good position to sell more shares.

The company, however, is facing financial challenges, according to a prospectus for a share offering filed with the Securities and Exchange Commission on September 7. Through the end of its fiscal year on June 30, Avantair recorded net losses of $21,699,906, about $1 million more than it lost the previous year. According to the risk factors section of the prospectus, “Avantair has a history of losses and may not be able to generate sufficient net revenue from its business in the future to achieve or sustain profitability. Avantair has incurred losses since inception.” Avantair’s accumulated deficit reached $56,198,527 and working-capital deficiency grew to $8,407,103 as of June 30.

Avantair management’s strategy is to continue to sell shares. “Through the sale of those aircraft, the growth of our management-fee income should be sufficient to cover our fixed and variable costs,” the company stated in the prospectus.

Avantair also recently purchased an FBO in Camarillo, Calif., and “is in discussions to add an FBO in Caldwell, New Jersey, and has identified other possible locations for future potential expansion.” The FBOs help provide a new revenue stream and lower operating costs for the company’s aircraft when they are able to use a company FBO for fuel, maintenance and cleaning.

The company’s primary growth strategy “is to increase the number of available aircraft and fractional shareowners. Avantair may seek additional funding through equity or debt financing transactions or strategic relationships. However, the uncertainty as to its future profitability might make it difficult for Avantair to secure additional financing on acceptable terms, if it is able to secure additional financing at all. Insufficient funds may require Avantair to delay, scale back or eliminate some or all of its activities.”

Nevertheless, there were some bright spots in the company’s financial results. During the fourth quarter of Avantair’s last fiscal year, shares sold reached 60.5, up from 27 in the fourth quarter of the previous fiscal year. Price per one-sixteenth share also climbed, to $415,000 from $405,000.

“Our goal is to efficiently manage the rapid expansion of our fleet while providing a high level of customer service and satisfaction,” said Avantair CEO Steven Santo in a statement about the financial results. “The recent growth we have experienced in fractional share sales, as well as poor commercial travel conditions this summer, generated strong demand for...”
hours flown, and we anticipate that our cost of flight operations will increase on a sequential basis in the first quarter of fiscal year 2008 because our charter flight expenses will be in excess of budgeted amounts.

“With the expectation that we will receive eight additional aircraft in the first half of fiscal year 2008, we believe cost of flight operations as a percentage of sales will decline as the year progresses. We continue to anticipate that we will meet our fiscal year 2008 year-end target of 51 aircraft in the fleet and that we will be break-even on a quarterly basis some time during fiscal year 2008.”

PlaneSense

Alpha Flying, program manager of the PlaneSense fractional share operation, is in the middle of moving from Manchester to Pease International Tradeport in Portsmouth, N.H. The company is building a 40,000-sq-ft hangar, and eventually all of Alpha Flying’s activities will be based at Pease. This includes PlaneSense, the management division and the Atlas Pilatus PC-12 sales and service center.

PlaneSense has been operating for 11 years and is adding an average of seven new PC-12s per year. The current fleet includes 29 PC-12s and shareholders exceed 150, according to Patricia Reed, vice president of sales and marketing. The owner base has grown 30 percent during the past year, but the privately held company will not reveal more specific owner or financial numbers.

With a fleet of PC-12s, PlaneSense is sort of a semi-regional operation, basically limiting trips to east of the Mississippi River. “We’re the largest regional fractional,” said Reed. The advantage of the PC-12 is that it can safely operate from 2,500-foot runways. This opens up many more airports for customers and helps them avoid larger metropolitan airports with higher fees and prices, according to Reed.

PlaneSense might expand to the western U.S. someday, but there is more work to do before that happens, according to Reed. “We’re always evaluating it. We want to make sure we have everything in place functioning as well as it possibly can. As soon as we take this model and replicate it, if there’s a weakness, it’s going to be exacerbated. We need everything in place before an expansion.”

PlaneSense conducts its own pilot training, but using facilities and simulators at SimCom...
Training International. PlaneSense instructors also have designed PC-12 training materials, showing how systems work, for example. “We have the most experience flying the PC-12,” Reed said. Each PlaneSense PC-12 averages about 800 hours per year and PlaneSense moves airplanes out of its fleet after about five years of operation.

As Pilatus nears certification of its next-generation PC-12 with a new Honeywell Apex glass cockpit, PlaneSense will add the model to its fleet. The company’s first next-generation PC-12 is scheduled to arrive in June.

At the NBAA Convention late last month, PlaneSense announced that it has placed an order for 25 Grob SPn utility jets. Deliveries are to begin late next year, and the jets will feature a six-seat cabin and help speed customers to more distant locales and new destinations such as Bermuda (see story on page 3).

Executive AirShare

Regional fractional-share operations have not sprung up or grown as much as early hype suggested they would, but Executive AirShare has carved out a successful business in the Midwest and continues to grow. Executive AirShare is headquartered in Wichita, but that doesn’t mean that the company won’t take customers wherever they want to fly. Destinations have included locales in the continental U.S., Alaska, Canada, Mexico, the Caribbean and Cayman Islands.

Executive AirShare mainly flies turboprops.

Executive AirShare flies mainly turboprops, but it has three Beechjet 400As and has placed a firm order for seven Phenom 100s with an option for seven more. The company’s first Phenom 100 is scheduled to arrive in 2010. Rounding out the total of 13 airplanes in the fleet are four Super King Air 350s, five King Air C90Bs and a Beech Baron.

Executive AirShare started as part of Executive Aircraft Corp., but split off in 2001, according to Keith Plumb, executive vice president and COO. Local customers who had joined large national fractional operations wanted a similar service but for a lower cost. “We thought maybe there’s a better way,” he said. “[using] a turboprop service at a lower cost that is more affordable than jets.”

With 55 shareholders, Executive AirShare is a relatively small company in the fractional world, but it has adapted to its customer base and might eventually expand to other areas in the U.S. Annual growth rate has averaged about 70 percent.

Differences between Executive AirShare and other fractional operations include:

• Owners get a certain number of occupied days per share. For a one-sixteenth share, an owner gets 50 occupied hours and eight program days. During a program day, the shareowners can use the airplane and flight crew for the entire day, and the airplane doesn’t drop off an owner then fly another mission and return to pick up the first owner. Each airplane is assigned 288 occupied days per year, with the rest set aside for maintenance, training and sales demonstration flights.

• Owners can borrow up to 20 percent from the next year in their contract.

• Airplanes are based near customers, so Executive AirShare flies few repositioning flights.

• Executive AirShare sells shares in pre-owned airplanes.

• Availability is not guaranteed but is on a first-come, first-served basis.

• Only 10 percent of revenue comes from charter, and Executive AirShare doesn’t fly charter trips for other fractional operations.

• No jet card, but Executive AirShare does offer an hourly pricing plan for one-way trips, where the owner pays a higher hourly rate and the airplane returns to its base instead of waiting for the customer’s return trip.

• No prior notice required for peak-day travel.

Executive AirShare has had plenty of potential customers ask the company to open branches in other areas. “People here like our personalized service,” said Plumb. “We’re not trying to overexpand and lose our identity. We do know that our economics are supported only by the fact that we are a regional operation. We think this would be highly successful on the East Coast, but that’s not in our near-term plans.”