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REPORT

THE GUIDE TO
PRIVATE AVIATION
2015

Table of Contents

- 1. Why Use Private Aviation?4
- 2. Types of Aircraft6
 - 2.1 Choosing the Right Aircraft for Your Needs.....7
 - 2.1.1 Aircraft Selection Chart.....7
- 3. Types of Shared Private Aviation.....8
 - 3.1 Fractional Ownership8
 - 3.1.1 Benefits and Additional Considerations8
 - 3.1.2 Sidebar: Legal Documents to Secure Fractional Ownership9
 - The Purchase Agreement
 - The Management Agreement
 - The Owners Agreement
 - The Interchange Agreement
 - 3.2 Fractional Jet Cards10
 - 3.2.1 Benefits and Considerations.....10
 - Sidebar: Primary Service Areas
 - Sidebar: Calendar Considerations
 - 3.3 Charter Cards12
 - 3.3.1 Benefits and Considerations12
 - 3.4 On-Demand Charter13
 - 3.4.1 Benefits and Considerations13
- 4. Key Considerations14
 - 4.1 Aircraft14
 - 4.2 Safety.....15
 - 4.3 Pilots.....15
 - 4.4 Experience.....15
 - 4.5 Service.....16
- 5. Which Option is Right for You?16
 - 5.1 Other Question to Consider.....16
- 6. Provider Profiles.....17
- 7. Summary22
- 8. Glossary24



Top: Gulfstream G200 interior, NetJets; Gulfstream G200, NetJets; Sentient Client About to Board
 Cover: Embraer Phenom 300, Flight Options

Dear Reader,

I am pleased to present SherpaReport's comprehensive "Guide to Private Aviation". This user-friendly report features information and analysis compiled from numerous sources, including executives from fractional, card and charter companies, company literature, third-party narratives, and our own examination of how the providers have evolved over the last few years.

For discriminating families and corporations, private aviation is becoming an increasingly popular alternative to commercial flying. The private aviation companies did see falls during the recent recession, but are now reporting increasing numbers of customers and increasing usage.

Our aim in producing this Guide is to give you the information that will help you make sound decisions about using private aviation. By reading the report you'll know more about the different options, how they work, how much they cost, and the key questions to ask prior to making a decision.

SherpaReport is widely recognized as a source for information on luxury decision making. We have been reported and quoted in the Wall Street Journal, New York Times and the Financial Times as well as many other leading publications.

If you have any questions or comments concerning SherpaReport or any of the material in this report please e-mail me at guide@sherpareport.com.

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1. Why Use Private Aviation?

Using private aviation services as a mode of travel is extremely beneficial over commercial aviation. Some of the more obvious benefits include saving vast amounts of time as well as greater convenience, privacy and flexibility. In addition, businesses can make more productive use of time before, during and after a private flight and using a private jet can project a successful corporate image. For leisure trips, more time can be spent with family and less time waiting in security lines.

Time Saving

Time saving is a huge benefit of private aircraft use. Depending on the type of program you've joined (e.g., fractional ownership, or the airline charter company you're working with), you can have an aircraft ready to transport your group within hours. Additionally, you do not have to arrive hours before your flight time to go through security lines—you can actually arrive minutes before your scheduled departure time. You can delay the aircraft's departure if you're running later than expected. Many fractional providers and charter companies will also provide ground transport to the airport. There are more than 5,000 airports that can accommodate private aircraft (as opposed to 500 airports for larger commercial aircraft), so you can actually land closer to your destination, thereby reducing ground transportation time.

Because trips are made at your convenience, rather than having to adhere to scheduled flight times, you can avoid overnight hotel stays and enjoy less time away from your family during business trips. Leisure trips are “extended” by one or two days because less time is needed for travel. For instance, if you take a one-week ski trip to Aspen with your family, a private plane can take you directly to your destination eliminating connecting flights and reducing ground transportation time. You can enjoy one or two more days on the slopes with your family—thus “extending” your actual vacation time while “reducing” your travel time.

Convenience

Convenience is another major advantage of private aviation. Specifically, you are able to land closer to your destination simply because there are 10 times more airports to accommodate private aircraft, than larger commercial aircraft. Also, surveys show that approximately 50 percent of private aviation flights are into airports with infrequent or no scheduled airline service—thus increasing the ease with which your private aircraft can land without waiting in holding patterns for other aircraft to land.

Current baggage fees and bans on liquids can cause not only inconvenience and delays, but can add fees to an already pricey commercial flight. With

private aviation, there are also no restrictions to what you are able to bring into the plane's cabin—allowing you to bring instruments, sports gear, product samples or even a family pet on board without incurring extra fees. Plus, your luggage stays with you on your flight—eliminating the inconvenience of lost luggage and waiting at the baggage carousel.



NetJets, Falcom 2000ex

Privacy

Private aircraft offer a level of privacy that is often unavailable on commercial flights. Business teams can discuss sensitive issues such as important negotiations and deals without being overheard. Oftentimes, the seating arrangements within private aircraft are ideal for promoting face-to-face discussions without difficulty.

Flexibility

Private aircraft provide a great deal of flexibility to passengers. They can be available with a few hours notice. Also, because they don't have to adhere to a predetermined flight time, the aircraft can wait for you to arrive at the airport, saving you the time and inconvenience of having to wait for the next scheduled commercial flight time. You can even alter flight plans during the course of your flight to accommodate any late changes to a schedule and deliver you precisely where you desire.

Increased Productivity

Increased productivity can be a big advantage for private aircraft users. Because the flight is scheduled at your convenience, you will have less wait time both before and after your flight. You do not have to arrive at the airport several hours early to wait in security lines and for your flight's scheduled departure time. You can arrive just minutes prior to your scheduled flight time giving you more time in the office or with clients. Additionally, you can use the time during a private flight to discuss business matters with colleagues and clients.

Successful Image

Private aircraft impart a successful image to clients. A private plane projects the impression of a well-run, efficient organization that values time and can afford private air travel. You will impress your clients when you whisk them off to a site visit, special meeting or event.

Quality of Service

There is a high quality of service that is unavailable on commercial airlines. Private planes offer ample space, luxury furnishings and individualized attention during your trip. Additionally, you can order your preferred food and drinks, as well as full entertainment centers or office equipment setups.



Sentient, On Board Service

More Family Time

The reduced travel time and increased convenience of private charters allow you to gain more family time. You can fly on your schedule, you do not have to wait until a flight is scheduled thus eliminating overnight hotel stays as well as airport wait time. Nor will you "miss" your flight. The aircraft crew will wait for you to arrive before departing.

Reduced Travel Stress

Private aircraft charters reduce the stress of traveling. You avoid security lines, lost luggage, transfers, delay concerns and security issues with private aircraft. No more rushing to the airport to make a 6 a.m. flight or worrying if your baggage will arrive at your destination. With private planes, you bypass security lines and walk onto your flight with your luggage in hand.

2. Types of Aircraft

There are various types of aircraft available for private travel. Your provider can assist you in selecting the appropriate craft for your needs. The size of your group and how far you will be traveling are two of the main considerations to weigh when choosing the aircraft for a specific journey. The chart below compares some of the aircraft available in private aviation fleets.

TYPES OF AIRCRAFT	SOME MODELS AVAILABLE	NOTABLE FEATURES	CABIN SIZE	MAXIMUM SPEED	RANGE	NUMBER OF PASSENGERS
HELICOPTERS	Bell 430 Sikorsky S-72	Best for short hops within metropolitan areas or longer trips to avoid traffic congestion.		178 mph (150 to 160 knots, 287 km/h)	Up to 450 miles	Up to 6
TURBOPROPS	Pilatus PC-12 Avanti P180 King Air 350i	Slower than jets; however operating costs are lower than jets making them a less expensive alternative.	4.75 ft. to 5.75 ft. in height (1.45 m to 1.75 m)	Typical cruise speed about 330 mph (289 knots, 536 km/h). Avanti P180 has a max. speed of 455 mph (395 knots, 732 km/h)	Up to 1,800 nm (3,300 km)	Up to 9 (Fewer in an executive seating arrangement).
VERY LIGHT JETS	Phenom 100 Eclipse 500 Citation Mustang	Have a maximum takeoff weight (MTOW) of no more than 10,000 lbs.	4.5 ft. to 4.9 ft. in height (1.37 m to 1.5 m)	480 mph (417 ktas 772 km/h)	Up to 1,300 nm (depending on load)	Up to 5 With a single pilot
LIGHT JETS	Citation Encore Phenom 300 Hawker 400XP LearJet 35A LearJet 40XR	Limited baggage space compared to medium and heavy jets.	4.7 ft. to 5.5 ft. in height (1.43 m to 1.65 m)	515 mph (448 knots, 829 km/h)	1,000 to 2,000 nm	6 to 8
MEDIUM JETS	LearJet 60XR Hawker 900 XP Citation X Gulfstream G200	Cruising speed is faster, cabin room and cargo space are larger in this class of jets.	5.5 ft. to 5.9 ft. in height (1.68 m to 1.80 m)	536 mph (464 knots, 863 km/h)	2,000 to 3,000 nm	6 to 8
HEAVY JETS	Challenger 605 Gulfstream G450 Embraer Legacy 600 Falcon 7X	Can accommodate transcontinental or trans-oceanic flights; more baggage space.	6 ft. to 6.25 ft. (1.82 m to 1.9 m)	541 mph (470 knots, 870 km/h)	3,700 nm 5,000 nm+	Up to 16

2.1 Choosing the Right Aircraft for Your Needs

Several factors should be considered when selecting an aircraft that is best suited to your individual mission and needs. Specifically, you want to make sure:

- there is room (seating) for your entire group;
- there is ample capacity for your group's luggage and/or equipment;
- the aircraft has enough range to get you to your destination, preferably non-stop.

Smaller aircraft such as light, very light and medium jets can accommodate about six to eight passengers, and can transport less baggage compared to larger aircraft. Smaller aircraft have less head room and can fly non-stop for shorter distances. Heavy jets such as the Embraer Legacy 600 and Falcon 7X can accommodate more passengers and baggage loads, and they have more cabin room. Heavy jets can also fly farther and faster than smaller aircraft. The tradeoff between them is in cost—the larger jets will cost more to own a share of or to use.

The checklist on the right will help you weigh the considerations regarding aircraft selection. Reputable providers (such as the ones profiled at the back of this Guide) will ask you several questions so they can fully understand your travel profile. In doing so, they can select the ideal aircraft and the best overall product or product mix for your needs. Be wary of early or quick recommendations—every trip has specialized needs which your provider should take into consideration before suggesting an aircraft.

2.1.1 Aircraft Selection Checklist

How far will you be traveling?

Various planes have different ranges. Be sure to select the type of aircraft to get you to your destination—ideally non-stop. Larger planes can also travel farther without having to stop and refuel.

How many people are in your party?

Larger aircraft can accommodate more passengers and luggage, but cost more.

Roughly, what is the amount of luggage your party will bring?

For example, will this be a ski or golf trip that will need this bulky equipment transported with the passengers?

Will you need an aircraft that can take off and land in a shorter airfield?

Certain airports can only accommodate planes below a certain size, depending on the length of their runway and surrounding geography. Be sure your destination airfield can accommodate your aircraft.

Is there a possibility you will be traveling in bad weather conditions?

Different jets are better able to handle adverse weather. If it is possible for these conditions to occur during your flight due to the location of your destination or the seasonal conditions, it is best to address these before you choose the type of plane.

Are there any special amenities you want for your flight?

Will you need full entertainment center for your family or clients? Will you need internet access during your flight?

Are their individuals in your group who require more space?

(eg. for health or medical reasons)?

3. Types of Shared Private Aviation

There are various types of shared private aviation. Of course full aircraft ownership is an option, and can make sense if you log more than 400 hours of private flight time per year. In the event that you fly fewer miles, shared private aviation may be the best option for you and/or your business. These options include fractional ownership, fractional jet cards, charter cards, on-demand charters and leasing.

3.1 Fractional Ownership

With fractional ownership, you actually own a “portion” of an aircraft and have a share of the total flight hours that you think you will need each year. You purchase a fractional share from a fractional fleet operator that manages your aircraft as well as the rest of its fleet. They are good for individuals or businesses that use private aircraft 50 or more hours per year. The operator provides pilots, training, maintenance, hangar storage, insurance, catering and any additional services. With this type of ownership, you can have a plane ready within hours to take your party to its destination. The larger fractional ownership programs maintain fleets with different size planes, which can offer the ability to upgrade or downgrade to a jet that best suits your needs for a given trip.



NetJets, Gulfstream G450 Interior

The shares are sold in 1/16th fractions which translates to about 50 flight hours per year. Ownership agreements are typically for a length of five years (or 250 hours over five years). Though five years is the industry standard, agreements of less than or greater than five years can be arranged to fit your needs. Some agreements include option clauses to end the agreement earlier in the term. Though the amounts vary by the type of aircraft and size of the share, the cost of each share includes:

- An initial capital payment
- Plus monthly fees to cover:
 - Maintenance
 - Insurance
 - Operating expenses of the program
- A charge for each hour you fly
- Fuel surcharges (these can be significant due to recent oil price increases)

At the end of the five-year period, your share is sold back to the fractional operator at fair market value. Therefore, part of your overall cost after five years will be the net difference between the purchase price of your share and the amount you receive when you sell your share back.

Some fractional aircraft programs have only a few aircraft and serve a regional market, with aircraft based at only one or two airports. Other programs offer large fleets with various aircraft models that operate within national or even international markets.

3.1.1 Benefits & Additional Considerations

Benefits of fractional ownership include:

- Opportunity to schedule multiple aircraft on the same day;
- Some flexibility to upgrade or downgrade the type of aircraft (larger or smaller) to match your needs;
- You're charged only for occupied hours—after paying monthly management fees and initial acquisition costs;
- A fixed operating cost over the agreement period that will not vary as prices rise.

- Ownership of a depreciable asset, which could apply as a tax deduction;
- Ability for planes to be ready with only a few hours notice;
- At the end of the agreed-upon period (normally five years), most fractional operators will guarantee to purchase your share at a fair market value;
- Ability to offer consistency of make, model and interior configuration;
- Eliminates the cost of ferrying, minimum daily charges or crew out-of-pocket expenses (like per diem and hotel costs for overnight stays), which you may incur with charters.

Additional considerations regarding fractional ownership:

- Most fractional programs operate within a primary service area—additional charges will be added if you wish to fly outside of this primary service area. (see page 11 for details on primary service areas.)
- You cannot customize the aircraft to suit your tastes (for instance, you cannot add a corporate logo or change the plane's color).
- If the aircraft is highly utilized, the market depreciation may be higher reducing your net return when you sell your share back to the operator.

3.1.2 Legal Documents to Secure Fractional Ownership

There are typically four legal documents that you sign when you join a fractional ownership program. These include the Purchase Agreement, the Management Agreement, the Owners Agreement and the Interchange Agreement. These documents will cover all of the legal parameters that comprise fractional ownership.

The Purchase Agreement: This document presents the terms and conditions of the fractional sale between the fractional share purchaser and the fractional aircraft provider. It will include the purchase price, closing date, delivery conditions, equipment, representations and warranties. It differs from other aircraft purchase agreements in that it includes provisions for the fractional program to repurchase that fractional ownership at the end of the agreement period.

The Management Agreement: As the most comprehensive of the fractional ownership contracts, this presents the terms and conditions of the management of that particular fractional ownership. Made between the fractional provider and the fractional share purchaser, it outlines the customer's rights to use the program aircraft and lists all of the charges that customers must pay for flight services. Additionally covered are the fractional program's responsibilities to the customer including general management and administration of the aircraft and its records, inspection and maintenance requirements, providing trained and qualified pilots for all flights, catering services, geographical service areas, scheduling, transportation to and from the airfield and any other stipulations between the fractional program and its customers.

The Owners Agreement: (also known as the Interest Holders Agreement) is the agreement between the various fractional owners of the aircraft. Similar to a tenants-in-common contract, this contract outlines that each owner owns his/her "part" of the aircraft and is individually responsible for his/her share of costs. It will also state the tax depreciation benefits to which each owner is entitled, if any.

The Interchange Agreement: (also known as the Master Cross-Leasing Agreement) is another agreement among the various parties of a fractional ownership. This enables sharing of all aircraft managed by the fractional program by allowing all fractional owners from different fractional agreement ownerships use of other aircraft on an as-needed basis.

3.2 Fractional Jet Cards

Fractional jet cards are another popular means of obtaining private aviation services. The fractional jet card is typically structured as a sublease of a fractional jet share. There are two types of cards:

1. Sold as a group of prepaid hours of occupied flight time, which fractional providers offer in 20-, 25-, 30- and 35-hour increments. Hours or funds are deducted for each flight based on an agreed-upon number of hours in a given aircraft type which you use over a predetermined period of time.
2. Sold as a pre-paid debit card wherein you deposit funds which are then deducted for each flight. The amount deducted is based on an agreed-upon fee schedule for aircraft types, flight length and whether the flight is one-way or round-trip (e.g., larger jets would consume more hours/increased cost).

Fractional jet cards are ideal for individuals or businesses that require less than 50 flight hours per year or that make a number of short trips per year, or that want the flexibility to use multiple aircraft types. These are also a popular option for leisure travelers who use private aircraft.

Prices for fractional jet cards begin at around US\$100,000. For example, an entry-level prepaid fractional jet card that provides 25 hours of flight time on a light jet will cost between US\$120,000 and US\$135,000. Many of the major providers

will include travel booking services, limousine services (both to and from the airport), standard in-flight catering and audio/video equipment use in this fee. However, be aware that taxes and other fees will be added to this base prices including federal excise tax, per passenger taxes and fees, passenger facility charges, and fuel surcharges.

Although jet card users can have aircraft at their disposal at any time, there are often restrictions on which days jet card users can fly. These restrictions are usually on the peak travel days of the year (see box: “Calendar Considerations”). For example, a user may choose a 325- or 355-day option, but be restricted from using the jet card hours on these peak travel days or have to pay a premium for use on these days.

There are several fractional jet cards available including:

- The Marquis Jet Card which was the first fractional jet card offering. By partnering with Netjets in 2001, this company was able to offer users access to the NetJets fractional fleet. Marquis is now fully owned by Netjets;
- The Flexjet Jet Card program offers a variety of hours, travel calendars and aircraft types for maximum flexibility. The debit card option lets customers choose any of the private jets for a given trip.;

- Flight Options JetPass Card offers a choice of three aircraft from light to heavy jets, with prices starting at \$132,500 for 25 hours.

3.2.1 Benefits and Considerations

Some benefits of fractional jet cards include:

- Low capital outlay compared to full or fractional ownership.
- A fixed operating cost that will not vary as prices rise.
- Ability to choose from a variety of aircraft types. Many providers also allow the user to specify the actual aircraft model as well as upgrade or downgrade options.
- Newer aircraft available compared to charter fleets—giving you the comfort and added safety of flying in the most current aircraft available.
- Consistent service and safety standards of a fractional provider (these factors may vary across charter providers).
- You only pay for occupied flight hours. You will not incur ferrying (or repositioning) fees using fractional cards (See box: “What are service areas?”).
- No long-term financial commitment.

Additional considerations of fractional jet cards include:

- High cost per flight, compared to other flight options.
- Because you do not own an asset, you cannot add fractional jet cards to your balance sheet as a depreciable asset. Also, at the end of the agreement, you do not have anything to sell and recover at least part of your investment, as you do with fractional ownership.
- Notice periods required to secure the aircraft are slightly longer than for fractional owners.
- Some providers have imposed usage restrictions which limits the number of days you can fly at the agreed-upon base rate. If you want to fly on peak travel days (e.g., the days before and after Christmas) you are charged a premium.
- As with all private air travel in smaller jets, there's the inability of smaller aircraft to accommodate bulky luggage such as several golf bags in addition to personal luggage.

Fractional jet cards have opened private flying to a new type of traveler—someone who recognizes the inherent advantages of flying on the fractional fleets but who doesn't want to tie up the capital to become a fractional owner.

Primary service areas

Depending on where the airline is based, most fractional providers operate within a primary service area. If the program is based within the United States, the primary service area will generally be within the 48 continental states as well as surrounding areas of up to 200 nautical miles such as the Bahamas, Northern Mexico and Southern Canada. Fractional owners can fly to any primary service area without incurring ferrying fees. Ferrying (or repositioning) fees may be charged if the plane must be flown to a nearby airport within the primary service area.

Many fractional programs also have secondary service areas. For most large U.S.-based fractional providers, these areas may include the remainder of Canada and Mexico, as well as Bermuda and the Caribbean Islands. If flying outside of these primary and secondary service areas, additional ferrying or repositioning fees may be charged.



NetJets, Citation X

Calendar considerations (peak travel days)

Many fractional companies consider popular holidays and heavy travel dates as peak travel days or busy periods. These days usually include those before and after President's Day weekend, Thanksgiving weekend, Christmas Eve/Day and New Years Eve/Day. These peak days often coincide with commercial airlines' peak travel periods.

Due to this increased demand, companies may lengthen call-out periods, relax certain guarantees and apply additional restrictions—so you will need to plan a little further ahead. Also, if you are able to secure a flight, many fractional and charter companies will charge premium flight fees due to this increased demand—ultimately costing more money to fly on these days. Some companies offer cards that are only valid on say 345 or 355 days per year, so excluding travel on the busiest days of the year.



NetJets, Citation X interior

3.3 Jet Charter Cards

Jet charter cards are a private aviation option that enables holders to use various different aircraft at agreed-upon fixed hourly rates. Charter card holders, or members, will apply an initial deposit to the card, which can range from US\$50,000 to US\$1,000,000. The deposit amount will vary according to the level of membership. With many charter providers, the deposits are fully refundable.

Upon payment of the deposit, the member can request an aircraft from the service provider who then supplies the desired plane from its own fleet or charters one on the open charter market. An amount is then deducted from the card at an agreed-upon fixed hourly rate. The hourly rate can vary depending on the aircraft

size and potentially whether a trip is one-way or round-trip.

Several companies offer jet charter cards. These companies may either have their own aircraft fleets and/or may charter aircraft on the open market to meet the needs of their members. Jet charter cards offer their members many of the same benefits as fractional jet cards, but at lower entry costs. This allows members to experience the benefits of private aviation at very competitive rates.

3.3.1 Benefits and Considerations

Some benefits of jet charter cards include:

- Compared to fractional prepaid cards and fractional aircraft ownership, jet charter cards are more cost effective.
- Offers a great deal of flexibility in type of aircraft desired for any given trip.
- Ideal for people or companies that utilize less than 50 hours of flight time per year.
- There is no competition with fractional owners for the use of the fractional fleet—(often on only 12 hours notice).

- Upgrading and downgrading your services as well as securing different sized aircraft is relatively easy—a full-service concierge arranges all travel needs.
- If you charter a plane several times per year, jet charter cards save the hassle of finding a provider and negotiating rates each time you fly.
- No long-term contracts or monthly management fees are needed giving users the benefits of private aviation without large up-front capital investments.
- Provides all the advantages of flying privately without ownership responsibilities.

Some additional considerations of jet charter cards include:

- Charter aircraft are generally older than those in fractional fleets.
- You may experience variable service, amenities and maintenance features since some aircraft may be chartered from different providers.

Jet Charter Card Providers

There are several jet charter card providers. Sentient Jet membership, which ranges from \$125,000 to \$350,000, including fuel and FET, offers users the 25 Hour Card. These lock in the

hourly rates and the fuel surcharges for up to two years. Magellan Jets offers a range of cards, starting with a 10 hour card on an Eclipse 500 for \$35,000. They will also custom build a card to meet each users requirements. Velocity Jets offers fully refundable 25 hour cards starting at just \$120,000, including fuel surcharges. Their cards also have no blackout periods. Keep in mind that higher deposits can save money in the long run by securing lower fixed hourly rates and lower minimum flight hours per day.

3.4 On-Demand Aircraft Charter

For infrequent flyers, on-demand aircraft charters are a good option. With this method of private aviation, you reserve and use an aircraft on an as-needed basis and pay for that flight. You do not have to secure your flight with deposits or membership fees—you simply pay as you fly. The price will vary based on the type of aircraft, the distance of the trip, whether it's a one-way or round-trip flight as well as other factors. On-demand charter is one of the main forms of securing private aircraft for both business and leisure trips. There are many air charter companies and air charter brokerages that have access to a wide variety of aircraft—from helicopters to single-engine turboprop airplanes to large executive jets.

3.4.1 Benefits and Considerations

Some benefits of on-demand aircraft charter include:

- No up-front deposits or monthly maintenance fees are needed—you only pay for the flight you're taking without having to invest capital into future trips.
- You have the widest selection of aircraft from which to choose.
- Ideal for infrequent, short trips.

Some additional considerations of on-demand aircraft charter include:

- You must get a quote from different charter companies and negotiate a price each time you fly, which can be time consuming.
- Different air charter companies each provide their own levels of service, safety and quality of aircraft—which can be inconsistent from provider to provider.
- Charter aircraft fleets may be older.
- Your hourly rates will vary compared to fractional ownership and card memberships which allow you to lock in agreed-upon rates.
- During peak travel times, you may be very limited on the selection of aircraft.

The cost of chartering varies depending on the aircraft, time of year, geographic location, time of reservation and the service provider. Some example base price ranges per flight hour are:

TURBOPROP	\$1,100 to \$1,800
LIGHT JET	\$1,900 to \$2,900
MID JET	\$2,700 to \$3,800
SUPER MID JET	\$3,500 to \$4,800
HEAVY JET	\$4,200 to \$7,800+

Make sure your full charter flight quote includes all the costs including landing fees, fuel, fuel surcharges, catering, taxes, ramp fees and any applicable overnight expenses for the crew. If a suitable plane is not available at your local airport, you may also be charged a repositioning fee to deliver the desired plane to you. Additionally, if you're only flying one way, you'll probably have to pay the "deadhead" costs of the plane flying back to its base.

For a detailed breakdown of the types of costs that you could see when chartering an aircraft see the article on SherpaReport.com "Private Jet Charter Costs - What's on the Invoice?" If you're planning to work with an air charter service either directly or through a charter broker, then use the list of questions at "Questions to Ask a Private Air Charter Service" on SherpaReport.com.

4. Key Considerations

There are several issues to think about, when you're reviewing your private aviation options. Whether opting for fractional ownership, fractional jet cards, charter jet cards, on-demand charter or leasing, choosing the ideal program should not solely be based on cost. Fortunately, both fractional and charter providers rely on the integrity of their aircraft, implementation of mandated safety programs as well as their own increased safety measures, and the expertise and experience of their pilots to ensure your safety.

The FAA offers a Code of Federal Regulations that governs the minimum requirements needed for pilot certification, maintenance issues and adherence to safety regulations. Many charter and fractional companies opt to increase these benchmarks by implementing additional safety measures, increased pilot training, and more rigorous maintenance and inspection processes. Additionally, many companies offer proof of these increased standards through audits by independent auditing firms. (Two of the main firms that conduct these audits are ARG/US and Wyvern.)



Flight Options interior

4.1 Aircraft

Aircraft are available in various sizes to accommodate different sized groups and their respective baggage requirements. Though size does count in some aspects of private jet transportation, before hopping on the next available private jet you may want to consider the age of the aircraft, its amenities and the craft's maintenance history as possible selection factors.

For example, an older model aircraft may appear more worn and could give clients a poor impression of your business. If you would prefer access to a newer aircraft, inquire as to the age of the aircraft which may give you an indication of the model's condition as well as how many flight hours the craft has accrued. Age and size of an aircraft can also indicate some other less desirable features. For example, some older aircraft and some smaller aircraft do not have private lavatory facilities. Additionally, older models tend to be

less fuel efficient than newer models. With the rising price of fuel, it may be prudent to choose a newer jet that reduces fuel consumption which, in turn, may reduce your fuel surcharge costs. However, an older jet may provide a reduced operating cost—which may offer cost savings in this area.

FAA mandates require that all flight equipment be checked regularly for its service integrity as well as wear. Both fractional and charter operators provide regular maintenance to their fleets in accordance with the CAMP or AAIP program guidelines or factory manufacturers' guidelines and their authorized support facilities. Reputable flight providers should be able to supply you with a given aircraft's maintenance schedule, whether any major repairs have been performed, the type of aircraft maintenance program in use, and the name of the company performing the maintenance and repair work. Another point of inquiry, if the situation arises, is how the operator will address maintenance issues during the trip.

Also, in case of a problem with your scheduled flight operations, such as the aircraft experiencing maintenance issues that need to be resolved and becomes unavailable, find out if another aircraft and/or charter operator will be used. Be sure it adheres to the same rigorous standards as your current charter operator or aircraft. It is also

important to determine what company holds the provider's aviation insurance policy, including what coverage and limits are included. Be sure you are covered by the provider's policy.

4.2 Safety

Private aviation providers are required to meet the provisions specified by Part 91 and/or Part 135 of the Federal Aviation Regulations. Most reputable providers will often exceed these provisions by implementing additional safety measures. In addition, it is essential that the provider has been audited by an independent third party (namely Wyvern and ARG/US) so you are able to check the status of a given charter or fractional provider.

Other safety considerations include:

- Confirm that a charter or fractional operator, aircraft and flight crew are appropriately certified for operation by the FAA (and an independent auditor, if the information is available).
- Ask to see the safety history of the charter operator, their aircraft and flight crew—this should include recorded incidents as well as accidents, maintenance and operational issues.
- The fractional or charter provider should have established safety procedures and emergency provisions in place.
- Find out if there is a record of any past accidents or incidents and ask about the operator's safety record. Though it can be a red flag to discover any incidents, it could also indicate that improved safety measures have been implemented which can increase the safety of your flight.
- You may also want to ask if the FAA has ever taken corrective action against the charter operator or fractional provider and/or one of its flight crew members.



Flight Options Operations Control Center

4.3 Pilots

Many charter and fractional companies require an Airline Transport Pilot License (ATPL), which is the highest level of aircraft pilot license. Beyond this, each company sets differing standards regarding qualifications. Most provide regular simulator and in-aircraft training, and periodic safety procedure evaluations. Many others will tout the number of flight hours their pilots have accrued to demonstrate the flight crew experience. The key parts of this experience are: what are the total flight hours as Pilot-in-Command and, the total flight hours as Pilot-in-Command of a specific aircraft type.

Your charter or fractional provider should be able to supply the pilots' qualifications. You should also inquire about personnel background checks of pilots and other crew members which should be part of the provider's hiring policy.

4.4 Experience

You may want to check the number of years the provider has been in business. Again, the number of hours various pilots have accrued is another indicator of the experience level. You can also inquire if the crew has experience with special operations such as flying extended flights over water, or into and out of mountain airports.

4.5 Service

The fractional or charter company should arrange flight times, security, airport clearances, insurance issues and FAA requirements. However, you may want to inquire as to the provider's service standards and whether the crews receive customer service training. You can also ask if the provider has a record of customer satisfaction ratings and what those ratings are.

You may inquire about additional amenities available including:

- Food and beverage selections;
- Audio and video options/electronic entertainment;
- Ground transport to and from the airport;
- What level of flexibility does the provider have regarding changes in your schedule (e.g., is it difficult to change or delay a flight?);
- Sleeping accommodations (arranging for beds in the cabin);
- Additional amenities such as in-flight spa treatments, beauty services, and tutoring or lessons.

5. Which Option is Right for You?

To choose the best option for your needs, you must consider several factors. The best place to start is by determining how much you fly.

If you fly...	Your best option may be...
More than 400 hours per year	Whole aircraft ownership or lease?
Between 50 and 400 hours per year	Fractional ownership
50 hours or less per year	Fractional jet card or jet charter card membership
Infrequently (less than 20 hours per year)	On-demand charter

5.1 Other Questions to Consider:

- Where and how far do you fly?
- When do you fly? Are the trips one-time trips or recurring trips?
- What does you/your business currently spend on air travel? (Include airline tickets, meals, hotel rooms, ground transportation and personnel time.) How would travel time vary by arriving at the closest possible airport versus the closest airline facility? Use these factors to determine your budget and financial limitations.
- How far in advance do you plan your trips?
- How many people travel with you? How much luggage do you take?
- Do you prefer to fly on a fleet managed by a single operator?
- Do you have specific aircraft preferences?
- Would ownership, fractional ownership or cards be an efficient use of your capital? Do you have a business that can take advantage of depreciation tax deductions?
- What do you expect private aviation can do for you and/or your business?

For example, your company may require several shorter flights for business purposes—which may make fractional ownership a better option. If you're taking a longer trip to the Caribbean for a family vacation, you may opt for a charter flight to accommodate extra room for family and your baggage.

6. Provider Profiles

Flight Options

Company

Flight Options offers premium private aviation services including fractional ownership, jet membership and jetcards to the discerning traveler. Benefits of the company's services include:

- An Operations Control Center to assure that information related to your aircraft will immediately be available to you via owner service professionals and dispatchers. OCC can obtain such information as weather, maintenance, crew status, and flight tracking.
- Highly-trained pilots that are type-rated by the FAA and are required to complete two annual training exercises—one in-aircraft and one in a flight simulator.
- Platinum rated for the fifth time by the Aviation Research Group/US, an independent auditing firm—the highest safety rating given.
- A personal Owner Services Team that knows and accommodates your needs and preferences. You can reach a team member any time of the day or night for flight scheduling, itinerary planning, catering selection or any other questions that you may have.

Products and Programs

Flight Options offers **fractional ownership** and **JetPASS Select jet card** membership.

Flight Options fractional ownership enables a client to purchase an undivided interest in a specific aircraft. The share purchased is directly related to the size of the aircraft, the number of hours the client anticipates flying

and the length of each trip. Additional costs include monthly management fees that apply to fixed cost such as insurance and pilot fees, and occupied hourly rates which cover variable costs such as fuel and maintenance.

A key benefit with Flight Options, is that owners have access to negotiated fuel prices available through the company's preferred vendor program. Clients can also "trade up" for a specific flight allowing users to choose a larger or smaller aircraft from the fleet for a specific trip. For example, if you need an aircraft with a larger cabin to accommodate several passengers or a smaller aircraft for a beach trip for two.

Sample prices for the Flight Options fractional ownership program:

SIZE	PURCHASE PRICE FOR 1/16 SHARE	MONTHLY MANAGEMENT FEE	OCCUPIED HOURLY RATE
LIGHT CABIN	\$275,000	\$8,800	\$2,145
SUPER LIGHT CABIN	\$562,500	\$8,800	\$1,905
SUPER MID CABIN	\$625,000	\$13,630	\$3,880

The **Flight Options Jet Membership Club** program is a new way to access the innovative Phenom 300 and Nextant 400 XT. Bridging the gap between the cost structure of a jet card and the advantages of fractional jet ownership. It is ideal for those individuals who want the benefits of private jet travel without the asset purchase. It requires a one-time membership initiation fee to access the Flight Options Phenom 300 and Nextant 400 XT fleet for up to a 36 month term. Upon initiation, Members may begin purchasing blocks of flight time in 25 or 50 hour increments with a maximum of three blocks of hours per initiation fee. Similar to fractional ownership, Jet Membership Club provides Members the opportunity to lock-in the base hourly rate over the term of their contract.

Offering the benefits of fractional ownership without the financial commitment, Flight Option's **JetPASS Select jet cards** are another available option. With this program, you can purchase 25-hour, aircraft-specific jet cards without incurring maintenance fees associated with fractional ownership. You simply pay for the hours you're using the aircraft. With as little as 12 hours notice, you can fly to your destination in the primary service area without incurring catering costs and ferrying fees, and without a peak surcharge.

Sample prices for JetPASS Select 25-Hour Jet Cards:

JET SIZE	COST PER CARD	HOURLY RATE
LIGHT CABIN	\$132,500	\$5,300
MID CABIN	\$185,000	\$7,400
SUPER MID CABIN	\$238,000	\$9,520



Hawker Jet

NetJets

Company

NetJets is the pioneer of the fractional ownership concept and has the largest fleet and largest number of customers. Offering both fractional ownership and jet card programs in a wide selection of aircraft, NetJets can accommodate a variety of private aviation needs. Some advantages of NetJets' programs include:

- A dedication to safety. NetJets provides its pilots with a strict training schedule. Additionally, the operations management teams adhere to a stringent maintenance plan and operational procedures.
- An array of the best, safest and most reliable aircraft available in the industry. Choose from 13 different light, midsize and large cabin aircraft types that serve from 7 to 14 passengers.
- A flight range of up to 7,700 statute miles.
- An owner service team dedicated to each owner or cardholder that is available 24 hours a day, 365 days per year.
- IntelliJet flight tracking and reservation system to assist in arranging all of your travel needs including ground transportation requirements, in-flight catering and security arrangements worldwide.
- The most experience in handling fractional ownership in the private aviation industry.

Products and Programs

NetJets offers **fractional aircraft ownership**, **NetJets Lease** and the **Marquis Jet Card**.

NetJets fractional aircraft ownership involves purchasing the “share” or number of hours you will need a private aircraft on a yearly basis. NetJets handles pilot procurement, maintenance, hangaring and any other details involved in private aircraft ownership. Aircraft can be ready with as little as 4 hours notice. In addition, you have the option to trade up or down for a specific journey, if needed, to accommodate larger or smaller groups. As an investment in your travel needs, you have the option of selling your “share” back to NetJets at the end of the agreement period, which is usually from 2 to 5 years.

When you purchase a NetJets Lease, you lease time on a specific serial-numbered aircraft in the NetJets U.S. fleet. You enjoy all the same advantages of being a NetJets Share Owner, without owning the asset. Fixed-term leases range from 24 to 60 months.

Offering access to the fractional fleet, without the capital commitment, the Marquis Jet Card provides access on as little as 10 hours notice. This program gives card holders access to 10 different light, midsize and large cabin aircraft types, with upgrades and downgrades available through the program. As a Marquis Jet Card member, you receive the same high level of service as NetJets’ fractional owners. Pricing starts at \$124,900 for a 25 hour card in a Hawker 400XP and goes up to \$363,900 for 25 hours in a Gulfstream GIV, plus FET and fuel surcharges.

Aircraft

NetJets offers the most diverse fleet of aircraft in the industry—each offering a high level of comfort, luxury and safety to travelers.

Sentient Jet

Company

In 1999, Sentient Jet pioneered the private jet card, changing the landscape of private aviation. With more than 14 years of experience, the company today serves more than 3,600 Cardholders. Professionalism and dedication to higher standards – whether in safety, product innovation or world-class service – are the foundation of the brand’s national reputation.

Sentient has implemented specific proprietary initiatives including establishing an Independent Safety Advisory Board and operating a 24/7, professionally staffed Command Center:

- Access to carefully selected aircraft operators and aircraft that have passed the Sentient Certified operator certification program
- The Sentient 9-Point Safety Program mandates both internal Sentient activities as well as those of the carefully certified operators that participate in our programs. This program is guided and informed by an Independent Safety Advisor Board, unique to private aviation, as well as a dedicated, full-time Chief Safety Officer. As a result of these efforts, Sentient upholds a higher level of safety standards than FAA requirements in a host of categories.
- Average total flying time of 9,400 hours for pilots who are captains of Sentient flights.

Products and Programs

Sentient Jet offers an hourly card program.

- **25-Hour Jet Card.** This hourly-based Card lets you choose from four jet size categories and two age classes, while providing a one-year lock on both rates and fuel surcharge. (Card is valid for 12-months from the date of purchase and is nonrefundable).

Pricing for Sentient Jet Card program:

25-Hour Card pricing*:

CARD TYPE	PURCHASE PRICE	EQUIVALENT HOURLY RATE
LIGHT SELECT	\$124,825	\$4,993
LIGHT PREFERRED	\$139,500	\$5,580
MID SELECT	\$167,775	\$6,711
MID PREFERRED	\$186,775	\$7,471

*Continental U.S. rates plus 200 nm. Includes fuel surcharge and FET.

With the 25-Hour Card, you will enjoy a rich set of benefits, including guaranteed availability and mechanical recovery as well as the assurance of Sentient's leading safety and service programs.

For individual itineraries, the **Sentient Jet Charter program** lets you purchase individual flights on-demand as they are needed, and allows you to select the specific jet type for each flight. Your Sales Director will work on your behalf to secure the best value for your itinerary and requirements, leveraging the support of Sentient's Command Center and deep aviation expertise to ensure your flights are flawless.

Magellan Jets

Company

With a wide variety of membership programs as well as point-to-point charter services, clients are advised on the best option for their specific needs. Benefits of membership include no fuel surcharges, no repositioning charges, guaranteed aircraft availability with as little as ten hours' notice, inclusive gourmet catering, and V.I.P. ground transportation.

Charter Flights

Magellan Jets Preferred Network aircraft are modern, comfortable, and designed to serve as an extension of your lifestyle.

Before each flight Magellan Jets runs a PASS report which looks at the aircraft's inspections and insurance, the provider's operational limitations, and the pilots' hours, currency, and medical certifications.

The dedicated **Flight Support Team** is always standing by and ready the moment your flight details are confirmed. Customers have their own dedicated person on each flight that handles everything from weather and flight tracking, ground transportation, in-flight catering, and ensuring all of a customer's needs and expectations are satisfied.

The company guarantees on-time departures, premium late-model equipment, and simple, competitive pricing on the safest aircraft with the most experienced flight crews.

Jet Cards and Membership

Each card holder is unique and has specific needs, so Magellan offers a wide variety of options to fit any private jet client. From the efficient and versatile Hawker 400XP to the long range and high capacity of the Gulfstream G450, you're sure to find the perfect jet card for any and all flight needs.

The card options start with the 10 Hour VLJ card, exclusively on the Eclipse 500 Jet. These are perfect for those quick regional trips and roadshows in the North East USA and are priced at \$34,950.

Customers can also build their own jet card, choosing a plane, the number of hours, a perk such as no fuel surcharge or no peak surcharge and an add on such as ground transportation or free aircraft upgrades. All the cards come with no repositioning costs and 12 month rate locks.

Velocity Jets

Company

Velocity Jets' range of services includes private jet membership, aircraft sales, and management and worldwide aircraft charter. Their team ensures premium service from experienced industry specialists customized to fit your individual aviation needs.

Velocity Jets does not own or operate any aircraft, which enables them to recommend the best aircraft available each and every time, with access to over fifty-five hundred aircraft.

They take great pride in providing the best value by identifying the best aircraft for every mission. All operators utilized are FAA Part 135 operators required to adhere to safety requirements set forth by Argus/US and Wyvern, the two leading 3rd party air safety auditing firms in the country. Providing the safest and most experienced aircraft and flight crews at the best rates is what sets Velocity Jets apart from the rest.

Velocity JetCard

The card provides their members with guaranteed pricing and access to aircraft ranging from light to heavy jets. Velocity JetCard members only pay for occupied flight hours, not the time spent positioning your plane before or after a flight. The card is available with no fuel surcharges, no reposition fees,

no expiration date, no blackout dates and on ARG/Platinum and Wyvern rated aircraft. Prices start at \$120,000 for 25 hours on a light jet.

Acquisitions and Management

With many years of experience in aircraft sales and acquisitions, Velocity Jets saves you time and money by utilizing their extensive network to find the aircraft that best fits your needs. They can initiate the search and guide you through the process from start to finish.

Velocity Jets aircraft management services are geared to corporations and individuals who seek freedom from the day-to-day administrative, regulatory, and operational responsibilities of owning an aircraft. With the plethora of management options, Velocity Jets feels it is important to have an industry expert to guide you in making the appropriate choice for your aircraft. Assuring that you will always obtain the highest level of service possible.

Sample prices for Velocity Jets 25-Hour Jet Cards:

CARD TYPE	PURCHASE PRICE	EQUIVALENT HOURLY RATE
LIGHT CABIN	\$120,000	\$4,800
MID CABIN	\$155,000	\$6,200
SUPER MID CABIN	\$220,000	\$8,800
HEAVY CABIN	\$225,000	\$9,000

7. Summary

There are currently a wide range of options to choose from when considering a private jet. The best option for your business needs and leisure needs may differ. For your convenience, the chart below compares each option.

OPTION	ADVANTAGES	BEST FOR THOSE WHO FLY	PURCHASE INCREMENTS	COMMITMENT
WHOLE AIRCRAFT OWNERSHIP	-Readily available at your convenience offering 365-day travel	400+ hours per year	Whole aircraft	At minimum, three-years
	-Access to your jet any time			
FRACTIONAL OWNERSHIP	-Purchase the amount of aircraft operating time you need	50 to 400 hours per year	50-hour increments	Five-year contract times With shorter options
	-Maintenance, hangar storage, crew, etc., are all handled by fractional provider			
	-Consistent quality of aircraft and crew			
	-Fixed rates			
	-Access to entire fractional fleet			
FRACTIONAL JET CARD	-Fraction repurchase after 5-year period			
	-Ability to access larger or smaller aircraft when needed	25 to 100 hours per year	25-, 30 or 35-hour increments	-Valid for one year
	-Maintenance, hangar storage, crew, etc., are all handled by fractional provider			-With some programs, unused hours are refunded
	-Consistent quality of aircraft and crew			
JET CHARTER CARDS	-Access to entire fractional fleet			
	-Fixed rates			
	-Access a wide range of aircraft when needed	25 to 75 hours per year	Generally designed like a debit account with a defined deposit required based on the charter provider	-Never expires -With some providers, unused hours are refunded
ON-DEMAND CHARTER	-Fixed rates			
	-No up-front financial commitment as with fractional ownership or jet cards	Less than 25 hours per year	Pay per flight taken	-None

And lastly, please remember:

- Know all possible costs and get a firm-as-possible estimate in writing from the operator. Find out the terms and how and when you will be billed.
 - Be sure the operator knows exactly how many adults, children and pets will be on the trip. If your passenger list changes, inform the operator right away.
 - Discuss your special needs, such as dietary requirements, with the operator well before the flight.
 - Determine the exact departure and destination airports and the private air terminals (FBOs) that will be used at each airport (many airports have more than one). Obtain a contact name, telephone number and directions to the FBOs. If you drive yourself to the airport, find out where you can park.
 - Ask about security procedures. Some airports have more stringent requirements than others. Special rules cover firearms and ammunition, including hunting rifles. Remember to bring a photo ID for each passenger.
- Get the names of the pilots and contact numbers. Ask for an after-hours contact and number for the flight operator.
 - Arrive at the FBO at the appointed time. If you anticipate being late, inform the pilot as soon as possible. Departure and arrival reservations with air traffic control may need to be adjusted. Not contacting the pilot could cause you to be delayed even longer.
 - You should also mention any specific issues that may impact your flying needs including airports, distances, timing, seasons, annual usage, passengers, pets, luggage, etc. For example:
 - o Where do you want to go?
 - o How many people will be going with you?
 - o How much are you willing to spend?
 - o How long will you be gone?
 - o Are you bringing unusually large objects or pets?

If your departure and destination are well served by airlines, you are traveling alone and money is a consideration, flying first class with a favorite airline may be your best choice. If one or more of the above factors aren't part of the equation, chartering an aircraft may be the better option.

Sources

For more information on the different types of private aviation, please visit the Sherpa Report at www.sherpareport.com.

8. Glossary

Part 91 (or Part 91 of the FARs), which applies to noncommercial aircraft. Part 91 of the FARs applies to aircraft operated by an individual or company which is under their “operational control” during recreational use, or some business other than aerial transportation. Part 91 operation can be called “private carriage.” Most fractional programs operate under Part 91.

Part 135 (or Part 135 of the FARs), which applies to charter aircraft. FAR Part 135 regulates “common carriage” operations – i.e., the business of “holding out” aerial transportation services to the general public as a business in its own right. Operators must comply with specific requirements in regard to paperwork, maintenance and training. Business aircraft available for charter and card programs generally are operated under FAR Part 135.

Actual Flight Time is the amount of time of a flight beginning when an aircraft’s nose gear lifts off the ground and ending when its nose gear touches back down. In most card and fractional programs charges are made for the Actual Flight Time plus an additional six to twelve minutes each for takeoff and landing.

AAIP: Stands for “Approved Aircraft Inspection Program.” It is a checklist of safety measures to ensure all parts of an aircraft are operational and sound.

CAMP Maintenance Guidelines: CAMP is a private company that provides maintenance management, inventory control and flight scheduling solutions for both private and commercial aviation concerns. CAMP stands for Continuous Airworthiness Maintenance Program.

Deadhead (“Empty Leg” or “Dead Leg”) Fees: When a charter aircraft is empty on its way to pick up passengers or returns to its home base without passengers, the empty flight is called a “deadhead”. If you fly one way, you may be charged an extra fee for a deadhead flight.

FAA is the Federal Aviation Authority

“FAA type-rated” means that a pilot is qualified to fly as captain in a specific aircraft type.

FARs are Federal Aviation Regulations.

“Ferry Waivers”: When flying outside of a provider’s “primary service area,” (see definition below) owners lose certain guarantees and often have to cover the “deadhead” cost of moving the plane around. Some plans define secondary service areas, such as the Caribbean, where these expenses may be waived.

Fixed Base Operator (FBO) is a service provider at a public-use airport. They provide aeronautical services such as fueling, hangaring, tie-down and parking, aircraft rental, aircraft maintenance, flight instruction, catering, ground transportation and typically include a passenger lounge and crew lounge.

Fuel Surcharges Card providers and fractional operators often include a certain amount for fuel e.g. at \$1.80 per gallon, and then have a fuel surcharge for actual fuel costs above this allowance.

Minimum Flight Leg is the minimum time that a card holder or fractional owner will be charged for a single flight segment flown non-stop from a departure airport to an arrival airport. Some card programs require a 1-hour minimum for each Leg while other programs have a higher minimum.

Pilot In Command (PIC), is the captain, who is directly responsible for, and is the final authority as to, the operation and safety of a particular flight.

Positioning (or Ferry) Fee: is the cost of getting an aircraft to you to start your flight. So if an aircraft has to fly from its own home airport to your home airport to start your flight, there may be a “Positioning Fee” to cover this.

A **“Primary Service Area”** is the area in which a provider primarily operates. Flights outside this area may incur additional fees such as dead-head or positioning fees.

“Short leg” waivers: As noted above many card and fractional plans have “minimum flight legs” that require each flight to be a minimum of one hour. A waiver allows customers to be charged only for the actual flight time of a shorter trip.

Tail Number is the unique number identifier for a specific airplane which is painted on the tail of the aircraft.

Taxi Time is the time spent in the aircraft while on the ground before takeoff and after landing. For most private aviation flights this is charged at a fixed amount per flight, rather than the actual taxi time.