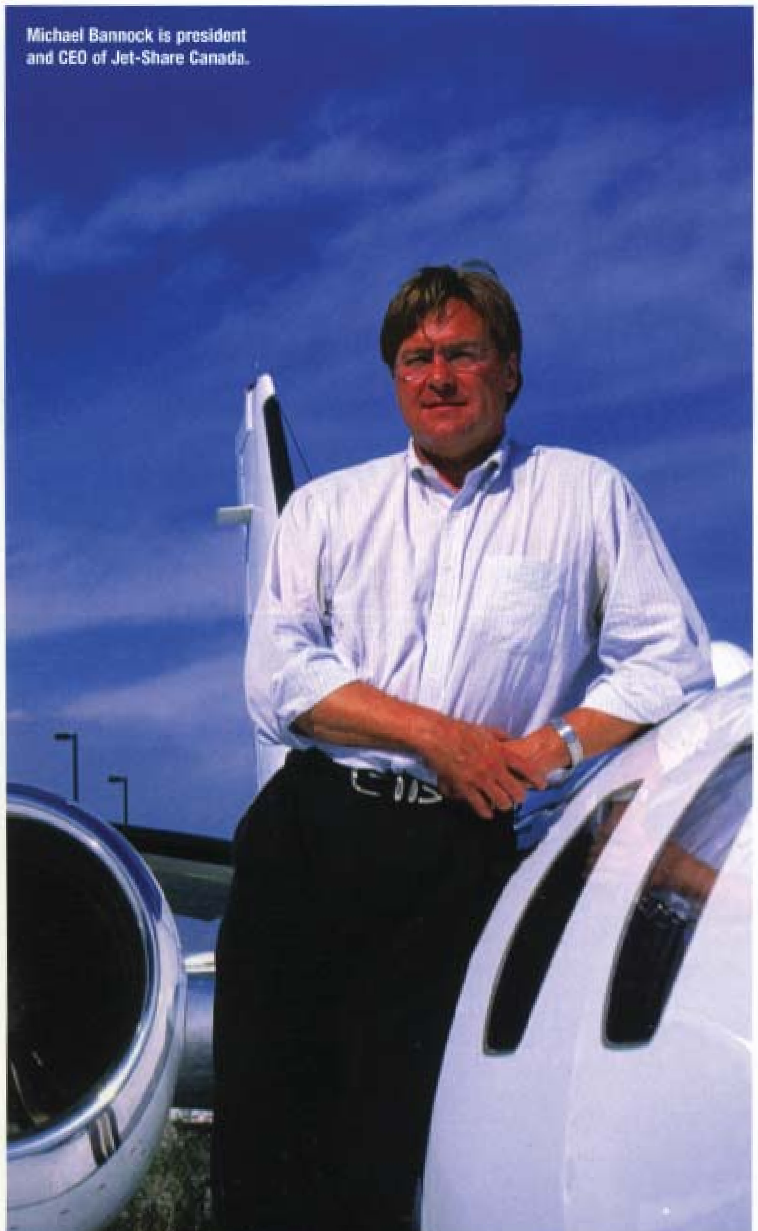
Operating the Citation Bravo Jet-Share Canada is the first fractional ownership company in Canada to exclusively use jet aircraft.



Michael Bannock is president and CEO of Jet-Share Canada.

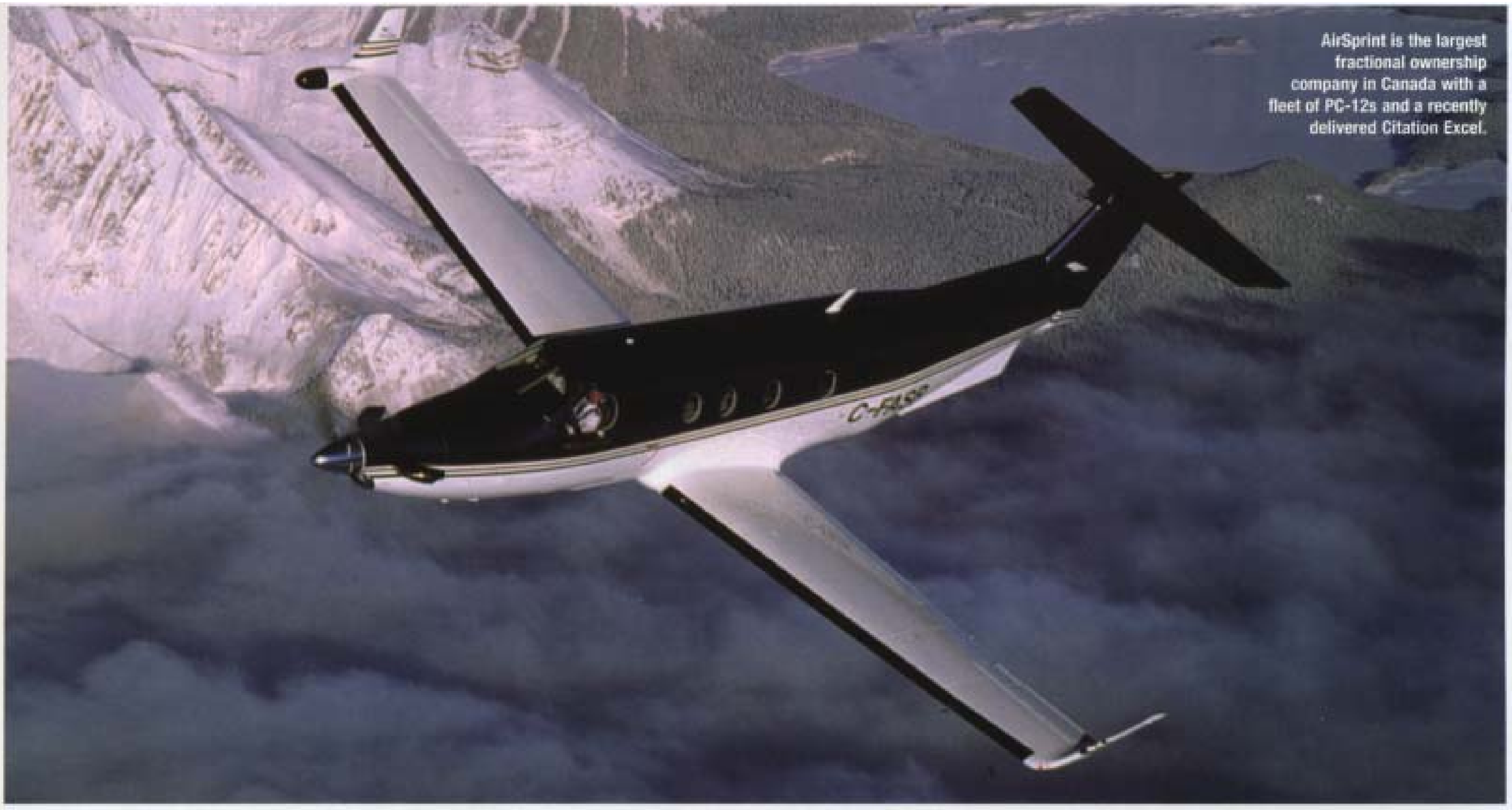
Fractional

CONVENIENC

Any businessperson who regularly has to fly via commercial air carrier will tell you in no uncertain terms that service and convenience are not features of this method of getting from A to B. Even before the challenges of the post-9/11 environment, many in corporate Canada were openly complaining about the cost and deteriorating level of service. Travelling by commercial air carrier had become expensive – especially when tickets were purchased at the last minute – and time consuming. Flight planning departments and travel specialists took to seeking innovative and effective alternatives.

The Canadian business community has largely shed its inhibitions about the use of private jets for corporate transport. Gone is the image of the flying barge with fancy bar service, flight attendants and expensive accoutrements. Company aircraft move people in a timely fashion without the loss of productivity that comes from commercial travel, and also move goods and smaller, easily transported inter-office materials. A key US financial publication ran an article earlier this year on the effectiveness of corporate aircraft. Using the NBAA Travel$ence program, it compared the total costs for four executives to travel from New York to Dallas and return in a day. The model for comparison used last-minute-purchased business-class tickets vs. a chartered business jet. A company would have saved some US$10,000 by using the corporate charter over a commercial airliner.

Many companies have neither the need nor the resources to acquire their own corporate aircraft. For them, charter or shared ownership of an airplane can be a viable answer. As of this spring, there were 35 fractional aircraft operations listed in the US, seven in Europe, Asia and the Middle East and three helicopter/specialized aircraft fractional-ownership operators. In Canada we currently have two firms offering fractional



AirSprint is the largest fractional ownership company in Canada with a fleet of PC-12s and a recently delivered Citation Excel.

Aircraft Ownership:

E WITHOUT THE OVERHEAD

By Robert Seaman
Photography by Mike Reyno

ownership of business aircraft – AirSprint of Calgary and Jet-Share Canada of Mississauga, Ontario.

Fractional ownership was introduced to the world only a few years ago. The concept is simple and involves several parties sharing the acquisition, operation and support costs of an aircraft. The share owned can be as little as 1/16 and as high as 1/2. The size of the share owned determines the number of flight hours per month made available to each shareholder. The fractional owner pays a fixed monthly fee for the aircraft, fuel, crew, catering, landing fees and other expenses that are charged for each occupied flight hour. In exchange, fractional owners get the use of an aircraft that is comfortable, accessible and time-convenient – without the heavy cash outlay or the managerial responsibility of operating a corporate flight department. Each part-owner of an aircraft has access to the pool of aircraft managed by the fractional-ownership company. The company allocates and coordinates use of the planes based on contract considerations, aircraft availability, efficiency and other pertinent factors. In theory, the fractional owner may never in fact set foot in the actual aircraft that it bought into, but will receive service at any time and to any place.

When introducing a new client to its fractional ownership concept, AirSprint compares the use of a chartered business aircraft to that of a fractionally-owned plane in simple terms: Charter flying will meet the needs of those who fly less than 50 hours per year, while full ownership and operation of a corporate aircraft may be the best bet for companies that fly much more than 400 hours per year on single-run trips. AirSprint says it can provide the best service to those in the 50- to 500-hours-per-year category, or to firms that require use of a second aircraft on an occasional basis.

Judson Macor is president and CEO of AirSprint. In business for two years, AirSprint worked with a fleet of eight Pilatus PC-12s until March, when it took delivery of its first jet, a Citation Excel. Judson plans to add a second Excel in February. AirSprint aircraft are currently based from British Columbia to Quebec. Macor is cautious when talking about plans to add still further aircraft. The business was built one aircraft at a time and in response to demand – not in optimistic anticipation. But AirSprint does offer those who sign with it the opportunity to start flying immediately, through a relationship that allows short-term leasing of aircraft. Another key selling feature of AirSprint is its modern, young fleet. While some fractional operations have acquired previously-owned aircraft, AirSprint starts with new aircraft only – so the average age of its fleet is one to 1.5 years.

Michael Bannock is president and CEO of Jet-Share Canada Inc., which holds the bragging rights to being the nation's first all-jet fractional operation.

Jet-Share took delivery of its first Citation Bravo in April and has been aggressively marketing its product to corporate Canada. The firm plans to add four more Bravos in the coming year and will base them at both Pearson International and Markham/Buttonville Municipal airports.

Jet-Share also targets its program to companies travelling 50 to 500 hours per year. Each of its aircraft has eight shareholders – and to date it has had little trouble filling the order book. Bannock said that as use increases, some customers may require different capacity with their aircraft. Given that it is starting with a relatively compact, shorter-range platform like the Bravo, which will seat up to seven, Jet-Share will grow and work with customers to accommodate their needs and trade up as required. Larger aircraft like the Excel and Citation X hold promise as part of the Jet-Share fleet in the near future.

For potential clients who are not

quite sure about jumping into the fractional pool, Jet-Share also offers charter services. Bannock finds that this serves to educate and acclimatize corporate travelers to the benefits of business aircraft.

A third Canadian operator, OurPlane of London, Ontario, focuses on the general aviation market with a modern fleet of single and twin GA-type aircraft. While most of its clients are casual or recreational aircraft users, some are business people who like to fly themselves. It's not corporate aviation in the pure sense, but they can nonetheless claim these flights for business use – similar to the company-car concept.

OurPlane caters primarily to the GA market with aircraft like the Piper Archer and Malibu pictured. It recently took delivery of the first Cirrus SR-20 in Canada.

There is a difference between fractional offerings in Canada and those in the US due to the current regulatory mindset. Fractional operations are not at present legal under the CARs. Accordingly, in this country they have been set up as multiple-ownership programs and operate under a commercial CAR 704 directive for jet operations and CAR 703 for turboprop aircraft. There is a significant movement afoot to establish the appropriate guidelines with federal aviation regulators to move into a reality that would allow fractional operations to emulate the US model. However, there are many issues to be discussed between various parties before this becomes a reality. Bombardier, which operates the FlexJets program in the US, Europe and Asia-Pacific, has been instrumental in pushing for development of a Canadian fractional operational model with Transport Canada and the Canadian Business Aviation Association (CBAA).

As with anything aviation-related in Canada, there are a significant number of opinions – not the least of which is a tussle over terminology and definitions. The one thing that some of the parties involved seem to agree upon is that fractional ownership does not represent publicly available transportation and is therefore private-operator transportation. Given this definition, fractional aircraft operations are most definitely not commercial in nature and accordingly do deserve their own unique definition. That process is under way but is moving slowly.

One challenge to successul fractional operation in Canada is the sheer size of the country and the relatively limited number of participants. This can mean expensive deadheading flights – driving up the ultimate operator cost. In his most recent CEO's Corner of the CBAA's newsletter, Rich Gage states: "Fractional ownership needs economies of scale and geographic operational flexibility, neither of which is evident in Canada. A broader concept, using a model based on a North American perimeter that could include customs and security, might offer a possible solution. Fractional ownership North American-style with open access to both sides of the Canada/US border, appropriate checks and balances that mutually stimulate economic development, and commonality of safety-related regulations and procedures is possible.... 'Not publicly available' and 'private-operator transportation' terms help to categorize fractional ownership in a North American context."

In the model being studied by CBAA and groups like Transport Canada, we could in effect see a combined fractional managed fleet of 'C' and 'N' registered aircraft that operate freely in both Canada and the US, providing benefits to business users on both sides of the border but operating in such a manner that they could not be hindered by 'cabotage' restraints that exist in both countries.

How will it happen and over what period of time? Gage reports that conversations are active at many levels and things are moving along – but as to when we will see a change to the current regulations, we should not be in too much of a hurry. In the meantime the entrepreneurial spirit of people like Michael Bannock and Judson Macor lives on – and their clients travel in comfort and style when and where they wish.