Aviation Specialists Group

Adjusted Desktop Valuation Report

Aviation Specialists Group, Inc. ("ASG") has been engaged by Worldwide Airlease ("Client") to provide an adjusted desktop valuation setting forth ASG's opinions of Base Value, half-life half-time Current Market Value, Adjusted Market Value and Future Base Values for one winglet-equipped 737-800, serial number 40000. Further aircraft information is included in the Aircraft Values section below. ASG has relied upon data provided to it by Client in reaching its value opinions.

This valuation report contains the following sections:

- Adjusted Desktop Valuation Assumptions
- Value Definitions and Explanations
- Aircraft Values
- Maintenance Adjustment Explanations
- Aircraft Demographics and Market Conditions
- Commercial Jet Market Overview
- Covenants
- Payload-Range, Market Mass Charts

Adjusted Desktop Valuation Assumptions

In an adjusted desktop valuation, the appraiser neither sees the subject aircraft nor reviews its specifications and technical documents. Instead, he is furnished with certain maintenance status information by the client or aircraft operator. In preparing its value opinions, ASG relies on that data and, unless specifically stated otherwise, makes the following assumptions about the aircraft itself:

- It is of average specification for its type and age and has no special equipment or characteristics which would materially affect its value.
- Its utilization in terms of hours and cycles is average for its type and age.
- It is in passenger or freighter configuration as appropriate.
- It is certificated and operated under the aegis of a major airworthiness authority such as the FAA, CAA or DGAC.
- It is in average physical condition and its maintenance records and documents are in compliance with all applicable regulations and good industry practices. Required back to birth records are on hand and in good order and original equipment manufacturer parts are in use throughout the aircraft.
- It has no history of major damage.
- It complies with applicable Airworthiness Directives and mandatory Service Bulletins.

ASG first develops the subject aircraft's Base Value and/or Current Market Value assuming that the airframe, engines, landing gear and other major life- and time-limited components are in half-life, half-time status. ASG then uses the maintenance data provided to it to adjust for the aircraft's variance from that status. For example, if the aircraft has had a recent heavy check, ASG will add value to the half-life value. Those adjustments are noted in the Aircraft Values section below and described in detail in the Maintenance Adjustment Explanations section.

In developing its values, ASG also makes two further assumptions:

- that the aircraft has been bought and will be sold as a single unit or as part of a small lot. It is not part of a launch purchase nor will it be the subject of a fleet sale which could result in a price discount.
- that the aircraft is *not* subject to an existing lease. ASG's opinion of values excludes the effects of attached lease rental streams and tax benefits, either of which can have a material effect on an aircraft's actual purchase price.

Value Definitions and Explanations

ASG uses the ISTAT definitions for Base Value and Current Market Value which are:

- ***Base Value*** is an appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its "highest and best use". An aircraft's Base Value is founded in the historical trend of values and in the projection of value trends and presumes an arm's length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. In most cases, the **Base Value** of an aircraft assumes its physical condition is average for an aircraft of its type and age, and its maintenance time status is at mid-life, mid-time (or benefitting from an above average maintenance status if it is new or nearly new, as the case may be).
- ***Market Value*** (or ***Current Market Value*** if the value pertains to the time of the analysis) is the appraiser's opinion of the most likely trading price that may be generated for an aircraft under the market circumstances that are perceived to exist at the time in question. **Market Value** assumes that the aircraft is valued for its highest, best use, that the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

ASG also uses the term *Adjusted Market Value* to indicate that it has adjusted Current Market Value to reflect the data which it has regarding the aircraft's maintenance status.

Please note the following additional points regarding ASG's use of these value definitions:

- In ASG's opinion, the commonly used term **Fair Market Value** is synonymous with the ISTAT term **Market Value** or **Current Market Value**.
- When ASG sets forth **Current Market Value**, it is specifically excluding costs of sale and carrying costs of the subject aircraft. That is, it is measuring the trading price of the aircraft itself without any potential transaction costs.
- For future and/or residual values for an aircraft - **Future Base Values** - ASG makes the assumption that not only is the aircraft marketplace in reasonable balance, *but also* that economic conditions are neutral, that is, neither boom nor bust. ASG is measuring the subject aircraft's value, utility and market acceptance in a balanced marketplace and is attempting to sterilize the effects of economic cycles on its market price.

Aircraft Values

ASG's value opinions for the subject aircraft are set forth in millions of U.S. dollars in the following table. Future Base Values are shown in then-current dollars using an inflation rate of 2.5% per annum compounded annually which ASG believes is a reasonable long term inflation rate.

Aircraft Details

Aircraft Type	**737-800W**
Serial Number	**40000**
Build Date	**January 2005**
Engine Type	**CFM56-7B27**
Airframe Tot Hrs/Cyc Since New	**12,000/5,500**
Maximum Takeoff Weight #	**172,500**
Configuration	**passenger**

Value Summary in US$ millions

Base Value, half-life half-time	$	38.0
Current Market Value, half-life half-time	$	39.0
Maint Status Adjustmts to CMV[1]	$	1.8
Adjusted Current Market Value	$	40.8
Future Base Value @ 2.5% inflation, third quarter of:		
2009	$	37.0
2010	$	35.5
2011	$	34.0
2012	$	32.5
2013	$	31.0
2014	$	30.0

1. Details are in the section entitled Maintenance Adjustment Explanations

Maintenance Adjustment Explanations

In making adjustments to the aircraft's value for its maintenance and overhaul status, ASG has used the following costs and maintenance intervals:

Maintenance Adjustment Data for 737-800

Event	Est Average Cost, $	Interval	Unit	$ Cost per Unit
C Check	No C Check in this program			
HMV	1,600,000	2,920	days	547.95
Nose Landing Gear	75,000	3,650	days	20.55
Main Gear Overhaul, ea.	100,000	3,650	days	27.40
Engine Shop Visit*	1,200,000	12,000	cycles	100.00
Engine LLPs	1,850,000	100	per cent	18,500.00

* estimated industry average interval

The following table details the specific value adjustments made to the subject aircraft:

Maintenance Adjustment Details for MSN 40000

Event	Col A: 1/2life/time, Hrs/Cyc/Cal/%	Col B: Time since Last	Col C: Better/(worse) than 1/2life/time Remain (Col A - Col B)	Col D: $ Cost per Unit	Col E: $ Value Adjustmt (Col C x Col D)
HMV	1,460	1,154	306	547.95	167,671
Nose Gear Ohaul	1,825	1,154	671	20.55	13,788
L. Main Gear Ohaul	1,825	1,154	671	27.40	18,384
R. Main Gear Ohaul	1,825	1,154	671	27.40	18,384

Event	Col A: 1/2life/time, Hrs/Cyc/Cal/%	Col B: Time since Last	Col C: Better/(worse) than 1/2life/time Remain (Col A - Col B)	Col D: $ Cost per Unit	Col E: $ Value Adjustmt (Col C x Col D)
Engine Shop Visit					
#1 position	6,000	3,763	2,237	100.00	223,700
#2 position	6,000	4,316	1,684	100.00	168,400
Engine LLPs					
#1 position	50.0	17.1	32.9	18,500.00	608,650
#2 position	50.0	19.6	30.4	18,500.00	562,400
Total Adjustments					1,781,376

Aircraft Demographics and Market Conditions

Boeing 737 Family Profile and Demographics

The first Boeing 737 was ordered in 1965 and delivered 2 years later; today there are over 5,100 in service and over 2,200 on order. There are 3 distinct groups of 737s. The initial 737s (the -100, -200 and -200Advanced) are Pratt & Whitney powered Stage 2 airplanes for which hushkits were available and were produced between 1967 and 1988. What are now called the 737 Classics, the -300/-400/-500 series, are powered by the CFM56-3 engine series, are all Stage 3/Chapter 3 and were delivered between 1984 and early 2000. The 737 Next Generation airplanes, the -600/-700/-800/-900/900ER series, are powered by the CFM56-7 engine and began deliveries in December 1997. The table below compares all of the 737s except the 737-100, of which only one remains in service:

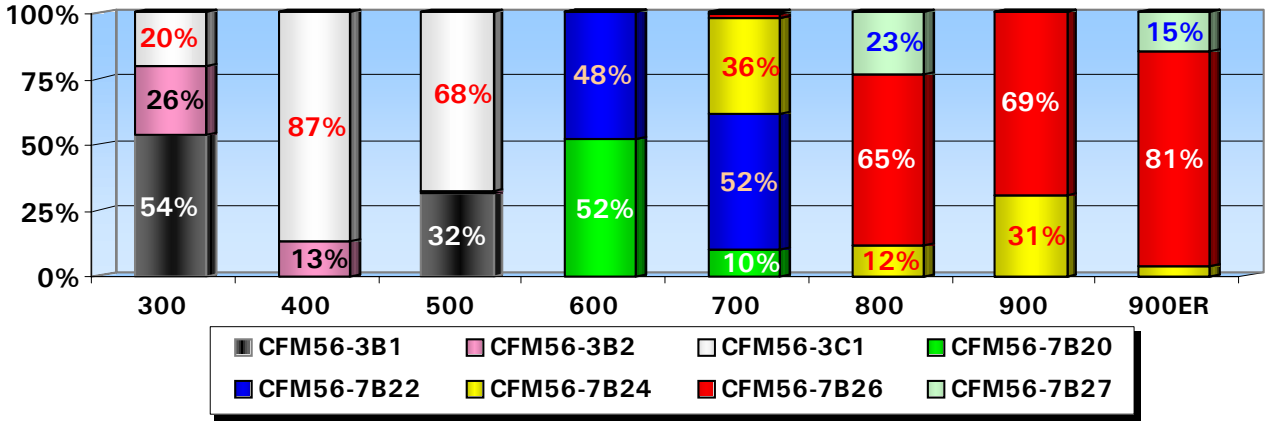
Boeing 737 Family Demographics and Specifications (June 2008)

		Classics			Next Generation				
	200/200A[1]	300	400	500	600	700	800	900	900ER
Yrs of Deliv	1967-88	1984-1999	1988-2000	1990-1999	since 1998	since 1997	since 1998	2001-2005	since 2007
# in Service[2]	713	1,075	468	382	69	940	1,404	52	27
# of Orders	out of production				0	592	1,422	out of prod	205
# Operators[2]	164	109	68	56	9	54	99	6	5
Length, ft	100	109.6	119.6	101.8	102.5	110.3	129.5	138.2	138.2
Wingspan, ft	93	94.8			112.6				117.4[3]
MTOW, #000s	100.0-128.1	124.5 - 139.5	138.5 - 150	115.5 - 133.5	124.0 - 145.5	133 - 154.5	155.5 - 174.2	164.0 - 174.2	187.7
Typ OEW, #000s	62.6-65.3	69.4-72.5	73.1-74.2	69.0	80.2	83.0	91.3	94.6	98.5
Range, nm/# of pax	2,500 w/ 106	2,255 w/ 126	2,060 w/ 147	2,370 w/ 110	3,050 w/ 110	3,365 w/ 126	3,060 w/ 162	2,745 w/ 177	3,200 w/ 180
# of Pax	106-130	126-149	147-168	110-132	110-132	126-149	162-189	177-189	180-215

1. the -200Adv commenced in 1971 with line number 280 2. passenger aircraft only 3. factory winglets are standard

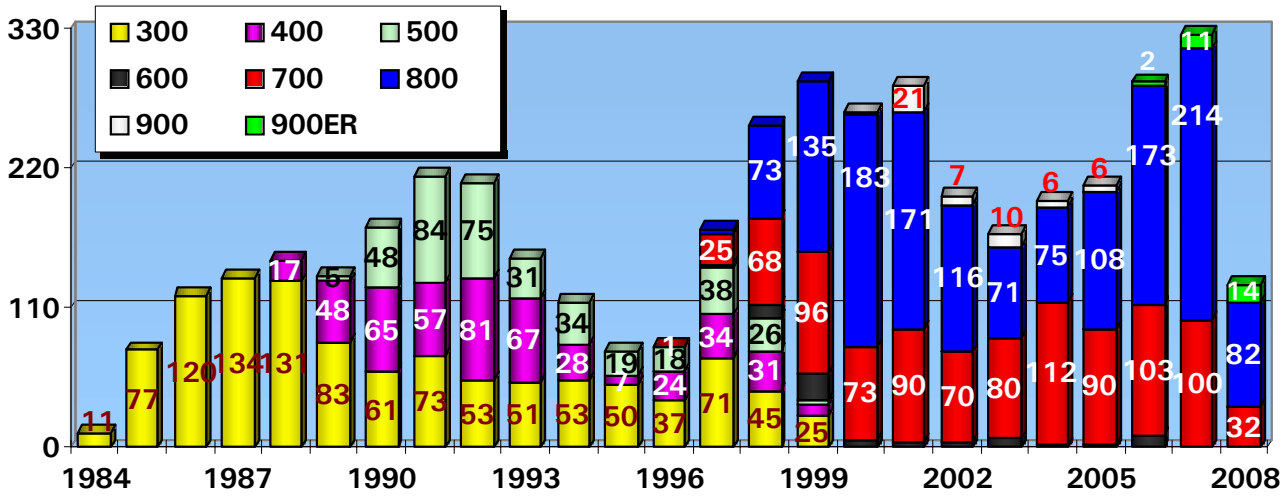
The chart below shows engine types for all 737 Classics and Next Generation models:

737 Fleet Engine Types (June 2008)



The chart below shows the delivery chronology for those 737 Classics and Next Generation aircraft which are still in service (the 737-200s still in the fleet were delivered between 1968 and 1988 and are not included in the chart).

737 Classic and NG Deliveries (June 2008)



The progenitor of the line, the 737-100, was first ordered on February 15, 1965. Initially priced at under $4 million, the -100 was 94 feet long, had JT8D-7 engines and was designed to fly up to 100 passengers short to medium ranges. The first delivery was to Lufthansa in December 1967. Thirty were built and one remains in service.

The -100 series was quickly superseded by the 737-200. First ordered in April 1965, United took the initial delivery in late 1967. It was about 6 feet longer than the -100, initially had a maximum takeoff weight of 100,000 pounds and was designed to carry 106 passengers 1,500 miles. The -200Advanced version commenced with line number 280 and replaced the standard 737-200 in 1971. Aerodynamic enhancements and a high lift system improved takeoff performance and the JT8D-15 and -17 engines made higher operating weights available. By the time the last -200A was delivered in 1988, Boeing had produced 1,114 of them. All Pratt-powered 737s were produced as Stage 2 airplanes; Stage 3 hushkits were available from Nordam and AvAero. Nordam lightweight kits were sold in substantial numbers and a few heavyweight kits were sold but because of cost, added weight and fuel burn penalty they were not popular.

The 737-300 was produced from 1984 through 1999. Enhancements to the airframe and the use of CFM engines

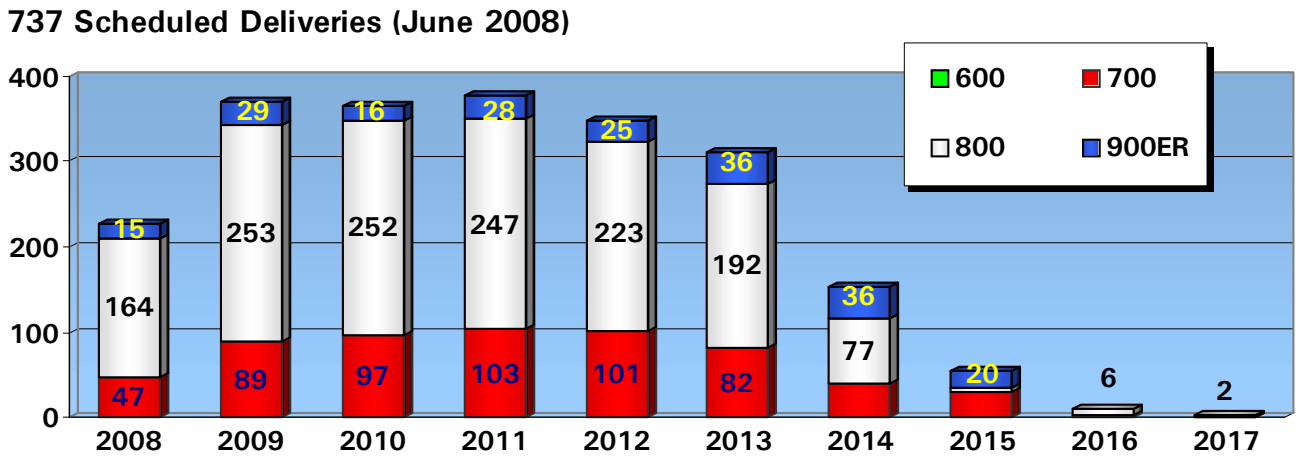
created a more aerodynamic and fuel efficient aircraft which met Stage 3/Chapter 3 noise limitations. Compared to the -200 series, it had a 10 foot fuselage stretch, new generation CFM56 engines, MTOWs of up to 139,500 pounds and in a standard seating arrangement could carry 126 passengers about 2,250 nautical miles. An extremely popular jetliner, over 1,100 were delivered. The -300 was superseded in Boeing's product line by the 737-700 which started delivering in December 1997.

The next derivative was the 737-400 which entered service in 1988; the last -400 was built in late 1999 and delivered in early 2000. A 10 foot stretch of the -300, it has MTOWs of up to 150,000 pounds and can transport 147 passengers over 2,000 nautical miles. It is popular with charter operators and in a high-density configuration can carry up to 168 passengers. The -400 was replaced in Boeing's product line by the 737-800, a slightly larger airplane, which started deliveries in April 1998.

Also incorporating the new technology of its bigger brothers, the 737-500 was a direct replacement of the 737-200 in terms of size and seating capacity. Only 2 feet longer than the -200, it has about the same passenger capacity (110 seats) and a slightly heavier MTOW (133,500 pounds versus 128,100 pounds). The -500 series was replaced by the 737-600 which began delivering in the third quarter of 1998.

The 737 Next Generation series is comprised of the -600, -700, -800, -900 and -900ER. All have a new wing, redesigned landing gear, revised empennage, new interior, a 41,000 foot altitude capability and various systems upgrades. The wing is a complete redesign from the 737 Classics and its longer span and greater chord increase the wing area by 25% and fuel capacity by about 30%. All Next Generation 737s use the CFM56-7 engine which is available with thrust ratings from 18,500 pounds to 27,300 pounds. All versions of this engine are physically identical; thrust can be changed electronically. The -600 and -700 replace the -500 and -300 and are about the same length and passenger capacity but have greater range and higher MTOWs. The -800 is 10 feet longer than the -400 which it replaces, seats up to 20 more passengers, has substantially greater range and a 24,000 pound higher MTOW. It currently fits in Boeing's product line between the 737-400 and the 737-900 and is a replacement for the 727-200 in terms of range and seating. In 2001, Boeing started offering factory installed winglets on the -800 which improve its operating efficiency under certain conditions. These winglets can also be retrofitted on previously delivered -800s, are standard on the -900ER, in service with the -700 and under development for the -900 (Alaska Airlines is the launch customer). The 737-900 began deliveries in the second quarter of 2001 and in terms of payload-range is positioned in Boeing's product line above the 737-800. It is a 104 inch stretch of the -800, has a 174,200 pound maximum takeoff weight, CFM56-7 engines and the same wing as the -600/700/800 airplanes. Typical two-class seating is 177 passengers and maximum range about 2,750 nautical miles. Although it is physically longer than the -800, it has the same maximum seating capacity of 189 passengers because of exit limit constraints. The -900 is out of production and has been replaced by the 737-900ER, which can seat up to 215 passengers and has a range of up to 3,200 nautical miles with optional auxiliary fuel tanks. It was certificated by the FAA on April 20, 2007 and first delivery was to launch customer Lion Air one week later. The Single Aisle Payload-Range chart later in this report indicates where the various 737 models fit in the single aisle market in terms of typical payload and range profiles.

There was a substantial order book for the Next Generation airplanes with over 2,200 on order in mid-2008. Scheduled deliveries are shown in the following chart:



The table below lists operators/owners with 50 or more 737s in their fleets ranked by fleet size:

Principal 737 Operators/Owners (June 2008)

Operator	200	300	400	500	600	700	800	900	900ER	Total
Southwest		189		25		319				533
Continental		48		55		36	111	12	10	272
Ryanair							163			163
Alaska			40			20	35	12		107
United		64		30						94
China Southern		27		2		25	38			92
Air China		30			6	14	41			91
US Airways		46	40							86
American							77			77
Gol		9				28	39			76
WestJet					13	55	7			75
Delta							71			71
Lufthansa		33		30						63
China Eastern		23				31	7			61
SAS Norge			4	13	11	17	11			56
airTran Airways						54				54
Jet Airways (India)			4			13	35	2		54
QANTAS			18				35			53
KLM		12	13				21	5		51
Virgin Blue						22	29			51

737-800 Market and Availability

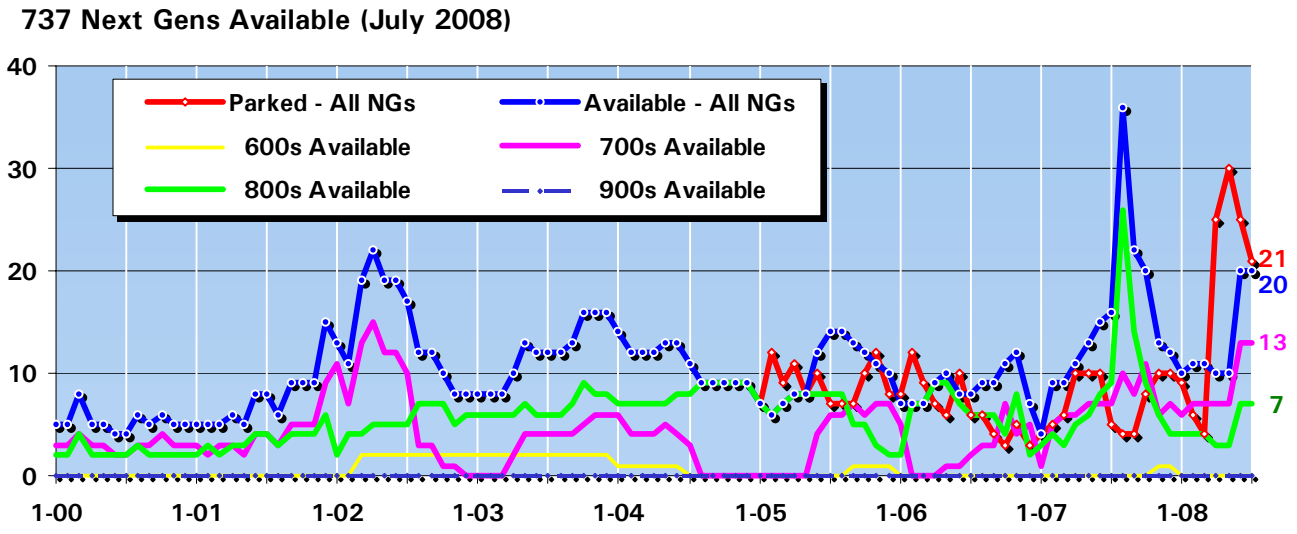
The 737-800, a 162-seat medium range single aisle airliner, is firmly established in a market segment in which there should continue to be substantial demand for lift. It is neither so large that it is difficult to fill in soft markets nor so small that it is economically inefficient. Although 737-800 operating lease rents were impacted during the cyclical

low, open market availability of this aircraft type has always been very modest and rental rates started to recover fairly soon after 9/11. Over the long term, ASG expects that with its strong market penetration and broad user base, the 737-800 will afford its owners above average utility and future value retention. There are two caveats. First, Boeing and Airbus will ultimately offer a new generation of single aisle airliners. Both manufacturers have indicated that this is likely to occur no earlier than the middle of the next decade. Second, this aircraft is very popular with investors and operating lessors. Demand is currently very strong and there may be unreasonable expectations of future value behavior.

The 737-800 entered commercial service in April 1998 and as of June 2008 there were over 1,400 of them in service with about 95 airlines and almost 1,450 more on order. The combination of a large in-service fleet and order book coupled with a big operator base means it has excellent market penetration. In terms of market segment, the -800 is a medium-range narrowbody in the 150-160 seat market, an active segment because of airlines' use of frequencies as a marketing tool. Competing modern generation Boeing aircraft include the slightly smaller 737-400 and the 155-seat MD-83, both now out of production. With respect to the Airbus product line, the 737-800 fits between the very popular 150-seat A320 and the 185-seat A321.

The -800 succeeded the 737-400 in Boeing's product line. It is ten feet longer, carries about 10% more passengers, has greater range, more efficient engines, a redesigned wing and is faster than the -400. At the same time, all Next Generation 737s have low commonality with the 737 Classics (the -300, -400 and -500), roughly 20% in terms of spares investment cost. ASG believes that membership in the very large 737 family (over 5,000 in service and about 2,100 on order as of early 2008) is a major plus. In addition, the 737-800's payload-range profile, typically 162 seats and about 3,000 nautical miles, makes it an economic two-engine, two-pilot replacement to fill the gap left by the old technology 727-200A. At the same time, the 737-800 is experiencing strong competition from Airbus's narrowbody airplanes. Those jetliners are late generation, have a high degree of commonality with other Airbus current generation jetliners, are popular with operators and passengers and are being aggressively marketed by Airbus. The Single Aisle Market Mass chart later in this report visually compares the market penetration of the 737-800 and competing aircraft types.

As with many current generation commercial aircraft, the number of 737-800s publicly available for sale and in storage is low. As of July 2008, seven 737-800s were listed for sale or lease and ten were shown as parked. The following chart shows the trend in *all* stored and available 737 Next Generation airplanes during this decade:

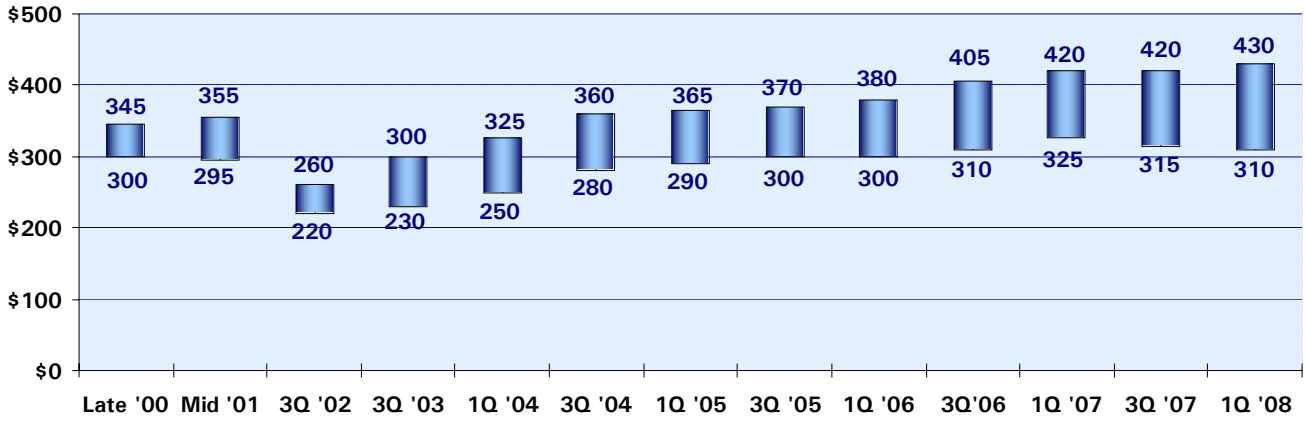


With respect to market activity the 737-800, ASG has received reports of new aircraft deliveries in the mid- to upper $40 million range. With respect to used sales, this is an aircraft with an active sale and leaseback market. A late 1990s aircraft was reported sold in the $27-28 million range and others of late 1990s/early 2000 vintage were sold without leases in the low $30 million range. Some early 2000s airplanes were sold in the high $20 million/low $30

million range. A number of one to three year old airplanes were sold in the low $40 million range. A group of 1999 vintage aircraft were reported sold in the low $30 million range.

Operating lease rentals fell immediately after 9/11 but started to recover earlier than for many other airliner types as the following chart illustrates. In early 2008, monthly rents were in the $315,000-420,000 range.

737-800 Monthly Operating Lease Rental Range ($000s)



In terms of risk from a financier's viewpoint, ASG's opinion of the strengths and weaknesses of the 737-800 is as follows:

Positives

- Positioned in a market segment in which there is strong demand for lift.
- Excellent market mass and a large order book and is being aggressively marketed by Boeing.
- Member of the large, popular 737 family.
- High engine, airframe and avionics commonality with its 737 Next Generation stablemates.
- Only one engine type.

Negatives

- Substantial competition from the Airbus narrowbodies.
- Investors may have over optimistic views of future value retention.

Commercial Jet Market Overview

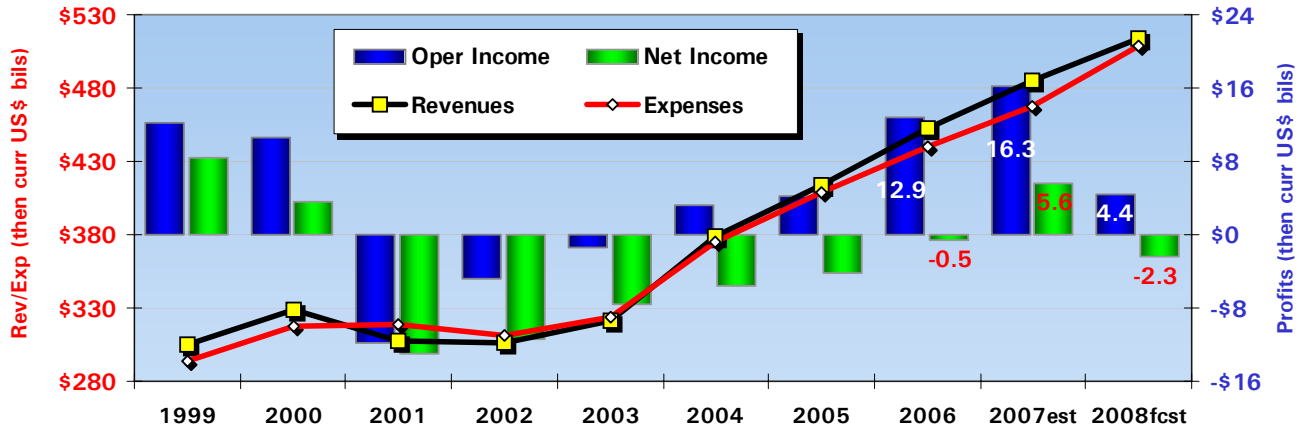
A Brief Overview

Aviation industry conditions have been generally good for some time but the market appears to be at or near an inflection point in which the negatives are beginning to outweigh the positives at least in terms of market psychology. On the positive side, many airlines' cost containment programs have yielded good results; IATA says that since 2001 airline labor productivity is up 64%, non-fuel unit costs are down 18%, fuel efficiency has improved by 19% and sales and marketing unit costs have dropped 25%. Demand for good quality, modern generation jetliners such as Airbus narrowbodies, 737NGs, A330-200/300s and the large Embraer RJs has been good. Passenger traffic and revenue growth during 2007 were reasonable to good; preliminary data from ICAO's 190 contracting states in late December 2007 indicated that revenue passenger kilometers (RPKs) for the world's airlines rose about 6.6% over 2006.

Negative market factors, however, have been pushing aside the positives recently. Concerns about financial illiquidity and general economic malaise in the U.S. are darkening the outlook and traffic growth in India, which had been very strong, has recently slowed materially. International air freight grew by 4.3% in 2007 (versus 5.3% capacity growth), materially below the 7-8% growth trend of recent years, and has been softening this year. Cost reductions and multiple fare increases have been offset by very high fuel prices; spot prices for jet fuel in late July

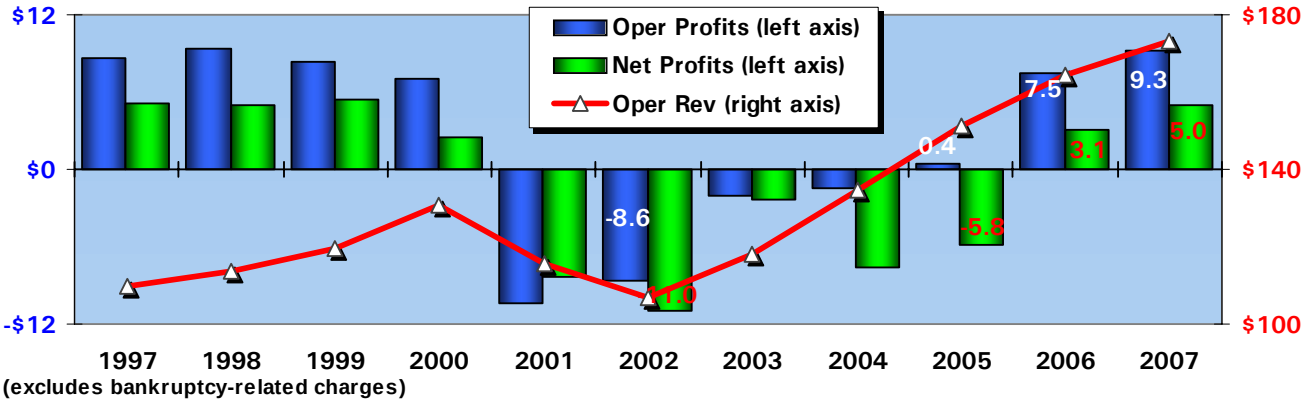
were over $3.50 per U.S. gallon (see the chart below). IATA indicates that during 2000-2004 fuel costs were between 13% and 16% of total airline expenses and estimates that during 2008 will be about 34% of operating costs. In December 2007, IATA indicated that even in the face of high oil prices, strong passenger traffic and revenue growth resulted in an estimated 2007 net profit of $5.6 billion. For 2008, however, expensive fuel and economic uncertainty have caused it to reduce its forecast from a net industry profit of $4.5 billion to a loss of $2.3 billion assuming oil at an average price of $106.50 per barrel. If oil prices stay at current high levels, that loss could be in excess of $6 billion. IATA's Director General indicated in April that 2008 "is turning out to be a very tough year". IATA believes that the peak of the business cycle is over and expects a slowing of revenue and traffic growth at a time when there is an increased number of scheduled aircraft deliveries. The chart below shows ICAO member airlines' operating results through 2006 as well as IATA's estimates for 2007 and 2008 (based on $106/bbl oil).

ICAO/IATA Airline Revenues, Expenses & Profits



In the U.S., during 2007 systemwide load factor was very high, almost 80%, and capacity and RPMs grew at moderate rates. The industry has effected multiple fare increases during the last year and as the chart below shows, Air Transport Association data indicates that U.S. carriers' overall financial results, excluding bankruptcy-related charges, improved during 2007 with operating profits of over $9 billion and net profits of about $5 billion.

US Carriers Revenues and Profits (US$ bils)



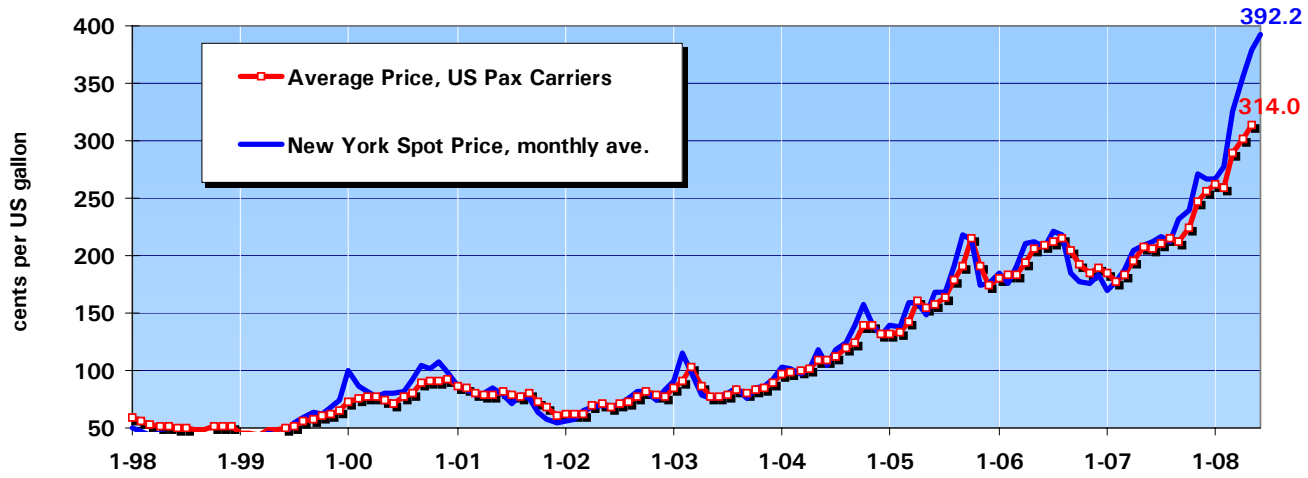
(excludes bankruptcy-related charges)

For 2008, however, the outlook is different. Since March, over a half dozen airlines have ceased operations and Frontier Airlines and Gemini Air Cargo entered Chapter 11 bankruptcy. The demand for air travel has a clear relationship to disposable income and as economic news in the U.S. continues to be largely pessimistic, there are signs of traffic softness. A number of airlines including American, Delta, Northwest, AirTran, Continental and United have indicated that they plan to reduce capacity and will retire a number of mainline and regional jetliners during the next 1-2 years. Cost cutting efforts are being intensified, employee layoffs have been intensified,

schedules are being cut back and operators are searching for ways to reduce fuel consumption and enhance revenue inflows. In May, JPMorgan projected a collective 2008 full year loss for U.S. airlines of about $7 billion as fuel prices continue to be very high and demand for travel is weakening. The ATA has recently indicated that its member airlines could lose as much as $10 billion this year.

The chart below shows the upward climb of jet fuel prices during the last decade (*average* prices through May 2008 in red, *spot* prices through June 2008 in blue). A number of U.S. carriers have reported large first quarter 2008 losses due in large part to the high price of fuel. The Bureau of Transportation Statistics indicated that in the first quarter of 2008, a group of seven U.S. network carriers spent about 29% of their operating costs on fuel compared to about 14% five years ago. JPMorgan has recently indicated that the more than $7 billion in labor savings that came about as the result of the Chapter 11 cycle will be more than offset by the higher fuel costs now being experienced.

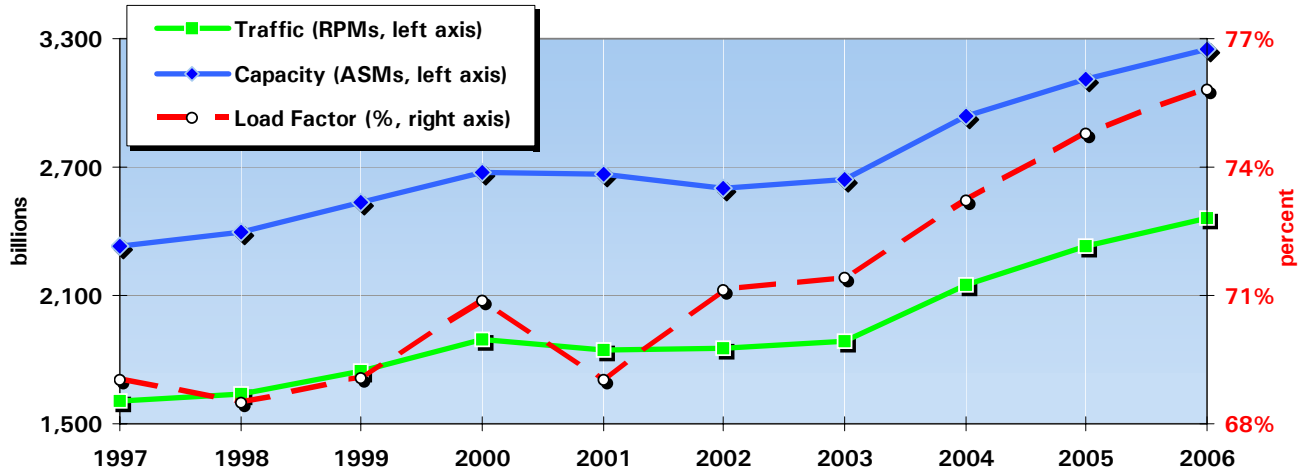
Jet Fuel Prices (through June 2008)



The Demand for Travel, Aircraft Supply and the General Situation

With respect to the demand for travel, a softening U.S. economy and the crash of the dot.com industry began to manifest themselves in falling yields and weakening traffic late in 2000. A general softening in traffic throughout 2001 was amplified by the events of 9/11 which put a substantial crimp in the long term growth trend line and essentially robbed the airline industry of 2-3 years worth of traffic growth. Total worldwide traffic and capacity dropped below year 2000 levels during 2001-2003 and finally began to show measurable recovery in 2004. The following chart, sourced from ICAO data, shows world traffic and capacity trends since 1997.

World Airline Traffic (ICAO data)



With respect to international traffic and capacity, IATA (whose approximately 240 member airlines represent over 90% of scheduled international travel) reported that RPK growth for 2007 was a strong 7.4% over 2006. Freight growth, however, was slightly below that experienced in 2006 and well below expected long term trend growth. IATA notes that to date in 2008 the overall rate of traffic growth is clearly slowing, system load factors are beginning to decline and international freight traffic is showing considerable softness. The table below compares passenger and freight growth in the first six months of 2008 to 2007 and also shows systemwide load factors.

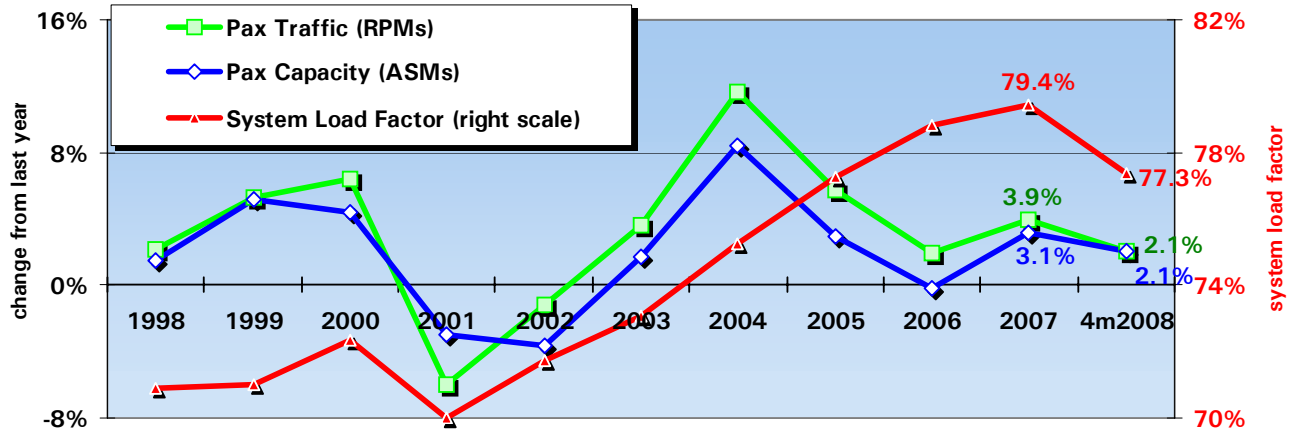
International Scheduled Traffic Data, Six Months 2008 vs Six Months 2007

	RPK Growth	ASK Growth	Pax Load Factor	FTK Growth	ATK Growth
Industry	5.4%	6.2%	75.5%	2.4%	4.6%
Africa	-1.4%	-2.0%	68.2%	-9.0%	-4.8%
Asia/Pacific	4.8%	5.5%	74.8%	0.8%	2.0%
Europe	3.5%	5.2%	75.1%	3.1%	4.6%
Latin America	16.4%	14.5%	73.5%	-11.9%	9.9%
Middle East	10.6%	10.7%	74.8%	11.8%	12.0%
N. America	6.0%	6.7%	79.6%	4.6%	6.4%

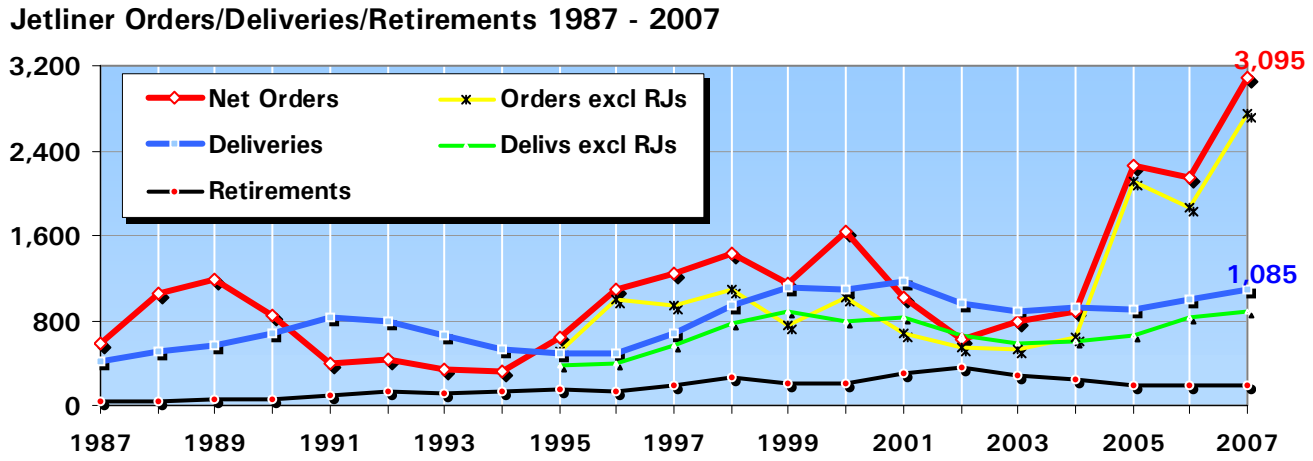
IATA data

Bureau of Transportation Statistics data show that for U.S. airlines, 2007 RPM and ASM growth showed moderate gains over the same period in 2006 as indicated in the chart below and systemwide load factor was almost 80%. However, there are now signs of traffic weakness due to a softening U.S. economy and rising fares. Year over year growth of both ASMs and RPMs during 2008 have been slowing and the number of domestic U.S. passengers carried declined in March and April 2008 as compared to those months in 2007. Operators are looking very carefully at capacity control, especially with regard to older fuel-thirsty aircraft, and seats are being removed from the system at the same time that fares are rising and various surcharges and other revenue enhancements are being instituted. For some time, a number of U.S. operators have been shifting capacity from very competitive domestic operations onto higher-yield international routes.

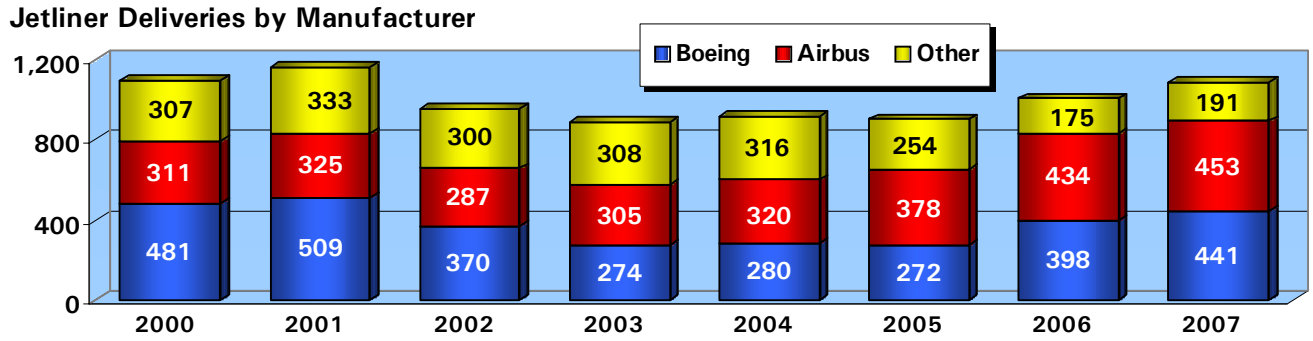
US Sched/Unsched Airlines System Traffic Trends and Load Factors

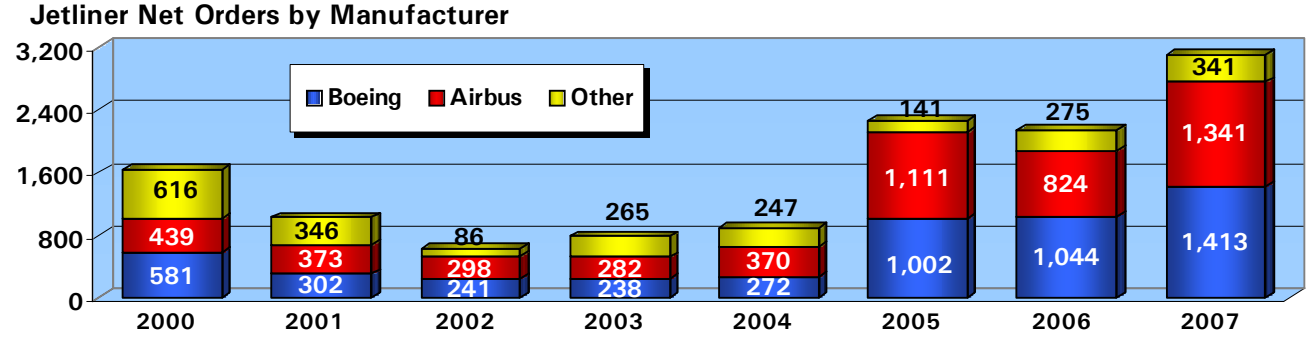


With respect to airliner supply, the number of orders and deliveries continues to be cyclical. Net new orders of *mainline* jets began to show some recovery from the last very sharp market downturn in 2004. During 2005-2007, climbing passenger traffic triggered very strong demand for new jetliners, the bulk of them mainline rather than regional jets. The chart below shows trends in the order/delivery cycle during the last two decades.



Orders for 2007 were very strong for the third year in a row and deliveries were also at substantial levels. The following charts detail each manufacturer's share of deliveries and net new orders during this decade.

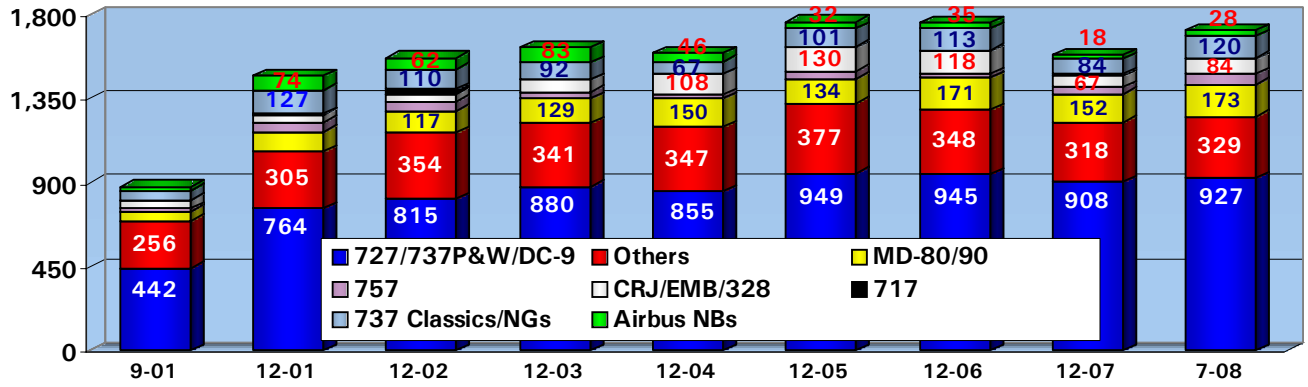




Parked and Available Jetliners

In June 2008, slightly more than 10% of the single aisle fleet was in storage. The bulk of those airplanes are early generation Stage 2 and other non-first line airplanes such as the MD-80/90s, BAe regional jets and Fokkers. They never rebounded from the previous downturn and remain parked in large numbers. For the last several years, modern generation narrowbodies - the 737 Classics and NGs, 757s and Airbus family - have made up only a small portion of stored aircraft. Since late 2007, however, the total number of parked narrowbodies, and the overall number of first line airliners, have started to trend up as the following chart shows:

Stored Single Aisle Jetliners (September 2001 - July 2008)

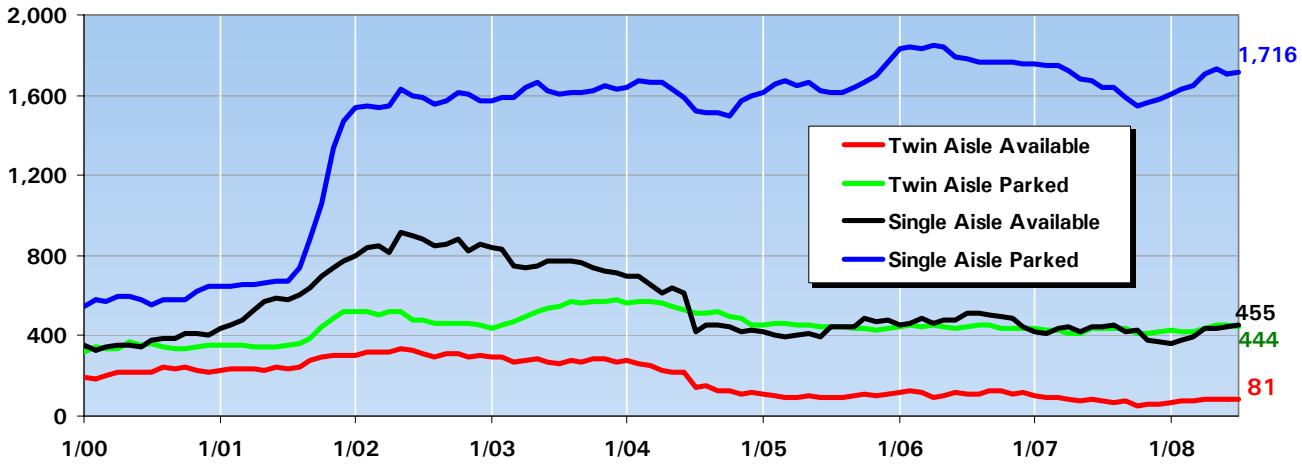


The number of stored widebodies rose from immediately after 9/11 until the end of 2001, trended down for about a year and in 2003 rose again as the SARS epidemic and Iraq war caused sharp traffic drops. As world airline traffic has picked up, particularly on international routes, the number of stored widebodies has declined and demand for modern generation big twins has been particularly strong. The majority of stored widebodies are old generation 747s, trijets and A300Bs.

Single aisle aircraft publicly available for sale and lease reached a cyclical high in 2002, trended down into 2004 and since that time have been relatively flat in the 400-450 aircraft range. As of July 2008 about 455 aircraft, under 3% of the single aisle fleet, were publicly available which represents a firm market. Indications are, though, that a substantial number of aircraft will be leaving the fleet of U.S. carriers over the coming months and thus availability and the number of stored aircraft may rise if new homes cannot be found for them.

The Asian recession triggered a rise in twin aisle availability which increased substantially between early 1998 and the 2002 peak of about 340 airplanes. Availability remained at elevated levels throughout 2003 as the SARS epidemic presented itself, then began to trend down and since 2004 has been at very modest levels. As of July 2008 slightly over 80 aircraft, under 2% of the fleet, were publicly for sale or lease. The chart below shows these trends.

Jetliners Parked and Available (July 2008)



Covenants

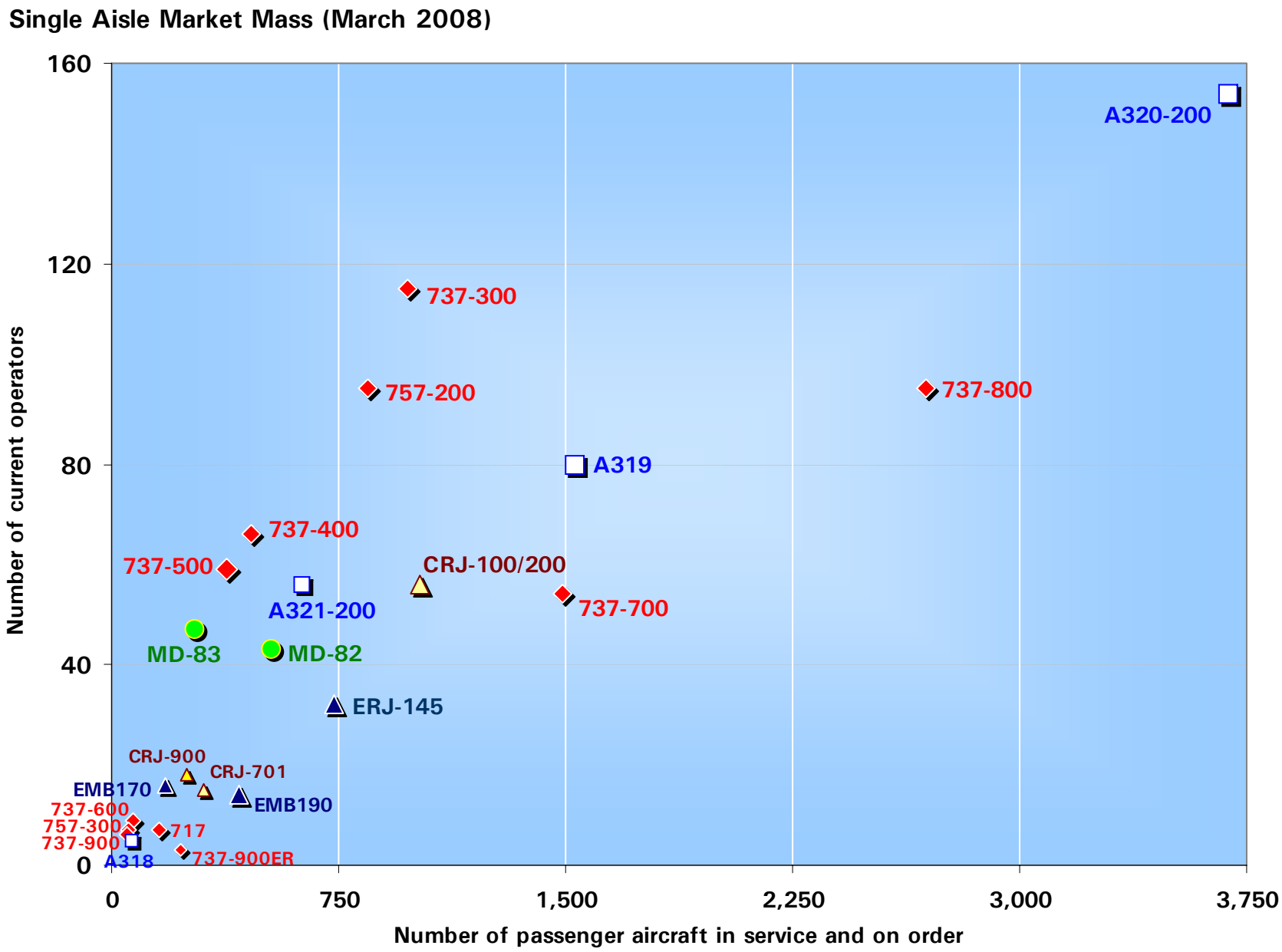
In accordance with ISTAT's Principles of Appraisal Practice and Code of Ethics, this report has been prepared for the exclusive use of Client; ASG will not provide it to any other party without the express consent of Client. ASG

has no present or contemplated interest in the subject equipment or any similar equipment nor does it have any other interest which might tend to prevent it making a fair and unbiased appraisal.

This report fairly represents ASG's opinion of the subject equipment's value. In reaching its value opinions, ASG has relied upon information provided by Client. ASG does not assume responsibility or legal liability for any actions taken, or not taken, by Client or other parties with regard to the equipment. By accepting this report, all parties agree that ASG shall bear no such responsibility or legal liability including liability for special or consequential damages.

For Aviation Specialists Group, Inc.

ISTAT
MEMBER


Single Aisle Market Mass (March 2008)
Number of current operators
160
120
80
40
0
0
750
1,500
2,250
3,000
3,750
Number of passenger aircraft in service and on order
A320-200
737-300
757-200
737-800
A319
737-400
737-500
CRJ-100/200
A321-200
737-700
MD-83
MD-82
ERJ-145
CRJ-900
CRJ-701
EMB170
EMB190
737-600
757-300
717
737-900
A318
737-900ER

Single Aisle Payload-Range Chart