

# Duke <sup>Beechcraft</sup>

## B60

### Cost of OPERATION



1978

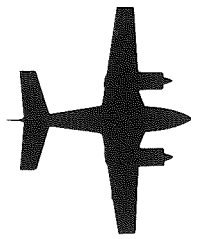
## Estimated Operating Cost

|  | 400 Hrs.<br>98,000<br>Miles/Year | 500 Hrs.<br>122,500<br>Miles/Year | 600 Hrs.<br>147,000<br>Miles/Year | 700 Hrs.<br>171,500<br>Miles/Year |
|--|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Direct Operating Costs Per Hour</b>             |                                  |                                   |                                   |                                   |
| (1) Gasoline                                       | \$33.15                          | \$33.15                           | \$33.15                           | \$33.15                           |
| (2) Oil  | 1.61                             | 1.61                              | 1.61                              | 1.61                              |
| (3) Inspection, Maintenance and Propeller Overhaul | 22.74                            | 22.74                             | 22.74                             | 22.74                             |
| (4) Engine Exchange Allowance                      | 25.74                            | 25.74                             | 25.74                             | 25.74                             |
| <b>Total Direct Operating Cost Per Hour</b>        | <b>\$83.24</b>                   | <b>\$83.24</b>                    | <b>\$83.24</b>                    | <b>\$83.24</b>                    |
| <b>Indirect Operating Costs</b>                    |                                  |                                   |                                   |                                   |
| (5) Hangar Rental                                  | \$ 7.40                          | \$ 6.02                           | \$ 5.10                           | \$ 4.44                           |
| (6) Insurance                                      | 12.31                            | 9.85                              | 8.21                              | 7.04                              |
| <b>Total Indirect Operating Cost Per Hour</b>      | <b>\$19.71</b>                   | <b>\$15.87</b>                    | <b>\$13.31</b>                    | <b>\$11.48</b>                    |
| <b>Total Operating Cost Per Hour</b>               | <b>\$102.95</b>                  | <b>\$99.11</b>                    | <b>\$96.55</b>                    | <b>\$94.72</b>                    |
| <b>Cost Per Mile</b>                               |                                  |                                   |                                   |                                   |
| (7) Operating Cost Per Mile                        | 42.0c                            | 40.5c                             | 39.4c                             | 38.7c                             |
| (8) Cost Per Seat Mile                             | 7.0c                             | 6.8c                              | 6.6c                              | 6.5c                              |

### COMPUTATION OF ESTIMATED OPERATING COSTS

(Based on October 1977 National Average Prices)

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|--|--|
| <p>(1) <b>GASOLINE.</b> Gasoline costs are computed at a consumption rate of 39 gph and at a fuel cost of 85c per gallon. This consumption rate is based on airplane operation at 65% cruise power.</p> <p>(2) <b>OIL.</b> Based on factory service tests, an oil consumption rate of 1.2 quart per hour is used plus an allowance of 26 quarts changed each 100 hours. Computations are based on an oil cost of \$1.05 per quart and include a filter change allowance.</p> <p>(3) <b>INSPECTION, MAINTENANCE AND PROPELLER OVERHAUL</b> covers parts and labor for all inspections and miscellaneous repairs.</p> <p>(4) <b>ENGINE EXCHANGE ALLOWANCE</b> provides a reserve for 1600-hour engine exchange, including labor and accessories.</p> | <p>(5) <b>HANGAR RENTAL</b> is based on a national average cost of \$2,760 per year plus 50c per hour storage away from base.</p> <p>(6) <b>INSURANCE.</b> Includes Hull, All Risks Ground and Air. Legal Liability, \$5 million combined Single Limit including passengers. Coverage contemplates Private Business and Pleasure and Industrial Aid. Hull Premium based on \$381,240 valuation of Airplane. (Includes average optional equipment)</p> <p>(7) <b>OPERATING COST PER MILE</b> is based on a block speed of 245 mph.</p> <p>(8) <b>TOTAL COST PER SEAT MILE</b> is based on a maximum utilization of six seats.</p> |
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## Tax Benefits of Ownership

Ownership of a Beechcraft Duke B60 will substantially reduce your income tax expense. Much of the reduction can come in the early years, allowing you to return the taxes saved to your business.

The tax benefits of ownership directly reduce the cost of your airplane. To illustrate how, let's assume (1) that your taxable income is subject to a 52% tax rate (Federal and State), (2) that you purchase this airplane for \$381,240 (which includes average optional equipment) and (3) that you elect to depreciate the airplane over five years on the double declining balance method.

| Year          | Depreciable Base | Depreciation Rate | Depreciation Expense | Tax Savings      |
|---------------|------------------|-------------------|----------------------|------------------|
| 1             | \$381,240        | 40%               | \$152,496            | \$ 79,298        |
| 2             | 228,744          | 40%               | 91,498               | 47,579           |
| 3             | 137,246          | 40%               | 54,898               | 28,547           |
| 4             | 82,348           | 40%               | 32,939               | 17,128           |
| 5             | 49,409           | 40%               | 19,764               | 10,277           |
| <b>Totals</b> |                  |                   | <b>\$351,595</b>     | <b>\$182,829</b> |

Depreciation allowance for tax purposes should be determined after consultation with your financial adviser.


|   |                        |
|---|------------------------|
| Purchase price of Duke B60 .....  | \$381,240              |
| Less: Investment tax credit (6 2/3%) .....  | \$ 25,416              |
| Tax savings on depreciation .....   | <u>182,829</u> 208,245 |
| Cost after five years .....   | 172,995                |
| Less selling price of airplane* .....   | <u>29,645</u>          |
| Cost of airplane after tax savings .....  | <u>\$143,350</u>       |
| Savings of time and costs resulting from ownership (insert your own figure) ..... | \$                     |
| Less 52% of above .....   | _____                  |
| After-tax savings from ownership .....  | \$                     |
| Less cost of airplane after tax savings .....                                     | <u>\$143,350</u>       |
| Savings brought about by ownership (after tax) .....                              | <u>\$</u>              |

\*Residual Book Value \$29,645 (Assumed to equal market for illustration purposes)

NOTE: A larger part of the savings occurs in the first years of ownership because of the tax advantages in those years. Your tax adviser may suggest other options to fit your situation which will lower your cost even more. A seven year depreciable life, for instance, allows the full 10% investment tax credit, reducing the \$143,350 to \$130,642 and he may want you to switch to a straight line method after a few years for a lower residual value.




**Beech Aircraft Corporation**  
Wichita, Kansas 67201, U.S.A.

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