

PRICE INCREASE ANALYSIS
 (This model incorporates Nic's suggested adjustments to expenses and
 assumes N59CH accomplishes a 300.0 Flt Hrs Level-of-Effort in 2011)

AIR CENTER HELICOPTERS, INC.

Mthly Avg FY Total

Revenue (Sales)				
Charter Flights (1 Bell 206 - N59CH)	49,095	589,144	1,963.81	Estimated (inclusive of Customs) Assumes a \$1,850 per flight hour price
Total Revenue (Sales)	49,095	589,144		

Cost of Sales				
Aircraft Lease Payments	10,800	129,600	432.00	Per Flight Hour based on 300 annual flight hours Assumes a \$10,800 mthly lease pmt You told me the lease was \$9,000. Why higher now?
Aircraft Insurance (H&L, TLO, W&T)	2,220	26,641	88.80	Per Flight Hour based on 300 annual flight hours Based on current rates / figures
Aircraft Maintenance	333	4,000	13.33	Per Flight Hour based on 300 annual flight hours How was this number derived? Taken from 2010 for both 11k & 59ch
Airport / Landing Fees	1,020	12,240	40.80	Per Flight Hour based on 300 annual flight hours Homogenized cost based on 2010 figures per month. This should be less based on only 1 helo
Aviation Fuel / Oil / Lubricants	6,650	79,800	266.00	Per Flight Hour based on 300 annual flight hours How was this number derived? 38 gallons x \$7.00 x 300 hrs
Component Reserves	10,413	124,950	416.50	Per Flight Hour based on 300 annual flight hours Based on a \$416.50 per hour DOC
Contract Labor / Services	260	3,114	10.38	Per Flight Hour based on 300 annual flight hours Homogenized cost based on 2010 figures per month.
Customs & Immigration Fees	2,845	34,144	113.81	Per Flight Hour based on 300 annual flight hours How was this number derived? Wrong number. Should be based on 1 aircraft not 2.
Total Cost of Sales	34,541	414,489		

Gross Profit	14,555	174,655		Not sufficient Gross profit to experience a break-even / no profit operation
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Expenses				
Employee Benefits	4,112	49,348	164.49	Per Flight Hour based on 300 annual flight hours Requires recalculation once employees have been identified Nicolas full time only.
Insurance - Auto & Property	-	-	0.00	Per Flight Hour based on 300 annual flight hours Assumes no vehicles in support of base.
Lease - Rent	1,500	18,000	60.00	Per Flight Hour based on 300 annual flight hours What agreement is in place / in process to substantiate? ACHI renews lease. Subleases 2/3. Or ACHI subleases from new lessee.
Maintenance & Repairs	83	1,000	3.33	Per Flight Hour based on 300 annual flight hours Since no history exists supporting this amount, need defined costs for the services anticipated?
Payroll expenses	598	7,175	23.92	Per Flight Hour based on 300 annual flight hours Based on 2010 for 2 aircraft. Same amount Requires recalculation once employees have been identified Nicolas full time , 2 part time
Salary expenses	10,917	131,000	436.67	Per Flight Hour based on 300 annual flight hours What employees does this cover and at what LOE NVH same. MIR 13 days per quarter. Jay same as now.
Sales Commissions	-	-	0.00	Per Flight Hour based on 300 annual flight hours No commissions / reduced pricing structure to be used? 1850 base price. Commission on top of that if required
Supplies (office and operating)	125	1,500	5.00	Per Flight Hour based on 300 annual flight hours What the the bases mthly budget requirements and for what type materials / service? Reduced supplies based on 1 aircraft and minimal crew from 2010
Telephone & Internet Service	333	4,000	13.33	Per Flight Hour based on 300 annual flight hours Since no history exists supporting this amount, need defined costs for the services desired? Should probably be estimated at 1/4 less than 2010
Utilities	250	3,000	10.00	Per Flight Hour based on 300 annual flight hours Since no history exists supporting this amount, need defined costs for the services desired? Based on 2010 1/3 of hangar means 1/3 cost of utilities
Misc. (unspecified)	208	2,500	8.33	Per Flight Hour based on 300 annual flight hours Since no history exists supporting this amount, need defined costs for the services desired? Estimate half from 2010 based on 1 aircraft and minimal crew
Total Expenses	18,127	217,521		

Net Profit	(3,572)	(42,866)		Projected Net Loss
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Missy Avg
FY Total

Revenue (Sales) / Flight Hour (FH) Increase Analysis - Based on Estimated Total Flight Hours (300.0) for 2011					
Revenue (based on both 206L's)	49,095	589,144	1,963.81	Per Flight Hour based on 300 annual flight hours	Assumes a \$1,850 per flight hour price
FH Flown (based on both 206L's)	25	300.0			
Avg. Rev. per FH - EXPERIENCED	1,850	1,850	1,850.00	Per Flight Hour based on 300 annual flight hours	
Avg. FH Increase - REQUIRED	143	142.89			
Increased FH Rate - REQUIRED		1,992.89	1,992.89	Per Flight Hour based on 300 annual flight hours	Break even - no profit
Total Revenue (Sales) Required	52,667	632,010			
Gross Profit Required	18,127	217,521			
Net Profit (Assumes Rev./Gross Profit Goals Met)	-	-			Break even - no profit

Analysis does not include any Overhead / G&A / ODC charges / escalation factors.