

To: jeevacation@gmail.com[jeevacation@gmail.com]
From: Jennie Saunders
Sent: Fri 3/26/2010 9:30:47 PM
Subject: Fw: IMPORTANT Regarding Additional Information sent today
[image001.gif](#)
[GREENJETS 2010 PRICE GUIDE_FINAL.pdf](#)

Title: Fw: IMPORTANT Regarding Additional Information sent today

CORE: Jennie Saunders | Founder & Chairman | [www.coreaccess.net](#)

-----Original Message-----

From: Dean Rotchin <[D.Rotchin@coreaccess.net](#)>
To: [Jennie.Saunders@coreaccess.net](#)
CC: Jennie Saunders <[Jennie.Saunders@coreaccess.net](#)>
Sent: Fri Mar 26 16:38:04 2010
Subject: IMPORTANT Regarding Additional Information sent today

H <<GREENJETS 2010 PRICE GUIDE_FINAL.pdf>> i:

I want to make sure we are crystal clear on something, and I apologize for any confusion in advance.

When you read below: "The Load Factor (number of paying customers per flight) on the 3 profitable flights was 6.0..." this cannot be equated to my statement: "we make a lot of money with just 3 paying clients on a plane" – here's why:

Paying clients often book multiple seats.

When I refer to "3 clients on the plane" it is not seats (conveyed as Load Factor). Clients book 1,2,3,4 seats. So the Load Factor of 6 reflected below is 2 clients booking 3 seats each. This can be two families of three for example. If another client showed up, it would make it 3 clients, and profitability would increase.

Previously, in the presentation materials we provided a chart showing the actual number of seats per client flight request. This helps to see how many seats clients are booking for a given flight. There are a lot of 2-seat bookings and 1-seat bookings, some 3's and some 4s. Beyond 4 it becomes a charter in most cases because they have filled up a plane.

So, when we were together, and Todd rightfully pointed to the "3" under load factor this was seats booked on the aircraft, not clients, and not paid seats. The relevant number of paid seats and clients, etc is transparent in the information provided by Charles today.

One additional point we discussed when we were last together was "buying better" due to volume: Today, we arranged a 7 leg purchase from one operator reflecting a NY-FL all in cost of \$5500 per flight. The purchase is for just 18 hours of flying, leaving room for discounts for greater volume purchases. This cost basis provides for the following possible flight level economic scenarios (there are other scenarios, these are just quick examples):

1- A flight with 2 clients each booking 2 seats (2 seats at \$2500 each x 2 groups = \$10,000 revenue, yielding \$5000 flight level profit)

2- If both clients were Greenjetcard holders (1 seat at \$3500 plus 1 free companion x 2 groups = \$7,000, yielding \$2000 flight level profit).

- Add a single non-member client and increase flight level profitability by \$4000 (this would be a load factor of 3 clients and 5 seats in both of these scenarios.

I am having a matrix prepared which will show the combinations of possible group (1,2,3,4 seats) size bookings per client and per plane, and the corresponding revenue. This will include scenarios with Greenjetcard holders and retail (non-card holders). I will have the typical light, mid and heavy jet capacity shown so we can see how many people can fit on a plane and how many combinations are profitable and unprofitable based on high, med, low flight cost scenarios.

Please find attached standard price list for retail seats and Greenjetcard holders, plus their benefits.

I trust all of this is taken in the spirit of trying to be as clear as possible. I feel like we lost the bubble on who has what, and trying to provide detailed and accurate information which might sometimes seem like a lot of data. From our perspective, its transparency to our data and plan, and I am not surprised we are explaining.

Enjoy the weekend,

Dean


Dean Rotch <<image001.gif>> in, President



www.flygreenjets.com



“Private Jet Service at the Lowest Possible Cost to You and the Environment”

From: 
Sent: Friday, March 26, 2010 1:09 PM
To: Todd Thomson
Cc: Jennie Saunders; Dean Rotchin
Subject: Green Jets - Additional Information

Hi Todd,

Dean explained to me that you are curious about the February numbers and want to get a better understanding of how we will make money.

The attached file, Greenjets Markets 3 25 10.xls, contains four tabs:

- 1) Flight Level Econ. February. Shows flight performance for the Shared Ride flights that were done in February.
- 2) Flight Level Economics. Shows flight performance by category (shared ride and charter) since inception and also through the Plan years.
- 3) Market Economics. Shows the incremental P&L impact of each new market we add.
- 4) Markets Open. Shows what markets we plan to open (and when) over the Plan years.

Since flight operations began in October, 2009 serving the NY-FL markets, we have ramped up in four months with very little advertising to where in February we had 13 Shared-Ride flights (where customers pay by the seat) and 40 total shared-ride passengers, 34 of which were paying clients and 6 which were free companions (as part of our greenjet card program). We also did an additional 11 Charter flights in February (where a client charts the whole plane for a specific flight).

Our Gross Margin on the Shared-Ride flights was (\$7,597), or (9.5%), while our Gross Margin on the Charter flights was \$18,140, or 13.1%. Our overall Gross Margin for all flight missions was \$10,543, or 7.8%.

A further examination of the Shared-Ride flight data in February indicates the following:

* 3 flights were profitable producing a Gross Margin of \$10,349, or 31.6%.

* 10 flights were not profitable and produced a negative Gross Margin of (\$17,946), or (38.0%).

* The Load Factor (number of paying customers per flight) on the 3 profitable flights was 6.0 while the Load Factor on the unprofitable flights was 1.6.

In considering this Shared-Ride flight data, it's important to understand the following:

1) We need to consistently invest dollars in advertising or our Load Factor will suffer accordingly. Our Plan calls for an Ad spend of \$80k (\$40k per month for two months) for each market we open prior to launching our first flight, and then \$20k per month thereafter to keep the flow going. Using this logic, during the period October 2009 through February 2010, for the two markets we have (NY-FL), we should have spent \$160k in July and August for the pre-launch initiatives plus another \$240k in recurring campaigns for a total of \$400k during this period, or \$640k for the first year. We only spent \$150k during this period; and that was done in an ad-hoc fashion.

2) We currently have approximately 500 clients in NY and 600 in FL in our database (those with emails and phone numbers linked to those two markets).

3) Using the actual average seat revenue of \$2,354 for all Shared-Ride flights conducted in February (skewed to card holders at a discount vs. retail, which are driven by advertising, which would have been more like \$3,000), and adding an additional paying passenger on each of the 10 unprofitable flights would have turned the overall Shared-Ride Gross Margin from (\$7,597) to \$15,947, or 15.4%. In all probability spending the full planned advertising budget of \$400k during this period would have increased

the Load Factor further due to the nearly 3 fold increase in advertising spend, plus the average seat revenue would have been higher due to an increase in retail clients vs. cardholders.

Our business model is predicated on consistently investing a sufficient amount into advertising in order to drive clients and trip requests and thus achieve an attractive Load Factor. At steady state, our Plan calls for an average Seat price of \$3,024 and an overall flight level Gross Margin of 35%. When you add in the card sales, the Gross Margin increases to 47% and the resulting Pre-Tax income is 40%.

Please don't hesitate to call should you have any questions.

Regards, Charles.

Charles B. Rockwood
Chief Financial Officer
Green Jets Incorporated

