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.

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	125,600	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 P&L 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
Expenses					
Employee Benefits	4,112	49,346	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? Based on 2010 P&L for 2 aircraft. Same amount
Payroll expenses	598	7,175	23.92	Per Flight Hour based on 300 annual flight hours	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 P&L
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 ¼ less than 2010 P&L
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 P&L 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 P&L based on 1 aircraft and minimal crew
Total Expenses	18,127	217,521			
Net Profit	(3,572)	**(42,866)**			Projected Net Loss

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)

Revenue (Sales) / Flight Hour (FH) Increase Analysis - Based on Estimated Total Flight Hours (300.0) for 2011 Revenue (based on both 206L's)49,095589,144FH Flown (based on both 206L's)25300.0Avg. Rev. per FH - EXPERIENCED1,8501,850Avg. FH Increase - REQUIRED143**142.89**Increased FH Rate - REQUIRED**1,992.89Total Revenue (Sales) Required52,667632,010Gross Profit Required18,127217,521Net Profit (Assumes Rev./Gross Profit Goals Met)--**

1,963.81	Per Flight Hour based on 300 annual flight hours	Assumes a $1,850 per flight hour price
1,850.00	Per Flight Hour based on 300 annual flight hours	
1,992.89	Per Flight Hour based on 300 annual flight hours	Break even - no profit

Break even - no profit

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

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