



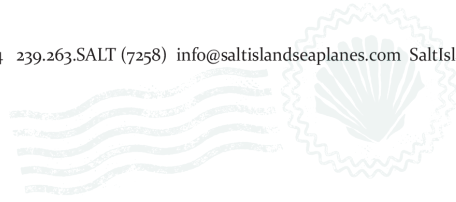
## **SHARED AIRCRAFT PROPOSAL**

Salt Island Seaplanes is expanding our business to include Aircraft Charter and Management under the business name Salt Island Airways.

We are marketing a shared-ownership program where up to eight individuals or companies purchase two aircraft as owners of an LLC formed for this purpose. The owners would pay the fixed costs of insurance and hangar rent. When individual owners use the aircraft they would pay the direct operating costs of fuel, maintenance and maintenance reserves and would pay Salt Island Airways for pilot services during their use. The LLC bylaws would set out in detail how the owners would divide the use of the aircraft in terms of scheduling. The LLC would lease the aircraft back to Salt Island when they use it for charter flights thereby giving the owners revenue to help defray the costs of ownership. Our intent is to have multiple aircraft in the program so that if a particular owner's aircraft is not available when needed, one of the other aircraft in the program may be available through an interchange agreement whereby all owners pay the same for aircraft usage.

Our program will be using the Cessna 414A which is a cabin-class, pressurized, twin-engine aircraft with seating for up to seven passengers. The 414A features club seating, air-conditioning, pressurization and all-weather capabilities. With a cruise speed of 240 mph, it is suitable for flights up to 900 miles or about four hours in duration. The 414A is equipped with a lavatory that can be enclosed for privacy when necessary on longer flights.

While the 414A is a previously owned legacy aircraft it will be acquired after a total refurbishment. We start by completely disassembling the aircraft interior and opening up the fuselage and wings, inspecting and replacing all worn components. The aircraft is brought up to date with all service bulletins and modifications to make it a like-new aircraft. The engines and propellers are replaced with freshly rebuilt models incorporating the latest upgrades. The interior is replaced with new leather seats, writing tables, new carpeting and charging ports at each seat. All windows are replaced with new products and the exterior receives a fresh paint job. The cockpit receives a completely redesigned avionics package and instrument panel including the latest digital flight displays, weather radar, engine instrumentation and autopilot system.



The purchase cost of the aircraft is \$700,000. Because the aircraft will be operating under our FAA Air Carrier Certificate, no Florida sales tax will be due, representing a savings of \$42,000. Adding in the first year fixed costs in advance, each owner will pay about \$130,000 up front. Fixed costs (insurance, hangar rent & supplies) are paid monthly at the rate of about \$1,000/month for each owner. When an owner uses the aircraft they will pay direct operating costs (fuel, maintenance and maintenance reserves) of about \$500/hour. Finally, each owner will pay pilot services of \$800 per day or \$500 per half-day when using the aircraft.

As an example of trip costs, an owner flying Naples to Key West one day and having the aircraft pick them back up several days later for the return flight would pay \$2,200 for the trip (\$1,000 for pilot service and \$1,200 in direct operating costs). Another example would be a business trip from Naples to Atlanta, flying up in the morning and back home in the evening. That trip would cost \$3,400 (\$800 for pilot services and \$2,600 in direct operating costs). In both cases these costs might be divided between up to seven passengers depending on weight.

When we use the aircraft in our charter operation, we pay the aircraft ownership LLC an hourly lease rate of \$400 plus maintenance and maintenance reserves. We will be responsible for the fuel used on charter flights. We expect 50-100 hours of annual lease back annually. This will defray ownership costs by \$20,000-\$40,000 annually.

Additionally, owners will enjoy significant tax benefits from the capital acquisition of the aircraft.

Please contact us by phone at 239.281.3250 or by email at [jon@saltislandseaplanes.com](mailto:jon@saltislandseaplanes.com) with any questions you might have.

Thank You,

Jon Rector  
Director of Operations

