

Business Plan

For

Touch of Class Custom Air Service

And

TLC Airlines

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IRS 501(c) 3 Determination Letter

*NOTE: If you have received this Business Plan in a PDF File through the internet please go to [http://www.giftoflifeair.org/501\(c\)3.htm](http://www.giftoflifeair.org/501(c)3.htm)

Contact information

“NOTICE”

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Section 1

1.0 Executive Summary

Introduction:

Gift of Life Air Transportation has been formed and operating for the last 3 years as a Not-For-Profit Corporation offering no and low cost Medical Air Transport and Air Ambulance Service Nation Wide to those financially unable to do so to receive necessary medical treatment for life threatening diseases and conditions.

Gift of Life Air Transportation has been created and legally organized as a Texas Not-For-Profit Corporation and has been determined to meet all requirements necessary under federal law and has been issued 501(c) 3 Tax Exempt Status by the Internal Revenue Service (see appendix 1 for a copy of the 501(c) 3 determination letter) and is also listed with Dunn's and Bradstreet.

Gift of Life Air Transportation is looking to expand it's operation into the For-Profit Aviation Market under 14CFR Parts 91, 119, 121, and 135 of the Federal Aviation Regulations under the Names of Touch of Class Custom Air Service and TLC Airlines. In doing so Gift of Life Air Transportation will be able to expand its service, maintain positive cash flow with less need from outside sources. This will in turn allow Touch of Class Custom Air Service and TLC Airlines to be included under Gift of Life Air Transportation's 501(c) 3 Tax Exempt umbrella.

Investors will have the benefit of initial Tax Deduction for money invested with Gift of Life Air Transportation as well as being able to profit from money invested and being able to receive repayment of principle. Money invested with Gift of Life Air Transportation is initially considered a contribution even though by prior written agreement all of invested money will be used to undertake a For-Profit Business. Since the For-Profit Business will ultimately improve and expand the services offered by Gift of Life Air Transportation this will allow initial money invested to remain Tax Deductible as well as make the For-Profit Businesses Tax Exempt. The Investor also benefits from being able to receive a share of the profits made as well as receive repayment for initial investment. Since all aircraft will be brought outright and will be place under either Touch of Class Custom Air Service or TLC Airlines investor enjoy the added protection of being able to receive a percentage of invested money in the unlikely event of a disillusion or dissolve of the For-Profit companies.

The Companies:

Touch of Class Custom Air Service:

Has been legally created and organized under Gift of Life Air Transportation Inc. DBA Touch of Class Custom Air Service. The principle investors and operators will be responsible for all aircraft acquisitions and company decisions.

Touch of Class Custom Air Service will initially operate its aircraft out of David Wayne Hooks Airport (DWH) Spring Texas. The aircraft records, scheduling and office will be located on the airport as well as an off airport location less than 10 miles from the airport.

Services:

Touch of Class Custom Air Service offers services in two primary areas; 14CFR Part 91 and Part 135 of the Federal Aviation Regulations with subcategories under each part.

Under Part 91 Touch of Class Custom Air Service will offer:

- a. Contract Air Service to Business and Corporations.
- b. Training to already licensed pilot in cabin class piston and turbo-prop pressurized aircraft

Under Part 135 Touch of Class Custom Air Service will offer:

- a. On Demand Air Charter
- b. On Demand Air Ambulance Service
- c. Share a Plane Charter Service
- d. Vacation Charter Packages
- e. Specialized Charter Services
- f. Cargo Services

Our competitive differences include:

- a. Operating under both part 91 and part 135.
- b. Offering 24 hour a day 365 days a year short notice service.
- c. Offering a wide variety of services.
- d. Offering both piston and turbo-prop aircraft.
- e. Exemplary customer service.
- f. Custom designed charters
- g. Offering superior customer comfort.
- h. Through the use of piston and turbo-prop aircraft as well as variety in charter option being able to lower the cost of aircraft chartering thus making it more affordable and more attractive to customers.

In the future, Touch of Class Custom Air Service plans to enhance their position by adding additional aircraft to include cabin class pressurized single and multi-engine piston and turbo-prop aircraft and short, medium and long range jets with various passenger configurations, international air charters, pilot supplies, aircraft maintenance, rental and crew cars and additional bases.

TLC Airlines:

Has been legally created and organized under Gift of Life Air Transportation Inc. DBA TLC Airlines. The principle investors and operators will be responsible for all aircraft acquisitions and company decisions.

TLC Airlines will initially operate its aircraft out of David Wayne Hooks Airport (DWH) Spring Texas. The aircraft records, scheduling and office will be located on the airport as well as an off airport location less than 10 miles from the airport.

Services:

TLC Airlines will offer services under 14CFR Part 121 of the Federal Aviation Regulations as a scheduled air carrier operating to pre-determined destinations, daily casino shuttles, seasonal locations, large group charters and operations into smaller airports and cities where major air carrier do not operate.

Our competitive differences will include:

- a. Exemplary customer service.
- b. Flexibility to open or discontinue scheduled operation as determined by seasonal activity.
- c. Offering large group charter operation for the purpose of vacation packages, college and university activities such as spring break, class trips etc, and corporate functions.
- d. By using smaller aircraft 19 to 40 passenger being able to offer scheduled service into small airports and cities not serviced by major air carriers.
- e. Offering superior customer comfort.

In the future, TLC Airlines plans to enhance their position by addition of jet service, adding service areas and international service.

The Market:**Training;**

After completing flight training new pilots entering into the market place find themselves ill prepared and unable to gain employment in commercial flying, they lack hours, real world flying experience and experience in cabin class pressurized aircraft. By offer this training and the opportunity for the new pilot to gain this experience under the supervision of one of our pilots after completing training, Touch of Class Custom Air Service hopes to pick up where flight schools leave off, by giving the new pilot the training and flying experience to make them marketable. This also become valuable to us in the fact that we have constant access to pilot as we need them because of growth, we will be able to provide our customers the added comfort and safety of having 2 pilots onboard every aircraft and will be able to do so without the adding to our expenses.

Corporate Operations;

Because of the expense of maintaining a flight department most, larger corporations have turned to Fractional Airlines to satisfy their flight needs. Fractional Airlines in themselves are an expensive undertaking to the corporation, leaving small and midsize business and corporation unable to afford this expense and leaving them to the mercy of either airline schedules or private charters.

Fractional Airlines require the corporation to purchase a share of the aircraft they choose these shares are usually divided into 1/8's (each 1/8 share can cost from a few hundred thousand to several millions of dollars depending on the type of aircraft chosen).

Example:

A Lear 34 has a price tag of \$10 million dollars
The Fractional Airline add in service fees of 15 to 20 %
Making the price of the aircraft \$12 million dollars
It is then divided into 8 equal shares
Cost to Corporation for 1/8 ownership is \$1,500,000.00

The purchased share also determines the number of hours that are available to the corporation (generally each 1/8 share equal 200 hours per year of use). The fractional airline also requires that each owner pay a monthly maintenance and administration fee (this can range from a few thousand to tens of thousands of dollars per month again depending on the aircraft).

Example:

The maintenance for a Lear maybe \$25,000.00 per 100 hours of use and \$50,000.00 annual inspection, this equals \$25,000.00 X 2 (based on 200 hours per share) or \$50,000.00
Add in another \$50,000.00 to cover unscheduled maintenance equals \$150,000.00 per year.
Now add in TBO or Time Before Overhaul for this aircraft maybe 3,500 hours or every 2 years (based on the above numbers) at a cost of \$250,000.00 per engine for a total of \$500,000.00 divided by 8 = \$62,500 per year.
 $\$150,000.00 + \$62,500 = \$212,500.00$ total yearly maintenance now add in 20% to 25% administrative cost for the fractional airline make it roughly \$50,000.00 per year, this bring the total to $\$212,500.00 + \$50,000.00 = \$262,500.00$ per year or roughly \$22,000.00 per month in maintenance and administrative costs that are charged to each share owner monthly.

Fractional Airlines also charge an hourly fee for each hour of flight to the corporation,

Example:

A Lear 34 has a operating expense of \$1,052.00 per hour add in 30% to cover hotels stays, food and ground travel for the pilots making the hourly cost \$1,367.60 if the aircraft is flown the full 200 hours it would cost the owner $200 \times \$1,367.60 = \$273,520.00$ in operational cost.

So the first year a fractional owner's cost would be: \$2,037,520.00
 $\$1,500,000.00 + \$264,000.00 + \$273,520.00$

By offering companies the advantages of a Fractional Airline without requiring the purchase of a share of the aircraft or monthly charges of maintenance and administrative fees, and by allowing companies to purchase blocks of time that are designed to meet their companies specific needs and allowing the purchase of additional blocks time without increasing the rate or penalizing the company or limiting the companies flight hours based on the amount of the share purchased or losing unused flight hours at the end of each year Touch of Class Custom Air Service will be able not only to attract large companies and corporations but also small and mid size companies also thus increasing our ability to increase revenue. Houston alone is home to a vast number of small, medium and large companies, but with Austin, San Antonio and Dallas/Fort Worth being within an hour flight time this give us an almost limitless growth potential and opportunity that is only limited by the number of available aircraft and flight crews we have on hand.

Charter Operation:

Air Ambulance: Houston is a Mecca for the Medical Profession with a vast number of Hospitals and Specialized Medical Treatment Facilities this in itself presents a huge market alone in air ambulance and medical operations. Since most air ambulance and medical transports are within a few hundred miles by using pressurized piston twins and Merlin turbo-prop aircraft which are inexpensive to operate Touch of Class Custom Air Service will be able to reduce the costs to these facilities by half or more, giving us the ability to make attractive offers to these facilities to gain their business.

On Demand: Since 9/11 with the changes in airport security and the extra time it now takes to get through these added security measures more and more attention has been given to the on demand charter industry. This has caused a rapid growth to an industry which was largely reserved for the extremely wealthy. But even with this most charter operators have failed to update their operations to satisfy the current trends. By offering a variety of choices in aircraft (i. e., Cessna 421 vs. Fairchild Merlin III A) and charter options (i. e., Private Charter or Share-A-Plane Charter) Touch of Class Custom Air Service will be able to reduce the cost of chartering an aircraft to the customer making it an inviting and affordable option, while still giving the customer the advantages, freedom and prestige of air charter service. This will allow Touch of Class Custom Air Service to attract customers from a wider and more diverse spectrum of the general public.

Vacation Charter Packages: This area is virtually untouched, at this time I know of no charter operators in the United States that offer vacation packages. By this market being new territory in the charter business it makes it a wide open market, with a potentially high dollar return and an extremely lucrative opportunity for the charter operator. By limiting the package to 3 or 4 days, filling all seats onboard the aircraft and providing direct service to popular resort locations that are off the beaten path so to speak Touch of Class Custom Air Service will give the customer an attractive alternative to standard airline travel.

Example: Ski Resorts are largely located in or near small mountain villages served by only a small local airport, so when going on a ski vacation the traveler is subject to standard airline travel, having to check their baggage, deal with airport security travel, first to a large city serve by a major airline then transferring to a small regional or local carrier (if one goes to their particular location), waiting for their bags and rushing in attempt to make the

connection, or make a long drive via resort shuttle or rental car to get to the resort again wait for their bags and then check in this in it self is a long and very tiring ordeal for the traveler.

By working with the resorts Touch of Class Custom Air Service can eliminate this by provide direct service to the local airport, and by prior arrangement with the resort transportation can be there upon arrival, Touch of Class Custom Air Service personnel will unload the customer baggage and place it on the shuttle for the customer. All the traveler needs to do is walk off our aircraft and into the waiting resort transport thus removing all stress and need to rush around from the traveler. Plus the traveler has the prestige of traveling on a private aircraft and can set their departure times to fit their needs.

Specialized Charter Services: This is another new market specifically designed by Touch of Class Custom Air Service for Touch of Class Air Service. This service would provide day out or night out service to locations within 1 to 2 hours flight time of Touch of Class Custom Air Service's current location. The destinations would be chosen because of certain criteria such as casino gambling, night life, dining etc. The service would include transportation from the customers home or office to the departing airport, transportation from the arrival airport to preset local destinations (such as diner then casino or diner then a night at the theater or night clubbing) 4 to 6 hours at the arrival location, transportation back to the airport for departure and transportation to the customers' home upon return.

Cargo Service: This is not a primary concern of Touch of Class Custom Air Service but would be made available to companies who need something transported to a location that was on a currently scheduled charter, vacation package or specialized service route. The primary reason for this is simply to increase the profit margin of any given flight. A full time schedule or on demand cargo service maybe considered by Touch of Class Custom Air Service in the future, this would be a consideration totally dependant upon current demand.

TLC Airlines;

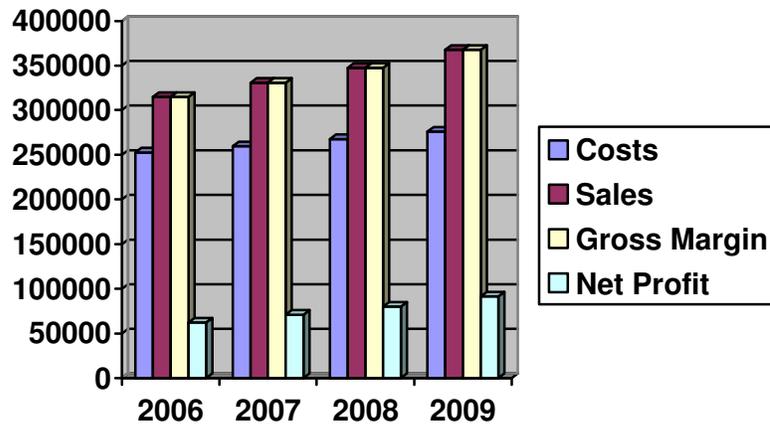
Scheduled and Air Taxi Services: Although not a new market, it is a market that offers a huge potential if approached properly. By not initially attempting to compete with major airlines but by offering scheduled services that major airline don't offer there is a huge growth potential. Service such as daily casino junkets from Houston to various locations in Louisiana and Mississippi, providing scheduled service to and from small towns to larger cities, and in and out of small airports offers a large range of options.

Large Group Charter: Another market when approached properly offers a large profit and growth potential. Because of changes in Federal Aviation Regulation aircraft over 15 seats must be operated under part 121 the same regulations that guide airline operations even though it is being operated as an on demand service. This market has a wide variety of possibilities with which to attract potential customers. Large Corporations that often send large groups of their employees to corporate functions, Colleges and Universities, Clubs and Organizations just to name a few.

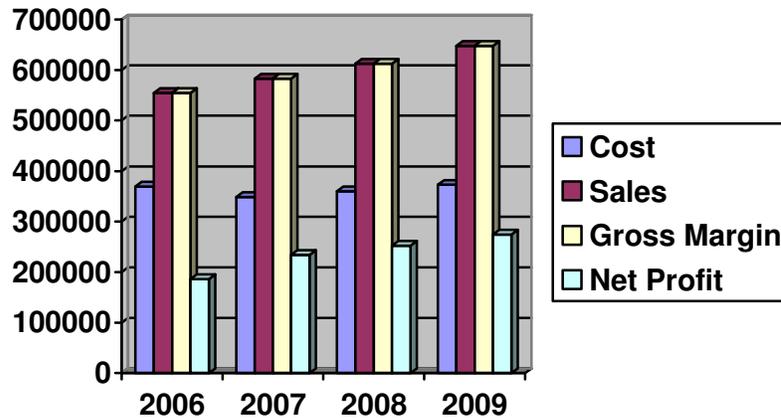
Financial Considerations:

The Start-up cost of Gift of Life Air Transportation Inc. DBA. Touch of Class Custom Air Service are approximately \$1,000,000.00 which includes hanger and office rental, Outright Purchase of 1 Cessna 421B Golden Eagle Twin Piston and 1 Fairchild/Swearingen Merlin IIIA Turbo-Prop Aircraft, some additional office equipment (most is already owned by Gift of Life Air Transportation) and various small start-up fees. We expect our monthly break even will be approximately \$26,900.00 based on 50 combined flight hours (25 flight hours each aircraft) per month. Based of these aircraft hours, the company expects to earn approximately \$125,000.00 in profits on \$504,000.00 in sales by year 3.

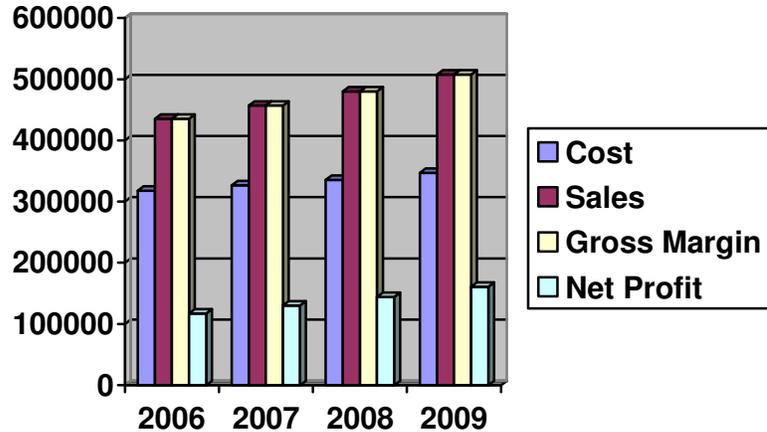
**Graph #1 Based on 50 flight hours per month Cessna 421 only
With a 5% increase in flight hours per year**



**Graph #2 Based on 50 flight hours per month Merlin IIIA only
With a 5% increase in flight hours per year**



**Graph #3 Based on 25 flight hours each month per aircraft
With a 5% increase in flight hours per year**

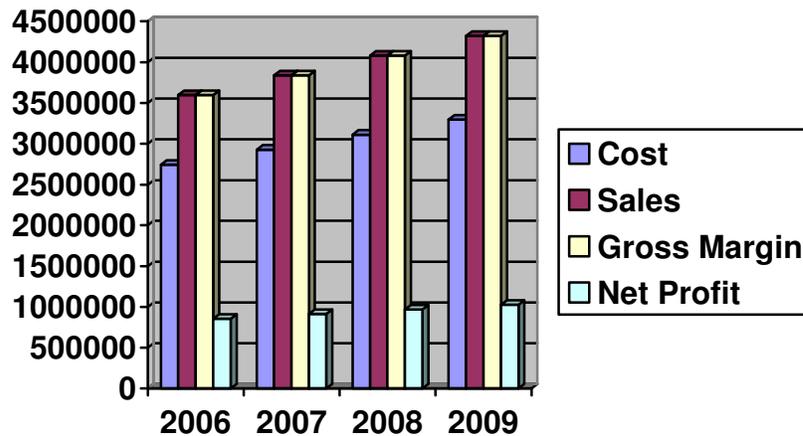


These figures only represent approximate net profit in regards to flight and do not include layover time, which is charged at \$37.50 per hour for 1 to 8 hours of layover time or \$500.00 per day for any layovers over 8 hours or for trips that require an overnight stay in the Cessna 421 and 75.50 per hour for 1 to 8 hours of layover time or \$1,000.00 per day for layover of more than 8 hours or trips that require an overnight stay in the Merlin III. Customers are also charged on trips that require 4 to 8 hours of layover time the rate of \$30.00 per crew member to cover meals and \$150.00 per day per crew member for trips that require an overnight stay to cover crew lodging, meals and ground transport expenses. Customers are also billed for any airport landing fees, overnight hanger or tie down fees and airport tax.

Financial Considerations:

The Start-up cost of Gift of Life Air Transportation Inc. DBA. TLC Airlines are approximately \$10,000,000.00 which includes hanger and office rental, Outright Purchase of 3 Fairchild/Swearingen Metro-liner SA-227 or other comparable Turbo-Prop Aircraft, some additional office equipment (most is already owned by Gift of Life Air Transportation) and various other start-up fees as required in initiating scheduled service to prospective cities for airport use. We expect our monthly break even will be approximately \$228,750.00 based on 150 flight hours per month. Based of these aircraft hours, the company expects to earn approximately \$125,000.00 in profits on \$504,000.00 in sales by year 3.

**The Graph on the following page is based on 150 flight hours per month
With a 5% increase in flight hours per year**



1.1 Objectives:

- Form a For-Profit part 91 and part 135 air charter company that meets or exceeds IRS criteria to fall under Gift of Life Air Transportation Inc. 501(c) 3 Tax Exempt status umbrella.
- Acquire 1 Cessna 421 Golden Eagle and 1 Merlin IIIA aircraft for corporate and charter rental.
- Operate each aircraft at least 25 flight hours per month.
- Aircraft revenue to exceed operating cost resulting in a net profit
- Provide superior service 24 hours a day 365 days a year.
- Provide a variety of charter options to attract customers while reducing customer cost and maintaining an above average profit margin.
- Introduce new services i.e., vacation packages and specialized services to attract new customers.
- Implement an aggressive marketing plan to increase business a minimum of 5% per year.
- Within 3 years provide international jet service.
- Within 2 years add aircraft maintenance shop.
- Within 2 years form a For-Profit part 121 Airline/Air Taxi Company that meets or exceeds IRS criteria to fall under Gift of Life Air Transportation Inc. 501(c) 3 Tax Exempt status umbrella.
- Acquire 3 Metro-Liner SA-227 or similar aircraft
- Operate scheduled service at least 150 flight hours per month
- Operate an additional 15 hours per month in large group charters
- Aircraft revenue to exceed operating cost resulting in a net profit
- Implement an aggressive marketing plan to increase scheduled service by 2 cities per year and large group charters an additional 25 hours per year.
- Provide service that exceeds airline standards.

1.2 Mission:

Touch of Class Custom Air Service and TLC Airlines offers affordable solutions to major airline travel. By providing air travel customers with a safe, comfortable and relaxing flight environment. With both on-demand and scheduled service available the air travel customer will have the option of deciding when and how they wish to travel. Touch of Class Custom Air Service and TLC Airlines have the ability to provide air service to smaller airports and cities not serviced by major airlines, thus providing the air travel customer with direct flights to more cities and towns. Reducing time spent by customer in airports going through airport security, waiting for a connecting flight, checking and picking up luggage and arranging ground transportation. Customers will also enjoy amenities, a comfortable relaxing flight environment and more personal services not offered by a major airline. Our focus will be on making the air travel customer feel as at home on our aircraft as they do when sitting in their own living room.

1.3 Keys to Success:

- A 24 hour 365 day on-demand air service.
- Aggressive marketing plan that focuses:
 - Businesses and corporations of all sizes offering affordable solutions to their flight need, resulting in more revenue flight hours .
 - Attracting customers from all walks of life by provide affordable solutions to standard air travel, resulting in more revenue flight hours.
 - Hospitals and other types of medical facilities to provide more cost effective solutions to patient and medical air transportation, resulting in more revenue flight hours.
 - Vacations and other specialized packages, resulting in more revenue flight hours.
 - Training low hour commercial pilot to make them more marketable, resulting in more revenue flight hours.
- Scheduled service to popular destinations.
- Superior customer service and personalized services.
- Preventative and scheduled maintenance to lessen aircraft downtime and provide a safe flight environment.
- Professionally Crewed, clean and fully equipped aircraft.
- Provide a safe, comfortable, relaxing customer friendly flight experience.

Section 2

2.0 Company Summary:

Touch of Class Custom Air Service is a new company that provides both a traditional approach to, and new concept alternatives to the air charter industry. Will we also provide businesses and corporations large and small with an innovative new alternative to the traditional corporate owned flight departments, fractional airline ownership and standard air charter services currently used by business customer. Along with the above services Touch of Class Custom Air Service also brings with it a training and internship program that not only benefits the newly licensed commercial pilot by providing them with training in cabin class aircraft and a high altitude endorsement, but also allows them to gain experience in real world commercial flying with a working commercial flight department and gain flight hours at no cost after training through the internship program, it also allows Touch of Class Custom Air Service to have a second pilot on-board every flight without additional expense. Initially we will be marketing our new business with specifications which include:

- Clean, Safe, Comfortable, and Relaxing Service 24 hours a day 365 days a year.
- Professionally Flown and Maintained Cabin Class Pressurized Aircraft.
- 2 pilot flight crew.
- Affordable Private Charter Alternatives including:
 - Share-a-plane
 - Vacation Packages
 - Specialized Services
 - Custom Designed and Personalized Charters.
- Affordable Business and Corporate Flight Service.
- Service available to most U. S. airports.
- Pre arranged ground transportation to and from airport or car rental.

TLC Airlines although this is a future plan the focus of TLC Airlines will be to provide air taxi service to places where major airline service is not available. TLC Airlines also plans to include daily flights from Houston TX to San Antonio, Brownville, Corpus Christi, Austin and Dallas TX and daily casino flights from Houston, to Lake Charles, Baton Rouge and New Orleans LA, and Biloxi Miss.. TLC Airlines also plans to offer direct service seasonal packages to places such as Taos N.M., Aspen Colo. and other winter and summer resorts. TLC Airlines will in addition makes large group (11 to 40 person) charters available to businesses, organization, schools, colleges and universities and others who might have a need to charter an aircraft for groups above 11. Initial marketing of this business will be geared towards the daily casino, direct seasonal and large group charter services.

2.1 Company Ownership:

Touch of Class Custom Air Service and TLC Airlines have been created as subsidiaries of Gift of Life Air Transportation Inc. Gift of Life Air Transportation Inc. has been created and legally organized as a Texas Not-For- Profit Corporation and recognized as a 501(c)3 Tax Exempt Organization. Gift of Life Air Transportation Inc. will be

responsible for all operations, aircraft acquisitions and company decisions of both Touch of Class Custom Air Service and TLC Airlines. Investors in the Touch of Class Custom Air Service and TLC Airlines operations may request board or advisory board positions with Gift of Life Air Transportation Inc. and may be called upon for or offer advise and/or suggestions for these operation to ensure the success of all involved companies and organization.

2.2 Start-up Summary:

The start-up costs of Touch of Class Custom Air Service are approximately \$1,000,000.00 which includes:

- Purchase of 1 Cabin Class Pressurized Piston-Twin Aircraft
- Purchase of 1 Twin Turbo-Prop Aircraft
- Office expenses
- Insurance
- Hanger and related aircraft expenses
- Legal Costs
- Marketing and advertising expenses
- Cash reserve

These are detailed below:

Start-up Expenses:

Legal-Attorney Fees	\$1,500.00
Office Supplies/Expenses	\$1,200.00
Insurance for 3 months	\$3,600.00
Hanger/Office for 6 months	\$3,600.00
Utilities Phone Electric etc. for 6 months	\$3,000.00
Phone System	\$900.00
Aircraft Outright Purchase	By Aircraft See Below
Cessna 421	\$250,000.00
Merlin IIIA	\$350,000.00
Printing and Signs	\$25,000.00
Advertising and Marketing	\$100,000.00
Misc. Expenses	\$50,000.00
Required Training	\$10,000.00
Cash Reserve	\$201,200.00
<hr/>	
Total Start-up Expenses	\$1,000,000.00

The start-up costs of TLC Airline are approximately \$10,000,000.00 which includes:

- Purchase of 4 Metro-Liner SA227 Aircraft

- Office expenses
- Insurance
- Hanger and related aircraft expenses
- Legal Costs
- Marketing and advertising expenses
- Cash reserve

Start-up Expenses:

Legal-Attorney Fees	\$3,500.00
Office Supplies/Expenses/Multiple Locations	\$4,000.00
Insurance for 3 months	\$25,000.00
Multiple Office Locations for 6 months	\$8,500.00
Utilities Phone Electric etc. for 6 months	\$10,000.00
Phone System & Computer Systems	\$12,900.00
Aircraft Outright Purchase	By Aircraft See Below
4 Metro-Liner Sa227	\$6,500,000.00
Airport Fees and Taxes 1 year	\$250,000.00
Printing and Signs	\$25,000.00
Advertising and Marketing	\$1,000,000.00
Misc. Expenses	\$100,000.00
Required Training for Three 2 man Flight Crews	\$150,000.00
Cash Reserve	\$1,993,600.00
Total Start-up Expenses	\$10,000,000.00

2.3 Company Location and Facilities:

Touch of Class Custom Air Services and TLC Airlines will operate out of David Wayne Hooks Memorial Airport (DWH) in Spring, Texas. The aircraft home base and hanger location will be on the airport located 22 miles north of Downtown Houston, 8 Mile west of I-45 north freeway and FM2920 exit. The main office, aircraft records, aircraft maintenance facilities, scheduling and customer waiting area will be located at the same location, Gift of Life Air Transportation Inc. Main Office is located 5 mile east of David Wayne Hook Memorial Airport on Oak Lace Dr.

Section 3

3.0 Services:

Touch of Class Custom Air Service will provide:

- Under CFR14 part 91 of the Federal Aviation Regulations Contract Business and Corporate Air Service, Up-Grade Training for Commercial Pilot.
- Under CFR14 part 135 of the Federal Aviation Regulations private charter, corporate charter, on-demand, special charter services and air ambulance operations.

TLC Airlines will provide under parts 119 & 121 of the Federal Aviation Regulations, air taxi service, scheduled service and large group charter operation.

3.1 Services Description:

Touch of Class Air Service:

1. **Contract Business and Corporate Air Service:** This service is designed to offer the business and corporate customer the same service that they would receive from the more expensive fractional airline company, by being able to reduce initial costs and customizing service to fit the business and/or corporate customers individual need, Touch of Class Custom Air Service hopes to attract both large and small businesses and corporations.
2. **Up-Grade Training:** We will offer additional training to the newly licensed commercial pilots. This service will provide the new commercial pilot with ground and flight training in cabin class pressurized piston and turbo-prop aircraft as well as a high altitude endorsement. After completing the training Touch of Class Custom Air Service will allow these pilots to intern as first officers to gain valuable real world flying experience and increase their flight hours at no additional cost. This service will be of great value to both the new commercial pilots by make them more marketable and giving them an distinct edge over their competition, and by allowing Touch of Class the ability to offer 2 pilot crews at no additional cost to us or the customer.
3. **On-Demand Charter:** Industry standard service of being able to provide the customer with air service when the customer needs it to where the customer is going.
4. **Corporate Charter:** On-demand service to businesses and corporations that do not have a preexisting contract or agreement with Touch of Class Custom Air Service.
5. **Share-a-Plane Charter:** We will provide this option to private, business and corporate clients. This service enables Touch of Class Custom Air Service to reduce the clients charter cost by offering the client the option of sharing the charter flight with others going to the same or near-by destinations, thus providing a cost effective solution to the client and provide Touch of Class Custom Air Service a more profitable flight. This service will require advanced booking, and the booking client will have to agree to cover the full cost of the charter in the event additional passengers can not be arranged for that particular flight.

6. **Vacation Packages:** By working with resorts Touch of Class Custom Air Charter will provide vacation packages that will include direct service to a destination via our charter operation. We will be able to provide the service based on the number of available seats per aircraft.
7. **Specialized Service Charter:** We will provide service day or night trips to several customers at a time (based on available seating) to near-by cities for shopping, shows, gambling, night life, etc. Some packages may also include ground transportation to and from airports to destinations, dinner, shows or other amenities. Each flight will include flight to the destination city, the return flight and 4 to 6 hours at the destination city.
8. **Air Ambulance Operations:** We will provide service to Hospitals and Medical Facilities to transport patients and/or medical personnel to distance hospitals or medical facilities.
9. **Cargo Operations:** Since we are not full time air cargo carriers, we have decided to offer to carry mail/cargo only on pre-scheduled charter flights. This would provide additional revenue on these flights thus increasing the net profit of the flight. In the event we find a large demand for this particular kind of flight activity, we would in the future consider adding a full time air cargo operation.

TLC Airlines:

1. **Air Taxi:** We would provide air taxi operations from small towns and cities throughout Texas, Oklahoma and Louisiana. These would be scheduled as the market demanded per town. This service could be offer as often as several times a week or as little as once or twice per month to any given town.
2. **Scheduled Service:** We would provide service to certain cities on a regular basis with set departure and arrival times. These services would include daily and weekly or any service that had set departure and arrival times.
3. **Seasonal Service:** We would provide scheduled service based on seasonal needs. Example: during winter months scheduled service would be provide to ski and other winter resorts at the end of that season scheduled service would be suspended during summer months, during summer months scheduled service would be to beach and other summer resorts and suspended during the winter months.
4. **Large Group Charter:** We would provide charter service to companies, schools, organizations, colleges, universities or anyone that had need to transport more than 10 people at one time to the same destination.

3.3 Competitive Comparison:

The competitive differences Touch of Class Custom Air Service and TLC Airlines are:

1. Our aircraft will be professionally flown and maintained to the highest standards and regulations.
2. Our aircraft will be operated under all applicable part of 14 CFR of the Federal Aviation Regulations including parts 91, 135, 119 and 121.

3. We will provide custom designed business and corporate service similar to fractional airlines without requiring businesses or corporations to pay large up-front fees, purchase shares or pay high monthly maintenance and administrative fees and at a lower per flight hour cost.
4. We will provide 24 hours a day 365 days a year on-demand service.
5. We will provide clients with the ability to advance book flights 24 hours a day.
6. We provide a variety of creative and innovative solutions to reduce to cost of private charter and make it more affordable and an attractive alternative to other forms of travel.
7. We have implemented a variety of new innovative services not normally associated with the air charter industry.
8. We will provide up-grade training to newly licensed commercial pilots and give them the ability to gain experience and flight hours at no cost after training. We will be the first and only company to do this in Texas.
9. We will provide 24 hour a day air ambulance service at a lower cost per flight hour.
10. We will provide mail and cargo operations on most scheduled charters.
11. Air Taxi operations and Casino Junkets.
12. Scheduled Services to smaller cities and airports.
13. Scheduled Seasonal Services.
14. Large Group Charters.

3.4 Sales Literature:

The company will advertise its services through direct mail, Houston area newspapers, and radio and television stations. Additionally brochures describing our service will be place at Houston area FBO's (Fixed Base Operators), brochures describing our up-grade training will be placed at Houston area flight schools. Contract business and corporate flight services will be advertised by direct contact through mail, telephone and face to face meeting with business and corporate decision makers. Air Ambulance services will also be advertised by direct contact to hospital administrators. Future advertising will include expanding into other cities in Texas including Dallas/For Worth, Austin, San Antonio, Beaumont, Galveston and Corpus Christi.

3.5 Technology:

Touch of Class Custom Air Charter will maintain its Cessna 421 and Merlin IIIA with:

1. Either a Garmin 430 or 530 GPS system rated for instrument flight.
2. A traffic and terrain alert system.
3. On board weather radar.
4. Secondary navigation and communication radios.
5. Dual transponders
6. A removable life port system for air ambulance operations.
7. Pilot to pilot intercom system.
8. Cabin climate control and pressurization system.
9. De-icing system.

10. Full auto pilot system.

3.6 Future Services:

In the future Touch of Class Custom Air Service and TLC Airlines will enhance their service position by acquiring a variety of aircraft including jets, and offering an even wider variety of services including international and inter-continental. In addition TLC Airlines will enhance its service by increasing the number of cities it offers scheduled service to.

Section 4

4.0 Market Analysis Summary:

Touch of Class Custom Air Service: will be initially focusing on the Business and Corporate Contract Client and Newly Licensed Commercial Pilots for Up-Grade Training, as well as negotiating agreements and contracts with resorts and other businesses to provide vacation and other special services we offer. This is due to the time involved in satisfying FAA Regulations and Requirements for approval need for aircraft certification under part 135. Pre-approval in meeting these requirements unfortunately can not be done, due to the need for the FAA to inspect each aircraft independently, thus making it necessary for aircraft acquisition prior to submitting application. However by initially pursuing the up-grade training and contract service under part 91 this allows us to immediately place each aircraft in operation, thus allowing us to engage in revenue producing flights. By having the pre-negotiated agreements for the vacation and special services prior to part 135 certification, Touch of Class Custom Air Service upon aircraft certification by the FAA under part 135, will be able to aggressively market and advertise all of our services offered under part 135 i.e., On Demand Air Charter, Air Ambulance Service, Share a Plane Charter Service, Vacation Packages, Specialized Charter Services and Cargo Services.

We feel that our combination of well equipped aircraft, superior customer service, custom designed charters, personalized service and a variety of money saving charter options designed to fit almost every pocket book, we will not only generate repeat business but also attract new clients from all walks of life.

TLC Airlines: will initially focus on negotiating agreements with cities, towns, resorts and businesses to provide scheduled and/or air taxi operations, seasonal service, daily casino junkets and producing and providing brochures to organizations, schools, corporations, businesses, colleges and universities marketing our large group charters, that upon receiving certification under part 119 and 121 of the FAR's, we will be prepared to immediately start flight operations.

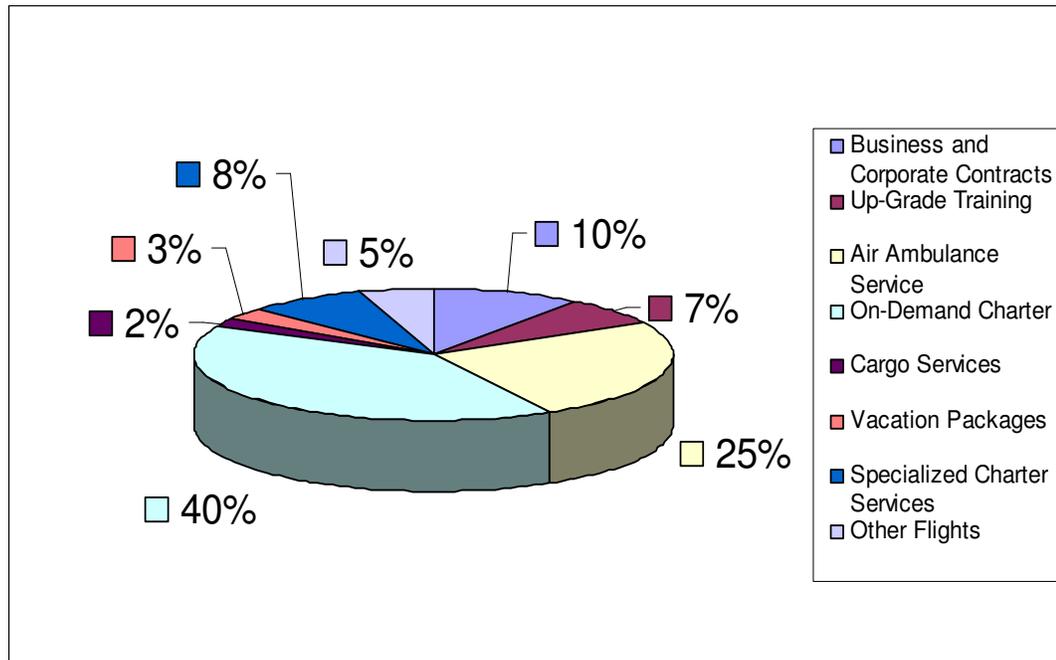
We feel our ability to reduce check-in, security wait time and fly into smaller airports will enable us to provide a more direct and relaxing service to the customer.

4.1.1 Market Segmentation Touch of Class Custom Air Service:

- a. **Business and Corporate Contracts:** We hope to obtain small and large businesses and corporation alike by being able to reduce the high cost of:
 - 1 **Corporate Owned Flight Department.**
 - 2 **Fractional Airline Ownership.**
 - 3 **Short notice On-Demand Charters.**By providing a lower cost yet service comparable solution, to Large and Small Businesses and Corporations while attracting New Businesses and Corporation who had previously ruled out flying because of High Cost.
- b. **Up-Grade Training:** We hope to attract newly licensed commercial pilots by offering a program that includes ground and flight training in cabin class pressurized aircraft, a high altitude endorsement and where after initial training pilots can gain valuable real world flying experience, the ability to build flight time and even gain an 8410 certificate through our internship program, making them more marketable in the competitive commercial flight market.

- c. **Air Ambulance Service:** The second largest area of demand in the air charter industry. By being able to offer hospitals and other medical treatment facilities comparable service at reduced cost, will hopefully become our second largest user.
- d. **On-Demand Charter:** This will be our largest area of use both from a private and corporate stand-point; it will provide us with the greatest opportunity for revenue flight hours. However our Share-a-Flight, Vacation Packages and Special Charter Services will also serve as a strong market for us.
- e. **Cargo Services:** Cargo Service although only offered on per-existing or scheduled charters present the opportunity for the company to gain additional revenue on any given flight, and will be marketed to businesses and corporations at a fraction of the cost normally associated with air cargo operations.
- f. **Other Flights:** Sight-seeing tours, photo and surveying flight will also be targeted as a way for us to maintain our targeted number of revenue flight hours in the event of a slow period.

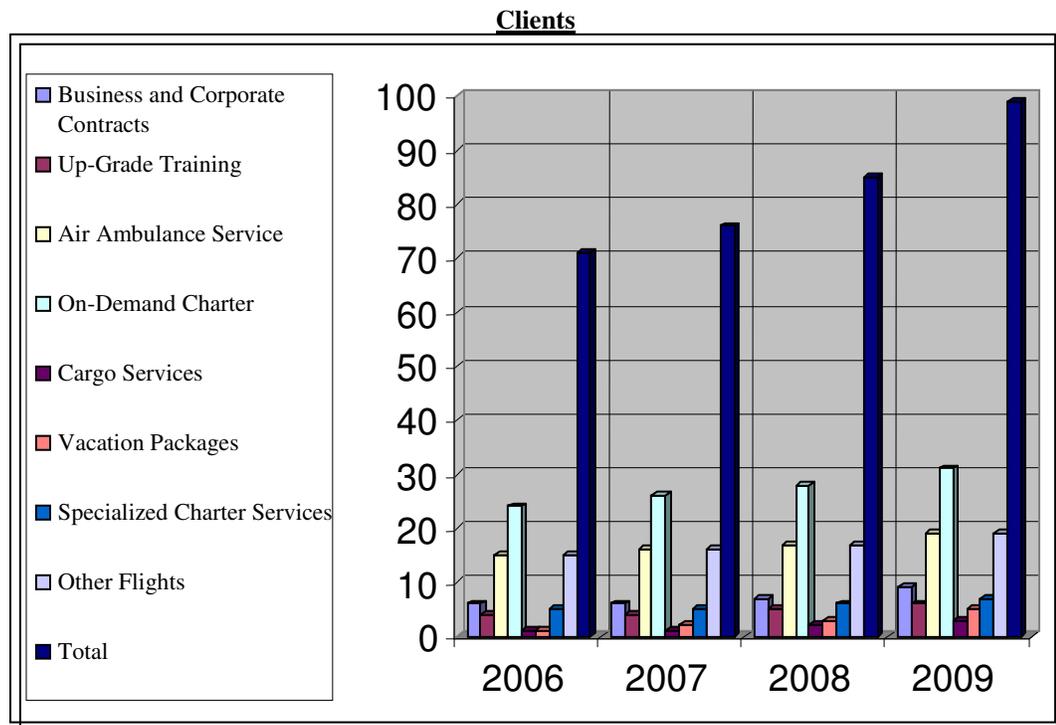
The Following Chart Depicts the Estimated Percentage of Use, By Client Type, For Revenue Flight Hours Flown. These Estimates are Subject to Change.



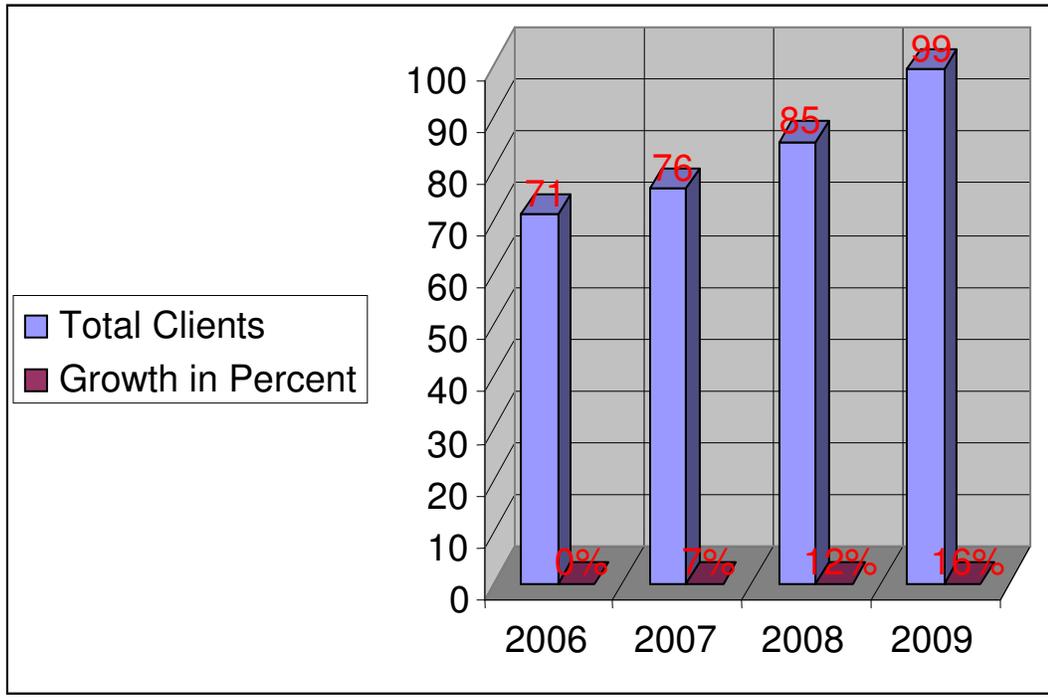
Type of Client	Yearly Percent of Use	No. of Clients	Yearly Total Flight Hours
Business and Corporate Contracts	10%	3	60
Up-Grade Training	7%	4	42
Air Ambulance Service	25%	15	150
On-Demand Charter	40%	24	240
Cargo Services	2%	1	12
Vacation Packages	3%	1	18
Specialized Charter Services	8%	5	48
Other Flights	5%	15	30
Total	100%	68	600

The Following Graphs are Projected Company Growth During The First 3 Years of Operation. These Charts Show Clients and Revenue Flight Hours by Number Gains and Percentage Gains.

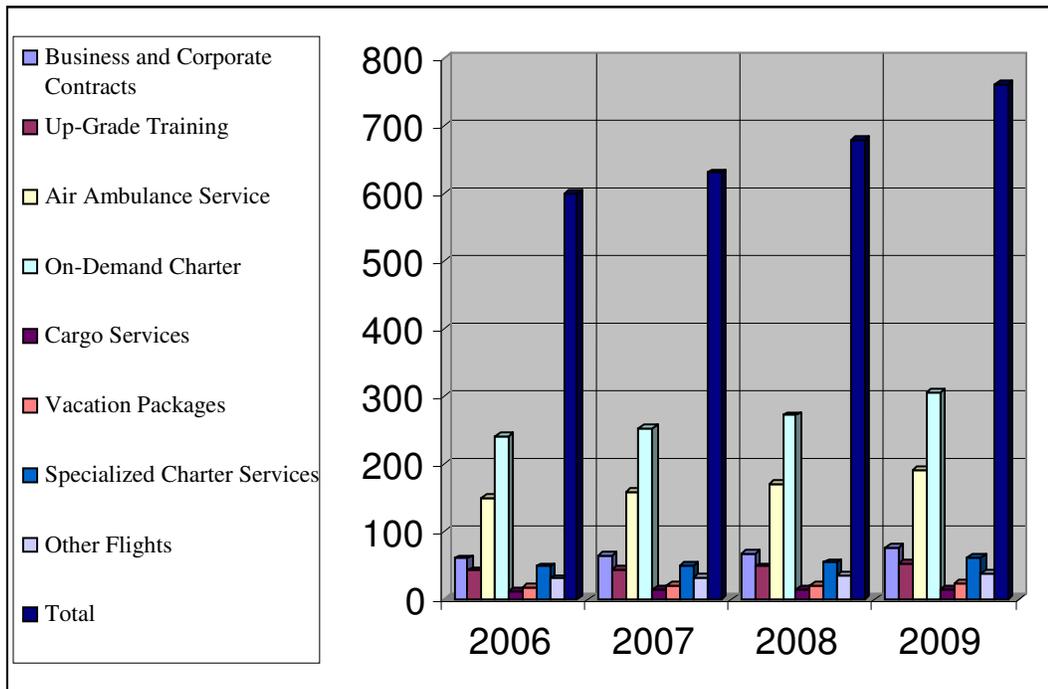
*Note these figures are considered very conservative



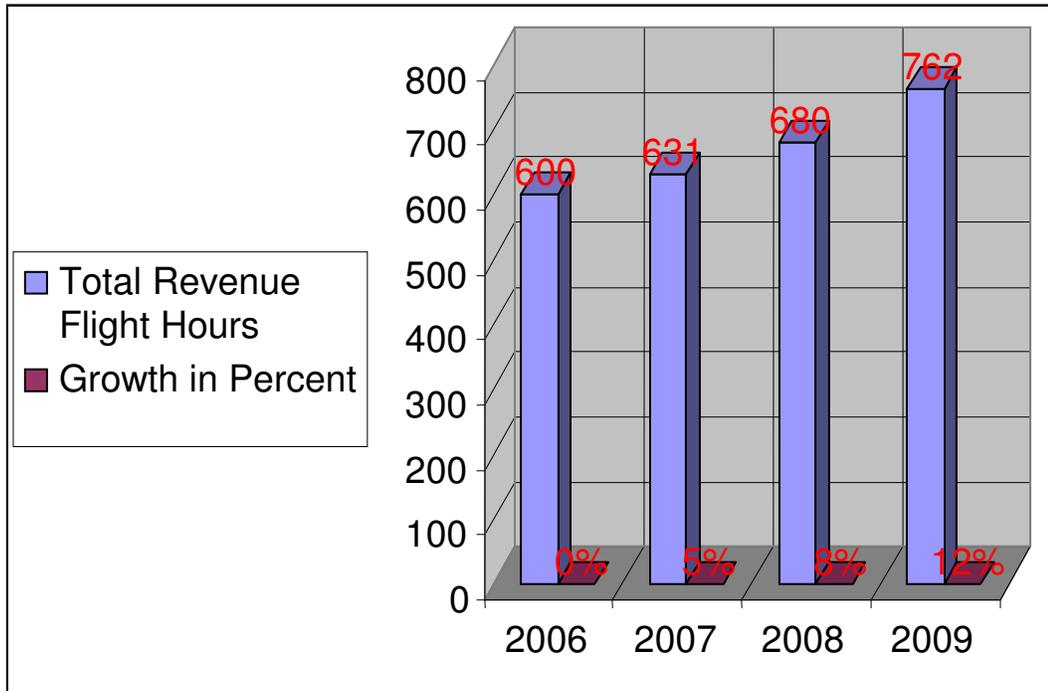
Client Growth



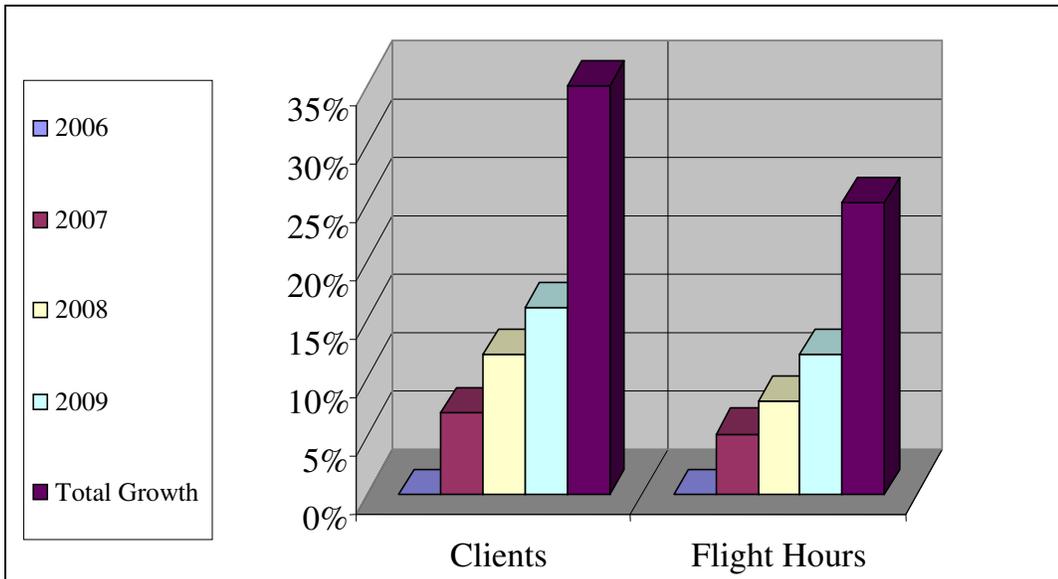
Revenue Flight Hours



Revenue Flight Hour Growth



Projected Growth Over First 3 Years



Type of Client	Clients	Flight Hours	Clients	Flight Hours	Clients	Flight Hours	Clients	Flight Hours
	2006	2006	2007	2007	2008	2008	2009	2009
Business and Corporate Contracts	6	60	6	63	7	68	9	76
Up-Grade Training	4	42	4	44	5	48	6	53
Air Ambulance Service	15	150	16	158	17	170	19	191
On-Demand Charter	24	240	26	252	28	272	31	305
Cargo Services	1	12	1	13	2	14	3	15
Vacation Packages	1	18	2	19	3	20	5	23
Specialized Charter Services	5	48	5	50	6	54	7	61
Other Flights	15	30	16	31	17	34	19	38
Total	71	600	76	631	85	680	99	762
Growth in Percent over previous Year	0%	0%	7%	5%	12%	8%	16%	12%
Total Over All Growth Over 3 Years		Clients		Flight Hrs.				
		35%		25%				

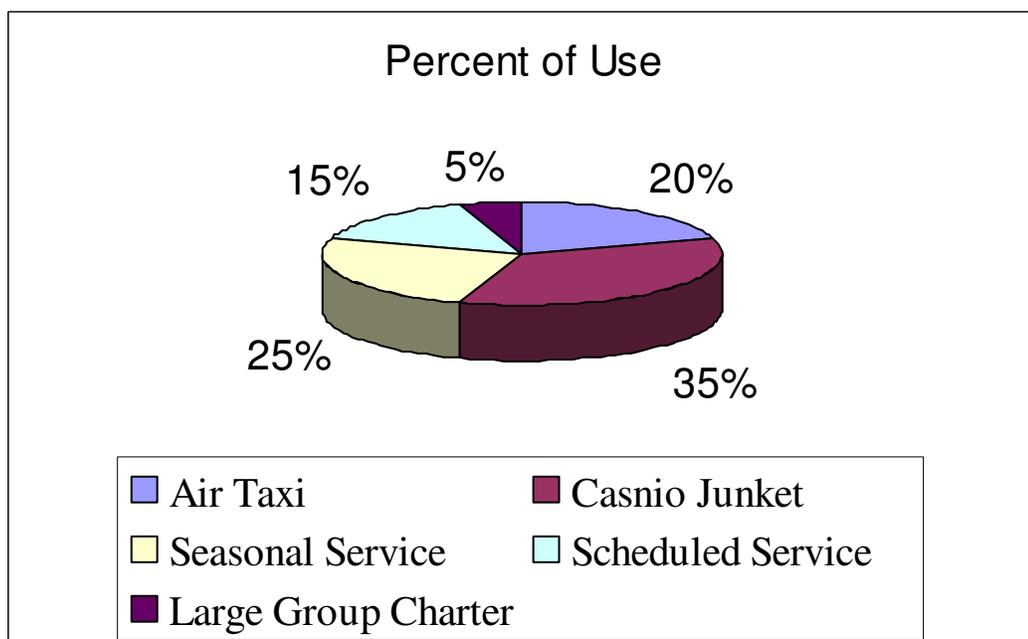
4.1.2 Market Segmentation TLC Airlines:

1. **Air Taxi:** Because of the size of Texas there are a large number small rural towns and communities. Most of these towns and communities are not even large enough to have bus service let alone any type of air service. A large number of these towns and communities do however have, or are close to towns and communities that have small airports. Most of these airports are too small to support even a regional airline, thus the people of these towns and communities have to make lengthy trips, driving sometime as much as 10 or 12 hours to have access to the amenities of larger cities. These people more often than not limit, delay or forego traveling to these larger cities. It is our hope that providing a quick, safe, inexpensive alternative to driving, we will create interest and attract customers to our service by creating a sense of urgency to the potential customer when they need or desire something that is only available in a larger city. By being flexible enough to adjust or service to the current demand of the area, we see this as a large market with potentially unlimited possibilities to produce a large number of revenue flight hours and high net returns.
2. **Casino Junkets:** Houston sit just west of several states with an ever expanding casino gambling market. The only way for the people of Houston and surrounding areas to get to these casinos is to either drive by car or travel via casino tour bus. The trip itself can require spending anywhere from 3 to 8 hours

either driving by car or bus. This limits the time spent enjoying the many attractions offered by the casino (bus trips limit the travelers time at the casino to 2 to 4 hours). By offering flight service to these locations with a variety of departure time both to and from the host city and by offering service to smaller airports located closer to downtown area and casinos, we see the potential for opening a large highly profitable, expanding market that could very possibility be our largest source of revenue.

3. **Seasonal Service:** This is a completely untouched market, by having the flexibility to adjust or change service based on seasonal needs. We will eliminate the need for connecting flights, increased wait and layover times. By providing direct service to highly desirable resort, vacation and weekend getaway locations, we hope to attract travelers away from major air carriers to our service when traveling to one of these locations. We predict that this will be our second largest source of revenue.
4. **Scheduled Service:** Initially this will be limited service to smaller more convenient airports in a few different cities. This initial scheduled service will be primarily designed to make our other services available to residents of nearby cities and states by connecting them to locations where our other services currently depart from. Starting out as a small market for us, our hope is that this will gain popularity with travelers allowing us to increase service by several additional cities per year.
5. **Large Group Charters:** Exactly the same as on-demand charter with the exception that this service is for clients that have seating needs of more than 10 people at a time. The primary market we will target for this will be very large corporations, organization, schools, colleges and universities.

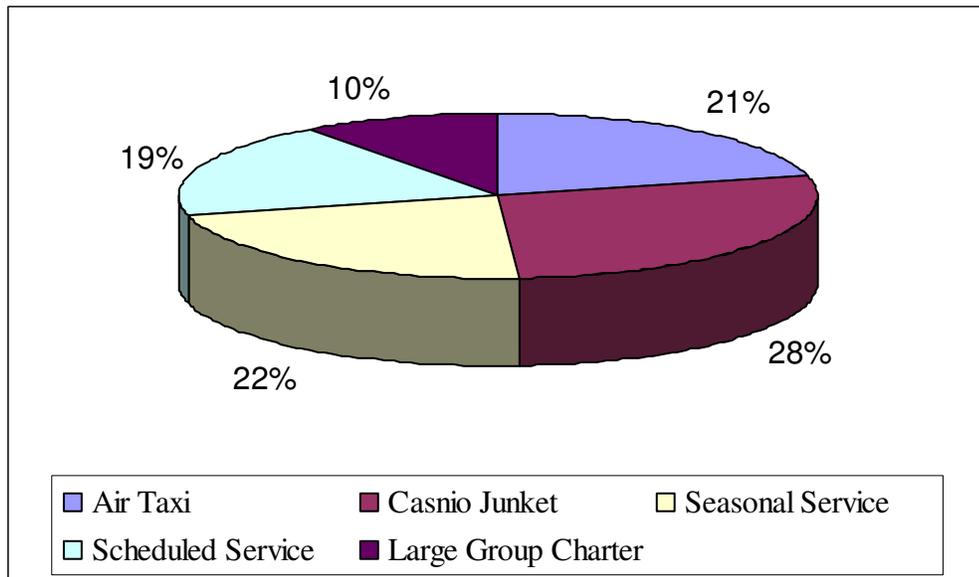
The Following Chart Represents Our Estimated Percentage of Use By Each Service Offered Based on a Total of 150 Revenue Flight Hours Per Month



Service	Percent of Use	Hours of Use Monthly
Air Taxi	20%	30
Casino Junket	35%	53
Seasonal Service	25%	38
Scheduled Service	15%	23
Large Group Charter	5%	6
Total	100%	150

The Following Graph Represents Our Projected Growth Over a 3 Year Period.

* Note our projections are very conservative we believe our growth would be as much a 25%per year.



Annual Revenue Flight Hours

Service	Growth	2006	2007	2008	2009
Air Taxi	21%	360	396	480	540
Casino Junket	28%	636	696	840	948
Seasonal Service	22%	456	492	600	684
Scheduled Service	19%	276	300	360	408
Large Group Charter	10%	72	96	120	132

Total	18%	1,800	1,980	2,400	2,712
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4.2.1 Target Market Segment Strategy Touch of Class Custom Air Service:

We will focus our marketing to prospective clients that are looking for, cost effective solutions to their current private, business, corporate, medical, on-demand and vacation related flight needs, with well maintained, well equipped, professionally operated aircraft, with emphasis our custom designed, relaxing, no hassle, cost effective flight solutions, with superior customer service, a variety of new and innovative charter options. In addition we will also be marketing our up-grade training and internship options to newly licensed commercial pilots and flight instructors that are looking to gain, additional flight time, a high altitude endorsement, cabin class aircraft and real world commercial flight experience, thus giving them a distinct and competitive edge in the highly competitive commercial flight market. Since the aircraft must fly a minimum number of hours each month, we will stay in constant with current clients stay abreast of the clients current and future flight needs, flight instructors and flight schools for current information on newly licensed commercial pilots and pilots close to finishing their commercial flight training. We will also be continually contacting prospective clients with complete information on our service. Each prospective client that contacts Touch of Class Custom Air Service for information will be sent complete information and pricing packet, and information about our custom designed, cost reducing services and packages.

4.2.2 Target Market Segment Strategy TLC Airlines:

We will focus our initial marketing to prospective customers looking for affordable alternative solutions to driving or bus trips to casinos. We will work with casinos in various locations throughout Louisiana and Mississippi on providing prospective casino customers a quick, reliable, safe way to travel between Houston, San Antonio, Austin and Dallas to casinos in Lake Charles, Shreveport, Alexandria, Baton Rouge and New Orleans Louisiana, Gulf Port, Biloxi and Jackson Mississippi. We will offer several departure times each day to and from the casino locations. We will be able to provide service to airports closer to the casinos and will arrange with the casinos to pick-up customers upon arrival and provide them with return ground transportation to the airport. Because of shorter travel times and multiple departure and return times, the customer will be able to spend more time at their destination. Our second area of marketing focus will be on seasonal and air taxi service. Once these services are up and running will begin working on the scheduled service. Large group charters will be marketed by mail, phone and direct personal contact to prospective clients. Information packages detailing our service will be sent to area chamber of commerce, travel agencies, city governments, local media outlets, advertising will be done through area newspapers, radio and television stations and residential an business direct mailings.

4.3.1 Market Needs Touch of Class Custom Air Service:

Houston and the surrounding area is growing at an alarming rate, with a current population of more than 4.1 million and the rapid growth of businesses and corporations both large and small and many with offices located in other cities and states, the need for new, innovative cost effective solutions to business and corporate air travel are immediate. With more and more companies turning away from corporate owned flight departments and using fractional airline ownership and on-demand charter, the cost of these types of solutions have skyrocketed (this is mainly due to fractional airlines and large charter operators going to an all jet fleet) leaving many smaller companies unable to afford the cost and leaving them to the mercy of regional and major air carriers. By cost effective solutions and providing similar or better service using aircraft that are less expensive to operate and maintain we will be able tap into these markets and draw companies to us while creating a new market focused on smaller companies previously unable to afford this type of service.

By offering solutions to lower the cost of private air travel (i.e., share-a-plane, vacation packages, and other specialized air services), direct service and a generally more relaxing and comfortable flight environment to the consumer we hope to make private air travel an attractive personal and family alternative to traveling with major air carrier.

With the airlines laying off large groups of pilot the commercial aviation market has become increasingly difficult to get into; companies that were once hiring pilot with only a few hundred hours are now demanding several thousand. By offering newly licensed commercial pilots affordable training in pressurized, cabin class commercial grade aircraft, and offering real world flight experience, commercial flight line experience and a way to build flight time at no cost after training through our inter-program, we will give these new pilots a distinct competitive edge in this job market, something flight schools don't offer.

With medical costs on the rise and the high cost of operating a flight department, hospitals are turning to outside sources to fill these needs, by providing a competitive service at lower cost we will be able to generate revenue producing flight with this service.

4.3.2 Market Needs TLC Airlines:

There are several states near Texas that provide casino gambling and attractions not available in Texas, the only way to travel to these locations is either drive or book a casino bus tour, traveling by either of type of transportation in limits the time a person can spend enjoying the attractions at the location this is due primarily because of distance and travel time. See table below.

Departure	Destination	Distance	Travel Time Ground Est. Speed 62 MPH	Travel Time Air Est. Speed 300 MPH	Time Saved
Houston TX	Austin TX	162 miles	2 hrs 36 mins	35 mins	2hrs 01 mins
Houston TX	Corpus Christi TX	215 miles	3 hrs 24 mins	43 mins	2hrs 17 mins

Houston TX	Dallas TX	247 miles	3hrs 54 mins	48 mins	3hrs 06 mins
Houston TX	San Antonio TX	199 miles	3 hrs 12 mins	38 mins	2hrs 34 mins
Houston TX	Alexandria LA	245 miles	3hrs 54 mins	48 mins	2hrs 06 mins
Houston TX	Baton Rouge	272 miles	4hrs 18mins	54mins	3hrs 24 mins
Houston TX	Lake Charles	146 miles	2hrs 20mins	30mins	1hr 50 mins
Houston TX	Lafayette LA	221 miles	3hrs 39mins	42mins	2hrs 57 mins
Houston TX	New Orleans	352 miles	5hrs 40mins	1hr 10mins	4hrs 30 mins
Houston TX	Shreveport LA	239 miles	3hrs 50mins	48mins	3hrs 02mins
Houston TX	Biloxi MISS	431 miles	6hrs 55mins	1hr 25mins	5hrs 30mins

Initially all flights will originate from Houston TX so a flight scheduled might look something like this:

Flight No.	Departure	Time	Arrival	Time
152	Houston TX	5:00 AM	Dallas TX	5:50 AM
152	Dallas TX	6:10 AM	Austin TX	6:50 AM
152	Austin TX	7:00 AM	Houston TX	7:35 AM
152	Houston TX	7:55 AM	Lake Charles LA	8:25 AM
152	Lake Charles LA	8:40 AM	New Orleans LA	9:20AM
152	New Orleans LA	9:30 AM	Houston TX	10:40 AM
164	Houston TX	5:10 AM	San Antonio TX	5:48 AM
164	San Antonio TX	6:00 AM	Corpus Christi TX	6:35 AM
164	Corpus Christi TX	6:50 AM	Houston TX	7:33 AM
164	Houston TX	8:00 AM	Shreveport LA	8:48 AM
164	Shreveport LA	9:10 AM	Biloxi Miss	10:30 AM
164	Biloxi Miss	11:10 AM	Lafayette LA	11:53 AM
164	Lafayette LA	12:15 PM	Houston TX	12:57 PM
177	Houston TX	7:35 AM	New Orleans LA	8:45 AM
177	New Orleans LA	9:40AM	Alexandria LA	10:28 AM
177	Alexandria LA	10:45 AM	Shreveport LA	11:15 AM
177	Shreveport LA	11:30 AM	Dallas TX	12:17 PM
177	Dallas TX	12:30 PM	San Antonio TX	1:28 PM
177	San Antonio TX	1:45 PM	Houston TX	2:23 PM

Remember that this is only one of hundreds of possibilities, the determining factor in schedule and cities serviced will be dependant on actual number customers using the service and customer requests for service. Texas, Louisiana and Mississippi cities could be added or removed from service as needed or determined by operational cost verses gross profit.

Seasonal service or scheduled air service to a particular destination as determined by seasonal attractions such as ski resorts, beach resorts etc. could be a very cost effective undertaking for TLC airlines. By allowing us to discontinue and restart scheduled service to locations that attract larger number customers during a particular time of year because of seasonal type activities (i.e. skiing, swimming etc.) we would be able to save money be removing flights the would otherwise tend to do well only at certain times of the year. Considering this we would be able to pass some of these saving back to the customer, this

and our ability to provide a non-stop direct flight to these type of locations, (many of which are not serviced by major air carriers or require transferring to a local or regional carrier to complete the trip) would attract new customers to our service. The potential growth and revenue earning possibilities with a high net return are only limited by the number of seasonal location our service can provide.

The need for people of small rural communities to have reasonable access to larger cities for medical, shopping, technological advances is far greater than most realize. Most of the people of these rural communities rarely travel to larger cities primarily because of the **distance and time required to travel by car** and are denied the amenities, advantages and resources offer by large cities. The majority of these communities are not serviced by major or regional air carriers primarily due to:

- 1. Small airports that cannot support large air craft.**
- 2. Theses airport do not have precision or non-precision approaches.**
- 3. If the airport does have some type of approach system it does not fall under the operational criteria of the air carrier.**
- 4. The cost of operating large aircraft exceeds the amount of revenue producing seats that can be sold.**

By operating smaller more cost efficient aircraft that have a seating capacity of 20 to 40, having the ability to get into small airports, offering service to several different communities per aircraft and being able to service communities as little as once a month to as much as 7 days a week, TLC Airlines sees an opportunity to attract a large number of customers from these areas thus producing a large amount of revenue flight for the air taxi operation.

There are a large number of cities throughout the western half of the United States that because of their size are not privy to having schedule air service provided by major airlines; at best these cities are serviced only by regional air carriers. By offering a scheduled to and from these cities, TLC Airlines will be able to generate new and repeat business.

Most of these cities have a population that range from less than ten thousand to more than one hundred thousand.

There are a vast number of organizations, corporations, schools and universities from time to time find themselves in a position where they need to transport more than 10 people from one location to another. In most instances they find themselves having to arrange for seating on a number of different air carriers at different times. Because of FAA regulation there are only a few of the larger charter companies in the United States offer charter service for group in excess of ten people. TLC Airlines see this as a unique opportunity for increasing the number of revenue producing flights.

New FAA regulations require aircraft with seating a capacity of 10 or more to be operated under CFR14 part 121 which same operating requirements for scheduled air carriers.

4.3.3 Market Trends:

The following must be taken into consideration when determining market trends and growth:

1. The events of 9/11 have changed the general public's outlook on air travel; it has created safety concerns in the public's mind on the safety of airline travel, because you never know who is sitting next to you or what is being carried onboard. With the added security measures at major airports, now the air traveler has to arrive earlier, wait in long lines at security check points, this in addition to waiting on baggage upon arrival at their destination, after picking-up baggage having to wait inline to have each piece of luggage match to a claim ticket before being allowed to leave the baggage claim area, the ever present fear of **the airline losing your luggage**, missed connections, delayed or canceled flights has placed and undo amount of stress on the airline passenger thus causing the one time satisfied airline passenger to seek alternative travel options. This is evident by the large number of pilot lay-offs, reduction in flights, and cancellation of destinations served by airlines.
2. With companies downsizing and turning away from the once popular corporate owned and run flight department and with the already high and rising cost of fractional airline ownership which limits this option to only large corporations and the limited service and rising cost of airline travel, has companies both large and small searching for alternative, cost affective and affordable solutions to the ones currently available.
3. The large number of pilot lay-offs from major air carriers has saturated the with experienced high hour pilots. Flight companies that once looked to flight schools to provide them with pilots and offered the promise of employment and training to the new pilot, no longer do so because of the number of trained, experienced available to them from these lay-offs. The pilot just finishing their flight training stands little chance if any to obtaining employment. Even by building hours by first working as a flight instructor (which at one time was the standard way of gaining a commercial pilots position) does little to increase the new pilots chance of employment, mostly because they still lack real world flying and pressurized cabin class commercial aircraft experience.

This has created an increased demand in small scheduled service, charter and/or private air transport services. This is clearly seen by the start-up of new small scheduled service and charter operators around the country and the addition of aircraft to established charter operators to meet new demands. Unfortunately these operators have failed to see and capitalize on this, by maintaining industry standards. Touch of Class Custom Air Service and TLC Airlines differs, because we have seen the need and have created new and innovative cost effective means to attract new clients as well as entice seasoned charter customer away from their current charter company. We are also capitalizing on the needs of the new pilot and flight instructor to gain training and experience in commercial flying through the use of our up-grade training and internship program.

4.3.4 Market Growth:

The air charter service in Texas as well as nation wide is averaging 75 to 150 revenue flight hours per month per available aircraft, there is also an increasing number of charter operators both state and nation wide. This indicates a very solid number of new private and corporate clients using charter services.

There is a rapidly growing number of people moving away from larger cities and into smaller rural communities serviced by small airports; this has created a growing need for smaller scheduled air taxi, commuter and common carrier services that can fly into and out of the small airports.

With rising costs and more and more companies operating offices is more than one city or state, companies of all size are looking for time and cost effective means with which to do and increase business, and maintain a check and balance system to their satellite offices.

The general public is increasingly getting fed up with major air carrier travel and is constantly looking for cost comparable solutions to meet their personal and family travel needs.

The commercial pilot job market has become increasingly competitive and will continue to do so with the decline in airline travel. Most commercial flight companies have discontinued the training programs they once had, because of the influx of seasoned professional pilot into the job market; this is due to the high number of layoffs in the airline industry. New pilots and flight instructors stand little chance of entering this market without additional training and experience.

Touch of Class Custom Air Service and TLC Airlines meets all of these needs where others fall short. We expect a rapid growth over the first 3 years, and expect to maintain steady growth after that for years to come.

4.4.1 Service Business Analysis:

The variety of services available from Touch of Class Custom Air Service and TLC Airline will be a valuable asset to the people and businesses of City of Houston it's surrounding areas and the State of Texas and its adjoining states. With the expansion plan of TLC Airlines throughout the western and southern United States we will be able to bring these assets to an increasing number of people. These would include scheduled air service, air taxi services, a variety charter services and up-grade training for pilots. Our goal is to provide cost effective air travel solutions to companies and the general public and to give pilots the training and experience to gain a competitive edge in the market place.

4.4.2 Business Participants:

There is currently one Charter Company, four flight schools and no scheduled air carrier or air taxi services operating at David Wayne Hooks Memorial Airport. The charter

operator will be our competition and the flight schools may also be considered competition; however, we will not be a standard charter operator, nor will we be considered a formal flight school. Because of the additional service we offer we will be a custom air service and scheduled air carrier, we will not be competing directly with the flight schools, but will complement them by providing students who have already completed their commercial flight training with an opportunity to up-grade to cabin class, pressurized aircraft and gain additional flight time and experience.

4.4.3 Competition and Buying Patterns:

In the air service industry, word-of mouth advertising and personal marketing are the main reasons that individuals and companies choose one air service operator over another. Many individuals and companies begin using an air service because a friend or business associate has recommended them, others because an air service operator happened to do a prospecting call to a company at a time when the company needed service.

Many maintained service through lack of a better alternative. We intend to capitalize on this by offering just such alternatives and attract their business with our custom designed, cost effective on-demand and scheduled services options. We also intend to mount and maintain a full scale marketing and advertising campaign through the use of newspaper, radio and television advertising, direct mail, and personal contact, this marketing and advertising will be designed to inform potential clients about the services we offer. Although this form of marketing is not used by the normal air service operator, we believe that Touch of Class Custom Air Service and TLC Airlines have far exceeded the norm, with the services we offer, our commitment to provide cost effective, affordable flight solutions or custom design a service to fit the clients need.

4.4.4 Main Competitors:

On-Field:

Silver Moon Aviation:

Strengths: Has been the only on-demand operator located at David Wayne Hook Airport of a number of years.

Weaknesses: Have no marketing or advertising except phone book, only operates one aircraft a B-350 King Air this aircraft is expensive to operate as well as expensive for the client.

Area or Off Field:

American Jet International:

Strengths: Located at Hobby Airport in South Houston approximately 30 miles from Hooks Airport. This company is owned by Million Air FBO and operates 27 aircraft through their nation wide FBOs.

Weaknesses: they do no advertising, other than through their FOBs an in the yellow pages, they operate jet aircraft exclusively in Houston that have high operational costs to the client.

The Three main competitors for TLC Airlines would also be located off field they would be:

Continental Airlines:

Strengths: Well known major airline, large marketing and advertising budget, excellent marketing, world wide service.

Weaknesses: Unable to provide to service to any but large cities.

Express Jet:

Strengths: Owned by Continental Airlines, is their regional carrier.

Weaknesses: Their limited service to small through large cities, they do not provide air taxi or commuter services, do service small towns or rural communities.

Southwest Airlines:

Strengths: Well known major airline, large marketing and advertising budget, excellent marketing, provides service throughout the United States, Canada and Mexico.

Weaknesses: Unable to provide to service to any but medium to large cities, has no regional service.

Section 5

5.0 Management Summary:

The initial organizer of Gift of Life Air Transportation Inc., Touch of Class Custom Air Service and TLC Airlines is James C. Morrison. In order to maintain legal requirements of a 501(c) 3 Not-For-Profit Corporation, there are 3 other members of the company. At the current time, there is only the need for a two member board in the organizational structure.

5.1 Organizational Structure:

Gift of Life Air Transportation Inc. DBA Touch of Class Custom Air Service, DBA TLC Airlines, will rely on the members for advice concerning decision making and financial investing when needed. The ultimate responsibilities and final decisions of the corporation will be given to Founder/CEO/President of the corporation as stated in the by-laws.

Gift of Life Air Transportation Inc. will employ under the business names of Touch of Class Custom Air Service and TLC Airlines, Pilots, Office and Front Desk Personnel, Make Ready and General Maintenance Personnel, Sales Staff and Security Personnel as needed. The Companies Touch of Class Custom Air Service and TLC Airline will collect funds for Flight Services under 14CFR Parts 91, 135, 119 and 121 for the Federal Aviation Regulations. Gift of Life Air Transportation Inc. will receive a small percentage of net profits and use of aircraft, pilot, office personnel and office space from Touch of Class Custom Air Service and TLC Airline in accordance with applicable laws to maintain tax exempt status for these subsidiary companies of Gift of Life Air Transportation Inc... Gift of Life Air Transportation Inc. will collect funds in the form of donations, corporate sponsorships and local state and federal grants.

5.2 Management Team:

Gift of Life Air Transportation, DBA Touch of Class Custom Air Service, and DBA TLC Airlines is currently divided into a Flight Department and the Sales and Fundraising Department. The Founder/Owner and Organizer, James C. Morrison is also the CEO, Company President and Chief Pilot, and Board Chairman, Robert G. Adkins is the Corporate Executive Vice President and oversees sales and marketing, Jennifer L. Morrison is the Corporate CFO, and Kari Dierks oversees fundraising and event planning for Gift of Life Air Transportation only.

The collegiate business and advertising background, combined with current commercial part 91 and 135 pilot experience of the CEO, complimented with the 20 plus years of corporate level sales and marketing experience of the Corporate Executive V.P. and the Accounting and Teaching Background of the CFO, will provide for timely, intelligent , accurate and professional decisions.

All decisions will be based on the mission statements of each company independently.

Section 6

6.0 Financial Plan:

- We want to purchase all initial aircraft outright thus eliminating monthly payments and accrued interest on the aircraft allowing maintain a higher monthly net profit.
- We will pay for A/D's, 100 hour and annual inspections and engine overhauls at TBO, through cash savings acquired during revenue flights.
- For Charter Operations we will charge the client the following additional fees for any time the aircraft is away from base.
 - Layovers of 1 to 8 hours the client is charged: \$37.50 per hour for the Cessna 421, \$57.50 per hour for the Merlin IIIA
 - Layover of more than 8 hours or extended stays a rate of \$500.00 per day for the 421 and \$1,000 a day for the Merlin.
 - Client is responsible for all airport fees and taxes, overnight parking or hanger fees.
 - For layovers form 4 to 8 hours a fee of \$25.00 per flight crew member is charged to cover meals.
 - Overnight stays a fee of \$150.00 per flight crew member is charged to cover meals and hotel accommodations.
- In order to attract new clients and repeat clients, the following money saving option will be available to clients.
 - Share-a-Plane allows clients to share charters with others going to the same or nearby destinations. We charge an additional \$250.00 per flight hour for each additional share client on-board all other fee remain the same. The total amount of the flight and fees are then divided by the number of clients on-board, this allows the clients to reduce their charter cost and allows us a higher net profit per flight.
- In order to maintain a constant source of revenue we will offer the following services to clients:
 - Air Ambulance Service to either hospitals or private individuals
 - Vacation Packages this will be done through agreements with resort locations the package will provide round trip flight, hotel accommodations and ground transportation and will include all associated fees. The amount of and number of packages sold will be determined by aircraft seating, operational costs, and resort fees. This service will allow several customers at a time to enjoy the prestige and convenience of a private charter and vacation package all in one.
 - Specialized Flights will be done to provide a day or night out at a nearby location, the amount charged to each customer will be determined by aircraft seating, allotted time at locations, and amenities included in the package. This service will allow several customers at a time to enjoy the prestige and convenience of a private charter to nearby cities to enjoy night life, shopping, shows, gambling etc.
 - Pilot up-grade training will a set charge of \$5,500.00 for ground school, 10 hours of flight time in the Cessna 421, and \$10,500.00 for ground school 10 hours flight time in the Merlin IIIA, and will include a high altitude endorsement and allow pilot who complete the training to gain

additional experience and build flight time is either a pressurized cabin class piston twin engine aircraft (Cessna 421) or turbo-prop (Merlin IIIA) aircraft.

- In order to attract larger sums of money business and corporate clients will be able to contract service with us. We will provide these clients the first 4 hours of layover time at No Charge and we will offer discounts based on the amount of contract flight time brought. We also allow clients the ability to increase flight time as needed without additional fees or penalties, Clients will not lose flight time not used within a year, nor will they be limited to the amount of flight time they can purchase a year (as with fractional airlines). Clients will not be required to purchase a share of the aircraft, pay maintenance or administrative fees (as with fractional airlines)
- For Carrier Operations; we will provide the following service in order to maintain a consistent source of revenue flights.
 - Casino Junkets; we will provide service several times daily to nearby cities that offer casino gambling.
 - Air Taxi Service: we will provide air service to small towns and rural communities a minimum of once a month (more if needed) to larger cities.
 - Seasonal Service; we will provide service to resorts and other location as required by seasonal need.
 - Scheduled Service; we will offer daily weekly scheduled service to various cities and states.
 - Large group charters: we will provide charter service to groups, organizations, companies, schools, colleges and universities or others that need air service for groups of 11 or more people.

6.1 Important Assumptions:

The financial plan depends on the number of revenue flight hours flown each month in our aircraft:

The most important assumptions crucial to our success are:

- The aircraft will maintain flying status other than routine, required inspections.
- We will not have any major aircraft accidents or incidents that will result in major down time.
- We also assume that the addition of new clients both corporate and private will continue and increase.
- That our new and specialized services attract new clients.
- That our air taxi and casino services will continue to grow and maintain a minimum of $\frac{3}{4}$ to full capacity on each flight.
- That our scheduled services will fly a near capacity, and that we will be able to increase by 2 cities per year.
- That we will be able to increase the number of large group charters flown each year.
- That our seasonal scheduled service plan grows and rotates on a seasonal basis.
- We will be able to attract new hospitals and medical services to our air ambulance service.

- We will be able negotiate contract with a large number of resort, vacation and get-away locations to provide us with vacation and weekend packages.
- We will be able to attract new corporate and businesses clients away from fractional airlines and other charter operators with our low cost alternatives.
- We will attract more customers from middle and upper-middle class families.

6.2 Sales Forecast:

Our Sales Forecast tables show our estimated revenue for hours flown. Estimated operating expenses and other charges are listed in the Profit and Loss Tables.

Sales Forecast For Touch of Class Custom Air Service				
Sales	FY2006	FY2007	FY2008	FY2009
Cessna 421	\$157,500.00	\$165,375.00	\$173,775.00	\$183,750.00
Merlin IIIA	\$277,500.00	\$291,375.00	\$306,175.00	\$323,750.00
Total Sales	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00

Sales Forecast For TLC Airlines				
Sales	FY2006	FY2007	FY2008	FY2009
Metro-Liner SA/227	\$3,600,000.00	\$3,960,000.00	\$4,800,000.00	\$5,425,000.00
Total Sales	\$3,600,000.00	\$3,960,000.00	\$4,800,000.00	\$5,424,000.00

6.3.1 Break-even Analysis Touch of Class Custom Air Service:

Breaking down our monthly fixed costs enables us to calculate how much our aircraft need to be flown each month to maintain profitability. Our monthly fixed cost includes:

- Hanger and office rental.
- Insurance.
- Utilities.
- Office Personal.
- Sales Staff.
- Advertising.

The Following table summarizes our fixed cost break-even analysis.

Fixed Costs:

	Monthly	Annually
Hanger/Office	\$1,200.00	\$14,400.00
Insurance	\$1,000.00	\$12,000.00
Utilities	\$1,000.00	\$12,000.00
Office Personal	\$1,360.00	\$16,320.00
Sales Staff	\$2,000.00	\$24,000.00
Advertising	\$1,500.00	\$18,000.00
Total	\$8,060.00	\$96,720.00

Assumptions

Unit Revenue	Per Hour
Cessna 421	\$525.00
Merlin IIIA	\$925.00
Average Unit Revenue	\$725.00

Break-even Analysis

Monthly Unit Break-even	11 hours
Monthly Revenue Break-even	\$8,060.00
Annual Unit Break-even	135 hours
Annual Revenue Break-even	\$96,720.00

With fixed cost determined we now add in variable costs. These costs are determined by the number of hours the aircraft are flown. We have used 300 operational hours per aircraft per year to determine hourly costs. The number of hours to TBO divided by the cost of engine overhaul determines the hourly operational cost.

The Following tables summarize our variable.

Variable Cost Table Cessna 421 Operation

	Cost per unit		Hourly Costs	Monthly 25hr Average	Yearly 300 hrs average
Aviation Fuel	\$4.00 per gal	45 gal per hour	\$180.00	\$4,500.00	\$54,000.00
Inspections	\$15,000.00	Per Year	\$50.00	\$1,250.00	\$15,000.00
Charts	\$1,200.00	Per Year	\$4.00	\$100.00	\$1,200.00

Pilot	\$45.00	Per Hour	\$45.00	\$1,125.00	\$13,500.00
TBO	\$40,000.00	Per 5,000 hours	\$8.00	\$200.00	\$2,400.00
Total			\$287.00	\$7,175.00	\$86,100.00

Variable Cost Table Merlin IIIA Operation

	Cost per unit	Hourly Costs	Monthly 25hr Average	Yearly 300 hrs average
Jet Fuel	\$3.00 per gal	90 gal per hour	\$270.00	\$81,000.00
Inspections	\$30,000.00	Per Year	\$100.00	\$30,000.00
Charts	\$1,200.00	Per Year	\$4.00	\$1,200.00
Pilot	\$60.00	Per Hour	\$60.00	\$18,000.00
TBO	\$100,000.00	Per 5,000 hours	\$20.00	\$6,000.00
Total			\$454.00	\$136,200.00

Fixed and Variable Costs

	Fixed Cost Monthly	Variable cost monthly	Total
Cessna 421	\$4,030.00	\$7,175.00	\$11,205.00
Merlin IIIA	\$4,030.00	\$11,350.00	\$15,380.00

Break-even Analysis

	Cessna 421	Merlin IIIA
Monthly Unit Break-even	21hours	17 hours
Monthly Revenue Break-even	\$11,205.00	\$15,380.00

6.3.2 Break-even Analysis TLC Airlines:

A complete break-even analysis for TLC Airlines is not available at this time due to complex negotiations with airports we intend to service for fees and space with which can sell tickets. Initially we will sell tickets for scheduled service, air taxi service and casino junkets through an 800 number and the internet and will forward tickets either via e-mail or regular mail for customers outside the Houston Area, this will help to eliminate some airports fees, as this company grows it will be necessary to place ticket locations in the various airports we service.

The break-even analysis for the large group charter service is demonstrated in the tables below. The location for the Houston area will be in conjunction with Touch of Class Custom Air Service, this will aide in reducing the fixed costs for both services.

**Fixed Cost Break-even Analysis is
reduced 50% in Houston:
with the exception of the insurance**

	Monthly	Annually
Hanger/Office	\$600.00	\$7,200.00
Insurance	\$1,000.00	\$12,000.00
Utilities	\$500.00	\$6,000.00
Office Personal	\$680.00	\$8,160.00
Sales Staff	\$1,000.00	\$12,000.00
Advertising	\$750.00	\$9,000.00
Total	\$4,530.00	\$54,360.00

Assumptions

Unit Revenue	Per Hour
Metro-Liner SA-227	\$2,000.00
Average Unit Revenue	\$2,000.00

Break-even Analysis

Metro-Liner SA-227

Monthly Unit Break-even	3 hours
Monthly Revenue Break-even	\$4,530.00
Annual Unit Break-even	27 hours
Annual Revenue Break-even	\$54,360.00

With fixed cost determined we now add in variable costs. These costs are determined by the number of hours the aircraft are flown. We have used 300 operational hours per aircraft per year to determine hourly costs. The number of hours to TBO divided by the cost of engine overhaul determines the hourly operational cost.

The Following tables summarize our variable.

Variable Cost Table Metro-Liner SA-227 Operation

	Cost per unit	Hourly Costs	Monthly 25hr Average	Yearly 300 hrs average
Jet Fuel	\$3.00 per gal	180 gal per hour	\$540.00	\$13,500.00
Inspections	\$90,000.00	Per Year	\$300.00	\$7,500.00
Charts	\$1,200.00	Per Year	\$4.00	\$100.00
Pilot	\$80.00	Per Hour	\$80.00	\$2,000.00
First Officer	\$50.00	Per Hour	\$50.00	\$1,250.00
TBO	\$350,000.00	Per 5,000 hours	\$70.00	\$1,750.00

Total	\$1,044.00	\$26,100.00	\$313,200.00
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Fixed and Variable Costs

	Fixed Cost Monthly	Variable cost monthly	Total
Metro-Liner SA-227	\$4,530.00	\$26,100.00	\$30,630.00

Break-even Analysis

Metro-Liner SA-227

Monthly Unit Break-even	15 hours
Monthly Revenue Break-even	\$30,630.00

6.4 Projected Profit and Loss:

With monthly fixed and variable costs of hanger/office rent, insurance, utilities, scheduled maintenance and inspections, pilots, office personal, fuel, engine overhaul fund, charts, sales staff and advertising, we can actively market our aircraft and services to obtain the correct number clients and revenue flight hours to exceed our expenses while making our aircraft and service convenient and readily available for the new and existing clients.

A loss is expected for the first few months while we build our client base. We hope to increase the number of revenue flight hours flown each month by 18 to 20 percent until break-even point is reached. At that time we will direct our marketing efforts to keep a steady and continual growth until each aircraft is producing between 1,200 to 1,400 revenue flight hours per year, at that time we will consider increasing the number of aircraft we have for hire, adding maintenance facilities, rental cars and other services.

NOTE: The following profit and loss table is for Touch of Class Custom Air Service only. It is based on 600 revenue flight hours the first year with a 5% increase in revenue flight hours flown in each subsequent year. The 5% estimated increase in revenue producing flight hours is very conservative through our marketing studies we believe our actual increase in revenue producing flight hours will be 12 to 18% a year during the first 3 years. TLC Airlines is not included in this table because we don't plan to initiate this service for 1 to 2 years after start-up of Touch of Class Custom Air Service.

Pro Forma Profit and Loss				
	FY 2006 600 Flt. Hrs	FY 2007 630 Flt. Hrs	FY 2008 662Flt. Hrs	FY 2009 700Flt. Hrs
Sales	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00
Direct Cost of Sales	\$0.00	\$0.00	\$0.00	\$0.00
Production Payroll	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00
Total Cost of Sales	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00

Gross Margin	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00
Sales and Marketing Expenses:				
Sales and Marketing Expenses	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00
Sales and Marketing Payroll	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00
Miscellaneous				
Total Sales and Marketing Expenses	\$42,000.00	\$42,000.00	\$42,000.00	\$42,000.00
General and Administrative Expenses				
General Payroll	\$16,320.00	\$16,320.00	\$16,320.00	\$16,320.00
Pilots Payroll	\$31,500.00	\$33,075.00	\$34,755.00	\$36,750.00
Utilities	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Hanger/Office Rent	\$14,400.00	\$14,400.00	\$14,400.00	\$14,400.00
Insurance	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Aircraft Maintenance	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00
Aircraft Fuel	\$135,000.00	\$141,750.00	\$148,950.00	\$157,500.00
Flight Charts	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Total General and Administrative Expenses	\$267,420.00	\$275,745.00	\$284,625.00	\$295,170.00
Other Expenses:				
Other Payroll				
Unforeseen Maintenance and Repairs	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Total Other Expenses	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Total Operating Expenses	\$311,420.00	\$319,745.00	\$328,625.00	\$339,170.00
Total Net Profit Before Investor Dividend	\$123,580.00	\$137,005.00	\$151,325.00	\$168,230.00
Investor Share 33% (negotiable)	\$40,781.00	\$45,212.00	\$49,937.00	\$55,516.00
Net Profit	\$82,799.00	\$91,793.00	\$101,388.00	\$112,714.00

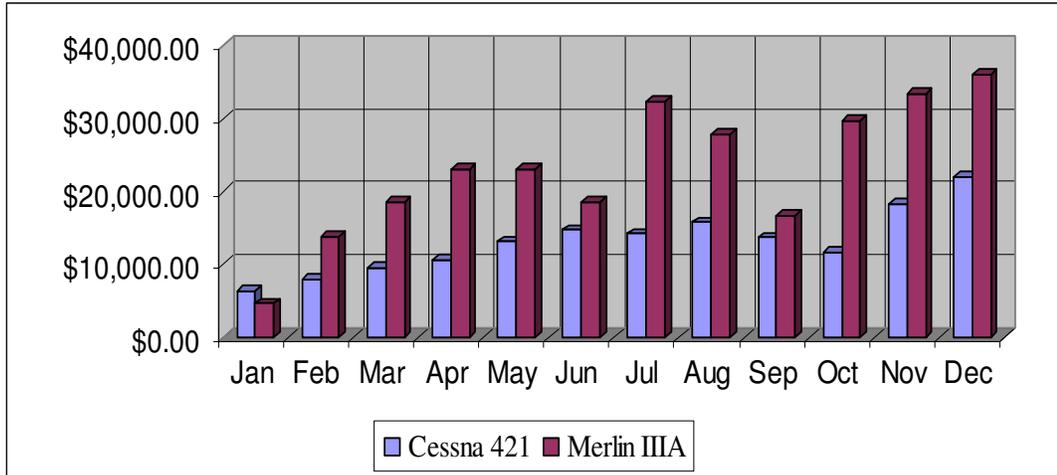
NOTE: No increases in general payroll, sales payroll or advertising were made, these will change based on actual realized profits and will be adjusted as needed. Also no tax information has been noted above the reasons are as follows.

- All employees will be initially paid as contract labor; this will change as the company grows.
- Touch of Class Custom Air Services will provide support to Gift of Life Air Transportation Inc. to maintain tax exempt status under Gift of Life Air Transportation's 501(c) 3, as allowed under federal law.

6.5 Projected Cash Flow:

The Following cash flow projections show the amounts anticipated from the first few months during client accumulation period through the expected first year's growth.

Cash flow is critical to our success, for payment of insurance, hangers, office space, fuel costs, aircraft maintenance, pilots, office and sales personnel and advertising and marketing as well as payments of dividends to the investor(s), and repayment of the investors initial investment amount.



	Cessna 421	Merlin IIIA
Jan	\$6,300.00	\$4,625.00
Feb	\$7,875.00	\$13,875.00
Mar	\$9,450.00	\$18,500.00
Apr	\$10,500.00	\$23,125.00
May	\$13,125.00	\$23,125.00
Jun	\$14,700.00	\$18,500.00
Jul	\$14,175.00	\$32,375.00
Aug	\$15,750.00	\$27,750.00
Sep	\$13,650.00	\$16,650.00
Oct	\$11,550.00	\$29,600.00
Nov	\$18,375.00	\$33,300.00
Dec	\$22,050.00	\$36,075.00
Total	\$157,500.00	\$277,500.00
Grand Total		\$435,000.00

Pro Forma Cash Flow

Cash Received: From Operations:	FY 2006	FY 2007	FY 2008	FY 2009
Cash Sales	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00
Receivables	\$0	\$0	\$0	\$0
Subtotal Cash from Operations	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00
Additional Cash Received:				
Sales Tax, VAT Received	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0
New Other Liabilities	\$0	\$0	\$0	\$0
New Long Term Liabilities	\$0	\$0	\$0	\$0
Sales and Other Current Assets	\$0	\$0	\$0	\$0
New Investments Received	\$0	\$0	\$0	\$0
Total Cash Received	\$435,000.00	\$456,750.00	\$479,950.00	\$507,400.00

Expenditures:	FY 2006	FY 2007	FY 2008	FY 2009
Cash Spending	\$89,820.00	\$91,395.00	\$93,075.00	\$95,070.00
Payments, Accounts Payable	\$219,600.00	\$226,350.00	\$233,550.00	\$242,100.00
Subtotal Spent on Operations	\$309,420.00	\$317,745.00	\$326,625.00	\$337,170.00
Additional Cash Spent:				
Sales Tax, HST/GST Paid Out	\$0	\$0	\$0	\$0
Repayment of Investors Principal	\$15,000.00	\$20,000.00	\$25,000.00	\$40,000.00
Repayment of Current Loans	\$0	\$0	\$0	\$0
Other Liabilities Paid	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0
Purchase Long Term Assets	\$0	\$0	\$0	\$0
Dividends Paid to Investor(s)	\$41,441.00	\$46,002.00	\$50,597.00	\$56,176.00

Total Cash Spent	\$365,861.00	\$383,747.00	\$402,222.00	\$433,346.00
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Net Cash Flow	\$69,139.00	\$73,003.00	\$77,728.00	\$74,054.00
Cash Balance	\$69,139.00	\$142,142.00	\$219,870.00	\$293,924.00

6.6 Long Term Plans:

Our long-term plan is based primarily on the short-term future of the business. If the aircraft is able to support its expenses then the future of Touch of Class Custom Air Service and our long-term goals can be successfully accomplished.

Our long-term plan contains the following elements:

- The addition of 3 aircraft to our fleet within the first 3 years these aircraft to include:
 - 1 additional pressurized cabin class piston
 - 1 additional turbo-prop
 - 1 turbo-jet
- The opening of a maintenance facility to provide in-house service to our aircraft to reduce our maintenance costs and to produce additional revenue by providing service to non-company aircraft.
- Add fuel service to our facility.
- Add a pilots shop.
- Within 2 years start the operation of TLC Airlines.
- And add additional FBO's around the country.

Section 7

7.0 Maintaining Tax Exempt Status through Gift of Life Air Transportation Inc.

Touch of Class Custom Air Service and TLC Airlines (when operational) will provide its mother company Gift of Life Air Transportation Inc with the following:

1. Office and hanger space at no cost.
2. Office personnel, pilots and aircraft at no charge.
3. Provide all utilities including phone to Gift of Life Air Transportation Inc.
4. Provide a small cash allotment to Gift of Life Air Transportation Inc.

By doing this it will allow Touch of Class Custom Air Service and TLC Airlines (when operational) provisions provide under federal law to remain exempt from local, state and federal tax as provided under Gift of Life Air Transportation Inc. 501(c)3 Federal Tax Exempt Determination.

Appendix

Contact Information:

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