

Before the United States Department of Transportation

Washington D.C.

August 17, 2009

Essential Air Service at:

Cape Girardeau, Missouri  
Decatur, Illinois  
Quincy, Illinois

Docket DOT-OST-1996-1559  
Docket DOT-OST-2006-23929  
Docket DOT-OST-2003-14492

Under 49 USC 41731 *et seq.*

The airline industry has been forced to make drastic changes to the operations since 9/11 as we've seen fuel increase over 300% in some markets, passenger traffic weaning off, and many of the communities covered under the U.S. Department of Transportation's Essential Air Service have struggled in maintaining their service as FOUR EAS carriers have gone out of business in the past two years, leaving only a few 19 seat operators.

At Locair, we want to apply our methods used at Lake Cumberland Regional Airport in Somerset, Kentucky into the EAS program. While we are only an Air Taxi operator under 14 CFR 298, we have seen the community rally under our ability to fly to additional points under the SCASD grant rather than focus on one key market (Nashville). After reviewing the top two requests of service from the community, we hit a home run with the third- Washington Dulles. Fortunate for Somerset, the SCASD allows us to 'experiment' to figure out which market is the BEST for the community, and one we'd like to do at the above communities. While our ultimate goal is to obtain our Economic Authority under 14 CFR 298c and FAA Part 121 authority, we would like to bid on these above markets and help REBUILD their market before we begin daily scheduled operations, and look at splitting up the frequencies into multiple destinations. The current Administration is asking for new efficiencies from the Department and the Airlines, and we feel we offer just that. These markets have faced above-and-beyond normal circumstances that requires the Department to think 'outside the box' in working with carriers, like Locair, who propose new ways of rebuilding the markets in these communities.

Locair is a certified FAA Part 135 Air Taxi with plans to upgrade to Commuter Authority and Part 121 service as we are seeing the aviation model change. Locair is presently developing our operations focused on 121 regulations. All flights will be sold, marketed, and operated by Locair (unless another operator is used to preserve the schedule). Locair is presently working on GDS connectivity that would allow global access to our markets.

While our proposal, contained in the next few pages, is based on numerous markets, we are asking for the Department to accept our bid as follows:

Bids may be combined or awarded individually.

Market	Year #1 Subsidy	Per Departure	Per Pax
Cape Girardeau	\$1,258,654	\$771.23	\$104.75
Decatur	\$2,107,356	\$1033.02	\$135.92
Quincy	\$2,225,497	\$1090.93	\$151.10



August 17, 2009

Honorable Senator Richard Durbin  
309 Hart Senate Building  
Washington DC 20510

Dear Mr. Durbin,

In March 2007, Regions Air shut down operations after serving the Illinois EAS markets after years of continuous top-notch service – the 2006 summer and winter was brutal to the company that resulted in the grounding of numerous aircraft and spikes in fuel prices not only caused Regions to fail, but 2 other commuter airlines.

When I left my job at another large regional carrier, I was hired to help save Regions Air & grow the airline. Being a native of Mt. Zion and frequent traveler, I was very well aware of the problems at hand, but focused on ways to make our carrier work with what we had. In the middle of a very competitive & destructive EAS bid, we lowered our fares to historic levels which increased our boardings by double in most markets – in fact, a few of the markets would have boarded over 10,000 passengers for the first time in years – and we were taking the proper steps to fix Regions (our final flight from Decatur, IL was booked to 16). Record fuel prices, a sour EAS bid out of Cleveland, and monstrous maintenance issues with a new fleet type plagued our operation.

Then in March, we ran into some questionable items in our manuals that resulted in Regions temporarily ceasing operations for a day while those manuals were updated.

During this time, the airports started to panic about our future. Promises were made to these communities which resulted in the airports not selecting Regions to continue our operations – even though we were fixable. Once those decisions were made and final order by the Department of Transportation, the owner of the company had no desire to continue funding us and ultimately in June 2007, Regions shut down. Over 300 individuals lost their jobs.

On behalf of the former Regions Air and Corporate Airlines employees, I ask you Senator, please help get these jobs back. Locair is proposing a very experimental bid that has mixed the business ideas of Allegiant Airlines – the MOST successful operator in the US – with a commuter airline twist. We are proposing to link these smaller communities to various business centers that do not have any direct service, or pose a hardship to local travelers. Our plan will provide jobs to those that were lost in June 2007 and possibly even more. While I can't promise we will be able to serve all of the regions' travelers, we will do our best to carry more of them than the current operators. My plan is working out of a town called Somerset, Kentucky – which is the size of Mattoon, Illinois – with frequent flights to Washington, where we have boarded more passengers than Quincy and Decatur – yet the town is only a fraction of the size of those communities. And in the current state of the economy, my airline can offer employment to those former Regions staff that lost their jobs in March, which many are now facing layoffs from their replacement jobs or are in positions that do not meet their career desires.

The current Administration has asked for changes in the EAS program – and we are proposing a very creative way of offering service that is anything but status quo. Please give us that opportunity to restore reliable, efficient, and affordable air service to the communities in Illinois and everywhere covered in this Proposal. Your support will not only help the citizens of Cape Girardeau, Decatur, and Quincy, but also those in Kentucky, West Virginia, and others.

Thank you for your time & efforts in working on air service.

Sincerely,

Nathan Vallier  
General Manager, Locair, Inc.

750 SW 34<sup>th</sup> Street Suite 208 Ft. Lauderdale, FL USA 33315 v 954.359.3001 f 954.359.7100

## About Locair

Locair, Inc. was established in 1993 as an On-Demand carrier. As a locally owned, family run company we are proud to say that we pride the customer service and experience we offer. With the success and efficiency of our Fairchild Metroliner aircraft we decided, in the summer of 2006, to add a passenger version of the aircraft. Since then we have specialized in providing travel options for large groups and heavy cargo/baggage that cannot normally be carried aboard an airliner or most turboprops. Our versatility and on-time performance allows you the customer the comfort in knowing that everything will be taken care of in a professional and personal manner. In 2008, Locair began air-taxi flights in and out of Somerset, Kentucky & Beckley, West Virginia, linking them to the Washington D.C. Area. Locair hopes to begin service to Bowling Green & Pikeville, Kentucky – two markets that are not only ineligible for EAS, but presently have NO present air carrier service.

## Looking To the Future

In these trying economic times, we recognize the importance of running an efficient and stable operation. It is because of this reason that as Locair moves into the future we are looking to maintain slow, steady, conservative, organic growth that will allow us to maintain the quality product that we provide with the personal touch that only a small, local business can offer for our customers, employees, and government entities.



## Quick brief



24-hour online booking available at [www.locair.net](http://www.locair.net)

Reservations lines are open from 8:00AM until 6:30PM M-F and reduced hours on weekends. (If we are selected for EAS @ all 3 communities, we will be open from 6AM – 10PM)

Locair uses SkyVantage as our Flight Management & Reservations system

Fleet of 3 Metroliner aircraft – 2 based in Florida, 1 in Kentucky with immediate access to 3 additional airframes

No flights on holidays – flights are typically empty and we believe in our staff spending time with their families

TSA Approved AOSSP for airports where sterile operations are required –

Locair spends money in our local communities – in Somerset alone, we have spent over \$20,000 in the local economy for marketing/advertising/hotel rooms (our stays to date have been paid with NO trade)



Locair's core business philosophies

	Them	<b>Locair</b>
Reservations at the counter	\$10 - \$25 per passenger	FREE!
Reservations via call center	\$20 - \$30 per passenger	FREE!
Reservations via internet	FREE! (we had to show you SOMETHING that they give you for free!)	FREE!
Unaccompanied Minors	\$25 - \$100 per direction	FREE!
1 <sup>st</sup> Bag	\$10 - \$25	FREE!**
2 <sup>nd</sup> Bag	\$25 to \$50	FREE!**
3 <sup>rd</sup> Bag	\$100	FREE!**
Inflight Snacks*	\$2 - \$5	FREE!
Inflight Drinks*	\$0, but sometimes may not offer	FREE!
Change fee	\$50 - \$150 plus difference in airfare	\$25 plus difference in airfare
Name changes	Not allowed	\$25
Children Discount	None	25% off the lowest fare (except for very special fares, like companion tickets)
Pets in Hold	May not take	\$1 per pound
Pets in Cabin	\$0 to \$50 each way	FREE!

\* Inflight beverages/snacks offered on flights of 75 minutes or greater.

\*\* customers are allowed 70 pounds of luggage, not to exceed a total of 3 bags. Any extra bags or weight over 70 pounds is charged \$1 per pound.

Most of our facilities also benefit from having private terminals with rest/relaxation rooms, free wireless internet, and free parking.

Customers that are connecting to other airlines may opt for our free courtesy shuttle to the Main Terminal (although some airports we will utilize the Main Terminal).

# Possible EAS Route Map for Cape, Decatur, & Quincy



## About Our Bid

Locair is only proposing services to three of the six cities bundled in the RFP. As a smaller airline, our resources are limited and it is not feasible to take such a large risk in a proper manner. Our goal is simple: offer a new, dynamic business model to these communities & help get them to 10,000 boardings (or as close as we can get). Since interlining & codesharing has become increasingly difficult, if not impossible, we have to think outside the box. Locair has applied a blending of the "Allegiant Airlines" point-to-point methodology along with the notion that customers will still want to connect to other carriers. Our research has enabled us to look at the top local destinations served by each community and creatively bundle those markets with other airports, thereby reducing our dependency and risk on the sole EAS city. For example, Decatur to Washington came up a lot in our discussions with the community – since the distance is so great it would hamper sales (because of it being a turboprop), we will make a stop in Huntington, West Virginia. Huntington does not have ANY service to DC at this time, and it will provide Decatur customers with an opportunity to get out of the aircraft, check e-mail, consume food, or utilize the restrooms in the airport. We've also looked at ways of combining flights – so we designed Locair hubs in Branson & Kansas City, Missouri. This will further enable local & regional travelers by enhancing the cities they can fly from the EAS market. Decatur to New Orleans will make a stop in Branson, but customers can also continue on to Little Rock or Oklahoma City in Branson; Kansas City will link Omaha, Tulsa, and Wichita.

### Total Reported Bookings (Part 121 carriers)

Market	1992	1996	1998	2006	2007	2008
Bloomington/Normal, IL	54,224	58,163	197,463	256,582	263,479	262,919
Decatur, IL	39,667	19,371	17,673	14,650	9,620	1,041

(Data supplied from the United States Department of Transportation T-100 reports)

The biggest issue at hand is the painfully high number of travelers using other airports. Bloomington, as shown above, was once just a fairly busy airport with flights to Chicago, St. Louis, and Detroit. In the late 90s, the airline landed AirTran to Orlando and Frontier to Denver, this was start of a trend that has dwindled boardings at every airport within 90 minutes of Bloomington/Normal.



RegionsAir did favorably well when it served these markets as American dismantled the TWE markets to the point that the Regions flying was the only thing flying TO St. Louis, so Decatur & Springfield were able to draw customers from Champaign, Bloomington, and Peoria. Up until the cessation of service by Regions, the airline was doing quite well in terms of passenger loads – the final week of service hailed some of the highest load factors in the company's history as American Connection.

Locair is NOT promising a codeshare. Locair is NOT promising easy connectivity to all the airlines of the world. You can't book us on Expedia or Travelocity. Yet we are boarding more passengers out of Somerset, a town of 15,000, than the communities listed in this bid. Our business model can work and offer the Department a new level of efficiency as we determine the best market (or markets) to be serviced from Cape Girardeau, Decatur, and Quincy without holding the passengers hostage to St. Louis, which has proven that even WITH Expedia, Travelocity, and Interline, you still can't get more than a few people on a single flight.

The most successful U.S. Airline in history, Allegiant, is a Scheduled Part 121 carrier yet it operates more like a Charter – most of its points are serviced only a few times a week. This model has given Allegiant the HIGHEST yield of ANY airline in history – over 30% operating margin – because many travelers have opted to fly direct to their destination rather than fly on a competing airline thru a hub, and many travelers have adjusted their schedules accordingly to fit those nonstop flights. What is interesting is that Allegiant *does NOT codeshare, they are NOT in Expedia, Travelocity, or Orbitz, and they don't have a frequent flyer program.* Yet they were one of two large airlines to post a profit in the past

quarter. And according to the Airport Board in Owensboro, they are putting on about 130 passengers (out of 150) on each departure to Sanford-Orlando.

We feel that the Department should allow Locair to operate in these markets utilizing current DOT rules covering EAS markets, with the exception that these markets may be served to multiple points as long as the weekly frequencies are met (or within acceptable range to the communities/Department), and once we have received our Economic Authority for Scheduled Operations, we maintain that flexibility as long as our subsidy amount remains the same and will fly the required frequencies.

In recent developments, Paducah Kentucky's air service was reduced by the incumbent carrier. By awarding Locair the three communities, we will be adding 8 additional weekly frequencies with flights to TWO new hubs for this market – therefore helping preserve Paducah's traffic while helping stabilize Cape Girardeau & Quincy. This bid is VERY unique in that we will be able to restore service to three previously operated routes: Kansas City to Omaha, Tulsa, and Wichita. Our bid will also introduce the FIRST nonstop service to Washington Dulles for Huntington, West Virginia and Lexington, Kentucky. By selecting and supporting Locair, Bowling Green will also get its first regular flights, with service to Atlanta (the community has commented on the astronomical prices on Nashville to Atlanta).

The goal of our bid is to REBUILD traffic to Cape Girardeau, Decatur, and Quincy by linking them with other airports to help support this service. No other EAS bid has ever been able to bring so much air service to such a vast portion of the country.

#### **Timeline if Locair is Selected...**

- ➔ Flights will begin in 90 days using the Fairchild Metros (9 or 19 seats) to Kansas City & at least one additional point.
- ➔ Flights added as additional airframes join the fleet.
- ➔ It can take 45 – 120 days to add the Jetstream 32 aircraft to the certificate. All of the technical positions & flight department personnel have been located and awaiting our action. (One Jetstream is coming out of heavy check during the 2<sup>nd</sup> week of September).
- ➔ The owner of the Regions Air Jetstreams has pledged his aircraft to Locair if we win the EAS markets. It will take anywhere from 6 to 8 weeks per plane to return them to service. Metroliners will be used until all the Jetstreams have been acquired.
- ➔ We should have full service (frequency) by March 2010, when the Branson hub is launched.
- ➔ Additional aircraft and new aircraft type is also subject to FAA approval & certification.

## The Aircraft

Locair is presently certified to fly the Metro III in variable configurations. We are presently working on adding the Jetstream 32EP or similar aircraft to the fleet.

### Fairchild Metro III – N227ML and N438MA available for EAS IMMEDIATELY



*Locair Fairchild Metro III N227ML in Somerset, Kentucky*

Locair flies a fleet of **Pressurized, Turbine Engine** turboprop aircraft; ensuring that you get to your destination safely, quickly, and comfortably! Our Fairchild Metro turboprop aircraft are among the fastest in the skies, offering cruising speeds up to 355 miles per hour! For a simple 1 hour flight, our useful payload is 4,400 pounds, which is triple, if not quadruple other operators (9 seats or less) can offer.

## Aircraft Stats

- **Length:** 59 feet, 4 inches
- **Wingspan:** 57 feet
- **Height:** 16 feet 8 inches
- **Crew:** 2 pilots
- **Seats:** 9 or 19
- **Range:** 1,150 miles (depending on payload)
- **Max Speed:** 355MPH
- **Useful Payload (600 NM trip):** 4,400 pounds
- **Seat Pitch:** 57" in N227ML, 29" in N438MA
- **Minimum landing/takeoff distance:** 4,000 feet  
*depending on weights & wind*
- **Service Ceiling:** 25,000 feet
- **Max Takeoff Weight:** 14,500 lbs
- **Cargo door dimensions:** 51" wide by 53" high
- **Aircraft Bases:** Kentucky and Florida
- **Catering:** upon request  
*however there is no lavatory on the aircraft*
- **Pets:** always welcome! 🐾



*Interior view from front*



*57" seat pitch – more than ANY U.S. Domestic Carrier (in N227ML)*



*When was the last time you did this on a commuter aircraft? (in N227ML)*

**FLY FIRST CLASS ON THE LOCAIR METRO-LUXURY-LINER!!**

**British Aerospace Jetstream 31 Super (J32) EP – N926CX available in Fall/Winter 2009**

5 Former RegionsAir Jetstreams are available, an additional 5 former Regions planes have been located for a total of 10



*B Ae J32 N926CX in Smyrna, Tennessee*

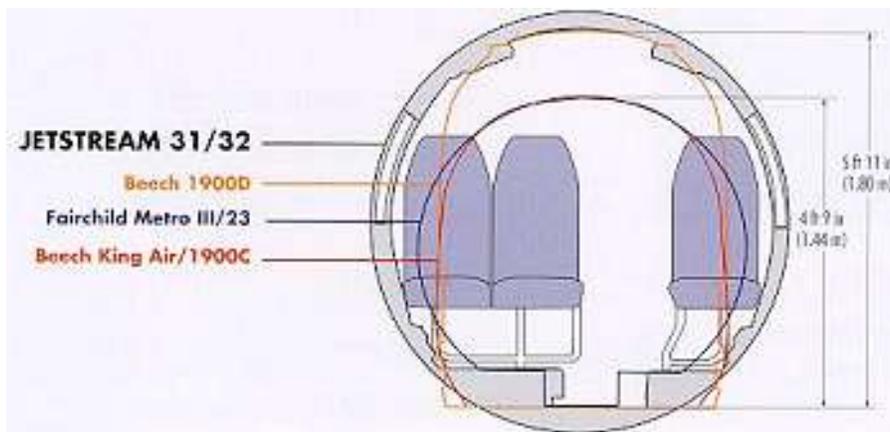
**Aircraft Stats**

- **Length:** 47 feet, 4 inches
- **Wingspan:** 52 feet
- **Height:** 17 feet 6 inches
- **Crew:** 2 pilots
- **Seats:** 19
- **Range:** 643 miles (with 19 passengers)
- **Max Speed:** 303 MPH
- **Seat Pitch:** 29 – 30” in both aircraft
- **Minimum landing/takeoff distance:** 3,900 feet *depending on weights & wind*
- **Service Ceiling:** 25,000 feet
- **Max Takeoff Weight:** 18,600
- **Aircraft Bases:** Kentucky & Tennessee
- **Catering:** Not available
- **Pets:** small pets welcome 
- **Seating Configuration:** 1 x 2
- **Closet:** Adjacent to seat 7A

The British Aerospace Jetstream is a fairly modern commuter airliner, with a solid airframe and the same engines as the Metro III. The aircraft has a proven record with smaller communities, and is updated with a new interior and the same technological requirements as jets. The aircraft offers ample room for luggage below the main cabin or in the tail section, with an optional lavatory if needed.



*Interior view showing the 2 side seating*



# FACT or FICTION

What you HEAR	The Truth
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STERILE  
Vs  
NON STERILE

*All Passengers MUST go thru security*

Not all customers HAVE to go thru security. In many markets, the local traffic is the driver. In the instance of Rutland, Vermont, many of the customers are LOCAL to and from Boston. Florida, New Mexico, Oregon, and Hawaii are where some of the larger non-sterile operations exist

*Most efficient way of connecting to other airlines*

Not necessarily TRUE. Many airlines are making it more and more difficult to interline, and the LOWEST fare airlines do NOT interline, so passengers must still leave the concourse, go get bags, and recheck-in. In mid 2010, Atlanta has notified us that we will not be able to operate nonsterile & will move over to the Main Terminal. Branson, Kansas City, Lexington are examples of airports where we will be in the Main Terminal.

*Non-sterile is not as safe*

Locair plans on upgrading to full Secure Flight status to ensure we are flying in a safe manner. We will work with TSA on proper search procedures for those that get flagged. Locair has a Director of Safety & Security to ensure we are in compliance or EXCEED all TSA regulations & "common sense" safety.

*The only way we will get customers is by having a major airline code*

Many customers are connecting to other airlines when you fly to their 'hub', however that doesn't mean no one will know about you or how to book you. The most successful airlines flying do NOT codeshare. If you are operating in a STERILE environment, then the best way is with a MITA standard Interline Agreement to transfer bags & tickets, however, almost all MITA participants now require E-ticketing, which can cost over \$50,000 PER CARRIER

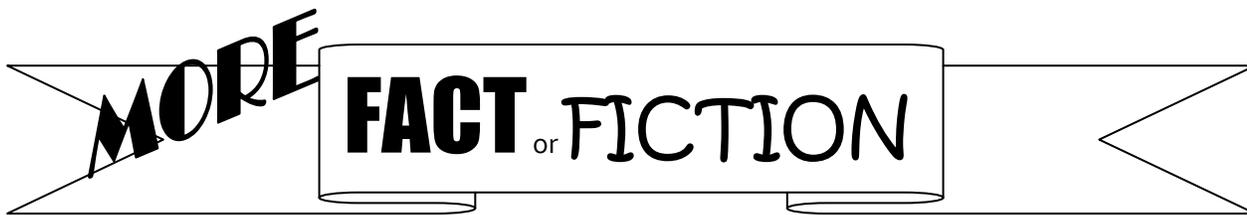
CODESHARING

*It is difficult to get a codeshare these days*

After the Delta-Big Sky fiasco, airlines are shying away from allowing other carriers to use their codes. Cape Air is the only Part 135 carrier with a successful codeshare, with both Continental and limited with JetBlue. Since the Delta – Big Sky fiasco, there have been no new regional-big carrier codeshares announced.

*In order for my EAS Airport to be successful we MUST have a codeshare with a large US airline*

Not True. The biggest issue surrounding regional airports is having what other airports offer. The only way to rebuild traffic is by offering services and destinations not offered within a 2 hour reach of the rural airport. Bloomington is a prime example of offering nonstop & low fare options to non-traditional hubs – and it's working. The only option we have is to lure passengers within a 90 minute drive of each airport to our new flights.



## EAS Funding

What you HEAR	The Truth
<p><i>Your community MUST get off of the EAS program</i></p>	<p>Each year, the government continues to EXPAND the EAS program because airlines' costs keep getting higher and higher. Some airlines have been successful in lowering subsidy payments, while others have been successful in lowering the subsidy cap. Key focus THIS year should be who is going to help you REBUILD YOUR MARKET first... then the next bids (in 2 years) should be who can help you expand/grow/maintain that market</p>
<p><i>Lots of Cities have been removed from the program</i></p>	<p>Only a small handful of markets have been removed, and 2 have successfully petitioned to get BACK on the EAS program. Other markets were flown subsidy free to alleviate competition – not always a bad thing – however, once the carrier notifies the DOT of ZERO subsidy, you are at the sole mercy of that carrier without any say or regard to the service</p>
<p><i>But they keep "threatening" to cut funding</i></p>	<p>Many of the smaller communities rely HEAVILY on their EAS subsidy to link them to the rest of the country. EAS *does* work – Dickinson / Williston North Dakota are prime examples – where the carrier has upgraded to bigger aircraft because the 'minimum' service levels by EAS was not sufficient... But with each year of threatened budget cuts, both Political Party politicians have always stepped up to the plate to defend EAS and increase its funding</p>
<p><i>Only communities with Interline Agreements are successful</i></p>	<p>Interline agreements are only good if you are doing a sterile-to-sterile operation AND the operator is E-ticket capable. However, some Online Travel Agencies are no longer allowing multiple-airline connectors. To get around this, the airline must educate the community in how to book travel. Once Locair receives Scheduled Authority, we will work hard to get at least 2 agreements in place for thru-baggage check, dependent on sterile operations. The Illinois communities are flown by a carrier WITH Electronic ticketing, yet they are still boarding barely 200 passengers per month... so Interline &amp; IET are not always the answer to EAS communities' needs.</p>
<p><i>Contracts between airlines are EASY</i></p>	<p>This is no longer true. Ten years ago, airlines would simply sign a contract and agree to pay each other a small percentage of each fare when they exchange 'paper' tickets, but with IATA mandating NO MORE paper tickets, airlines have been FORCED to upgrade to E-Ticketing, which can cost anywhere from \$15,000 to \$85,000 PER AIRLINE. With the airlines in horrible financial conditions, they are not readily offering agreements like they used to</p>
<p><i>Being in MITA means I have tons of agreements</i></p>	<p>MITA, or Multilateral Interline Ticketing Agreement, is like a "club" in IATA, however just because you are a member doesn't mean you immediately interline with everyone in the group. It means if you DO interline with them, you have a simple 5 page agreement versus 30 to 200 page agreement – you still have to link up on the technology side and there are still costs associated with upgrading the systems.</p>

## INTERLINE

# The Bid

**Option #1:**

Flights will begin based on availability of aircraft, crew, and facilities. We will try to get each city at some level of decent service before starting other cities. Once Economic Authority is received, we will hold a meeting with Communities to determine sole or dual destinations & frequencies, as long as we meet the EAS criteria for weekly frequencies and seats. We will work with the communities and Department if we chose to add cabin-class aircraft on the routes or alter destinations/frequencies so that we can offer a superior product that the communities deserve.

Year	Market	Per Departure	Per Passenger	Annual
1	Cape Girardeau	\$771.23	\$104.75	\$1,258,654
	Decatur	\$1,033.02	\$135.92	\$2,107,356
	Quincy	\$1,090.93	\$151.10	\$2,225,497
2	Cape Girardeau	\$715.77	\$82.27	\$1,385,729
	Decatur	\$727.35	\$77.60	\$1,779,829
	Quincy	\$667.46	\$78.07	\$1,632,616

Service- Each market will have at least 4 flights a week to the nonstop point & continuing leg:

Origination	Nonstop Point	Continuing Leg	Connections thru Hub
Cape Girardeau	Paducah	Cincinnati	
	Branson	Little Rock	Oklahoma City New Orleans
	Kansas City	Wichita	Tulsa Omaha
	Bowling Green	Atlanta	
	Nashville		
Decatur	Huntington, West Virginia	Washington Dulles	
	Branson	New Orleans	Little Rock Oklahoma City
	Kansas City	Omaha	Wichita Tulsa
	Minneapolis		
	Cincinnati		
	Nashville		
Quincy	Kansas City	Tulsa	Omaha Wichita
	Branson	Oklahoma City	New Orleans Little Rock
	Chicago (O'Hare or Midway)		
	Decatur	Nashville	
	Paducah	Atlanta	
	Lexington, Kentucky	Washington Dulles	

## Highlights:

- First Year subsidy includes marketing funds, along with potential Community Efforts, to draw traffic to the new flights.
- Second Year Decatur and Quincy will board over 10,000 passengers.
- Sterile operations will be required for some points, however Sterile / Non-sterile operations are not determined by the airline, but by the TSA
- Goal is to operate all 19 seat turboprop aircraft on all routes. Locair has a spare Metro III that seats only 9 and will be used only when required to maintain schedule (the 9 seat variant offers customers 3 feet of legroom). We do not anticipate being penalized for utilizing this aircraft to maintain our schedule.
- One Maintenance facility will need to be located along any of our spokes.
- Ideally Kansas City becomes a hub for Locair and we are able to negotiate a codeshare or interline with one of the larger carriers @ KCIA.
- Branson will be a seasonal hub. Service between December thru February will be at reduced levels.
- Locair is active in each community we operate in & out of. Advertisements in Somerset are included in this bid package.

## Maintenance & Regional Office

Any city that is part of the network may bid for the Locair Maintenance Facility & Regional Office. Our Maintenance base will need access to a hangar capable of holding an aircraft with at least a 70 foot wingspan, 30 feet tall, and up to 70 feet long. Locair requires secure access to the facility, an environmentally controlled avionics & parts area, at least 2 offices, proper EPA requirements & fire retardant, proper oil & hazmat disposal, and ramp lighting. We anticipate the facility to host between 6 to 15 employees. The regional office will house safety & training personnel and satellite offices for executives – we prefer an office area of at least 1500 square feet with a meeting room or access to one.

## Fares snapshot

Fares are only a sample and do not reflect what the market conditions may actually bear for Locair if we are accepted as the next carrier to fly to the three markets. For this sample, we are looking at ONLY one way fares, which typically are more expensive than fares based on a roundtrip flight. Kayak.com & southwest.com were used on Monday, August 17, 2009.

## Travel Comparisons

Fare includes all taxes & fees.

<u>3 Day advance with return flight the following day</u>		<u>One way travel with 2 day advance</u>	
Locair	Comparison	Locair	Comparison
<b>DEC-MSP \$343 n/s</b>	<b>BMI-MSP \$394 on DL, conx</b>	<b>DEC-MSP \$189 n/s</b>	BMI-MSP \$197 on NW, conx
DEC-CVG \$401 n/s	BMI-CVG \$583 on AA, conx	DEC-CVG \$222 n/s	BMI-CVG \$292 on AA, conx
DEC-IAD \$545 1 stop	BMI-IAD \$498 on DL, conx	DEC-IAD \$302 1 stop	<b>BMI-IAD \$249 on NW, conx</b>
<b>DEC-MSY \$558 1 stop</b>	<b>BMI-MSY \$400 on FL, conx</b>	<b>DEC-MSY \$309 1 stop</b>	BMI-MSY \$220 on DL, conx
DEC-MCI \$343 n/s	BMI-MCI \$422 on DL, conx	DEC-MCI \$189 n/s	BMI-OMA \$220 on AA, conx
DEC-OMA \$422 1 stop	BMI-OMA \$436 on AA, conx	DEC-OMA \$233 1 stop	<b>BMI-MCI \$211 on DL, conx</b>
<b>UIN-MCI \$307 n/s</b>	<b>BRL-MCI \$448 on ZK, n/s</b>	<b>UIN-MCI \$169 n/s</b>	BRL-MCI \$286 on ZK, n/s
UIN-TUL \$404 1 stop	STL-TUL \$258 on AA, n/s	UIN-TUL \$223 1 stop	STL-TUL \$145 on AA, n/s
UIN-LEX \$199 n/s	STL-LEX \$792 on DL, conx	UIN-LEX \$109 n/s	<b>STL-LEX \$515 on AA, conx</b>
<b>UIN-IAD \$461 1 stop</b>	<b>STL-IAD \$807 on AA, n/s</b>	<b>UIN-IAD \$256 1 stop</b>	STL-IAD \$250 on UA, n/s
UIN-ATL \$454 1 stop	STL-ATL \$444 on FL, n/s	UIN-ATL \$252 1 stop	STL-ATL \$340 on FL, n/s
CGI-CVG \$361 1 stop	STL-CVG \$418 on DL, n/s	CGI-CVG \$199 1 stop	STL-CVG \$265 on DL, n/s
CGI-MCI \$235 n/s	STL-MCI \$227 on WN, n/s	CGI-MCI \$129 n/s	STL-MCI \$114 on WN, n/s
CGI-ATL \$343 1 stop	PAH-ATL \$730 on DL, n/s	CGI-ATL \$189 n/s	PAH-ATL \$442 on NW, conx

As you can tell above, our fares are inline or lower than competing area airports. Part of our promise to the community is to ensure that our fares are competitive with other markets. While we are not a "Low Fare Airline", we will do our best to keep fares low to stimulate the market and return these markets at or above 10,000 boardings.

# Locair Advertising

A sample of online & print advertising

**Now Boarding... Baltimore & Washington D.C.!!**  
Nonstop flights from Somerset quick & easy with FREE parking!  
Fares from \$99\* each way plus taxes. Visit [www.locair.net](http://www.locair.net) or call 877 FLY 4160



**STOP DRIVING ON I-75 TO GET EVERYWHERE  
FLY LOCAIR!**



Introducing the "I HATE I-75" FARE SALE

**Every seat, every flight...**

**\$74\***

(Its \$74 cause hearing 75 makes our ears hurt!)  
(Fare is each way, plus taxes)

**→ Baltimore → Nashville → Washington Dulles →**

South-Central Kentucky, we heard you loud and clear. You don't have to depend on Interstate 75 anymore... which is why Locair is introducing the "I Hate I-75" Fare Sale... every seat, every flight are only \$74.00 each way plus taxes when you book ONLINE, but you have to buy before **Saturday midnight!** Stop driving to other airports to TRY to save money... when you have FREE parking in Somerset, and easy connections to low-cost carriers in Baltimore, Nashville, and DC, you can probably get there FASTER than you can from other airports in the region. While the interstate may be around forever, this special fare won't. So what's stopping you from flying to the East Coast on our new flights to Baltimore, or our frequent flights to Dulles & Nashville?

Hop over to the Somerset-Lake Cumberland Regional Airport, park your car & go,  
because you don't need to use I-75 to get everywhere, fly Locair!



**To book this fare, go to [www.locair.net](http://www.locair.net)**

**Reservations & Information  
606 678 8008 or 877 FLY 4160**

\* Fare requires roundtrip purchase. Fare is available ONLY online at [www.locair.net](http://www.locair.net) between Friday 12:01AM and Saturday 11:59PM. Fare does not include all taxes & fees. Fare is valid on all eligible Locair flights thru December 31, 2009 to Baltimore, Nashville, and Washington Dulles. Fares are nonrefundable. Fare required instant purchase. No further discounts are available. Customers with previous purchased tickets may not get a refund for the fare difference. Any voluntary changes are \$25USD per change, plus any applicable difference in airfare. Customers who do NOT book online are eligible for a \$79 one way fare available thru our call center or Somerset Ticket Counter.

# NOW BOARDING

CINCINNATI  
OHIO



\$49\*

WASHINGTON  
D.C.



\$99\*

NASHVILLE  
TENNESSEE



\$39\*

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or call  
1 877 FLY 4160

Fly *NONSTOP*  
From Somerset!

*Your Total Air Solution!*

## LOCAIR

Fares above are each way, based on roundtrip purchase. Fares do not include taxes & fees. Seats may be limited and not available on all flights. Promotional fares must be purchased by May 3, 2009. Fares are subject to change fees & difference in air fare. Tickets are nontransferable and nonrefundable. Child discount is taken off of the BASE FARE, and discount is not valid on any taxes or fees.

# Yes, Fido can fly with you. And so will your bags.



Service between Florida & Abaco starting soon with 9 seat Metroliners & LOTS of space for bags and Fido! Go to [www.locair.net](http://www.locair.net) for more info!

On demand charters for passengers or cargo available NOW! 4000# payload  
Call 954 462 2744 TODAY!



## Locair Contact Information

Nathan Vallier, General Manager  
[nate@locair.net](mailto:nate@locair.net) or 954 359 3001 (voice) 954 337 3267 (fax)

Locair 750 SW 34<sup>th</sup> Street #208 Ft. Lauderdale, FL 33315

# Money Matters – Year One

## Locair

	Cape Girardeau	Decatur	Quincy
Weekly Departures	32	48	48
Completion Factor	98%	98%	98%
Annual Departures-Local	1,632	2,040	2,040
Block Time (in minutes)	49	84	63
Annual Block Hours	3,264	4,890	4,495
Stage length (statute miles)	161	285	232
Available Seat Miles (19 seats)	11,852,808	19,093,176	18,000,144
Local Load Factor	38.82%	39.82%	36.51%
Passengers-Local	12,016	15,504	14,729
Revenue Passenger Miles	5,900,089	9,158,556	8,588,724
Average Fare	\$ 72.50	\$ 126.00	\$ 99.80
<b>Revenue:</b>			
Passenger	\$ 3,073,685.00	\$ 4,019,565.00	\$ 3,629,824.00
Misc (Change fees, baggage)	\$ 122,950.00	\$ 160,784.00	\$ 145,193.00
<b>Total Revenue</b>	<b>\$ 3,196,635.00</b>	<b>\$ 4,180,349.00</b>	<b>\$ 3,775,017.00</b>
<b>Direct Expenses:</b>			
Crew and Training	\$ 440,640.00	\$ 660,150.00	\$ 606,825.00
Fuel & Into Plane Fees	\$ 1,248,480.00	\$ 1,870,425.00	\$ 1,719,338.00
Maintenance	\$ 489,600.00	\$ 733,500.00	\$ 674,250.00
Engine Reserve	\$ 391,680.00	\$ 586,800.00	\$ 539,400.00
Aircraft Lease	\$ 408,000.00	\$ 611,250.00	\$ 561,875.00
Hull Insurance	\$ 195,840.00	\$ 293,400.00	\$ 269,700.00
<b>Total Direct Expenses</b>	<b>\$ 3,174,240.00</b>	<b>\$ 4,755,525.00</b>	<b>\$ 4,371,388.00</b>
<b>Indirect Expenses:</b>			
	<b>\$ 1,213,423.00</b>	<b>\$ 1,386,524.00</b>	<b>\$ 1,519,884.00</b>
<b>Total Operating Expenses</b>	<b>\$ 4,387,663.00</b>	<b>\$ 6,142,049.00</b>	<b>\$ 5,891,272.00</b>
<b>Revenue less Expenses (Shortfall)</b>	<b>\$ 1,191,028.00</b>	<b>\$ 1,961,700.00</b>	<b>\$ 2,116,255.00</b>
<b>Operating Profit per year (or Loss)</b>	<b>\$ 1,258,654.00</b>	<b>\$ 2,107,356.00</b>	<b>\$ 2,225,497.00</b>
<b>Profit Element - 5% of Operating DOC (Local Ops Only)</b>	<b>\$ 67,626.00</b>	<b>\$ 145,656.00</b>	<b>\$ 109,242.00</b>
Subsidy per departure	\$ 771.23	\$ 1,033.02	\$ 1,090.93
Subsidy per revenue passenger	\$ 104.75	\$ 135.92	\$ 151.10

## Money Matters – Year Two

<b>Locair</b>			
Year #2			
	Cape Girardeau	Decatur	Quincy
Weekly Departures	38	48	48
Completion Factor	98%	98%	98%
Annual Departures-Local	1,936	2,447	2,446
Block Time (in minutes)	48	83	62
Annual Block Hours	4,155	5,642	5,030
Stage length (statute miles)	161	285	232
Available Seat Miles (19 seats)	15,891,087	21,327,747	21,725,170
Local Load Factor	45.17%	49.53%	44.19%
Passengers-Local	16,843	22,937	20,913
Revenue Passenger Miles	9,353,078	12,510,664	12,229,459
Average Fare	\$ 72.50	\$ 126.00	\$ 99.80
<b>Revenue:</b>			
Passenger	\$ 4,510,720	\$ 5,751,270	\$ 5,377,411
Misc (Change fees, baggage)	\$ 180,429	\$ 230,052	\$ 215,097
<b>Total Revenue</b>	<b>\$ 4,691,149</b>	<b>\$ 5,981,322</b>	<b>\$ 5,592,508</b>
<b>Direct Expenses:</b>			
Crew and Training	\$ 573,390	\$ 778,596	\$ 694,140
Fuel & Into Plane Fees	\$ 1,738,868	\$ 2,361,178	\$ 2,105,055
Maintenance	\$ 747,900	\$ 1,015,560	\$ 905,400
Engine Reserve	\$ 498,600	\$ 677,040	\$ 603,600
Aircraft Lease	\$ 457,050	\$ 620,620	\$ 553,300
Hull Insurance	\$ 253,455	\$ 344,162	\$ 306,830
<b>Total Direct Expenses</b>	<b>\$ 4,269,263</b>	<b>\$ 5,797,156</b>	<b>\$ 5,168,325</b>
<b>Indirect Expenses:</b>			
	\$ 1,739,989	\$ 1,818,339	\$ 1,947,557
<b>Total Operating Expenses</b>	<b>\$ 6,009,252</b>	<b>\$ 7,615,495</b>	<b>\$ 7,115,882</b>
<b>Revenue less Expenses (Shortfall)</b>	<b>\$ 1,318,103</b>	<b>\$ 1,634,173</b>	<b>\$ 1,523,374</b>
<b>Total Operating Loss</b>	<b>\$ 1,385,729</b>	<b>\$ 1,779,829</b>	<b>\$ 1,632,616</b>
<b>Profit Element - 5% of Operating DOC (Local Ops Only)</b>	<b>\$ 67,626.00</b>	<b>\$ 145,656.00</b>	<b>\$ 109,242.00</b>
Subsidy per departure	\$ 715.77	\$ 727.35	\$ 667.46
Subsidy per revenue passenger	\$ 82.27	\$ 77.60	\$ 78.07