



William A. Kutzke
Executive Vice President & General Counsel

August 25, 2004

Ms. Patricia Thomas
Chief, Air Carrier Fitness Division
Office of the Secretary
Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Ms. Vanessa Wilkins
Office of the Secretary
Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Re: SkyLink Airways Response to Request for Information;
DOT Dockets OST-04-17171; OST-04-17172

Dear Ms. Thomas and Ms. Wilkins:

The purpose of this letter is to respond to your request for information on the application of SkyLink Airways, Inc. (the "Company") for a Certificate of Public Convenience and Necessity.

Corporate & Ownership

1. **According to SkyLink, three individuals--Messrs. Kenneth Carlson, Joshua Marks, and Kenneth Woolley--currently hold all of SkyLink's outstanding stock. State the number of shares of stock each holds.**

At present SkyLink is capitalized as follows:

Common Stock

Kenneth T. Carlson	31,875
Joshua B. Marks	31,875
Kenneth M. Woolley	11,250
<hr/>	
	75,000



2. **The articles of incorporation indicate that the currently only authorized stock of the company is common stock. We note, however, that the applicant's financing plans appear to include the issuance of Preferred A stock. Has SkyLink amended its articles of incorporation and by-laws to authorize the issuance of Preferred A stock? If so, provide copies of these amended corporate documents. If it has not yet done so, provide a description of the Preferred A stock, including all voting and other rights (and obligations) of such shareholders.**

To date the articles of incorporation and by-laws have not been amended to include the issuance of Series A Preferred Stock. As part of the close of the Phase 3 financing (see Exhibit 902), the voting and other rights (and obligations, if any) of such shareholders will be negotiated. At such time, the articles of incorporation will be amended to authorize the issuance of this additional class of stock. Any necessary changes will be made to the by-laws at that time. The Company would expect this to be completed on the schedule set forth in Exhibit 902.

3. **It appears that, in connection with its initial funding needs, SkyLink has issued \$15 million in convertible debt instruments or credit facilities, and that some or all of this debt will be converted to Preferred A stock.**

- a. **Provide a description of the rights and obligations of the holders of the company's convertible debt and credit facilities (if other than the aircraft purchase agreement already submitted), including the circumstances under which any debt or credit facility is convertible into equity in the applicant.**

As part of Phase 2 the Company issued approximately \$15 million of Convertible Notes which are planned to be converted into Series A Preferred Stock at the close of the Phase 3 financing. In addition, to this conversion, the convertible debt investors were granted warrants to purchase stock at a predetermined strike price. All holders of convertible debt are US citizens.

- b. **Discuss the impact on the company's ownership if the debt is converted to equity.**

Depending on the size of the Phase 3 financing (which will be large enough to cover the DOT reserve requirements) and the voting rights negotiated for the Series A Preferred stock, it is possible and probable that the voting control of the Company would be passed to the Series A holders. It is expected that this will be a relatively diverse group (Phase 1 and Phase 2--primarily individual investors and Phase 3--primarily investment funds). The exact shares and ownership percentages will not be known until the completion of the Phase 3 offering.

- c. **Are any of the holders of the convertible debt/credit facilities non-U.S. citizens (as defined in section 40102(a)(15) of the Statute)?**

All Convertible Debt holders are US citizens. (The Convertible Debt round is complete). West Dover LLC and Lehman Brothers have arranged the credit facility for the acquisition of the aircraft. The financing documents are being developed at the present time. These documents will be completed in the next 30-60 days. (Please note that the sale of the first aircraft to SkyLink will close on the date of certification. The sale of the next two aircraft will be completed shortly thereafter.)

4. **In a recent filing, SkyLink advises that it does not intend to hold out its proposed services in the SkyLink Airways name and that it had hired a public relations firm to assist it in determining the trade name it will use in its services. If the applicant has already decided on a trade name, please advise us of such name.**



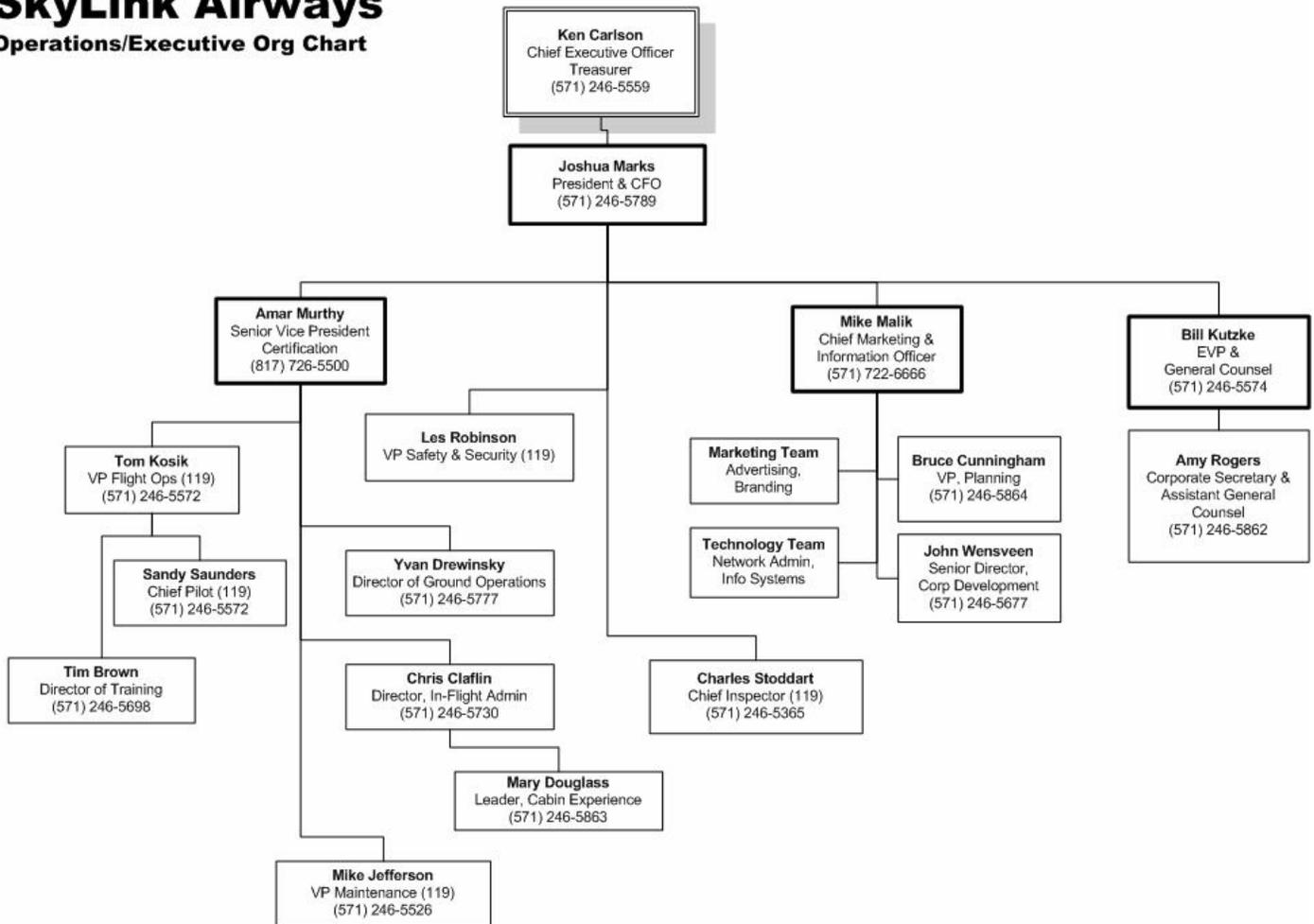
SkyLink has selected a new name that is currently in trademark review. If the name passes trademark review in the US and abroad, and receives final approval of the Board of Directors, SkyLink will advise DOT immediately.

Management

1. Provide an organization chart for SkyLink showing which positions and functions report to whom.

The SkyLink organizational chart is attached below.

SkyLink Airways
Operations/Executive Org Chart





2. According to the applicant, Mr. William Stockbridge is its Chairman.

- a. Please provide a complete resume for Mr. Stockbridge including the dates, places, and positions held for all previous employment).

Mr. Stockbridge's resume is provided below.

William D. Stockbridge
17175 Twin Maple Lane
Leesburg, VA 20174
Wdstockbridge1@aol.com

Experience

2003-present	CENTURION AIR CARGO Chief Executive Officer	MIAMI, FL
2002-2003	MD-11 ACQUISITION GROUP Chief Executive Officer	LEESBURG, VA
1995-2002	GEMINI AIR CARGO, INC.	DULLES, VA
2001-2002	Founder and Chairman of the Board	
1995-2001	Chairman, President and Chief Executive Officer	
1994-1995	POTOMAC FINANCIAL GROUP President and Chief Executive Officer	RESTON, VA
1988-1994	POTOMAC CAPITAL INVESTMENT CORPORATION President and Chief Operating Officer	RESTON, VA
1985-1988	PRESIDENTIAL AIRWAYS	DULLES, VA
1987-1988	Senior Vice President and Chief Operating Officer	
1985-1987	Vice President Maintenance and Engineering	
1981-1985	PEOPLE EXPRESS AIRLINES	NEWARK, NJ
1983-1985	Team Manager-747 Group	
1982-1983	Team Manager Aircraft Maintenance	
1981-1982	Maintenance Manager	
1979-1981	PAN AMERICAN	NEW YORK, NY
1977-1979	SEABOARD WORLD AIRLINES	JAMAICA, NY
1974-1977	GRUMMAN AEROSPACE CORPORATION	LONG ISLAND, NY



3. Provide a complete resume for Mr. Marks (including all places and dates of previous employment and positions held). To the extent that he has had previous experience managing an airline, please describe such experience.

Mr. Mark's resume is provided below.

JOSHUA BENEGAL MARKS

Co-Founded SkyLink Airways in June 2003.

Experience

2002-2003 **POTOMAC AVIATION LLC** **POTOMAC, MD**
Principal

Provided consulting services to airlines, travel distribution companies, investors and technology developers. Specialized in airline strategy and technology. Potomac Aviation was merged into the Velocity Group LLC in March 2004.

Representative engagements include:

- Public relations consulting for a major domestic airline.
- White papers summarizing recent changes in airline operations center technologies, and the potential for new integration strategies.
- Government relations assistance for a consortium of airlines.
- Antitrust analysis for a large pension fund considering an airline investment.
- Position paper for a major travel distribution firm to respond to potential deregulation of the global distribution systems.
- Feasibility analysis of routes and markets for a new domestic carrier.
- Technology positioning review for major defense contractor.
- Planning validation for new low-cost carrier using regional jets.

2002-2003 **GEORGE WASHINGTON UNIVERSITY** **WASHINGTON, DC**
Adjunct Faculty, School of Business & Public Management
Associate Director, GWU Aviation Institute

- As a consultant with the title of Chief of Staff (through March 2003) and Associate Director (March 2003 to September 2003), reported to the Director of the Aviation Institute. As a faculty member, was appointed in a part-time capacity to the School of Business and Public Management in March 2003.
- Presented research in airline operations and finance at major conferences including the Regional Airline Association annual meeting, several State Department programs and the Transportation Research Forum annual meeting.



- Coordinated strategic partners (MITRE, Lockheed, Boeing, Preston, Jeppesen, etc.), airlines (American, US Airways, Atlantic Coast, etc.), and government partners (NTSB, FAA, ATCSCC) in development of new programs.
- Made over fifty live press and TV appearances, including live national news programs (CNBC, MSNBC, ABC, NBC, and CNN), local television (ABC, NBC), and national radio (NPR). Provided ‘expert’ analysis of aviation bankruptcies, restructuring efforts, and contracts. Recurring relationship with CNBC and MSNBC for airline financial and safety analysis.
- Collected over one hundred press citations in Associated Press, Knight Ridder newspapers, and other local papers.

1999-2002

BLUE TITAN SOFTWARE

SAN DIEGO, CA

Director, VelociGen Inc., Dec. 1999 to Feb. 2002

www.bluetitan.com

Chief Executive Officer, VelociGen Inc., Dec. 2000 to Feb. 2002

Financial Consultant, Blue Titan Software, Feb. 2002 to Jul. 2002

- Joined Board of Directors of VelociGen in December 1999. VelociGen specialized in dynamic caching technologies. As an active director, worked with technology team to conceptualize and develop VelociGenX, the first complete platform for building, managing, and maintaining Web Services-based applications.
- Officially launched VelociGenX in March 2001. VelociGenX named Most Innovative Product of 2001 by UCSD Connect, a major industry award. Attracted, negotiated, and participated in a major financing round from Draper Fisher Jurvetson to support expansion.
- VelociGen was acquired by Blue Titan Software, a private software company based in San Francisco, in February 2002. Served as financial consultant to Blue Titan through July 2002.

2000

SILICON PLANET, INC.

LOS ANGELES, CA

Chief Executive Officer

While serving as Director of VelociGen, also served as CEO of non-profit software vendor.

- Was recruited to restructure non-profit software vendor. Raised a preferred stock financing round from ERMG, Group One Ventures, Iter Occidentale Ventures, Garage Technology Ventures, and other San Francisco-based angels.
- From the original base of code, Silicon Planet built a complete Web-based toolkit for donor management. Brought five major nonprofits online by the end of 2000.

1998-1999

VIRTUALIS SYSTEMS

BURBANK, CA

Partner, President & Chief Operating Officer

www.hosting.com

Joined as third partner in April 1998 to define and execute strategies to build Virtualis Systems. Company was acquired by Allegiance Telecom (ALGX).

Through tenure as COO, tripled revenues, overhaul customer support systems and led the construction of new data centers. Also built a reseller network of over 15,000 system integrators, computer consultants, and ISPs that contributed over 60% of sales in 1999.



Education

1997-1999 **HARVARD UNIVERSITY GRADUATE SCHOOL OF BUSINESS
ADMINISTRATION**
Master in Business Administration with Distinction **BOSTON, MA**

1994-1997 **HARVARD UNIVERSITY** **CAMBRIDGE, MA**
Bachelor of Arts degree in History, magna cum laude, Phi Beta Kappa.

Other: Instrument-rated private pilot with complex and high-performance endorsements.



4. **Where, and in what capacity, was Mr. Carlson employed between 1989 and 1991?**

During the years 1989 to 1991, Mr. Carlson was engaged in managing his personal investments.

5. **According to SkyLink, Mr. Woolley (15 percent shareholder and Director of SkyLink) founded Extra Space Storage. When did he found this company? SkyLink further states that he has been the founder of several companies in the retail, electronic, food manufacturing and natural resources industries. Identify these companies, the dates that he owned them, and the management positions, if any, that he held with them.**

Mr. Woolley’s resume is provided below.

Kenneth M. Woolley
2795 E. Cottonwood Pkwy
Suite 400
Salt Lake City, UT 84121
(801) 562-5556

EDUCATION

MBA 1971, Ph.D 1972 -- Stanford Graduate School of Business

BA Physics -- Brigham Young University 1969.

EXPERIENCE

- | | |
|----------------|--|
| 2003 – Present | <i>RMI Development LLC.</i>
Founder and Director of this property development and management company, owning and managing approximately 5178 apartment units, located primarily in Las Vegas and Texas. |
| 1979 - Present | <i>Extra Space Storage</i>
Founder and managing general partner of several partnerships, which have developed 96 and purchased 81 self storage projects. Currently serves as Chairman and CEO of Extra Space Storage Inc (EXR) a New York Stock Exchange REIT. |
| 1990 - 2004 | <i>Realty Management, Inc.</i>
Founder, Vice President, and Director of this property management company, managing approximately 11,000 apartment units, located primarily in Las Vegas. |
| 1989 - Present | <i>KW Equity LLC</i>
Owner and developer of apartment projects. It has developed 7,058 units in Las Vegas; Mr. Woolley currently holds an interest in 5178 units. |
| 1979 – 1998 | <i>Brigham Young University</i>
Associate Professor of Business Management.
Taught full-time from 1979-1983 and part time from 1983 through 1998 as an Adjunct Professor. The main subjects taught have been Business Policy, Corporate Strategy and Real Estate to MBA Students. |

1977 - 1986

Identronix, Inc.

Santa Cruz, CA

Chairman. Served as a board member until appointed chairman in 1981. As chairman, served as head of the executive committee. Helped raise \$2,000,000. in venture capital. The company manufactures automatic electronic identification devices. After reaching sales of \$5 million in 1986 it was sold to Rockwell International.

1973 - 1979

Nielson Enterprises and Y- Tex Corporation

Cody, Wyoming

Vice President of NEI in charge of real estate and venture capital investments. Responsible for making two successful acquisitions in the electronics and agricultural chemical businesses. Managed a \$15 million real estate portfolio of industrial, commercial and residential properties.

President of Y-Tex. Took over this manufacturing business and built sales profitable from \$1.3 million to over \$6 million. Set up subsidiaries in England, South Africa, Brazil, and New Zealand. The company manufactures identification products for livestock.



6. **With respect to Mr. Joe Farrell (Director):**

- a. **What were the dates that he was employed by The Pittston Company? Did he hold the positions of Chairman, President and CEO the entire time?**

See Mr. Farrell’s resume below which responds to these questions.

- b. **Provide a breakdown of his employment (dates, places, and positions held) prior to The Pittston Company.**

See Mr. Farrell’s resume below which responds to these questions.

- c. **What is the business of ASA Limited and Universal Corporation?**

See Mr. Farrell’s resume below which responds to these questions.

JOSEPH C. FARRELL

EDUCATION

MBA; Harvard Business School; 1963
BS, Electrical Engineering; Northeastern University; 1958

ASSOCIATIONS (Previous and Present)

- Director, Universal Corporation (NYSE) (Tobacco Buyer/Processor)
- Director, Aeroquip-Vickers, Inc. (NYSE)
- Director, ASA Limited (Closed-end Investment Fund specializing in Precious Metals)
- Rector, James Madison University (appointed by Governor)
- President, Virginia Commonwealth University Engineering Foundation
- Director, Virginia Museum of Fine Arts Foundation
- Chairman, Board of Trustees of the Science Museum of Virginia
- Director, Bituminous Coal Operators Association
- Member, American Institute of Mining and Metallurgical Engineers
- Member, American Mining Congress (Board of Western Governors, 1982-84)
- Member, Nevada Mining Association (President 1984)
- Past Member, Nevada Board of Minerals (appointed by Governor)

PROFESSIONAL/WORK EXPERIENCE

1984 to Febuary 1998	<u>The Pittston Company</u>	Glen Allen, Virginia
1991 to 1998	Chairman, President and CEO	
May 1990 to September 1991	President and COO	
1984 to 1990	Executive Vice President	

Pittston Minerals Group consisted of Pittston Coal Company and Pittston Mineral Ventures Company, both engaged in the natural resource business. Pittston Coal Company was a producer and marketer of low sulphur steam coal used for the generation of electricity. Pittston Mineral Ventures Company was a gold production and



exploration company which had interests in a gold mine and a nickel mine in Australia and explored for gold and base metals in Australia and Nevada.

Pittston Brink’s Group consisted of Brink’s, Incorporated, a worldwide security transportation and services company and Brink’s Home Security, Inc., which marketed, sold and monitored residential security systems in the United States and Canada.

Pittston Burlington Group consisted of Burlington Air Express Inc., a global freight transportation and logistics management company. This company operated a fleet of over 30 large jet aircraft from a hub in Toledo, Ohio.

While Pittston Minerals Group, Pittston Brink’s Group and Pittston Burlington Group shares traded separately on the New York Stock Exchange, each Group’s assets and liabilities were derived from The Pittston Company’s consolidated balance sheet.

1968 to 1985 Freeport-McMoRan Co. New York, New York

This description of Freeport-McMoRan is relevant to the time of Mr. Farrell’s employment there.

Freeport-McMoRan Inc. (“FMC”), since concurrent mergers of Freeport Minerals Co. and McMoRan Oil & Gas Co. on April 7, 1981, explores for, develops and produces natural resources, including minerals (sulphur, phosphoric and sulphuric acid), oil and gas, uranium oxide, kaolin; and various metals. Through various interests in other subsidiaries, it produces copper concentrates in Indonesia, and produces nickel and cobalt from a deposit in Queensland, Australia.

1975 to 1984 Freeport Gold Co. Elko, Nevada
President

Freeport Gold held a 70 percent interest (FMC held the remaining interest) in a gold mine and mill at Jerritt Canyon, Nevada, with annual output capacity of approximately 200,000 ounces.

1975 to 1984 Freeport Minerals Co. New York, New York
1979 to 1984 Vice President Operations Review
1975 to 1976 Assistant to the President

1971 to 1975 Queensland Nickel Pty Ltd. Queensland, Australia
Administrative Manager and Company Secretary

1968 to 1971 Freeport Minerals
Assistant Treasurer

1963 to 1968 U. S. Navy
1958 to 1961 Lieutenant Commander

Mr. Farrell was Lieutenant Commander, USN, qualified in nuclear submarines. He personally was selected by Admiral Rickover for assignment. He received two Navy Unit Commendations and, from Commander Submarine Force, Atlantic, a personal commendation for outstanding performance.



7. According to the information before us, you serve as Executive Vice President and General Counsel for SkyLink. Since we consider this to be a key management position, please provide a complete resume (with places, dates and positions held for all previous employment) for yourself.

Please see my attached resume below.

William A. Kutzke has over thirty-five years of active airline and regulatory experience.

2003 – Present	SKYLINK AIRWAYS, INC. Executive Vice President and General Counsel	Dulles, VA
1997 – 2003	GEMINI AIR CARGO, INC. Senior Vice President and General Counsel	Dulles, VA
	<ul style="list-style-type: none"> Responsible for all legal matters, including DOT, FAA operating permits and route authorities from foreign governments, aircraft leases, aircraft purchase agreements, airport contracts, supplier contracts, maintenance contracts, labor agreements, personnel issues, interline agreements, tariff matters and all contracts related to the provision of cargo services. Responsible for the management and direction of the Safety Department. 	
1986 -	KUTZKE & ASSOCIATES President	Washington, DC
	<ul style="list-style-type: none"> Provide consulting and legal services to the airline industry. The firm built significant expertise in code-share agreements, alliances, start-up airline planning, regional airlines and international aviation negotiations. 	
1992 – 1993	MIDWAY AIRLINES Executive Vice President	Chicago, IL
	<ul style="list-style-type: none"> Responsible for the transition of the airline from a regional carrier to a jet operator. Responsible for sales, stations, planning and selected operations. 	
1979 – 1985 1982 – 1985 1979 -- 1982	NORTHWEST AIRLINES Vice President, Airline Planning Vice President, Government Affairs	St. Paul, MN
	<ul style="list-style-type: none"> Responsible for all market planning, pricing, scheduling, government affairs and regulatory affairs after deregulation. 	
1968 – 1978	DEPARTMENT OF TRANSPORTATION Assistant General Counsel for International Law Assistant General Counsel for Litigation Trial Attorney Attorney Advisor DOT Attorney Honors Program	Washington, DC

Education

JD from the University of Minnesota Law School - 1968
BS from the University of Wisconsin-Madison - 1965



8. SkyLink states that Mr. Thomas Kosik (Vice President-Flight Operations and Director of Operations) was employed in various capacities by United Airlines between 1969 and 2004. For each of his positions with that company during this time, provide the dates he held such position. State whether Mr. Kosik meets the requirements of section 119.67 of the Federal Aviation Regulations (FARs) to hold the position of Director of Operations.

See Captain Kosik's resume below which responds to these questions.

Captain Thomas A. Kosik
tkosik@skylinkairways.com

Objective: Director of Operations, Flight Operations

Captain Thomas A. Kosik meets all qualification requirements of FAR 119.67(a) to serve as the Director of Operations, at a Part 121 airline;

1. He holds Airline Transport Pilot Certificate # 1751213;
2. He has at least three years supervisory or managerial experience within the last six years in a position that exercised operational control over any operations conducted with large airplanes under Part 121 in the following capacities:
 - 1994 – 2004
 - Manager with responsibility for Star Alliance compliance with FAA required annual air carrier audit including review and supervision of operations involving large airplanes. A requirement for partner airlines code sharing with United Airlines.
 - Responsible for United Airlines pilot programs at ECA for the design and acceptance of secure cockpit door program, guns in the cockpit program, jumpseat privileges program and other post-911 security and operational issues.
 - United Airlines manager to the European Cockpit Association, (ECA) with respect to FAA/JAA European flight time/duty time limits, safety issues and security and international crew composition.
 - One of the United Airlines managers that developed and implemented the Star Alliance Safety Organization.
 - One of the team of managers that developed and managed the Star Alliance Flight Operations Organization.
 - Coordinated with the European Commission regarding operations in Europe on behalf of United Airlines.
 - Represented United Airlines at the European Cockpit Association (ECA) with specific focus on safety and security issues.
 - Responsible for supervising United Airlines participation at IFALPA conferences.
 - Responsible for developing an IATA Operational Safety Audit program, leading to ISO 9000 certification for air carriers in the Star Alliance.
 - Managed the Associations of Star Alliance Pilots, (ASAP), an organization composed of 10,000 United Airlines pilots and 25,000 Star Alliance pilots.
 - 1994-1996



- Line Check Airman, B-767 - Among other check airman duties, for the B-767 responsibilities included qualifying pilots into the NMPS, ETOPS, long-range over water European operation.
 - 1991-1994
 - Flight Manager; Operations Flight Manager B-737 fleet – managed all operational aspects of a 225 B-737 aircraft fleet.
 - Flight Manager, Dulles Airport – responsible for 650 pilots assigned to the Washington, Dulles domicile.
 - Duty Flight Manager United World headquarters – responsible for all flight crew related issues, across the entire United operation both international and domestic, and interfaced with the Operations Control Center.
 - Auxiliary Chief Pilot, Miami – responsible for 350 pilots assigned to the Miami, Florida domicile with specific emphasis on Mexico, Central and South American flight operations.
 - Line Check Airman, B-727, B-737, B-757, B-767.
 - 1990-1991
 - Standards Captain, B-727 - responsible for IOE qualification into the aircraft or into the Captain or First Officer seat.
 - Manager London intra-Europe operations – created and established a training program for United’s inter-European B-727 operations an operation acquired from Pan American World Airways.
 - 1983-1985
 - Training Check Airman, B-727 rated Captain - responsible for training pilots for the B-727.
3. He has over 35 years of experience including three years of the last six as a pilot-in-command of large aircraft at United Airlines operated under Part 121, including 21 years as Captain.
- 1983-1985 Training Check Airman B-727, United Airlines
 - 1990-1991 B-727 Standards Captain, United Airlines
 - 1991-1994 Flight Manager, Operations B-737 Fleet, United Airlines (managing a fleet of 225 aircraft)
 - 1994-1996 Standards Captain B-767, United Airlines
 - 1994-04 Senior Line Captain, B-767, B-777 flying international routes

PROFILE:

- Airline Transport Pilot Certificate #1751213
- ATP Ratings: B-727, B-737, B-757, B-767, B-777, A-320, LR-Jet
- Flight Engineer: 2000226
- Ground Instructor: 1904545
- Flight Instructor: 1751213CFI, Airplane, Single and Multi-Engine Instrument
- Part 121 Air carrier operating experience, United Airlines 35 years, Airline Pilot, 15 years as Captain
- **Time: 13,500 hours**
- Medical certificate: 1st Class

STRENGTHS

- Knowledge of Aviation Industry
- Knowledge of Aviation Training Principles and Procedures
- Knowledge of and experience in International, Long-Range, ETOPS Flight Operations



EXPERIENCE

- 1966-69 U.S. Army, honorable discharge
- 1969-71 United Airlines, Pilot, furloughed, May 1971
- 1971-72 World Airways, Pilot B-727 experience in Europe, Africa and Asia
- 1972-74 United Airlines, Pilot, furloughed, March 1974
- 1974-77 WJS, Eastern European Marketing, Manager Eastern Europe
- 1974-77 Flight Ops East, ATP Ground School, owner, operator
- 1976-94 United Airlines, Pilot Manager
- 1994-04 Senior Line Captain, B-767, B-777 flying international routes

POSITIONS HELD:

- 1980-83 Strategic Planning Committee, ALPA, UAL-MEC
- 1983-85 Training Check Airman, United Airlines
- 1988-90 Strategic Planning Committee, National ALPA
- 1990-94 Standards Captain, B-727, B-737; Flight Manager; Operations Flight Manager B-737 fleet; Flight Manager, Dulles Airport; Duty Manager headquarters (WHQ); Manager London intra-Europe operations; Auxiliary Chief Pilot, Miami.

Line Check Airman, B-727, B-737, B-757, B-767s.

Chairman ALPA UAL-MEC Code Sharing Committee. Participated in the development and implementation of code sharing and Alliance structure at Star Alliance.

Chairman National ALPA, Globalization Aviation Strategic Group. Developed policy for National ALPA related to global aviation issues.

- 1994-04 Chairman Association of Star Alliance Pilots (ASAP). Created ASAP to represent 17 Star Alliance pilot organizations in one group. Chairman of ASAP, from 1994-2004. Managing and representing 25,000-pilot organization of the Star Alliance.

IFALPA Alliance Committee representative.

Member of various International Flight Operations organizations.

MANAGEMENT POSITIONS:

- Training Check Airman B-727 Fleet, Denver Training Center.
- Flight manager, United Airlines Training Center, fleet operations B-737 consisting of 225 aircraft.
- Flight Manager domicile, Dulles Airport.
- Duty Flight Manager, headquarters, WHQ.
- Auxiliary Chief Pilot, Miami Airport.
- Manager of London intra-Europe operations, B-727.

EDUCATION:

- De Paul University, Chicago IL. 1963-66 BAE
- George Washington University, 1967-68 Business courses



9. **Mr. Stanley Saunders is SkyLink’s Chief Pilot. According to SkyLink, he served as Chief Pilot, Check Airman and Assistant Director of Operations for Gemini Air Cargo.**

a. **Provide the dates he held each of these positions.**

Please see Captain Saunders resume below which provides this information.

b. **Provide a breakdown of his flight hours.**

FLIGHT TIME: TOTAL 6151

Pilot-in-Command	4,579	Turbojet	5,486
Instructor	610	Actual Instrument	764
Second-in-Command	962	Night	1,416
Multiengine	4,915	Simulator	267

c. **Does Mr. Saunders have any experience in the B-767 that SkyLink proposes to operate?**

Captain Saunders is not trained on the B767. His immediately prior flying experience is as a Captain of the DC-10-30F. He flew this aircraft worldwide including Europe, Australia, Asia, South America, the Middle East and Africa. Captain Saunders will train with the initial cadre on the 767. As noted previously, Captain Kosik has extensive experience in the 767.

d. **State whether Mr. Saunders meets the requirements of section 119.67 of the FARs to hold the position of Chief Pilot.**

Please see Captain Saunders resume below which provides this information.

STANLEY L. “SANDY” SAUNDERS
SSAUNDERS@SKYLINKAIRWAYS.COM

Objective - Chief Pilot SkyLink Airways

Meets all qualification requirements of FAR § 119.67(b):

1. Airline Transport Pilot Certificate #230823476
2. Type Rated in the DC-10-30F/To be type rated in all aircraft operated by SkyLink
3. Two years experience from September 2001 to November 2003 as a Chief Pilot of Gemini Air Cargo, a Part 121 Operator
4. Five years experience from August 1999 to April 2004 as pilot in command of large aircraft (DC-10-30F) at Gemini Air Cargo, a Part 121 Operator

TWENTY-SIX YEARS OF AVIATION EXPERIENCE WITH OVER TEN YEARS EXPERIENCE IN DEMANDING, SENIOR LEADERSHIP POSITIONS

► September 2001 – November 2003: **CHIEF PILOT, GEMINI AIR CARGO.** Manage up to 300 aircrew operating 12 DC-10 and 4 MD-11 aircraft in worldwide ACMI, Charter and Wet Lease Operations. Principally responsible for the development and management of an \$18M Flight Operations Department personnel budget. Principal consultant to the executive management team for developing strategic manning plans and work rules to fit the business model. Designed and implemented work rule changes resulting in a 14% decrease in block hour



operating costs. Ensure crewmember scheduling and utilization is in compliance with all Federal Aviation Regulations. Provide direct liaison with the FAA. Graduate National Mediation Board Interest Based Bargaining (IBB) training. One of four principal Company negotiators developing the first contract with crewmember labor group. Performed in the following additional leadership positions at Gemini Air Cargo:

- October 2000 – September 2001: **ASSISTANT DIRECTOR OPERATIONS.**
- April 2000 – October 2000: **ASSISTANT CHIEF PILOT**
- February 1998 – March 2004: **DC-10-30F CAPTAIN.** Pilot-in-Command conducting worldwide ACMI, Charter and wet lease operations.

▶ June 1977 – February 1998: **U. S. NAVY FIGHTER PILOT**

- January 1995 – February 1998. **AIR OPERATIONS OFFICER, Commander, Carrier Battle Group FOUR.** Responsible for the Air Operations Training, Evaluation and Certification of all Atlantic Fleet Carrier Battle Groups and their embarked Carrier Air Wings. Principal adviser to the Battle Group Commander, responsible for assessing the efficiency and safety of all carrier flight operations. Provided in-depth assessment in the air and on the ground of all Carrier and Air Wing integration and operational issues critical to the combat readiness of all Atlantic Fleet Carrier Battle Groups.
- December 1991 – January 1995. **COMMANDING OFFICER, Fighter Squadron One Hundred Three.** Solely responsible for the operational readiness of the Atlantic Fleet's first, 14-plane, F-14B Squadron. Directly responsible for the safety, welfare and professional development of over 400 aviators, maintenance, ground support and administrative personnel assigned to the squadron. Managed an annual flight hour operating budget in excess of \$6M meeting or exceeding all operational requirements without ever exceeding a budget limitation.
- November 1990 – December 1991. **AIDE AND SPECIAL ASSISTANT TO THE CHIEF OF NAVAL PERSONNEL/ COMBAT PLACEMENT OFFICER, Bureau of Naval Personnel.** Principal assistant to the Chief of Naval Personnel. Personnel manager for all U.S. Navy Fighter Squadrons. Responsible for ensuring proper fleet-wide officer manning levels and for managing the career-path development for over 900 aviators and aviation support officers.
- June 1979 – October 1990. **F-14 PILOT-IN-COMMAND and Instructor Pilot, A-4 Adversary Instructor Pilot, Strike Flight Instructor Pilot, Air Wing Landing Signals Officer, Training Landing Signals Officer, and personnel manager in numerous branch, division and departmental level positions.**

▶ **FORMAL EDUCATION. U. S. Naval Academy. June 1977**

Bachelor of Science Degree: Analytical Management and Engineering Technology



10. **With respect to Mr. Charles Stoddart (SkyLink’s Chief Inspector):**

- a. **Provide the dates he served as Senior Auditor for Atlantic Coast Airlines. What were his duties in this position.**

Please see Mr. Stoddart’s resume below for his duties at Atlantic Coast Airlines.

- b. **According to SkyLink, he was employed as Director of Quality Assurance and Senior Manager Quality Assurance at Midway Airlines between 1993 and 2001. Did he hold both positions for this entire period? If not, provide the dates he held each position.**

Please see Mr. Stoddart’s resume below for his positions at Midway Airlines.

- c. **Provide the dates of employment and positions he held at Hutchinson Air, AVI, Ronson Aviation, North Philadelphia Air Transport, Professional Air Transport, United Airlines and any other places of employment.**

Please see Mr. Stoddart’s resume below for his dates of employment and positions.

- d. **State whether Mr. Stoddart meets the requirements of section 119.67 to hold the position of Chief Inspector.**

Please see Mr. Stoddart’s resume below for how he complies with the 119.67 requirements.

Charles F. Stoddart

cstoddart@skylinkairways.com

Summary of Qualifications

- Over thirty-nine years of aviation maintenance experience covering the full spectrum of responsibility from line mechanic to Vice President/Director of Maintenance. Detail oriented professional with a proven record of exercising exceptional knowledge of the FAR and building strong, positive relationships with the FAA.
- Meet all experience and qualification requirements of FAR §119.67(d) to serve as Chief Inspector for a Part 121 air carrier
 1. Certificated Mechanic with Airframe and Powerplant ratings. Certificate number 1959441 issued in 1969.
 2. In excess of twenty years maintenance experience on different types of large aircraft with over four and one half years as a maintenance inspector. Including the following:
 - 1970-197: Line Mechanic – Part 121 - United Airlines - maintaining aircraft including; Boeing 747-100, 727QC, 737, DC-8, DC-8F
 - 1972 – 1979: Lead Mechanic 3 years, Inspector 4 years - Part 135 - Professional Air Transport – maintaining aircraft that include Martin 404, Lockheed Ventura Beech 99
 - 1979 – 1981: Director of Maintenance - Part 135 - North Philadelphia Aviation Center – maintaining aircraft that include Lear 23, Beech Baron, Cessna 402C
 - 1981-1982: Inspector, Mechanic - Part 135 - Jet Fleet Corp – maintaining aircraft that include Saberliner 60



- 1990 – 1993: Director of Maintenance - Part 135 - Jet Express – maintaining aircraft that include CASA -100, -200, Metro III
 - 1993-2001: Director of Quality Assurance, Senior Manager - Part 121 -Midway Airlines – maintaining aircraft that include Fokker 100, Airbus A320, Bombardier CRJ, Boeing 737-700
 - 2001-2003: Assistant Director Quality Control - Part 121– Gemini Air Cargo – maintaining aircraft that include DC-10F, MD-11F
3. Ten years of experience in a supervisory capacity maintaining large turbojet passenger aircraft engaged in Part 121 operations. Including the following:
- 1990 – 1993: Director of Maintenance - Part 135 - Jet Express- maintaining aircraft that include CASA -100, -200, Metro III
 - 1993-2001: Director of Quality Assurance, Senior Manager - Part 121 - Midway Airlines – maintaining aircraft that include Fokker 100, Airbus A320, Bombardier CRJ, Boeing 737-700
 - 2001-2003: Assistant Director Quality Control - Part 121 – Gemini Air Cargo – maintaining aircraft that include DC-10F, MD-11F
- Significant experience adding aircraft to operating certificates including Boeing 737-700, Airbus A-320, Bombardier CL-600, and Fokker 100.

Professional Experience

03-2004 – present	SkyLink Airways, Inc. Director of Quality Assurance.	Dulles VA
11-2003 – 03-2004	Atlantic Coast Airlines Senior Auditor. Conducting Part 121 passenger operations with over 130 aircraft. Responsible for conducting all external audits for overhaul/repair vendors, internal and departmental audits.	Dulles VA.
2001 – 2003	Gemini Air Cargo Assistant Director Quality Control. Conducting Part 121 Freight Operations with DC-10-30F and MD-11F aircraft. Responsible for the Management of Aircraft Records Department, Aircraft Technical Library, Quality Assurance (CASE Auditing Department), Aircraft Reliability and CASP, Aircraft Programs (Inspection Programs, Task Cards), and Oversight of Technical Writing Department	Dulles VA
1993 – 2001	Midway Airlines	Morrisville NC
1993 – 1995	Director of Quality Assurance (Chief Inspector)	
1995 – 2001	Senior Manager Quality Assurance (Assistant Director) Conducting Part 121 passenger operations with Boeing 737-700, Airbus A320, Fokker 100, and Bombardier CRJ aircraft.	

Member of the Airline Startup Team Overall Responsibility for Company Generated Manuals including General Procedures, Fueling, Winter Ops, Emergency Equipment Manuals. Responsible for RII inspection and return to service Fokker 100, Airbus A 320, Bombardier CRJ, Boeing 737-700 Responsibilities include supervision of the Auditing (CASE) group, Technical Library Group, Aircraft Maintenance Training Group, Aircraft Records Group, RII Inspection Group



- 1990 – 1993 **Jet Express** Louisa VA
Director of Maintenance
Conducting Part 135 10 or more passenger operations with CASA –100, -200, and Metro III aircraft. Responsible for the overall maintenance operation.
- 1989 – 1990 **Hutchinson Air** Honolulu HI
Director of Maintenance
Conducting Part 135 Inter-Island cargo operations with Cessna Caravan Aircraft. Responsible for the overall maintenance operation. Grounding of the fleet until all aircraft went thru appropriate Inspections, Overhauls and Repairs were conducted. Personally returned all aircraft to service.
- 1984 – 1990 **AVI** Robbinsville NJ
Vice President
Part 145 Repair Station Limited Service (Chief Inspector)
Conducting Part 135 On Demand Charter PAX and Cargo with Cessna Caravan, Piper Navajo, Piper Seneca
- 1982 – 1984 **Ronson Aviation** Trenton NJ
Part 135 Part 145
Lead Mechanic Full line Beachcraft
- 1981 – 1982 **Jet Fleet Corp** Philadelphia PA
Inspector , Mechanic Conducting Part 135 passenger operations using
Saberliner –60
- 1979 – 1981 **North Philadelphia Aviation Center** Philadelphia PA
Director of Maintenance Conducting Part 135 passenger operations using Lear 23, Beechcraft Baron, Cessna 402C aircraft. Overall responsibility for the Maintenance Operation
- 1972 –1979 **Professional Air Transport** Philadelphia PA
Lead Mechanic 3 yrs – Inspector 4 yrs Conducting Part 135 Passenger operations using Martin 404, Lockheed Ventura, Beechcraft Model 99, Cessna 421
- 1970 –1971 **United Air Lines** JFK New York NY
Mechanic Part 121 passenger and Freight operations with Boeing 747, 737, 727QC, DC-8, DC-8F
- 1964 – 1968 **United States Air Force**
Mechanic (43151A) 551 AEW&C
Offshore Airborne Early Warning and Control Operations with Lockheed EC 121 H aircraft. (2yrs)
Republic of Viet Nam Tactical Air Support Operations with Cessna Birddog aircraft (1yrs)



4410 Combat Crew Training Wing Eglin Aux Fld. 9 Crew Training Operation with Cessna 337 Aircraft (1yrs)

Education

USAF Mechanic Training
Sheppard Technical Training Center, Texas

Air University
Maxwell Air Force Base, Alabama

USAF Training
Otis Air Force Base, Massachusetts

Aircraft Factory Schools
Airbus A320 Certificate
Canadair CRJ Certificate

Various Training Programs
All Training Certificates available on request

Certificates

Mechanic 1959441
Ratings – Airframe – Powerplant



11. State whether SkyLink intends to contract out any training or other operations or maintenance functions. If so, indicate the type of such contracts and the percentage of such work to be contracted out. Further, to the extent the applicant does intend to contract out such functions, identify the corporate position(s) that will be responsible for overseeing those contracts, along with the name(s), background, and credentials of the individual(s) selected to oversee such contracted services. SkyLink should also indicate to whom in the corporate structure such individual(s) will report, how oversight will be accomplished, and whether the person(s) performing such oversight is (are) full- or part-time employee(s) of SkyLink.

Maintenance

Each of the first three 767-200ER aircraft delivered to SkyLink will be delivered fresh from a heavy maintenance check. The check will be supervised by the current owner of the aircraft, West Dover, LLC., an aircraft investment and leasing company. The checks will be observed by SkyLink's quality assurance staff, including Marlene Marks, Supervisor of Maintenance Records. She is a full time employee of SkyLink, and has recent extensive experience with another wide-body airline supervising heavy maintenance performed by contractors. She was employed at Gemini Air Cargo, in a position similar to those they now hold at SkyLink. Ms. Marks reports to Mr. Charles Stoddart, Director of Quality Assurance. It is likely that if SkyLink makes use of contractors, the Company will hire additional staff to supervise the maintenance contractors. This additional staff will report, as appropriate, to either the Director of Maintenance or the Director of Quality Assurance. Both of these are Part 119 positions.

The heavy aircraft maintenance of the Boeing 767 aircraft prior to delivery to SkyLink will be performed at Shannon Aerospace, a Lufthansa Technik subsidiary, located in Shannon, Ireland. Shannon Aerospace is an FAA approved Part 145 repair station with extensive 767 experience. At a future date, if Shannon Aerospace meets the audit standards for SkyLink contract maintenance providers, it may be listed as a substantial maintenance provider in the SkyLink FAA Operations Specifications.

Because the aircraft are delivered fresh from heavy check, no further heavy maintenance is anticipated for between twelve to eighteen months from delivery.

Line maintenance and "A" checks will be performed by SkyLink employees at the Baltimore maintenance facility located at The Elm Road Cargo Facility, Cargo Building 107, Baltimore Washington International Airport, Baltimore, Maryland. This is an approximately 27,000 sq. ft facility that will contain offices, shops and parts storage.

Heavy engine maintenance will be contracted to an outside provider. The Company is reviewing several alternatives at the moment. It is possible that a manufacturer's facility will do the maintenance.

Pilot Training

SkyLink's training is scheduled to commence in September 2004 at the Boeing Alteon facility in Miami, Florida. Initial training will be conducted by Alteon/FAA approved flight instructors. This is a Part 142 training facility. Once the initial cadre of check airmen are trained those pilots will in turn become trainers themselves, headed up by Tim Brown, Director of Flight Training.



Operations

1. **Exhibit SKY-403(Rev) anticipates commencement of “limited” operations in December 2004, with scheduled services being phased in beginning in April 2005. It is our understanding from the information presented that this “limited” service is expected to consist solely of charter flights with the company’s initial three aircraft.**

- a. **Is our understanding correct? If not, please clarify.**

DOT’s understanding is correct. The Exhibit was constructed on the assumption SkyLink would be certificated on December 1. It is not possible to hold out scheduled or charter services until such time as certificates from DOT and the FAA are in hand. It is not practical to be certificated one day and begin selling and operating services the next day.

With respect to international service, following DOT and FAA approval, foreign government approvals are still necessary. There could be another 60 days after certification before international scheduled operations can commence. Finally, the lead time for selling international scheduled service is measured in months, not days. For this reason, SkyLink cannot immediately plan to institute scheduled or charter services. (For the long term, charters are expected to be about 1% of the total revenue.)

For an interim period, SkyLink plans a limited charter service. It has been in touch with tour operators and individuals who specialize in selling charters. Charterers are reluctant to make any commitment until SkyLink has a certificate. Which commercial opportunities will be pursued depends on when SkyLink is certificated and what opportunities are available at that time. In the short run, after certification, any operations would be charters and would be conducted on an ACMI basis.

- b. **Is it expected that the implementation schedule presented in this exhibit will apply to the company’s initial operating plans regardless of when operations commence?**

The Company expects to commence scheduled operations on April 1, 2005. The Exhibits and the Business Plan have all been developed on that basis. The reason for this date is that it is the start of the summer North Atlantic traffic season and slots at international airports are based on the summer and winter traffic seasons. A later certification date will adversely impact revenue. To mount a reasonable schedule for 2005, the Company expects to make every effort to stay on the implementation schedule set forth in the exhibits.

Between certification and the start of full scheduled operations, the Company will conduct limited charter operations. These operations are likely to be entirely ACMI in nature. It is believed that the schedule set out in the exhibits can be achieved. We anticipate that the number of aircraft hours flown in the plan will be as originally projected.

2. **SkyLink has requested authority for both interstate and foreign passenger operations. In this connection, it states that any interstate operations will be limited (at least initially) and intended to complement its foreign scheduled services. However, while the applicant has identified five illustrative *foreign* markets on which its service proposal is based, it has not identified or otherwise described the *interstate* markets upon which the service proposal (and revenue/expense projections) is based. Please provide such information.**



There are no plans, at this time, to conduct scheduled service in interstate markets, except for markets that may be “tag ends” or “stub ends” of international flights. No specific interstate markets have been identified for regular scheduled service. But, the interstate certificate does provide world-wide charter authority and is therefore essential. There could be some interstate markets that would make sense in the longer term but as noted below, the initial aircraft selected are not well suited to interstate services.

The foreign air transportation certificate requires Presidential review. Thus the issuance could be delayed beyond the effective date of the interstate certificate. During such period, SkyLink may have to request exemptions to operate to selected foreign countries, on the basis of its interstate certificate.

SkyLink is a low cost carrier. The interstate market has a large number of excellent Low Cost Carriers (LCC's), including Southwest, JetBlue, Frontier, America West, Spirit and AirTran. SkyLink hopes to develop support and feed for its international routes from existing LCC's. Such support is not possible if SkyLink is in direct competition with these airlines. The exhibits in this case are not based on feed from LCC's. Support from these airlines would, however, facilitate SkyLink expansion.

The aircraft SkyLink has acquired are inappropriate for interstate operations except for limited routes and special circumstances. The aircraft are specially equipped extended range, wide-body 767-200ER aircraft. If it were intended to operate this aircraft in interstate markets, there is a shorter range version of this aircraft available that would make more sense.

3. **SkyLink estimates that it will operate a total of 19,600 block hours in its first year of revenue operations using eight aircraft (7 aircraft in service plus one spare). However, we cannot determine from the information provided how this block hour estimate was arrived at. For instance, it is not clear whether this estimate includes charter and scheduled operations or only scheduled operations. It also appears that the applicant is projecting the same number of block hours with 8 aircraft as it was planning with the six aircraft initially proposed. Therefore, we ask SkyLink to provide further information as to how the 19,600 block hour estimate is derived. In this connection, we specifically ask SkyLink to provide the following information, on a quarterly (or monthly) basis, for each scheduled market upon which the applicant's service proposal is based: (a) number of aircraft in use; (b) frequency of flights; (c) stage length, and (d) block hours operated. We also ask the applicant to provide an estimate of the number of charter block hours operated.**

Block Hours for Illustrative Schedule

					2005 Block Hours by Quarter				
Scheduled Market	Freq	AC USED	RTBHOURS	STAGE LENGTH	Q1	Q2	Q3	Q4	Year
Market 1	7	1	15	7350		1365	1365	1380	4110
Market 2	7	1	16	7722		976	1456	1472	3904
Market 3	7	1	16.5	6690		1006.5	1501.5	1518	4026
Market 4	7	1	14.8	6932		444	1346.8	1361.6	3152.4
Market 5	7	1	14.9	7118			1355.9	1370.8	2726.7
Market 6	6	1	18	8734			540	1404	1944
Market 7	6	1	15	7350				300	300
Spare		1							0
Total		8				3943.5	7718.2	8959.4	20163.1
with .98 operating factor applied						3864.63	7563.84	8780.21	19759.8



Two exhibits show the plan for 2005. The first (SKY-403) was based on Airbus aircraft. The second, filed after the acquisition of 767-200ER aircraft (SKY-403 Rev), includes the additional aircraft made possible by the lower costs associated with used Boeing 767 aircraft. The earlier Exhibit had six active aircraft. The second exhibit has seven active aircraft. The costs of six active A-330 aircraft are essentially equivalent to eight 767 aircraft. Since the 767 aircraft are older, SkyLink is taking every possible step (aircraft in reserve) to support a high degree of reliability. SkyLink has made certain changes to the schedule from the original exhibit in light of the potential problem raised by the Department concerning service to Spain and certain issues with respect to Vancouver service.

For later arriving aircraft, the schedules are illustrative and may change as market conditions develop. The table shown above outlines an illustrative scheduled service for 2005, for seven active aircraft. The table shows the frequency of scheduled service in each market. Please note that some services are daily, some are six times per week and in one market, the company expects to operate a double daily service later in the year after the introductory period.

SkyLink may operate charters after certification. However, since we can not be assured that we will be able to sell anything with an uncertain certification date we have not included any revenues or expenses in the revised Exhibit 404. If we do operate charters we assume that they will have to be very price sensitive and that they will be priced at the cost of operation.

Financials

- 1. We cannot fully assess the applicant's revenue/expense forecasts. As a general matter, its pre-operating expenses (Exhibits SKY-402 (Rev) and SKY-404 (Rev))¹ are shown on what appears to be a *calendar* year basis, but its first-year expenses (Exhibit SKY-405 (Rev)) are shown on what appears to be a *fiscal* year basis. Since fiscal years and calendar years sometimes differ, and SkyLink has not defined its "fiscal" year in the application, it is not totally clear how these forecasts relate to one another. We have assumed for purposes of our review that the 2005 first-year fiscal year forecast begins January 1, 2005. If our assumption is not correct, please clarify and, if needed, provide revised forecasts.**

All Exhibits are on a calendar year basis. The term fiscal year is used interchangeably with calendar year, in the filings and in the corporate records. The audit year is calendar as well. This is to facilitate later DOT Form 41 filings. The only partial period exhibits deal with the 4th quarter of 2004, where December is broken out from the rest of the year to show start up costs through November and operations expense for a one month period.

In addition, please explain what is included in each pre-operating and first-year line item expense and an explanation as to how the projected amounts were derived. Such explanation should be in sufficient detail to allow the Department to replicate the mathematics involved in calculating forecast amounts. The applicant should also address the following specific matters relative to its forecast expenses:

All expenses from inception of the Company through November 30, 2005, are classified as pre-operating and start-up expenses. This includes any payments made. Specifically, those costs include the costs of computers and technology build-out to support company operations. Any expense that would ordinarily be classified as a start-up expense by outside auditors is in the start-up expenses. Expenses that are part of an

¹ Since these two exhibits appear to duplicate one another, we will refer to the applicant's pre-operating expenses collectively as SKY-402 (Rev).



on-going company are in the first year expenses shown in 2005 and in the amounts shown for December of 2004. The detail is the same as the internal company budgets. A further breakout would simply involve individual salaries and so forth. The start-up costs forecast are in the range of other similar start-up airlines. The company believes it is on budget and may come in at a lower level than forecast. We would be happy to arrange a conference call or meeting with our controller who has further detailed information that can be provided.

- a. **It is not clear whether the expense forecasts include the costs associated with capital expenditures such as the acquisition, refurbishment and initial maintenance for all 8 aircraft planned for the first year of operations, the costs associated with purchasing parts inventory, and other capital expenditures, or the costs associated with its financing activities. If they are included, explain where and how.**

Each of the aircraft will be delivered to SkyLink fresh from heavy check with the refurbishment complete and all pending maintenance complete. These aircraft are financed. The cost of the aircraft includes all capitalized or maintenance items. The aircraft are being financed over a five year period at a market interest rate for a risk such as SkyLink. There is no balloon payment at the end. This is reflected in the expenses and cash flows of the company. A parts inventory will accompany the aircraft. Spare engine costs are reflected in the on-going expenses of the Company.

- b. **Explain why the first quarter 2005 expenses do not include projected revenues or expenses for many of the costs (such as fuel, maintenance, etc.) that we expect would be incurred in any charter operations conducted during that period.**

The company has indicated that it will offer charter services in the 1st quarter of 2005 pending the start of scheduled services. The aircraft offered for charters are international aircraft. They will be offered only for short term charters, not programs such as associated with cruise ship traffic that are typically contracted six or more months before the flight. The assumption in the exhibit is that if the Company sells any charters, these charters will be operated on an ACMI basis where the entity chartering the aircraft pays all direct costs associated with the charter. Expenses, if any, would be equal to revenue. The 1st quarter expenses reflect all indirect costs of the Company including the cost of the aircraft on hand, the insurance, crews and similar. Any charter flying expenses or revenues would simply increase expenses and revenues by similar amounts. In an ACMI charter operation, the entity leasing the aircraft pays fuel. For this reason there is no fuel costs shown on the financial statements of the airline.

2. **Exhibit SKY-407 estimates the applicant's 2005 funding needs for purposes of meeting the Department's financial test. In this connection, it appears to have forecast first-year expenses at approximately \$150.8 million. We note, however, that Exhibit SKY-405 (Rev) estimates these expenses at \$152.3 million. In addition, it appears that the applicant has not included interest expenses or sales commissions in determining the funds needed to meet our fitness test. Please be advised that the Department will include such expenses in assessing the amount of financing needed to meet our financial test.**

The difference between the two numbers noted above is sales commissions. The company expects most sales to be through the web site (no commissions). The business model is not based on extensive travel agent sales.

Interest expenses are in the aircraft payments. All aircraft payments are principal and interest (and reflected in an expense line).



3. With respect to the applicant's July 1, 2004 balance sheet:

- a. Provide a statement from the company's bank or financial institution verifying the funds on deposit for the applicant.**

A bank reconciliation as of June 30, 2004, and an verification of account statement will be submitted separately.

- b. It is our understanding that SkyLink will obtain the first of its three aircraft on an operating lease beginning on or after September 1, 2004, and that it will purchase this and two other aircraft after commencement of certificated operations.**

- i. Please clarify why these three aircraft are reflected as assets and liabilities on the company's July 1, 2004, balance sheet.**

The previous balance sheet was done to show a "pro-forma" once the aircraft were on the property. We have restated the balance sheet for this date without the aircraft. The balance sheet without the aircraft is attached hereto as 408 (Rev 2).

- ii. Please explain why the balance sheet does not provide for any current portion of long-term debt.**

A "pro-forma" balance sheet including the aircraft would show the current portion of long term debt associated with those aircraft. Because we have restated the balance sheet in 408 (Rev 2), this is no longer an issue.

- 4. According to SkyLink, in June 2004, it obtained approximately \$49.8 million in funds or financing through an offering of convertible debt and other credit facilities. Of that amount, \$15.0 million is to fund the company's start-up expenses, and \$34.8 million appears to be financing commitments to support the applicant's acquisition of three B-767 aircraft and related engines and spare parts. What does the difference (approximately \$8 million) between the \$34.8 million noted above and the \$26.9 million in aircraft debt on the applicant's July 1, 2004, balance sheet represent?**

The balance sheets have been restated to address DOT's questions. The Company has spare engines being delivered as part of the aircraft transaction and the effort in the pro-forma balance sheet was to reflect these deliveries and related matters. The Company now has provided the actual balance sheet as reflected on a specific date and a pro-forma sheet showing the treatment of the aircraft, assuming they were added to the actual balance sheet.

- 5. Lehman Brothers states that it is currently assisting SkyLink in conducting a private offering that could raise as much as \$160 million for the applicant.**

- a. Provide a copy of the offering document(s).**

- b. Please clarify the total amount of proceeds (gross and net) that the applicant expects to have raised under this offering prior to commencement of revenue operations, including whether the \$15 million in convertible debt is included in such total.**

Total amount of proceeds prior to commencement of operations



Phase 1 -- \$400,000	Seed Capital	Equity (Common Stock)
Phase 2 -- \$15,000,000	Start-up Costs	Convertible Debt
Phase 3 -- \$ 37,000,000+	DOT Start-up Funds	Series A Stock
Phase 4 -- \$ To be determined	Deposits for aircraft and expansion	Series A Stock—Post Certification
Total Cash -- \$52,400,000	See Exhibit 902.	

For your information, start-up costs remain below the forecast of \$10,900,000.

Compliance

In its initial application, SkyLink stated that there were no reportable compliance issues in response to sections 204.3(l), (m), (o), (p) and (q) of our rules for SkyLink, its owners or key personnel. We note, however, that the applicant has had some changes in its ownership and key personnel since its initial filings. State whether the compliance information provided initially applies to any new or changed owners or key personnel since filing its initial application.

This information will be provided in a separate letter.

Other

Provide a copy of the Pre-Application Statement of Intent SkyLink filed with the Federal Aviation Administration.

The updated pre-application statement of intent is attached hereto.

If you have any questions, please give Amy Rogers at 571 246-5862 or I at 571-246-5564 a call. I may also be contacted at bkutzke@skylinkairways.com. Ms. Rogers is at arogers@skylinkairways.com.

Sincerely,

_____/s/_____

William A. Kutzke

Enclosures



Section 1B. To Be Completed By Air Operators

8. Proposed Type of Operation: (Check as many as applicable)

- | | | | |
|---|--|--|---|
| <input checked="" type="checkbox"/> Air Carrier Certificate | <input checked="" type="checkbox"/> Part 121 | <input checked="" type="checkbox"/> Domestic | <input type="checkbox"/> Cargo Only |
| <input type="checkbox"/> Operating Certificate | <input type="checkbox"/> Part 125 | <input type="checkbox"/> Supplemental | <input checked="" type="checkbox"/> Passenger and Cargo |
| | <input type="checkbox"/> Part 135 | <input checked="" type="checkbox"/> Flag | <input type="checkbox"/> Single Pilot Operator |
| | <input type="checkbox"/> Basic Part 135 Operator | | <input type="checkbox"/> Single Pilot in Command Operator |

Indicate applicable issues affecting new application or requests for amendment(s) to current operations.

Special issues: ETOPS RVSM Extended Over Water MNPS RNP
 Other: (List)

Dangerous Goods: Carry Not Carry

Maintenance performed by: Applicant Contractor

Operations training by: Applicant Contractor

Type of Ownership: Corporate Partnership Fractional Sole Proprietor

Citizenship of Owner: United States

Applicant Point Of Contact: (Last, First, Middle) Kutzke, William A.

Telephone Number: (Include Area Code) (571) 246-5574

Date DOT OST contacted: February 20, 2004

Proposed Major Routes or Geographic area of operations: Transatlantic, Transpacific, South America, Caribbean, Canada

Section 1C. To Be Completed by Air Agencies

9. Proposed type of agency and rating(s)

- | | |
|--|---|
| <input type="checkbox"/> Part 145 Repair Station | <input type="checkbox"/> Part 147 Maintenance Technician School |
| <input type="checkbox"/> Domestic | <input type="checkbox"/> Airframe |
| <input type="checkbox"/> Foreign <input type="checkbox"/> New <input type="checkbox"/> Renewal | <input type="checkbox"/> Powerplant |
| <input type="checkbox"/> Satellite | <input type="checkbox"/> Both |
| <input type="checkbox"/> Airframe <input type="checkbox"/> Instrument | <input type="checkbox"/> Part 149 Parachute Loft |
| <input type="checkbox"/> Powerplant <input type="checkbox"/> Accessory | |
| <input type="checkbox"/> Propeller <input type="checkbox"/> Specialized Service | |
| <input type="checkbox"/> Radio | |

Section 1D. To Be Completed By Air Operators

10. Specific aircraft, installed engine and/or propeller make and model must be identified to determine the appropriate regulatory requirements.

(If there is more than one aircraft, include information for each aircraft on additional sheets)

Aircraft Make:	Model:	Series:	Serial Number:	Line Number:
767	238ER		23306	125
767	238ER		23896	183
767	238ER		23402	

Owner: SkyLink Airways, Inc. effective on the date of the start of operations Lessor: West Dover LLC effective until the date of the start of operations

Engine Make: Pratt & Whitney	Model: JT9D-7R4E	Series:
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Propeller Make:	Model:	Series:
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Number of Passenger Seats or Cargo Payload Capacity: 205 Passengers



Section 1E. To Be Completed By All Applicants

11. Additional information that provides a better understanding of the proposed operation or business (***attach additional sheets if necessary***)

See Exhibits.

SkyLink plans to operate low-fare, low-cost international scheduled air transportation in high volume markets between the United States and foreign countries. SkyLink intends to operate Boeing or Airbus widebody aircraft.

12. The statements and information contained on this form indicate intent to apply for FAA certification.

Signature: /s/	Name and Title: <i>(Please Print)</i> Joshua Marks, President	Date: August 27, 2004
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SECTION 2 TO BE COMPLETED BY FAA DISTRICT OFFICE

Received by (District Office)	Date Forwarded to Regional Office
Date	For: <input type="checkbox"/> Action <input type="checkbox"/> Information Only

Remarks:

SECTION 3 TO BE COMPLETED BY REGIONAL DISTRICT OFFICE

Received by (Regional Office)	Date	Precertification Number:	Date
District Office Assigned Responsibility:	Date	Forwarded to CSET Office (<i>if req</i>)	Date
Forwarded to District Office:	Date	Coordinated with AFS-620	Date

Remarks:

Section 4 TO BE COMPLETED BY CERTIFICATION STANDARDIZATION AND EVALUATION TEAM (CSET) OFFICE (AS REQUIRED)

Received by CSET	Date	Coordinated with District Office	Date
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Remarks: