



BUSINESS SUMMARY & INVESTOR BRIEF

NOVEMBER 4, 2003

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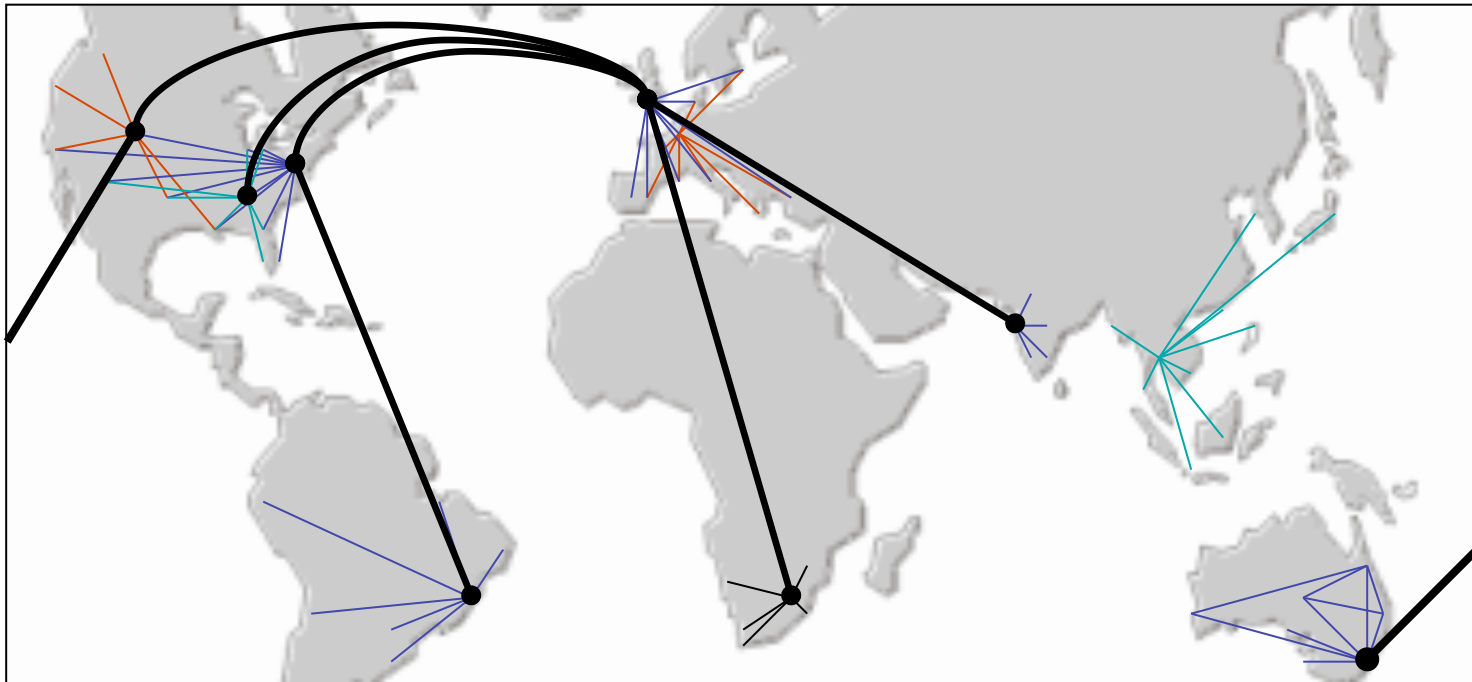


SkyLink Concept

- SkyLink will create the long-haul LCC segment by building a point-to-point international network.
- SkyLink will fly modern widebody aircraft with comfortable economy seats and a business-oriented first-class cabin.
- SkyLink will target three groups:
 - Small- and mid-size business travelers without access to deep-discount airline programs.
 - Last-minute travelers.
 - International leisure travelers originating in secondary destinations served by other low-fare carriers.
- SkyLink will connect high-traffic transatlantic markets with high connectivity on other low-fare carriers at both origin and destination.



The SkyLink Concept



Low-cost carriers have emerged worldwide, achieving low-cost structures through focused fleets and domestic networks.

LCCs lose international traffic to flag carriers, legacies and worldwide alliances.

SkyLink will provide a low-cost service on international routes, capturing local-market travelers but focusing on connecting traffic from domestic LCCs



Connecting LCCs, Capturing Traffic

- The airline industry has moved inexorably towards mega-alliances:
 - SkyTeam, Star Alliance, oneworld will dominate international travel.
 - Alliances permit carriers to specialize in short-haul, regional service (US Airways, BMI) or long-haul service (British, Virgin) without losing passengers.
- LCC networks remain unconnected. LCCs don't have the fleet types or network density to fly internationally.
 - The same operational structure that benefits short-haul LCCs makes international LCC service difficult. LCC A320s and 737s can't cross the Atlantic.
 - LCCs are increasingly developing hubs which *can* be connected.
 - AirTran in Baltimore and Atlanta; germanwings in Cologne/Bonn; etc.
 - Technology advances have made the physical costs of partnering manageable.
- As the bridge between LCC networks, SkyLink can capture a disproportionate share of low-cost traffic.
 - Each new LCC partnership increases the value of SkyLink to both passengers and other carriers.

SkyLink Product

- Single Fleet Type
 - Long and short-haul flexibility
 - Boeing 767-300 Fleet
 - New Interiors
 - 6,700 mile range for future routes
 - 210 seats without cramming
- Two-class configuration
 - 35 First (55" pitch, 2x2x1)
 - 175 Standard (33", 2x3x2)
- In-flight entertainment and Connexion Internet Service
- “Self-Service” model

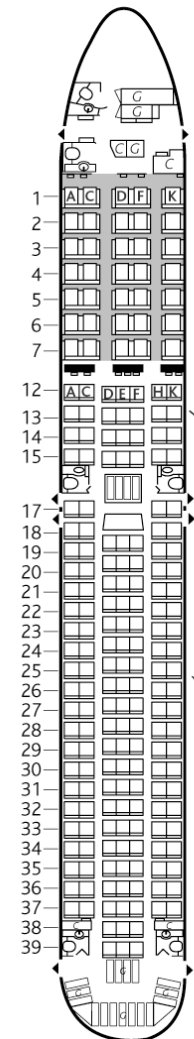


First Class
35 Seats @ 55" Pitch
IFE, Fully Reclining



Standard Class
175 Seats @ 33" Pitch
In-Seat Video

Boeing
767-300





SkyLink: Self-Service Philosophy

- SkyLink will target passengers who want value and productivity, not constant pampering in flight.
- Focus expensive catering and amenities on the ground, not in the air.
 - Passengers with lounge access (First Class, or Standard Class with pass) can enjoy hot meals before departure or after landing.
 - Showers and changing rooms at arrival eliminate on-board amenity kits.
 - Enables “pajama service” in both First and Standard.
- In-flight, focus on seat comfort and entertainment.
 - Per-passenger cost of high-end seats, IFE, Internet, etc. minimal.
 - All passengers will have access to in-flight power and Internet service.
 - Aircraft will be configured with catering stations in Standard Class for drinks, meal purchase, etc.



SkyLink First Class

- Maximum value for \$750 each way.
 - Steal last-minute travelers from network carriers.
 - First-class seats with “Premium Economy” service.
- Services will reflect the difference in expectations between a \$299 and \$750 ticket.
 - On-the-ground benefits matter as much as in-flight services:
 - Time-of-purchase limousine service.
 - Lounges at departure and arrival.
 - Eastbound “Pajama service” for business flyers with dinner and breakfast, showers on arrival.
 - On-board, keep catering light and liquor limited.
 - **Invest in fixed costs (high-end seats, in-flight power and Internet) and not variable costs (lavish meals, wine collections or amenity kits).**





SkyLink Standard Class

- SkyLink will keep in-flight services sensible.
 - Complementary in-flight entertainment and snacks.
 - Meals available for purchase.
 - Light catering requirements.
- In-flight Internet available for purchase for nominal fee.
- Allow standard passengers to purchase lounge access (showers, breakfast) on arrival.
- Negotiated hotel and car rental rates available to SkyLink Standard passengers before departure.





Growth Strategy

SkyLink Airways will be optimized for long-haul flying in markets with both business and leisure traffic.

1

Obtain ETOPS certification with wintertime London and Caribbean routes from AirTran hub in Baltimore. Complete route authorities.

2

Develop the North Atlantic low-cost “bridge” with Boeing 767-300s, connecting LCC hubs and capturing significant local traffic.

3

As connecting traffic develops, upgrade to larger aircraft and expand service to Asia, Australia, South America, and Africa.

Starting operations in October 2004 with three 767-300s, SkyLink will grow to 24 aircraft and \$500MM revenues in 2006.



Keys to Success

1

**Partner with low-cost carriers at home and abroad.
Generate flow while strengthening case for route authorities.**

2

Build routes that have strong local traffic and high LCC concentration on either end. Avoid direct confrontation with legacies.

3

**Invest in comfortable aircraft and stylish airport facilities.
Keep in-flight services lean with a “self-service” model.**

4

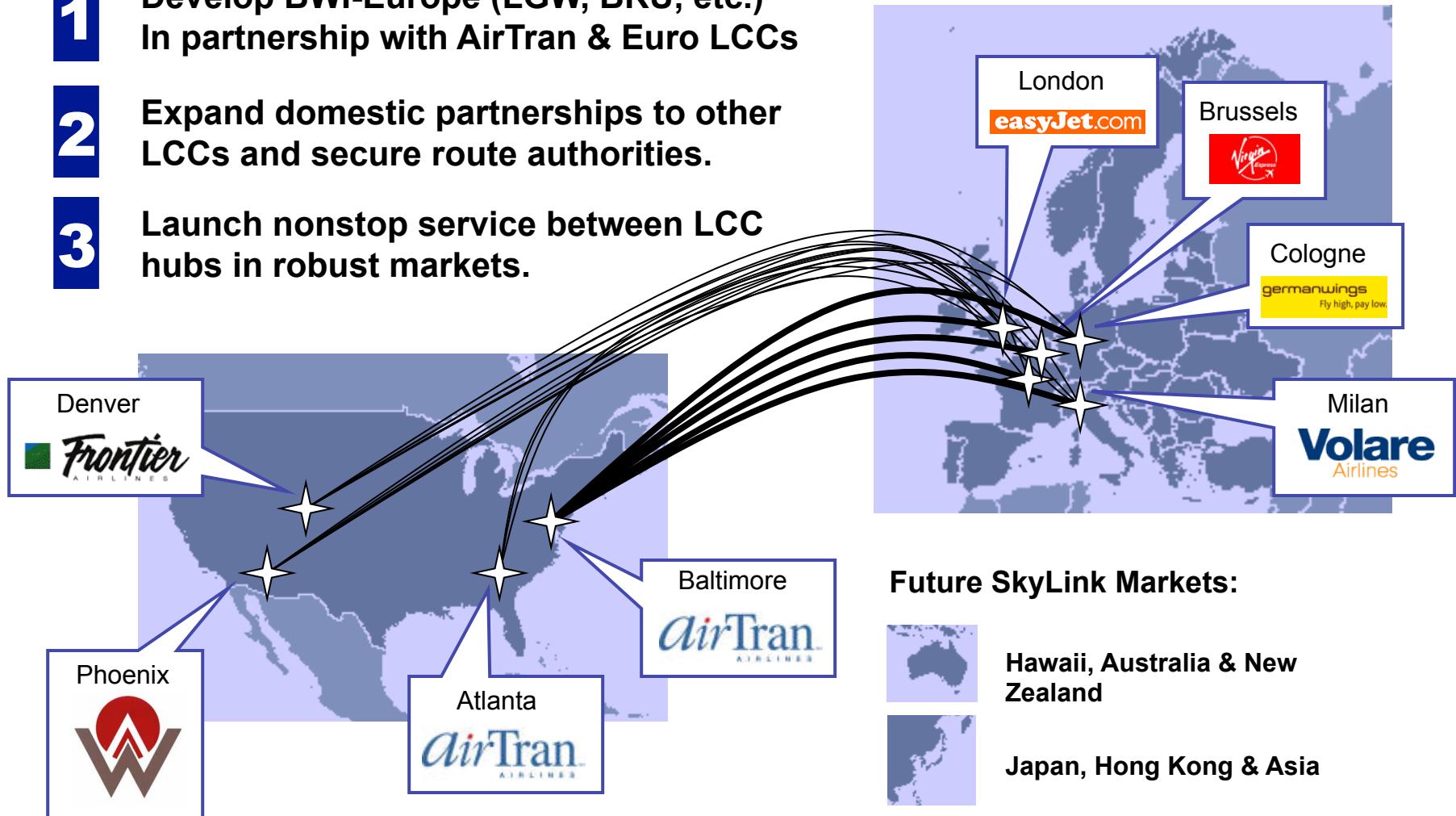
Standardize on Open Skies technology that permits seamless interlining with other low-cost carriers.

5

Develop a First Class product that captures local last-minute travelers, and a Standard product that provides comfort at a minimum price.

Transatlantic Service Development

- 1** Develop BWI-Europe (LGW, BRU, etc.)
In partnership with AirTran & Euro LCCs
- 2** Expand domestic partnerships to other
LCCs and secure route authorities.
- 3** Launch nonstop service between LCC
hubs in robust markets.



Future SkyLink Markets:



Hawaii, Australia & New Zealand

Japan, Hong Kong & Asia



Fare Structure

- All fares will be priced one-way.
 - All coach fares will be nonrefundable.
 - Most tickets will be booked via the Web (either through skylinkairways.com or through partner sites)
 - All tickets will be transferable for a fee.
 - “Unlimited travel” passes will be available for corporations and high-travel individuals, offering space-available passes at substantial discounts.
- Fares range from \$99 (Standard) to \$750 (First Class).
 - Upgrades will be available at time of departure.
 - Target \$20 profit per passenger in “add-ons”:
 - Direct-sale items (upgrades, lounge access, Internet access, etc.)
 - Commission items (limo service, hotels, in-flight catering, etc.)



Partnership: Revenue Sharing

- Three ways to partner:
 - **SkyLink books a ticket on partner airline at time of customer reservation.** *Customer requests MKE-BWI-LGW via SkyLink Web site; SkyLink reserves seat on BWI-LGW and books MKE-BWI leg on AirTran.*
 - SkyLink receives a commission (negotiated or standard) from partner airline and adds the cost of partner ticket to standard fare.
 - Does not require deep technical integration; customer receives boarding pass in Baltimore.
 - **SkyLink offers inventory on long-haul flights to partner airlines, offers a commission for booking.** *Customer books SkyLink travel via AirTran site.*
 - Target 5% commission to partner airline on base fare only.
 - Discounted fares available for resale by partner airlines.
 - **SkyLink and partner airlines engage in joint pricing and inventory management.** *Both local and transatlantic flights appear on either site.*
 - Full revenue management partnership likely requires regulatory approval.
- SkyLink will focus on selling AirTran connections via the SkyLink site, and offering discounted SkyLink inventory to AirTran.



Local vs. LCC-fed Traffic

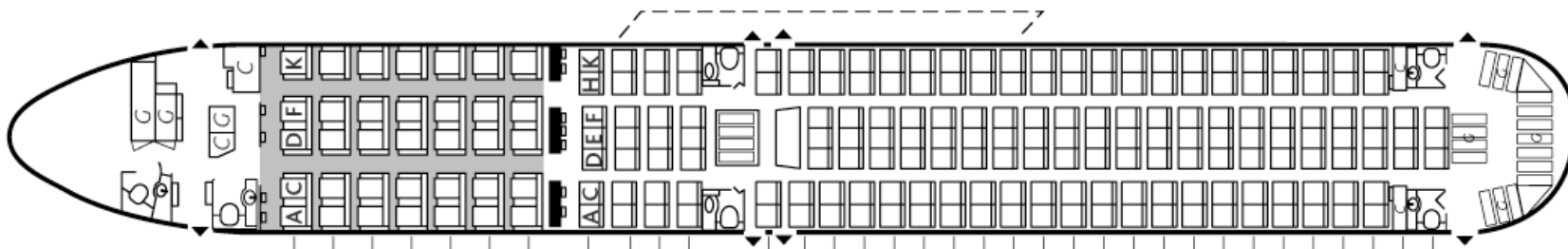
- SkyLink will target high-margin, premium customers and value-oriented local passengers.
- Target 50% connecting traffic in the Standard Cabin, 20% connecting traffic in First.
- SkyLink will supplement local passengers with flow from AirTran, Frontier, EasyJet and other LCCs in the US and Europe.

First Class Cabin

80% Local Traffic
20% LCC Originating

Standard Cabin

50% Local Traffic
50% LCC Originating



Technology

- SkyLink will standardize on the Open Skies platform for reservations and revenue management.
- The Open Skies platform is used by most LCCs, and all target partners for SkyLink.
- SkyLink will invest in advanced dispatch solutions to minimize fuel burn and plan for contingencies.

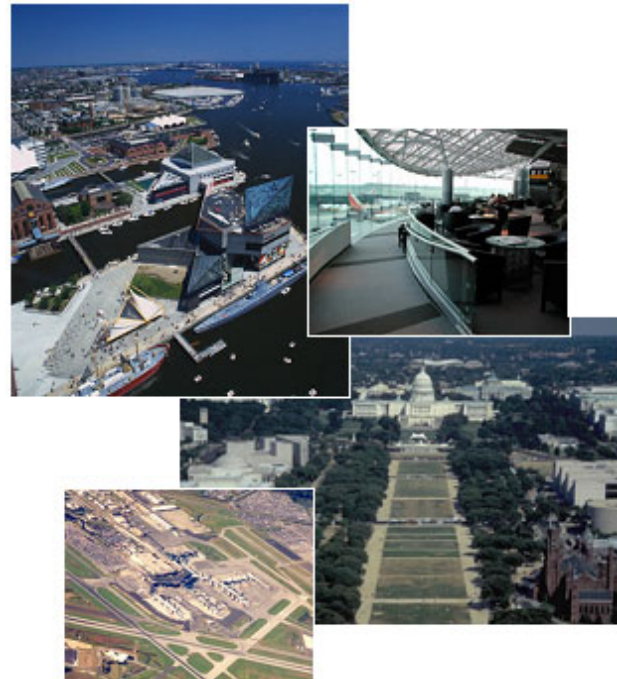




SkyLink's Home: Baltimore/Washington

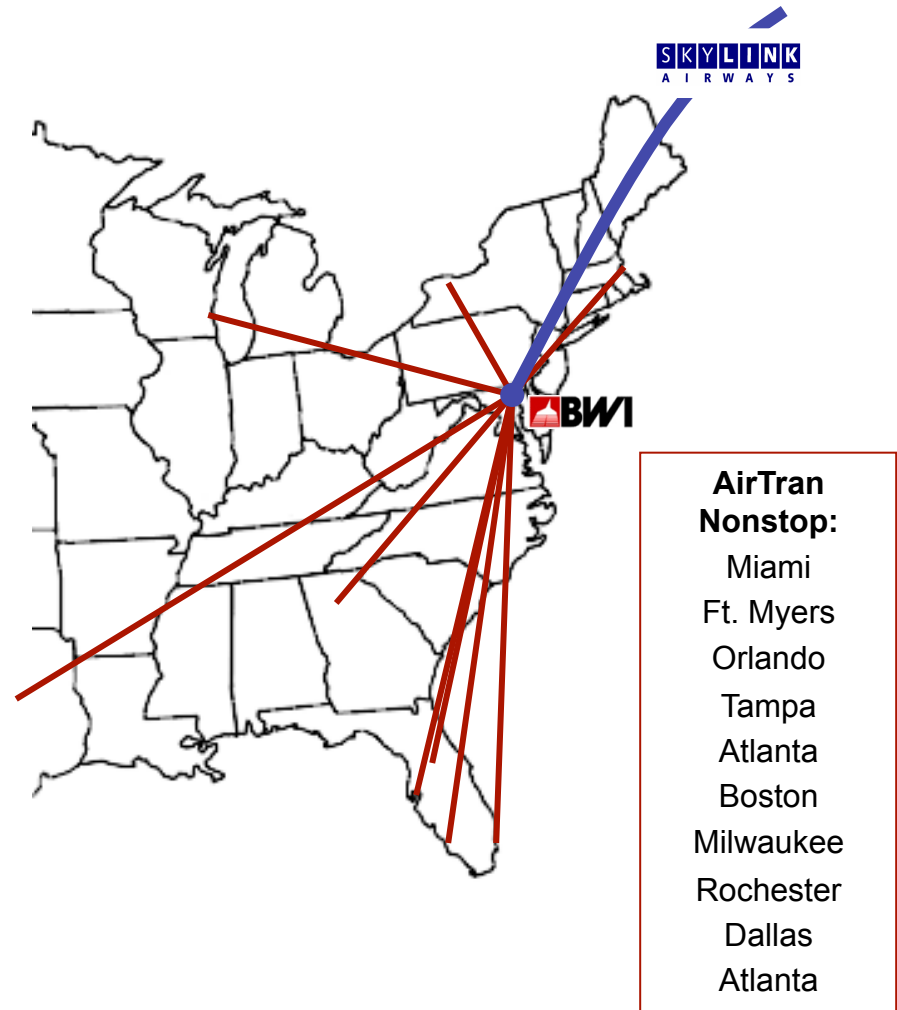
BWI is a unique opportunity: the dominant domestic LCC airport with little existing international service.

- BWI is the largest domestic airport in the Baltimore & Washington area yet has very limited international service.
 - Single daily frequency to Heathrow (BA 767 C/Y), Dublin, and Reykjavik.
- BWI is a focus city for two major LCCs, AirTran and Southwest. BWI served by three other LCCs: America West, Frontier, and ATA.
- BWI has available gates in both new international terminal and domestic concourse.
 - Lightly-used customs facilities.



BWI has both local and flow traffic

- AirTran, Frontier, America West and Southwest all provide nonstop LCC service to major metro areas nationwide.
 - AirTran, our first target, is building a mini-hub at BWI.
 - BWI is the largest domestic airport in the Washington area.
- Baltimore/Washington has a robust local transatlantic market, though most traffic carried by non US-flag airlines from Dulles Airport.





First Route: Baltimore-London

- Baltimore/Washington-London O&D market is _____ local passengers per year, but strong connecting opportunities on either end amplify demand.
 - Foreign carriers dominate the market.
 - Just _____ passengers carried on domestic airlines, even though US citizens make up 61% of WAS-LON traffic.
- Route authority is available.
- Gatwick can substitute for Heathrow for business flyers, but offers passengers connections to continental Europe, Turkey, Tel Aviv and Africa on quality LCCs.



SH&E Feasibility Study: Partnership Leverage

AirTran’s nonstop flights to BWI can connect passengers to London from six major metropolitan areas and five secondary cities.

SkyLink/AirTran Market	Code	Reported O&D LON Psgrs	Non-US Flag Passengers	O&D Survey		Total Passengers
				Reported FF Car Psgrs	Total Non-US Flag Psgrs	
Orlando	MCO					
Boston	BOS					
Miami	MIA					
Atlanta	ATL					
Dallas/Fort Worth	DFW					
Tampa	TPA					
Fort Myers	RSW					
Fort Lauderdale/Hollywood	FLL					
Rochester	ROC					
Milwaukee	MKE					
Freeport	FPO					
Total BWI FL Market Potential Pool						



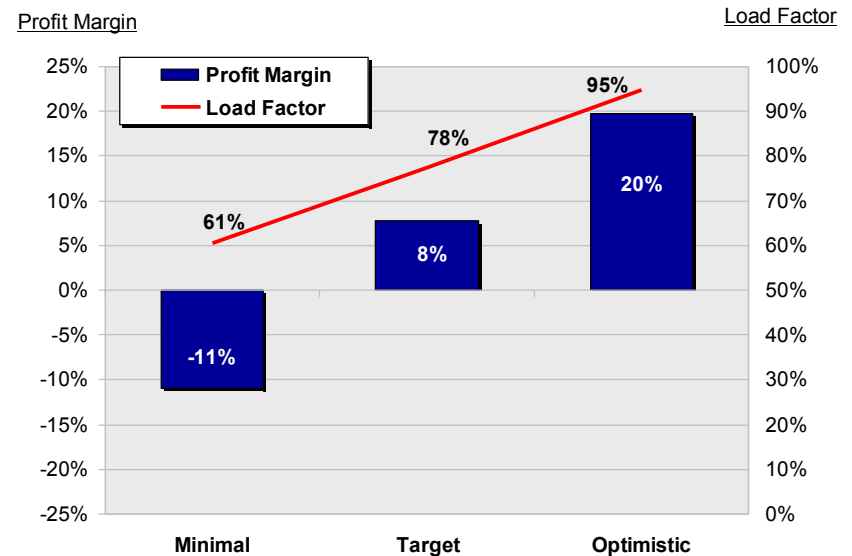
Feasibility Study: SH&E Study

- SH&E conducted a feasibility study of a tail-neutral business plan in September 2003.
 - SH&E assessed local-market traffic, connecting traffic opportunities, and operating costs for the route.
- The study validated that BWI is unique: a large local market airport with available space, but with limited international competition.
- SH&E tested alternative scenarios with different rates of capture and found.. .
 - Of 3.3 million annual London passengers from AirTran/SkyLink cities, assumed only 1MM assumed to be “contestable.”
 - Capture rates ranged from 2% to 8%.



SH&E: Financial Findings

- SH&E assumed one-way fares:
 - First Class: \$750
 - Coach Walkup: \$350
 - Coach 7-Day: \$279
 - Coach 14-Day: \$199
- SH&E concluded the leverage from connecting traffic is significant.
 - A single effective LCC partnership can drive 20% profits per SkyLink route.





Key Financial Metrics

- 767 acquisition cost: \$50MM each
 - Lease late model aircraft.
 - Estimate \$375,000/mo., 3 mo. deposit.
 - Install new interiors & technology.
- Target daily utilization: 12 hours.
 - Tight scheduling but one spare.
- Market-rate salaries.
 - Flight deck cost: \$180 per block hour
 - Third crewmember for 8+ hr flights
 - Cabin crew cost: \$83 per block hour
- RASM and CASM reflect long stage lengths and high profit potential.
 - Startup (2004):
 - RASM: \$0.055
 - CASM: \$0.042
 - Steady-state (2006):
 - RASM \$0.050
 - CASM \$0.033
- 2006 SG&A Overhead: \$70.2MM.
 - 2006 EBITDA: \$72.4MM
 - 20.7% target pretax margin.

Date	Aircraft
December 31, 2004	3
December 31, 2005	13
December 31, 2006	22
December 31, 2007	45

First Class Average Fare & Load Factor	\$90.00/BH 65% LF (22 pax)
Standard Class Average Fare & Load Factor	\$24.00/BH 75% LF (131 pax)
Time-of-Departure Upgrade Fee	\$15.00/BH
Commission Rate to Partner LCCs	10%
Net Revenue	\$5,214 per block hour
Total Direct Operating Costs, Rent & Insurance	\$3,249 per block hour
Operating Margin	37%



Startup Costs

- Startup period is 12/1/2003 through 12/1/2004.
 - Service tentatively commences 10/1/2004 with three aircraft on the following routes: BWI-LGW, BWI-NAS, BWI-SJU, BWI-CUN.
 - Contingent on nine-month certification.
- Total startup costs are \$12.8MM through 10/1/04.
 - \$3.6MM salaries, headcount of 307 on 12/1/04.
 - \$1.5MM startup advertising budget
 - \$350K regulatory legal costs
 - \$1.35MM manuals & certification
 - \$1.8MM training
 - \$2.0MM technology
 - \$375K aircraft rent
 - \$890K office space & airport rent
- Expecting \$1.2MM per aircraft in various security deposits or down payments.
 - First-year requirement of \$3.4MM.



Funding Requirements

- Startup costs \$12.8MM with \$14.6MM in cumulative security deposits through 2005.
- Breakeven with nine airplane fleet (3,100 block hours per month) in Q3 2005.
 - 65% target load factor in F
 - 75% target load factor in Y
 - 12.1 hours target utilization
- \$100MM equity round required to execute business plan.
 - IPO Q2 2006 with \$162MM quarterly revenue and 14.8% EBITDA margin.

Item	Amount Required
Startup Costs	\$12.8 MM
Aircraft Security Deposits, 2004-2005	\$14.6 MM
Working Capital Required to Cash Flow Positive, 04Q4 to 05Q3	\$25.6 MM
Six Month Working Capital Requirement	\$43.5 MM
Total	\$96.5 MM



Core Team

- **Ken Carlson**

- Proven airline CEO and entrepreneur.
- President & CEO of JetExpress; Founder, New York Air; Founder and President, Midway Airlines; Manager, Domestic Strategy, TWA.
- Founded three successful airlines with three significant liquidity events.

- **Bill Kutzke**

- Senior VP, Planning, Northwest Airlines; Executive VP and General Counsel, Gemini Air Cargo.
- Deep knowledge of planning, route authorities and international operations.

- **Joshua Marks**

- Associate Director, GWU Aviation Institute.
- Specialist in finance, partnerships and airline technology.
- CEO of VelociGen and President of Virtualis, private-equity backed technology ventures with successful liquidity events.



Conclusions

- **An international low-cost carrier can undercut existing airfares with a high-quality product and be strongly profitable. Connecting other LCC networks is the key.**
- **The SkyLink plan is led by experienced entrepreneurs with deep airline experience, and has been vetted by the premier airline consulting firm.**
- **SkyLink Airways will raise \$100MM in equity financing by the end of 2003, to commence operations in October. Within three years SkyLink will become the dominant international flag carrier.**