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GREAT LAKES AVIATION, LTD.

DEPT. OF TRANSPORTATION
DOCKET SECTION

97 NOV 24 AM 11:28

November 18, 1997

Mr. Dennis J. DeVany, Chief
EAS & Domestic Analysis Division
U.S. Department of Transportation
400 Seventh St., S.W.
Washington, D.C. 20590

OST-97-2153-1

Dear Dennis,

Enclosed are proposals to increase essential air service from 12 to 18 flights per week at Ironwood and Manistee, Michigan, at Mattoon, Mount Vernon, and Sterling/Rock Falls, Illinois and at Ottumwa, Iowa. These proposals require 20 additional slot exemptions at Chicago O'Hare International Airport for the enhanced service levels at these communities.

On August 23, 1994, Congress enacted the Federal Aviation Administration Authorization Act of 1994 which, among other things, authorized the Department to grant exemptions from the High Density Rule for the provision of basic Essential Air Service (EAS) at eligible communities. As applied to Chicago O'Hare and as relevant here, the Act provides for exemption authority as follows:

Section 41714 (a) states that, with regard to EAS, the Department must insure that an air carrier has sufficient operational authority at a high density airport to provide the required service. It also states that the operational authority shall allow flights at reasonable times taking into account the needs of passengers with connecting flights.

On September 30, 1996, President Clinton signed into law the Department's Appropriations Act. The Senate Report that accompanied the bill contained language expressing the Senate's desire that the Department enable increased access to O'Hare for small and medium-sized communities. The report directed the Department to make the fullest possible use of existing exemption powers to maintain and improve Essential Air Services without significantly increasing funding requirements.

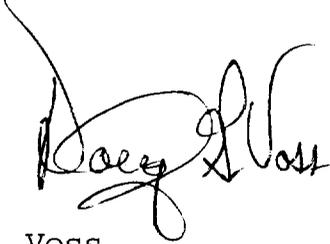
The current levels of subsidy payments for the provision of air service at the communities referenced above, allow for only 12 round trips per week. These reduced levels of service, resulting from Congressional reductions in funding for the EAS program for fiscal year 1996 (by Order 95-11-28, November 17, 1995) have had a significant negative impact on passenger traffic and revenue.

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Great Lakes Aviation continues to incur significant losses in the course of serving these communities with these reduced levels of service. The return to schedules that provide for the program's originally mandated service, consisting of 18 round trips per week, will insure that, over time, traffic and revenues can once again be returned to levels that will require reduced subsidy payments.

Your consideration of these proposals is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas G. Voss". The signature is fluid and cursive, with a large initial "D" and "V".

Douglas G. Voss
President and Chief Executive Officer

Schedule Comparison

Current versus Proposed

Exhibit A

Weekday Schedule Summary

"Current" schedule is as of December 1, 1997

	Current Departure	Enroute Stops	Proposed Departure	Enroute Stops	Current Departure	Enroute Stops	Proposed Departure	Enroute Stops
Decatur, IL (DEC)	No Current Service		620 1050 1620	Non-Stop Non-Stop Non-Stop	No Current Service		815 1340 1900	Non-Stop Non-Stop Non-Stop
	to ORD times are out of city to ORD					from ORD times are out of ORD to city		
Ironwood, MI (IWD)	955 1605	RHI RHI/OSH	1000 1435 1740	IMT IMT IMT	744 1335	RHI OSH/RHI	744 1220 1525	IMT IMT IMT
Manistee, MI (MBL)	915 1803	MKG MKG	915 1458 1803	MKG MKG MKG	644 1530	MKG MKG	644 1220 1530	MKG MKG MKG
Mattoon, IL (MTO)	940 1715	SPI SPI	545 940 1715	DEC SPI SPI	745 1525	SPI SPI	745 1525 1900	SPI SPI DEC
Mount Vernon, IL (MVN)	515 1255	SPI SPI	640 1007 1535	SPI DEC DEC	1044 2210	SPI SPI	815 1340 1910	DEC DEC SPI
Ottumwa, IA (OTM)	510 1410	BRL BRL	510 1410 1805	BRL BRL BRL	1215 2130	BRL BRL	1215 1615 1810	BRL BRL BRL
Sterling/Rock Falls, IL (SQI)	605 1452	Non-Stop Non-Stop	605 1452 1900	Non-Stop Non-Stop Non-Stop	1220 2140	Non-Stop Non-Stop Non-Stop	1220 1625 2140	Non-Stop Non-Stop Non-Stop

Great Lakes Aviation, Ltd.

EAS for : Decatur (DEC), Mattoon (MTO), and Mount Vernon (MVN), IL

Selected Hub: Chicago, Illinois - O'Hare Airport (ORD)
Selected Aircraft: Beech 1900

Available Seats 19

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's
12345		Mattoon	545	23	40	760
		Decatur	608			
		Decatur	620			
		O'Hare	715			
		O'Hare	745	27	79	1501
		Springfield	842			
		Springfield	855			
		Mattoon	922			
12345		Mattoon	940	26	79	1501
		Springfield	1006			
		Springfield	1020			
		O'Hare	1119			
		O'Hare	1525	27	79	1501
		Springfield	1622			
		Springfield	1633			
		Mattoon	1659			
12345		Mattoon	1715	26	79	1501
		Springfield	1741			
		Springfield	1755			
		O'Hare	1854			
		O'Hare	1900	52	156	2964
		Decatur	1952			
		Decatur	2002			
		Mattoon	2023			
6		Mattoon	940	26	79	1501
		Springfield	1006			
		Springfield	1020			
		O'Hare	1119			
		O'Hare	1525	27	79	1501
		Springfield	1622			
		Springfield	1632			
		Mattoon	1659			
7		Mattoon	940	26	79	1501
		Springfield	1006			
		Springfield	1020			
		O'Hare	1119			
		O'Hare	1525	27	79	1501
		Springfield	1622			
		Springfield	1632			
		Mattoon	1659			
7		Mattoon	1715	26	79	1501
		Springfield	1741			
		Springfield	1755			
		O'Hare	1854			
		O'Hare	1900	52	156	2964
		Decatur	1952			
		Decatur	2002			
		Mattoon	2023			

Totals Based on Two Airplanes

Hours per Year	3,515	Annual ASMs	17,988,592
Completion Factor	98.00%		
Annual Block Hours	3,445	Net Annual ASMs	17,628,820
Subsidy Eligible Arr/Dpts	5,521	(98% Completion)	

Great Lakes Aviation, Ltd.

EAS for : Decatur (DEC), Mattoon (MTO), and Mount Vernon (MVN), IL

Selected Hub: Chicago, Illinois - O'Hare Airport (ORD)
 Selected Aircraft: Beech 1900 Available Seats 19

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's				
12345		Mount Vernon	840	38	114	2166				
		Springfield	718							
		Springfield	730							
		O'Hare	829							
		O'Hare	815	52	156	2964				
		Decatur	907							
		Decatur	917							
		Mount Vernon	947							
			Mount Vernon				1007	33	104	1976
			Decatur				1040			
Decatur	1050									
O'Hare	1145									
12345		O'Hare	1340	52	156	2964				
		Decatur	1432							
		Decatur	1442							
		Mount Vernon	1514							
			Mount Vernon				1535	33	104	1976
			Decatur				1608			
	Decatur		1620							
	O'Hare		1715							
		O'Hare	1910	39	174	3306				
		Springfield	2007							
Springfield		2020								
Mount Vernon		2059								
6			Mount Vernon				1007	33	104	1976
			Decatur				1040			
	Decatur		1050							
	O'Hare		1145							
		O'Hare	1340	52	156	2964				
		Decatur	1432							
		Decatur	1442							
		Mount Vernon	1514							
			Mount Vernon				1007	33	104	1976
			Decatur				1040			
Decatur	1050									
O'Hare	1145									
12345		O'Hare	1340	52	156	2964				
		Decatur	1432							
		Decatur	1442							
		Mount Vernon	1514							
			Mount Vernon				1535	33	104	1976
			Decatur				1608			
	Decatur		1620							
	O'Hare		1715							
		O'Hare	1910	39	174	3306				
		Springfield	2007							
Springfield		2020								
Mount Vernon		2059								

EAS for : Decatur (DEC), Mattoon (MTO), and Mount Vernon (MVN), IL

Revenue Projection for proposed schedule

City Pair	Distance	Yield	Average Fare	Passengers	Revenue	RPMs
DEC-ORD	156	0.667	\$104.00	13000	\$1,352,000.00	2,028,000
MTO-ORD	225	0.422	\$95.00	3400	\$323,000.00	765,000
MVN-ORD	272	0.338	\$92.00	3000	\$276,000.00	816,000
Totals				19400	\$1,951,000.00	3,609,000
Freight Revenue				1.00% of Pax Rev	\$19,510.00	
Grand Total Revenue					\$1,970,510.00	
Average yield					\$0.5460	

Direct Expense:

			Hours	Rate	Expense	
Aircraft Lease	150.00%	\$33,000	3,445		594,000	
Hull Insurance	150.00%	\$3,000,000	A/C Value	Rate / 1000	0.006950	46,913
Flying Operations			3,445		\$102.91	354,494
Fuel & Oil			3,445		\$136.15	468,996
Maintenance			3,445		\$116.21	400,309
Total Direct Expense					\$1,864,711	

Indirect Expense:

	Units	Rate	Expense
DEC Facility Lease	12	\$1,850.00 Month	22,200
DEC Landing Fee	1840	\$12.08 Landing	22,227
DEC Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900
MTO Facility Lease	12	\$0.00 Month	0
MTO Hangar Lease	12	\$500.00 Month	6,000
MTO Landing Fee	12	\$0.00 Month	0
MTO Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900
MVN Facility Lease	12	\$740.00 Month	8,880
MVN Hangar Lease	12	\$325.00 Month	3,900
MVN Landing Fee	12	\$250.00 Month	3,000
MVN Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900
ORD Turn Cost	1840	\$160.50 Turn	295,320

Liability Insurance	3,609,000 RPM's @	0.00419 per RPM	15,122
Marketing	19,400	\$1.54 per passenger	29,876
Accounting	19,400	\$1.38 per passenger	26,772
Communications	19,400	\$1.15 per passenger	22,310
Reservations	19,400	\$7.44 per passenger	144,336
Supplies	19,400	\$1.91 per passenger	37,054
Commissions	\$1,970,510.00	8.70% of Revenue	171,434
Training Expense	\$1,864,711.07	@ 2.57% of directs	47,923
Administrative	\$1,864,711.07	@ 6.00% of directs	111,883
Total Indirect Expense			\$1,221,737

Great Lakes Aviation, Ltd.

EAS for : **Decatur (DEC), Mattoon (MTO), and Mount Vernon (MVN), IL**

Operating Revenue's		\$1,970,510.00
Operating Expense:		
Direct		\$1,864,711.07
Indirect		<u>\$1,221,737.02</u>
Total Operating Expenses		<u>\$3,086,448.09</u>
Operating Loss		\$1,115,938.09
Profit Element	5.00%	<u>\$154,322</u>
Compensation Requirement		<u>\$1,270,260</u>
Grand Total Revenue Required		\$3,240,770.49
Subsidy per Passenger		\$65.48
Subsidy per Eligible Departure		\$230.08
Load Factor		20.47%
Breakeven Load Factor		32.07%

Great Lakes Aviation, Ltd.

EAS for : Mount Vernon, IL (MVN)

Selected Hub: Chicago, Illinois - O'Hare Airport (ORD)
Selected Aircraft: Beech 1900

Available Seats 19

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's
12345	12345	Mount Vernon	515	38	114	2166
		Springfield	553			
		Springfield	615			
		O'Hare	714			
	12345	O'Hare	1044	39	114	2166
		Springfield	1141			
		Springfield	1155			
		Mount Vernon	1234			
12345	12345	Mount Vernon	1255	38	114	2166
		Springfield	1333			
		Springfield	1345			
		O'Hare	1444			
	12345	O'Hare	2210	39	114	2166
		Springfield	2307			
		Springfield	2320			
		Mount Vernon	2359			
6	6	Mount Vernon	1050	38	114	2166
		Springfield	1128			
		Springfield	1145			
		O'Hare	1244			
	6	O'Hare	1905	39	114	2166
		Springfield	2002			
		Springfield	2015			
		Mount Vernon	2054			
7	7	Mount Vernon	930	38	114	2166
		Springfield	1008			
		Springfield	1020			
		O'Hare	1119			
	7	O'Hare	2020	39	114	2166
		Springfield	2117			
		Springfield	2130			
		Mount Vernon	2209			

Hours per Year	803	Annual ASMs	6,850,944
Completion Factor	98.00%	Net Annual ASMs	6,713,925
Annual Block Hours	787		
Subsidy Eligible Arv/Dpts	1,227	(98% Completion)	

EAS for : Mount Vernon, IL (MVN)

Revenue Projection for proposed schedule

City Pair	Distance	Yield	Average Fare	Passengers	Revenue	RPMs
MVN-ORD	288	0.319	\$92.00	1200	\$110,400.00	345,600
Totals				1200	\$110,400.00	345,600
Freight Revenue				1.00% of Pax Rev	\$1,104.00	
Grand Total Revenue					\$111,504.00	
Average yield					\$0.3226	

Direct Expense:

			Hours	Rate	Expense	
Aircraft Lease	35.00%	\$33,000	787		138,600	
Hull Insurance	35.00%	\$3,000,000	A/C Value	Rate / 1000	0.006950	2,554
Flying Operations			787	\$102.91	81,021	
Fuel & Oil			787	\$136.15	107,191	
Maintenance			787	\$116.21	91,492	
Total Direct Expense					\$420,858	

Indirect Expense:

	Units	Rate	Expense
MVN Facility Lease	12	\$740.00 Month	8,880
MVN Hangar Lease	12	\$325.00 Month	3,900
MVN Landing Fee	12	\$250.00 Month	3,000
MVN Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900

ORD Turn Cost	614	\$107.00 Turn	65,698
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Liability Insurance	345,600 RPM's @	0.00419 per RPM	1,448
Marketing	1,200	\$1.54 per passenger	1,848
Accounting	1,200	\$1.38 per passenger	1,656
Communications	1,200	\$1.15 per passenger	1,380
Reservations	1,200	\$7.44 per passenger	8,928
Supplies	1,200	\$1.91 per passenger	2,292
Commissions	\$111,504.00	8.70% of Revenue	9,701
Training Expense	\$420,857.96 @	2.57% of directs	10,816
Administrative	\$420,857.96 @	6.00% of directs	25,251
Total Indirect Expense			\$229,298

Great Lakes Aviation, Ltd.

EAS for :	Mount Vernon, IL (MVN)	
Operating Revenue's		\$111,504.00
Operating Expense:		
Direct		\$420,857.96
Indirect		<u>\$229,298.44</u>
Total Operating Expenses		<u><u>\$650,156.40</u></u>
Operating Loss		\$538,652.40
Profit Element	5.00%	<u>\$32,508</u>
Compensation Requirement		<u><u>\$571,160</u></u>
Grand Total Revenue Required		\$682,664.22
Subsidy per Passenger		\$475.97
Subsidy per Eligible Departure		\$465.49
Load Factor		5.15%
Breakeven Load Factor		30.01%

Great Lakes Aviation, Ltd.

EAS for : **Ironwood, MI (IWD)**

Selected Hub: **Chicago, Illinois - O'Hare Airport (ORD)**
 Selected Aircraft: **Beech 1900**

Available Seats **19**

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's
12345	O'Hare	Iron Mountain	744			
		Iron Mountain	856		265	5035
		Iron Mountain	906			
		Ironwood	939	33	109	2071
	Ironwood	Iron Mountain	1000			
		Iron Mountain	1031	31	109	2071
		Iron Mountain	1041			
		O'Hare	1154		265	5035
12345	O'Hare	Iron Mountain	1220			
		Iron Mountain	1332		265	5035
		Iron Mountain	1342			
		Ironwood	1415	33	109	2071
	Ironwood	Iron Mountain	1435			
		Iron Mountain	1506	31	109	2071
		Iron Mountain	1516			
		O'Hare	1629		265	5035
12345	O'Hare	Iron Mountain	1525			
		Iron Mountain	1637		265	5035
		Iron Mountain	1647			
		Ironwood	1720	33	109	2071
	Ironwood	Iron Mountain	1740			
		Iron Mountain	1811	31	109	2071
		Iron Mountain	1821			
		O'Hare	1931		265	5035
6	O'Hare	Iron Mountain	1220			
		Iron Mountain	1332		265	5035
		Iron Mountain	1342			
		Ironwood	1415	33	109	2071
	Ironwood	Iron Mountain	1435			
		Iron Mountain	1506	31	109	2071
		Iron Mountain	1516			
		O'Hare	1629		265	5035
7	O'Hare	Iron Mountain	1220			
		Iron Mountain	1332		265	5035
		Iron Mountain	1342			
		Ironwood	1415	33	109	2071
	Ironwood	Iron Mountain	1435			
		Iron Mountain	1506	31	109	2071
		Iron Mountain	1516			
		O'Hare	1629		265	5035
7	O'Hare	Iron Mountain	1525			
		Iron Mountain	1637		265	5035
		Iron Mountain	1647			
		Ironwood	1720	33	109	2071
	Ironwood	Iron Mountain	1740			
		Iron Mountain	1811	31	109	2071
		Iron Mountain	1821			
		O'Hare	1931		265	5035

Hours per Year	1,002	Annual ASMs	13,345,068
Completion Factor	98.00%		
Annual Block Hours	982	Net Annual ASMs	13,078,167
Subsidy Eligible Arr/Dpts	1,840	(98% Completion)	

Great Lakes Aviation, Ltd.

EAS for : **Ironwood, MI (IWD)**

Revenue Projection for proposed schedule

City Pair	Distance	Yield	Average Fare	Passengers	Revenue	RPMs
IWD-ORD	374	0.294	\$110.00	6200	\$682,000.00	2,318,800

Totals				6200	\$682,000.00	2,318,800
Freight Revenue	1.00%			of Pax Rev	\$6,820.00	
Grand Total Revenue					\$688,820.00	
Average yield					\$0.2971	

Direct Expense:

			Hours	Rate	Expense	
Aircraft Lease	45.00%	\$33,000	982		178,200	
Hull Insurance	45.00%	\$3,000,000	A/C Value	Rate / 1000	0.006950	4,222
Flying Operations			982	\$102.91	101,013	
Fuel & Oil			982	\$136.15	133,640	
Maintenance			982	\$116.21	114,068	
Total Direct Expense					\$531,144	

Indirect Expense:

	Units	Rate	Expense
IWD Facility Lease	12	\$1,237.33 Month	14,848
IWD Landing Fee	920	\$7.50 Landing	6,900
IWD Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900

ORD Turn Cost	920	\$107.00 Turn	98,440
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Liability Insurance	2,318,800	RPM's @	0.00419	per RPM	9,716
Marketing	6,200		\$1.54	per passenger	9,548
Accounting	6,200		\$1.38	per passenger	8,556
Communications	6,200		\$1.15	per passenger	7,130
Reservations	6,200		\$7.44	per passenger	46,128
Supplies	6,200		\$1.91	per passenger	11,842
Commissions	\$688,820.00		8.70%	of Revenue	59,927
Training Expense	\$531,143.79	@	2.57%	of directs	13,650
Administrative	\$531,143.79	@	6.00%	of directs	31,869
Total Indirect Expense					\$403,054

Great Lakes Aviation, Ltd.

EAS for : **Ironwood, MI (IWD)**

Operating Revenue's **\$688,820.00**

Operating Expense:

 Direct \$531,143.79

 Indirect \$403,054.09

Total Operating Expenses \$934,197.88

Operating Loss \$245,377.88

Profit Element 5.00% \$46,710

Compensation Requirement \$292,088

Grand Total Revenue Required \$980,907.78

Subsidy per Passenger \$47.11

Subsidy per Eligible Departure \$158.74

Load Factor 17.73%

Breakeven Load Factor 24.05%

Great Lakes Aviation, Ltd.

EAS for : Manistee, MI

Selected Hub: **Chicago, Illinois - O'Hare Airport (ORD)**
 Selected Aircraft: **Beech 1900**

Available Seats **19**

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's
12345		O'Hare	644			
		Muskegon	832		118	2242
		Muskegon	837			
		Manistee	905	28	76	1444
		Manistee	915			
		Muskegon	942	27	76	1444
		Muskegon	952			
		O'Hare	942		118	2242
12345		O'Hare	1220			
		Muskegon	1408		118	2242
		Muskegon	1418			
		Manistee	1446	28	76	1444
		Manistee	1458			
		Muskegon	1525	27	76	1444
		Muskegon	1535			
		O'Hare	1525		118	2242
12345		O'Hare	1530			
		Muskegon	1718		118	2242
		Muskegon	1725			
		Manistee	1753	28	76	1444
		Manistee	1803			
		Muskegon	1830	27	76	1444
		Muskegon	1840			
		O'Hare	1830		118	2242
6		O'Hare	1220			
		Muskegon	1408		118	2242
		Muskegon	1418			
		Manistee	1446	28	76	1444
		Manistee	1458			
		Muskegon	1525	27	76	1444
		Muskegon	1535			
		O'Hare	1525		118	2242
7		O'Hare	1220			
		Muskegon	1408		118	2242
		Muskegon	1418			
		Manistee	1446	28	76	1444
		Manistee	1458			
		Muskegon	1525	27	76	1444
		Muskegon	1535			
		O'Hare	1525		118	2242
7		O'Hare	1530			
		Muskegon	1718		118	2242
		Muskegon	1725			
		Manistee	1753	28	76	1444
		Manistee	1803			
		Muskegon	1830	27	76	1444
		Muskegon	1840			
		O'Hare	1830		118	2242

Hours per Year	861	Annual ASMs	6,922,308
Completion Factor	98.00%	Net Annual ASMs	6,783,862
Annual Block Hours	844		
Subsidy Eligible Arr/Dpts	1,840	(98% Completion)	

Great Lakes Aviation, Ltd.

EAS for : **Manistee, MI**

Revenue Projection for proposed schedule

City Pair	Distance	Yield	Average Fare	Passengers	Revenue	RPMs
MBL-ORD	194	0.433	\$84.00	3400	\$285,600.00	659,600

Totals				3400	\$285,600.00	659,600
Freight Revenue	1.00%			of Pax Rev	\$2,856.00	
Grand Total Revenue					\$288,456.00	
Average yield					\$0.4373	

Direct Expense:

			Hours	Rate	Expense	
Aircraft Lease	37.00%	\$33,000	844		146,520	
Hull Insurance	37.00%	\$3,000,000	A/C Value	Rate / 1000	0.006950	2,854
Flying Operations			844	\$102.91	86,808	
Fuel & Oil			844	\$136.15	114,847	
Maintenance			844	\$116.21	98,027	
Total Direct Expense					\$449,057	

Indirect Expense:

	Units	Rate	Expense
MBL Facility Lease	12	\$900.00 Month	10,800
MBL Landing Fee	12	\$1,645.00 Month	19,740
MBL Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900

ORD Turn Cost	920	\$107.00 Turn	98,440
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Liability Insurance	659,600	RPM's @ 0.00419 per RPM	2,764
Marketing	3,400	\$1.54 per passenger	5,236
Accounting	3,400	\$1.38 per passenger	4,692
Communications	3,400	\$1.15 per passenger	3,910
Reservations	3,400	\$7.44 per passenger	25,296
Supplies	3,400	\$1.91 per passenger	6,494
Commissions	\$288,456.00	8.70% of Revenue	25,096
Training Expense	\$449,057.04	@ 2.57% of directs	11,541
Administrative	\$449,057.04	@ 6.00% of directs	26,943
Total Indirect Expense			\$325,452

Great Lakes Aviation, Ltd.

EAS for : **Manistee, MI**

Operating Revenue's **\$288,456.00**

Operating Expense:

Direct **\$449,057.04**

Indirect **\$325,451.58**

Total Operating Expenses **\$774,508.63**

Operating Loss **\$486,052.63**

Profit Element 5.00% **\$38,725**

Compensation Requirement **\$524,778**

Grand Total Revenue Required **\$813,234.06**

Subsidy per Passenger **\$154.35**

Subsidy per Eligible Departure **\$285.21**

Load Factor **9.72%**

Breakeven Load Factor **26.11%**

Great Lakes Aviation, Ltd.

EAS for : Ottumwa, IA (OTM)

Selected Hub: **Chicago, Illinois - O'Hare Airport (ORD)**
 Selected Aircraft: **Beech 1900**

Available Seats **19**

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's
12345	12345	Ottumwa	510	27	73	1387
		Burlington	537			
		Burlington	547			
		O'Hare	644			
	12345	O'Hare	1215	26	73	1387
		Burlington	1314			
		Burlington	1324			
		Ottumwa	1350			
12345	12345	Ottumwa	1410	27	73	1387
		Burlington	1437			
		Burlington	1448			
		O'Hare	1545			
	12345	O'Hare	1615	26	73	1387
		Burlington	1714			
		Burlington	1724			
		Ottumwa	1750			
12345	12345	Ottumwa	1805	27	73	1387
		Burlington	1719			
		Burlington	1729			
		O'Hare	1753			
	12345	O'Hare	1810	26	73	1387
		Burlington	1835			
		Burlington	1845			
		Ottumwa	1942			
6	6	Ottumwa	1410	27	73	1387
		Burlington	1437			
		Burlington	1448			
		O'Hare	1545			
	6	O'Hare	1615	26	73	1387
		Burlington	1714			
		Burlington	1724			
		Ottumwa	1750			
7	7	Ottumwa	1410	27	73	1387
		Burlington	1437			
		Burlington	1448			
		O'Hare	1545			
	7	O'Hare	1615	26	73	1387
		Burlington	1714			
		Burlington	1724			
		Ottumwa	1750			
7	7	Ottumwa	1805	27	73	1387
		Burlington	1719			
		Burlington	1729			
		O'Hare	1753			
	7	O'Hare	1810	26	73	1387
		Burlington	1835			
		Burlington	1845			
		Ottumwa	1942			

Hours per Year	829	Annual ASMs	9,241,638
Completion Factor	98.00%	Net Annual ASMs	9,056,805
Annual Block Hours	813		
Subsidy Eligible Arr/Dpts	1,840	(98% Completion)	

Great Lakes Aviation, Ltd.

EAS for : **Ottumwa, IA (OTM)**

Revenue Projection for proposed schedule

City Pair	Distance	Yield	Average Fare	Passengers	Revenue	RPMs
OTM-ORD	259	0.290	\$75.00	3600	\$270,000.00	932,400

Totals				3600	\$270,000.00	932,400
Freight Revenue	1.00%			of Pax Rev	\$2,700.00	
Grand Total Revenue					\$272,700.00	
Average yield					\$0.2925	

Direct Expense:

			Hours	Rate	Expense	
Aircraft Lease	36.00%	\$33,000	813		142,560	
Hull Insurance	36.00%	\$3,000,000	A/C Value	Rate / 1000	0.006950	2,702
Flying Operations			813	\$102.91	83,652	
Fuel & Oil			813	\$136.15	110,671	
Maintenance			813	\$116.21	94,463	
Total Direct Expense					\$434,047	

Indirect Expense:

	Units	Rate	Expense
OTM Facility Lease	12	\$500.00 Month	6,000
OTM Hangar Lease	12	\$500.00 Month	6,000
OTM Landing Fee	12	\$0.00 Month	0
OTM Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900

ORD Turn Cost	920	\$107.00 Turn	98,440
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Liability Insurance	932,400	RPM's @	0.00419	per RPM	3,907
Marketing	3,600		\$1.54	per passenger	5,544
Accounting	3,600		\$1.38	per passenger	4,968
Communications	3,600		\$1.15	per passenger	4,140
Reservations	3,600		\$7.44	per passenger	26,784
Supplies	3,600		\$1.91	per passenger	6,876
Commissions	\$272,700.00		8.70%	of Revenue	23,725
Training Expense	\$434,047.29	@	2.57%	of directs	11,155
Administrative	\$434,047.29	@	6.00%	of directs	26,043
Total Indirect Expense					\$308,082

Great Lakes Aviation, Ltd.

EAS for : **Ottumwa, IA (OTM)**

Operating Revenue's		\$272,700.00
Operating Expense:		
Direct		\$434,047.29
Indirect		<u>\$308,081.51</u>
Total Operating Expenses		<u><u>\$742,128.80</u></u>
Operating Loss		\$469,428.80
Profit Element	5.00%	<u>\$37,106</u>
Compensation Requirement		<u><u>\$506,535</u></u>
Grand Total Revenue Required		\$779,235.24
Subsidy per Passenger		\$140.70
Subsidy per Eligible Departure		\$275.29
Load Factor		10.30%
Breakeven Load Factor		28.02%

Great Lakes Aviation, Ltd.

EAS for : Sterling/Rock Falls, IL (SQI)

Selected Hub: Chicago, Illinois - O'Hare Airport (ORD)
 Selected Aircraft: Beech 1900

Available Seats 19

Flight #	Frequency	City	Schedule	Block Time	Miles	ASM's	
12345	12345	Quincy	515				
		Sterling	557		147	2793	
		Sterling	605				
		O'Hare	644	39	93	1767	
	12345	12345	O'Hare	1220			
			Sterling	1257	37	93	1767
			Sterling	1305			
			Quincy	1345		147	2793
12345	12345	Quincy	1400				
		Sterling	1442		147	2793	
		Sterling	1452				
		O'Hare	1531	39	93	1767	
	12345	12345	O'Hare	1625			
			Sterling	1702	37	93	1767
			Sterling	1712			
			Quincy	1752		147	2793
12345	12345	Quincy	1810				
		Sterling	1852		147	2793	
		Sterling	1900				
		O'Hare	1939	39	93	1767	
	12345	12345	O'Hare	2140			
			Sterling	2217	37	93	1767
			Sterling	2227			
			Quincy	2307		147	2793
6	6	Quincy	1400				
		Sterling	1442		147	2793	
		Sterling	1452				
		O'Hare	1531	39	93	1767	
	6	6	O'Hare	1625			
			Sterling	1702	37	93	1767
			Sterling	1712			
			Quincy	1752		147	2793
7	7	Quincy	1400				
		Sterling	1442		147	2793	
		Sterling	1452				
		O'Hare	1531	39	93	1767	
	7	7	O'Hare	1625			
			Sterling	1702	37	93	1767
			Sterling	1712			
			Quincy	1752		147	2793
7	7	Quincy	1810				
		Sterling	1852		147	2793	
		Sterling	1900				
		O'Hare	1939	39	93	1767	
	7	7	O'Hare	2140			
			Sterling	2217	37	93	1767
			Sterling	2227			
			Quincy	2307		147	2793

Hours per Year	1,189	Annual ASMs	8,563,680
Completion Factor	98.00%		
Annual Block Hours	1,166	Net Annual ASMs	8,392,406
Subsidy Eligible Arv/Dpts	1,840	(98% Completion)	

Great Lakes Aviation, Ltd.

EAS for : **Sterling/Rock Falls, IL (SQI)**

Revenue Projection for proposed schedule

City Pair	Distance	Yield	Average Fare	Passengers	Revenue	RPMs
SQI-ORD	93	0.484	\$45.00	1700	\$76,500.00	158,100

Totals				1700	\$76,500.00	158,100
Freight Revenue	1.00%	of Pax Rev			\$765.00	
Grand Total Revenue					\$77,265.00	
Average yield					\$0.4887	

Direct Expense:

			Hours	Rate	Expense	
Aircraft Lease	50.00%	\$33,000	1,166		198,000	
Hull Insurance	50.00%	\$3,000,000	A/C Value	Rate / 1000	0.006950	5,213
Flying Operations			1,166	\$102.91	119,953	
Fuel & Oil			1,166	\$136.15	158,698	
Maintenance			1,166	\$116.21	135,456	
Total Direct Expense					\$617,319	

Indirect Expense:

	Units	Rate	Expense
SQI Facility Lease	12	\$600.00 Month	7,200
SQI Landing Fee	12	\$0.00 Month	0
SQI Local Advertising	1	\$10,000.00	10,000
Station Manager		\$22,600.00 Year	22,600
Station Agent		\$17,300.00 Year (3 Agents)	51,900

ORD Turn Cost	920	\$107.00 Turn	98,440
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Liability Insurance	158,100	RPM's @	0.00419	per RPM	662
Marketing	1,700		\$1.54	per passenger	2,618
Accounting	1,700		\$1.38	per passenger	2,346
Communications	1,700		\$1.15	per passenger	1,955
Reservations	1,700		\$7.44	per passenger	12,648
Supplies	1,700		\$1.91	per passenger	3,247
Commissions	\$77,265.00		8.70%	of Revenue	6,722
Training Expense	\$617,319.48	@	2.57%	of directs	15,865
Administrative	\$617,319.48	@	6.00%	of directs	37,039
Total Indirect Expense					\$273,243

Great Lakes Aviation, Ltd.

EAS for : **Sterling/Rock Falls, IL (SQI)**

Operating Revenue's **\$77,265.00**

Operating Expense:

Direct **\$617,319.48**

Indirect **\$273,242.77**

Total Operating Expenses \$890,562.25

Operating Loss **\$813,297.25**

Profit Element 5.00% **\$44,528**

Compensation Requirement \$857,825

Grand Total Revenue Required **\$935,090.36**

Subsidy per Passenger **\$504.60**

Subsidy per Eligible Departure **\$466.21**

Load Factor **1.88%**

Breakeven Load Factor **21.71%**