

LONE STAR AIRLINES
SUBSIDY CALCULATION FOR EL DORADO/CAMDEN
JONESBORO, HARRISON, AND HOT SPRINGS, ARKANSAS

				Annual total		
				HRO/HOT-DFW	HRO/HOT-STL	ELD/JBR-DFW
Block Hours at 97.5%						
Harrison and Hot Springs to Dallas				3,034 <u>1/</u>		
Harrison and Hot Springs to St. Louis					1,771 <u>2/</u>	
El Dorado and Jonesboro						3,534 <u>3/</u>
Operating Revenue						
Passenger Revenue:	Psg.	Fare	Psg.			
HRO-DFW	1,705	\$95.00		\$161,975		
HOT-DFW	7,490	\$60.00		\$449,400		
HOT-HRO	220	\$55.00		\$12,100		
HRO-STL	1,610	\$110.00			\$177,100	
Intra HRO-HOT-WMH	1,395	\$100.00			\$139,500	
WMH-STL	7,520	\$80.00			\$601,600	
WMH-DFW	4,135	\$90.00			\$372,150	
ELD-DFW		\$90.00	5,155			\$463,950
JBR-DFW		\$80.00	4,910			\$392,800
JBR-ELD		\$95.00	90			\$8,550
	24,075		10,155			
Total Passenger Revenue				\$623,475	\$1,290,350	\$865,300
Freight Revenue	at 1%			\$6,235	\$12,904	\$8,653
Total Operating Revenue				\$629,710	\$1,303,254	\$873,953
Operating Expenses						
Direct Expenses						
Flying Operations	\$90.39	per BH		\$274,243	\$160,081	\$319,438
Fuel and Oil	\$92.00	per BH		\$279,128	\$162,932	\$325,128
Maintenance	\$135.89	per BH		\$412,290	\$240,661	\$480,235
Aircraft Lease	\$142.55	per BH		\$432,497	\$252,456	\$503,772
Hull/Liability Ins.	\$46.61	per BH		\$141,415	\$82,546	\$164,720
Total Direct Expenses	\$507.44	per BH		\$1,539,573	\$898,676	\$1,793,293
Indirect Expenses						
Commissions	9.54%	of pax rev.		\$59,480	\$123,099	\$82,550
Advertising				\$10,000	\$10,000	\$10,000
Other Passenger Related	\$9.99	per pax		\$94,056	\$146,453	\$101,448
Station Costs						
Harrison				\$59,883	\$24,452	
Hot Springs				\$92,578		
Mountain Home					\$62,659	
St. Louis					\$120,527	
El Dorado/Camden						\$78,827
Jonesboro						\$64,359
Dallas/Ft. Worth	916 dptrs	916 dptrs	\$128.25	\$117,477		\$117,477
G&A	\$0.028	11,620,305	13,615,476	\$325,369	\$155,897	\$381,233
Total Indirect Expenses		5567760		\$758,843	\$643,087	\$835,894
Total Operating Costs				\$2,298,416	\$1,541,763	\$2,629,187
Return (at 5 % of total costs)				\$114,921	\$77,088	\$131,459
Total Economic Costs				\$2,413,337	\$1,618,851	\$2,760,646
Compensation Need				\$1,783,627	\$315,597	\$1,886,693
Total HRO/HOT-DFW/STL					\$2,099,224	
Grand Total						\$3,985,917

FOOTNOTES

- 1/ HOT-DFW = 252 miles, 313 days x 6 flts x .975 = 1,831 flts x 1.21 (block time/ft) = 2,216 Block Hours.
HOT-HRO = 123 miles, 313 days x 4 flts. x .975 = 1,221 flts x 0.67 (block time/ft) = 818 Block Hours. Total Block Hours = 3,034
- 2/ HRO-WMH = 39 miles, 313 days x 4 flts. x .975 = 1,221 flts x 0.37 (block time/ft) = 452 Block Hours.
WMH-STL = 201 miles, 313 days x 34 flts. x .975 = 1,221 flts x 1.08 (block time/ft) = 1,319 Block Hours. Total Block Hours = 1,771
- 3/ ELD-DFW = 246 miles, 313 days x 6 flts. x .975 = 1,831 flts x 1.25 (block time/ft) = 2,289 Block Hours.
ELD-JBR = 218 miles, 313 days x 4 flts. x .975 = 1,221 x 1.02 (block time/ft) = 1,245 Block Hours. Total Block Hours = 3534
- 4/ Includes crew training, crew per diem, dispatch personnel and pilot manuals.
- 5/ Based on 3 Metro 23's at \$31,000/month, one Metro 23 at \$34,976/month, and one Metro III at \$14,000/month.
- 6/ Total G&A costs divided by system ASM's plus additional ASM's consistent with the increased EAS levels.