Q: Does your Company own a business airplane?

A: Yes. We currently own an X-passenger business-jet aircraft.

Q: Why does the Company have a business aircraft?

A: The Company's use of business aircraft over the last XX years has been driven only by business needs. The business activity has dictated the type and number of aircraft that we have owned and used.

Q: How are the Company's aircraft used?

A: Under the CEO’s direction, the aircraft has been used only for business purposes. The ownership and operation of aircraft has always been reviewed by the Board and each and every trip is audited every year to assure it was used for appropriate business purposes. The Board reviews a report annually of the audit. This has been a business practice for many years.

A: Under the Board of Directors’ direction, the aircraft is used primarily for business purposes. The ownership and operation of aircraft has always been reviewed by the Board and each and every trip is audited every year to assure it was accounted for properly. The Board reviews a report annually of the audit. This has been a business practice for many years. The Board has required certain members of our management team to travel strictly by business aircraft for two reasons: Security and Business Effectiveness. In today’s world there are very real threats against the safety and the security of many top executives. After very careful analysis, the decision was made to protect our company’s top leader(s) from these threats. Additionally, we have found our top leaders have been much more effective in running the company and promoting the company’s continued success because of their use of business aviation.

Q: Isn’t the use of business aircraft a huge perk for Top Executives?

A: Our Top Executives put in many more hours above the standard 40 hour work week. By using our business aircraft they are able to truly maximize their productivity because an average trip on the commercial airlines takes three hours longer door-to-door than it does on a business aircraft. Additionally, studies have shown their time en route is much more productive in a business aircraft than it is in the public environment of an airline cabin. While executives are productive 30% of the time while on a commercial carrier, they are found to be productive about 80% of the time they are traveling on a Company aircraft. This positively affects value for our shareholders. So, for business travel, a corporate aircraft is a huge productivity enhancer.
Q: Do your business executives use the aircraft for personal travel?

A: For security reasons, our Board of Directors has determined that it is imperative that our Top Executives travel by private jet, even for personal travel. However, that travel costs the user(s) substantially more than First Class airline tickets. It definitely is not a “free ride”.

Q: Isn’t the Company’s use of business aircraft primarily for the “Big Wigs”? 

A: Our Company does not have a culture of privilege with position. The aircraft are available to any employee that shows a justified business application. Justification is reviewed for each and every trip, including business relationships, expense, revenue opportunities, and alternative travel options. The chart below demonstrates that the aircraft are used by a broad base, not just an exclusive few. The line represents the number of external clients that ride on the aircraft annually.

- Our current aircraft were purchased used and refurbished at a significant discount from “new.”

A: Over the last five years senior management represented less than XX% of our total passengers.

Q: Why can’t the Company’s executives take the airlines like the rest of us?

A: In many cases our executives do take the commercial airlines. The Company aircraft is only used when it makes good business sense to do so. Before the Company aircraft is dispatched, the trip is evaluated on cost, business agenda, time constraints and commercial airline options. If a suitable airline flight exists, it is always considered.

A: There are many trips that our executives make on the airlines. In fact, of all the miles/legs/trips our executive team flies xx% are on the airlines. However, there are...
times when riding on the business aircraft is most effective. This includes when there are security issues, time constraints, privacy issues (like when a team needs to discuss critical issues en route), etc. These are the times when the Company aircraft is used to best advantage.

Q: Because of the current economic environment, is the Company considering selling the company aircraft?

A: It is important that our decisions are well-thought out and focused on the long-term health of the Company. Our goal is to ensure that we come out of this recession in a position of strength and poised to exploit future growth opportunities. We believe that having business aircraft in our corporate arsenal will continue to prove beneficial as we navigate these turbulent times, and as we look to the future.

Q: Why doesn’t the Company sell its aircraft instead of laying-off employees?

A: Unfortunately, the layoffs of both salaried and union workers are a direct result of the state of the economy and the reduction in our overall business. Selling the Company airplanes would have no effect on the decision to cut operational costs, including the number of employees we would be able to keep on the payroll.

Q: If you are laying-off employees and cutting cost, wouldn’t selling the company aircraft make sense?

A: We believe that the costs associated with owning business aircraft are justified by the unique capabilities they offer. Our aircraft are not simply a luxury. These are important tools that give us the ability to remain “close to the customer” in a challenging business environment and reduce waste by saving thousands of hours of non-productive travel time. The capabilities that these assets offer are as beneficial to the execution of our business plan as the cellular telephone, blackberry or laptop computer.

Q: In these tough economic times, why does the Company still have a corporate aircraft?

A: Our aircraft is employed as a tool to help us create new business quicker, assure the retention of hard won old business and manage our conduct of business more efficiently. This has become even more critical during these tough economic times. The time-saving capabilities of business aircraft enables us to significantly shorten the business cycle by reducing non-productive travel time, fly directly to destinations not served by the commercial airlines and visit multiple meeting sites on the same day. By reducing non-productive travel time and being able to fly out-
and-back in a single day, the aircraft actually becomes a “force multiplier” giving our employees an effective means to do more with less, quicker.

Q: If you are laying-off employees and cutting costs, why should the “fat-cats” continue to fly on a company aircraft?

A: Those “fat cats” are the strategic leaders of our business. The more they can get done in a day, including seeing potential business partners, the more business the Company can conduct. This adds real shareholder value. In today’s business world, the major deals are done face-to-face by top management teams. Our aircraft gets the right team of people where they need to be to do what they need to do. The aircraft creates its greatest value by leveraging the speed with which we can generate new business (or protect existing business).

A: It is a misconception that all business aircraft are reserved for the so called “fat-cats”. For the ten years that we have owned business aircraft, our flights have primarily consisted of rank-and-file employees whose business agenda could support the use of the Company airplane. Many of these flights have included members from our union partners as well. Historically, less than XX% of the passengers carried onboard the Company aircraft included our Senior Leadership Group and less than XX% included the Chief Executive Officer. To date, nearly X,000 Company employees of diverse responsibilities have experienced the benefits that these extraordinary business tools offer. This represents X/Y of our total employee headcount.

Q: In light of all the negative press surrounding corporate aircraft, is the Company considering selling the company aircraft?

A: Our Company uses its aircraft as a business tool, just as you would a cellular telephone, blackberry or laptop computer. For us, it is not simply “nice-to-have” perk. The business aircraft enables us to conduct our business in “real-time” by flying direct to our destinations on our schedule, using small outlying airports not served by the commercial airlines and visiting multiple business sites on the same day. It is important to point out that business aircraft can access 10-times as many domestic airports as the commercial airlines. We estimate our annual savings in non-productive travel time to be as much as XX,000 man-hours. This doesn’t take into account the intangible benefits of schedule flexibility, enhanced enroute productivity, confidentiality and employee security.

Q: I hear that a lot of companies are now getting rid of their company aircraft. Is your Company considering selling its airplane?
A: Although it’s true that some companies have experienced financial circumstances that have caused them to divest their aircraft, it’s important to point out that business aviation is considered an essential tool by 11,000 U.S.-based companies of all sizes, as well as many nonprofit organizations. We currently have no plans to sell our aircraft. However, we will continue to monitor the business environment and manage these assets appropriately.

Q: I hear that other local companies are selling their aircraft. Is this a sign of things to come for our company?

A: The decision to sell our aircraft will be based on our business situation and the benefits and costs associated with our travel resources. The decision to sell our aircraft will not simply be reactionary.

Q: Is anything being done to reduce the cost of the corporate aviation department?

A: Yes. Like all our business units, the Aviation Department has been required to reduce its operating budget for fiscal 2009.

A: No. This is a time when creating new business and keeping old business are among our most important priorities. Our business aircraft is a critical tool for doing that. Cutting business aircraft travel would be like telling our sales people not to leave their offices to reduce travel costs. We’d be mortgaging our chance to make new business and we’d be surrendering much of our current business to more aggressive competitors by reducing the wrong costs.

Q: Has there been any headcount reduction in the company aviation department?

A: Our flight operation has always been minimally staffed. At this point-in-time we have not seen fit to further reduce the department’s headcount. However, we will continue to monitor the business climate and aircraft usage and implement headcount changes as appropriate.

Q: Is it true that the Company is buying new airplanes?

A: In 200X a business decision was made to implement a comprehensive aviation Asset Management Plan. Implementation of this plan did include the replacement of our current aircraft over time. Our intent is to maximize the residual value of our aircraft, manage ongoing maintenance and operating costs and preserve the long-term value of these assets. Obviously, implementation of this plan was based on the economic conditions at that time. As a result of the current business climate,
replacement of our aircraft has been postponed. We will continue to monitor and evaluate our business situation and manage our aviation assets accordingly.

A: Like the rest of the Company, the Aviation Department has experienced a reduction in force and budget cuts. We are currently at minimum staffing to safely and effectively fulfill the Company’s requirement for business aircraft travel.

Q: Because of the state of the business, are we going to cancel the order for new aircraft?

A: As a result of the current business climate, replacement of our aircraft has been postponed. We will continue to monitor and evaluate our business situation and manage our aviation assets accordingly.

Q: I understand that our Company has a foreign manufactured aircraft. How can an American icon like our company justify this?

A: The decision to select this aircraft was based on our mission requirements, aircraft performance, purchase price and ongoing cost of operation. The manufacturer and aircraft we selected simply offered the best value in its class. It is important to understand that aircraft manufacturers such as Boeing, Airbus, Gulfstream, Hawker/Beechcraft, etc. all participate in “risk-sharing” with other manufacturers around the globe. Because of this, wings may be made in Japan, the tail in England, fuselage in Canada or Engines in the U.S. There are no transport category aircraft built exclusively by one country.

Q: If our Company is required to use government assistance (TALF/TALP), how will that affect corporate aircraft ownership?

A: Participation in the TALF/TALP program would have no affect on a company’s ability to own and operate business aircraft.

Q: Why don’t we sell the airplane and use the money to help fund our Company?

A: The issues surrounding corporate funding are being resolved and we are confident that we will be able to secure adequate funding going forward. Selling our aircraft would not provide any meaningful capital to help fund the Company and would hinder our ability to conduct current and new business.

Q: Why don’t we sell the airplane and use the money to help other parts of the business that are struggling?
A: Selling our aircraft would not have any influence over strategic decisions regarding the support of our other business units.

Q: Has the Company considered fractional ownership or ad hoc charter as an alternative to full ownership of a corporate aircraft?

A: Yes, both of these options have been thoroughly explored. Based on our historic and projected business aircraft travel volume and patterns, use of Company aircraft is either competitive with or superior to alternative modes, while internal aircraft also maximize shareholder value through enhanced security, flexibility and safety.

A: Yes, both of these options have been thoroughly explored. We have determined that some fractional ownership and charter use is a more efficient solution than whole ownership of aircraft alone. As a result, we will be reducing costs while continuing to assure safety and service by combining wholly owned and supplemental aviation services support (both fractional ownership and qualified charter services) to create the most cost effective solution for our company.

Q: Why couldn’t the Company partner with another locally-based company and share a corporate airplane?

A: Like most companies, our travel schedules are very hectic and continuously evolving. One of the primary benefits of owning a business aircraft is flexibility and the ability to make short-notice schedule changes. Sharing an aircraft with another company would limit our ability to do this, diminishing the impact and value of ownership. There are also significant confidentiality and liability issues to consider with inter-company time-share agreements.

Q: Does the Company own an airplane hangar facility?

A: Yes. We purchased the hangar facility in XXXX. We did this because it gave us the ability to purchase fuel directly from our fuel suppliers and control the security of our aviation assets. Because of the fuel savings, we have recovered the cost of the hangar multiple times over the term of its ownership.

A: We do lease a hangar and offices at the airport. We do this primarily for two reasons: Security and Safety. We can be more assured of security of our operations within the confines of our leased facilities. We can also more effectively protect our aircraft from the most common avoidable loss of value to aircraft: damage from ground operations. Avoiding just one incident more than pays for the cost of the lease. In the long run, it is a great deal.
**Q:** Why doesn’t the Company sell their hangar facility and lease space on the airport?

**A:** Our hangar facility includes a XX,000 gallon underground fuel tank. This allows us to buy fuel direct from our suppliers. By doing this, we have consistently saved more than $X.00 per gallon over the public price. Subsequently, we have recovered the cost of the hangar multiple times over the term of its ownership. The reality is it would be substantially more expensive for us to lease space on the airport and purchase tenant fuel.

**Q:** Could the Company lease space in their hangar to offset some of the fixed cost?

**A:** Our hangar facility is small and doesn’t leave room to house other aircraft. There are also significant security and liability issues to consider when leasing hangar space.

**Q:** Are the Company aircraft used for any other purposes?

**A:** Yes. We are active participants with the Corporate Angel Network which uses empty seats on our aircraft to carry cancer passengers to treatment centers.

**Q:** What is the primary reason we have business aircraft?

**A:** The aircraft have allowed us strategic opportunities to move quickly for acquisition opportunities, client relationships, and disaster response. The speed and resulting impact of those trips routinely far exceed the cost of the aircraft operation.

**Q:** Aren’t the airlines a lot less expensive to use than business aircraft?

**A:** We see the use of Business Aircraft as a complementary travel resource to the air carriers (airlines). Our top executive is a strong supporter of the air carriers, but realizes that they are not the best solution for every business travel need.