

BUSINESS PLAN
FOR
ROCKY MOUNTAIN HIGH TOURS

A New Charter Air Carrier Servicing Colorado's Rocky Mountains



Featuring the Hiller 12-E Helicopter

Proposal to Establish Operations in Durango, Colorado

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Contact:

Dwayne Wingford
27 Mountain Vista
Durango, Colorado
Tel. (970) 831-3044
E-mail: Dwaynee@rockymounttours.com



TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
INDUSTRY BACKGROUND	3
Current Helicopter Applications	3
Helicopter Applications; Technical Considerations.	4
The Hiller 12-E; A Most Efficient Helicopter	6
Colorado Economic Considerations	7
ROCKY MOUNTAIN HIGH TOURS; EXPERTISE & SERVICE	10
Introduction.....	10
Helicopter Acquisition.....	11
Charter Tour Services	11
Corporate & Industry Services	17
Base of Operations	18
Competitive Analysis.....	20
THE COMPANY	22
Corporate Overview	22
Management	22
Future Growth	23
MARKETING PLAN	24
Target Markets - Tourism.....	24
Target Market – Corporate & Industry Services	25
Promotional Strategies.....	26
Pricing Strategy	27
FINANCIAL CONSIDERATIONS.....	29
Current Opportunity & Cost Implications	29
Requirement for Funds	29
Revenue & Expense Projections	30
Cash Flow & Balance Sheet Considerations.....	30
APPENDICES:	
Financial Statements & Projections	A
Helicopter Industry Background Information	B
Technical Comparisons & General Helicopter Information	C
General Colorado Economic Information	D
Company Background Information	E
Miscellaneous.....	F



EXECUTIVE SUMMARY

Tourism to Colorado and the Rocky Mountains is big business. More specifically, the growth in tourism in the community of Durango and the neighboring southwestern quadrant of Colorado have been experiencing a tremendous surge over the past decade. The numbers of visitors to this scenic region of America are projected to continue to grow for at least the upcoming decade, and consequently, launching a company to cater to this growing tourist demand makes very solid business sense.

Rocky Mountain High Tours (or simply “RMHT”) will be a new, Durango, Colorado-based firm that will provide charter air transport services to adventure seekers from around the world. RMHT will succeed in establishing its own niche in the overall tourism industry of the western United States. This success is directly due to the company’s founder and President, Dwayne Wingford. From the start, he recognized the potential appeal that a well-run helicopter charter service operating within the backdrop of the American Rockies would have, especially to U.S. and European clientele. There is presently no close-by competition to RMHT, especially in terms of low to mid-priced helicopter tours in the American Rockies.

Being a small tour company will allow management to be hands-on with every customer and with every logistical element inherent with every tour. With a sizeable, yet untapped tourism-related customer base demanding all manner of helicopter touring services, the company now needs to establish the necessary infrastructure, organize its service offerings, and literally get off the ground.



Management proposes the acquisition and establishment of a new base facility on land owned by the owner and located just north of the city of Durango, in southwest Colorado. Such a facility would increase cost efficiencies, while serving as a staging and accommodation site for the many tours the company will offer.

Augmenting RMHT's tourism-related revenues, the company projects being able to also reap sizable earnings from southern Colorado's business communities, such as providing charter flights to inspection crews checking on utility lines and gas pipelines. Such additional revenue streams also should increase significantly in the years to come, as the demand for capable, affordable service providers tends to outstrip supply.

The proponent behind this venture, Mr. Dwayne Wingford, already owns a 10-acre site just north of Durango; this site will serve as an excellent base of operations for RMHT. For the sum of \$1 per year, this property will be leased to RMHT so that the company can carry out its usual business activities. What now remains, of course, is to construct appropriate facilities on the site and to acquire the firm's first helicopter. At this time, the particular helicopter under consideration is the Hiller 12-E.

The cost of developing the appropriate infrastructure (hangar and office facilities) is anticipated to run in the neighbourhood of \$125,000. The purchase of a Hiller 12-E helicopter will involve an outlay of an additional \$200,000. Finally, some \$25,000 will be required for general working capital purposes. All together, therefore, the total financing required to launch this venture will amount to \$350,000. Given that the proponent has \$100,000 of equity cash that he will infuse into the company, this leaves \$250,000 to be raised through bank debt financing.



INDUSTRY BACKGROUND

CURRENT HELICOPTER APPLICATIONS

There are many situations where the efficient use of a helicopter far surpasses any alternative mode of transportation. Helicopters can reach locations often impossible or impractical for ground vehicles, and their ability to carry loads or passengers directly between two points all without the need for runways is a significant advantage over airplanes. As such, helicopters have been efficiently adapted for use in a wide number of industry applications.

A listing of most current helicopter firms operating in United States is available through helinews.com, a major online publication dedicated to the helicopter industry worldwide. Clicking on the links listed at this site leads to the web sites of most of these firms. This in turn enables one to discover who these operators are, what equipment they are using, what services they provide, and where they predominantly operate.

Essentially, helicopter operations across the country tend to fall within three broad categories of use, as described below:

Industrial

- Pertaining to forestry, mining, agriculture, construction, etc.
- Within this category one finds some of the larger companies operating some of the largest helicopters and fleets.
- Industrial heavy lift services, such as for construction materials or forestry logging.
- Mining / seismic support.
- Aerial spraying.



General Transportation

- Pertaining to light industrial and tourism sectors.
- This category encompasses a majority of operators, many of whom operate charter services, and most tend to use a few, small to mid-size helicopters.
- Charter scenic tours.
- Aerial survey work and photography.
- A few scheduled air services.
- Other special transport; heli-skiing, heli-hiking, heli-fishing, etc.

Emergency / Security

- This involves a smaller group of highly specialized operators, using sophisticated equipment and training.
- EMS (emergency medical service).
- Forestry firefighting.

HELICOPTER APPLICATIONS; TECHNICAL CONSIDERATIONS

Just as one would not use a Ferrari to haul cargo across town, each specific type of helicopter is best suited only to a specific and somewhat narrow range of capabilities. Indeed, over the years, a vast array of civilian-purpose helicopter categories and manufacturers have emerged across the globe, and all must succumb to stringent regulatory review and licensing requirements in each country they operate within. Similarly, pilots operating helicopters have to be specifically trained and certified for that particular machine.



Helicopters range from ultra-light, 1-seaters, all the way up to “monsters” that have enormous seating/cargo capacity. Essentially, each specific helicopter has a variety of basic features, such as the number of seats, maximum cruising speed, range, maximum load, and maintenance schedule. Then, most manufacturers offer additional optional “add-on” features, such as floats, aerial applicators, carrying buckets, EMS kits, and so on, to directly suit the needs of a particular application.

In selecting the appropriate helicopter for a particular application, perhaps the most important considerations are the financial parameters. First, one must incur a sizable acquisition cost; newer ultra-light or slightly used larger helicopters can be bought for as little as \$50,000 U.S., however, in today’s aviation sectors, most equipment comes with a significantly higher price tag. Then, there are the operating costs. Beyond the fuel costs, for each machine, specific components (e.g. rotor, engine, transmission, etc.) must be inspected and/or changed according to regulatory guidelines. By the time one factors in the pilot’s wages, and other general costs associated with storing and using the helicopter, the total operating costs for a given unit typically amounts to several hundreds of dollars or more per hour of operation.

Clearly, it is incumbent upon any successful helicopter company to assemble only “the right” fleet, that is, the specific types and models of equipment that are best suited for the particular clientele and applications they are serving, and that have the optimum set of financial criteria. If done right, such helicopter-based operations will always be busy and profitable; that is, they will have many clientele who need the service and who can afford the associated prices.



THE HILLER 12-E; A MOST EFFICIENT HELICOPTER

For the purposes of this business venture, one particular helicopter model has been identified as best serving the opportunities at hand while at the same time presenting a highly favourable set of financial criteria; that model is the Hiller 12-E.

Manufactured by Hiller Aircraft Corporation of California, the 12-E is a widely used and respected 3-seater craft. Its piston-powered engine and basic configuration provides for affordable operations, easy maintenance, and versatility in how it can be used. The specific operating features and technical specifications of this helicopter are provided in Appendix C, including the company's comparison data and charts relative to competitive models. (Product descriptions and comparative charts of the various competitive machines are also provided).

The Hiller 12-E is very well suited for a number of Industry applications, including general construction carrying, agricultural and forestry spraying applications, wildlife surveys, land or pipeline surveys, aerial photography, and for general transportation purposes.

HILLER 12-E USED IN CONSTRUCTION



FORESTRY SPRAYING



AGRICULTURAL SPRAYING



FIGHTING FOREST FIRES



COLORADO ECONOMIC CONSIDERATIONS

The overall economy in Colorado is presently running on all cylinders, and is projected to sustain its strong growth rate for many years to come. In terms of how such a positive economic environment will benefit this document's proposed business venture, it is important to bear in mind that three industry sectors in particular are historically very heavy users of helicopter services to sustain or augment their operations. The stronger

these industry sectors are, the stronger will be the demand put upon all local aerial service providers.

The first sector is the oil and gas industry. With major investments in exploration, drilling, and pipeline construction programs now taking place in all corners of Colorado and beyond, virtually every local helicopter firm is booked solid providing such services as:

- Ferrying cargo and personnel to remote locations.
- Aerial surveying and geophysical studies on proposed new drill sites.
- EMS services to meet government health and safety regulations / standards.
- Aerial surveying and maintenance of existing pipelines, wells and other facilities.

The second sector that is experiencing tremendous growth presently is the construction sector. Against the backdrop of exploding activity within the new residential housing field, at the same time, various new major commercial, industrial, and road construction projects have been announced and/or are coming on stream. (It is noteworthy as well that there is also a general increase in construction activity taking place in the neighboring states of Arizona, New Mexico, and Utah). Of course, since many of these construction projects are targeted for remote or not readily accessible locations, helicopter services will invariably be very much in demand for such things as:

- Ferrying cargo and personnel to remote locations.
- EMS services to meet government health and safety regulations / standards.
- Aerial surveying and photography.



Finally, the third sector that is displaying rapid growth is the tourism sector (see the various statistical indicators provided within Appendix D). This industry area perhaps represents the most lucrative opportunity for a new helicopter service provider. The particular services that will be in high demand for many years to come include:

- Heli-skiing and heli-hiking.
- Heli-fishing, and transport to remote camping areas.
- Scenic tours and aerial photography.

Of course, aside from the above three industry areas, Colorado's mining and forestry management sectors are also quite healthy. Consequently, they too will continue to rely upon affordable, qualified, helicopter service providers based in the region.

Assuming such a new operator has the right equipment, he would quickly discover that there are presently very few competitors either interested in or capable of providing effective service to the tourism market. The principal reason for this is the fact that most of the local (Colorado-based) helicopter fleets are geared towards the ongoing needs of heavy industries (e.g. mining sector, petroleum industry, etc.). As a consequence, they tend to operate bigger and more expensive equipment (related to their need to haul heavier cargo loads). Whereas these heavy industry sectors tend to have no qualms in paying these costs (e.g. renting a larger helicopter can easily cost as much as \$5000 per hour !!), such pricing becomes far too exorbitant for a particular heli-skiing or heli-fishing tour. Very quickly, such high costs chase away all but the most affluent potential customers.



ROCKY MOUNTAIN HIGH TOURS; EXPERTISE & SERVICE

INTRODUCTION

Rocky Mountain High Tours Ltd. is a new Durango, Colorado-based company that will provide charter travel and helicopter cargo transport services throughout Colorado and the American Rockies. The firm's initial helicopter, a Hiller 12-E, will provide services in a most economical and efficient manner, while the company's base of operations, just north of the city of Durango, is strategically positioned to cater to both the tourism and corporate/industry sectors.

The firm's President and founder, Mr. Dwayne Wingford, is an experienced aviator and accomplished businessman. His many contacts in a number of industry sectors, his lengthy background research into the viability of this business undertaking, and his dream of establishing an effective and efficient new helicopter service, will drive RMHT's growth.

At this time, the necessary financing required to launch this venture is being pursued, subsequent to which the necessary infrastructure and equipment will be acquired and the company's marketing and operational functions will commence. Targeted for full service start-up by the upcoming summer, RMHT's initial Hiller will in time be complimented by additional, similar equipment such that the company's overall operations expand significantly to meet the many lucrative opportunities now available in southern Colorado and the neighboring states of New Mexico, Arizona, and Utah.



In today's price conscious world, RMHT will always deliver competitive rates on well-maintained aircraft flown by top-notch pilots. Above all else, the company's operations will adhere to the principals of safety for the customer, and maintenance of the company fleet at optimum working condition. Only experienced pilots will ever work for the company, and at all times, all equipment and accessories must be fully operational and used according to specifications. In short, everyone working for RMHT, from the President down, will have the experience and dedication to get the job done effectively and safely.

HELICOPTER ACQUISITION

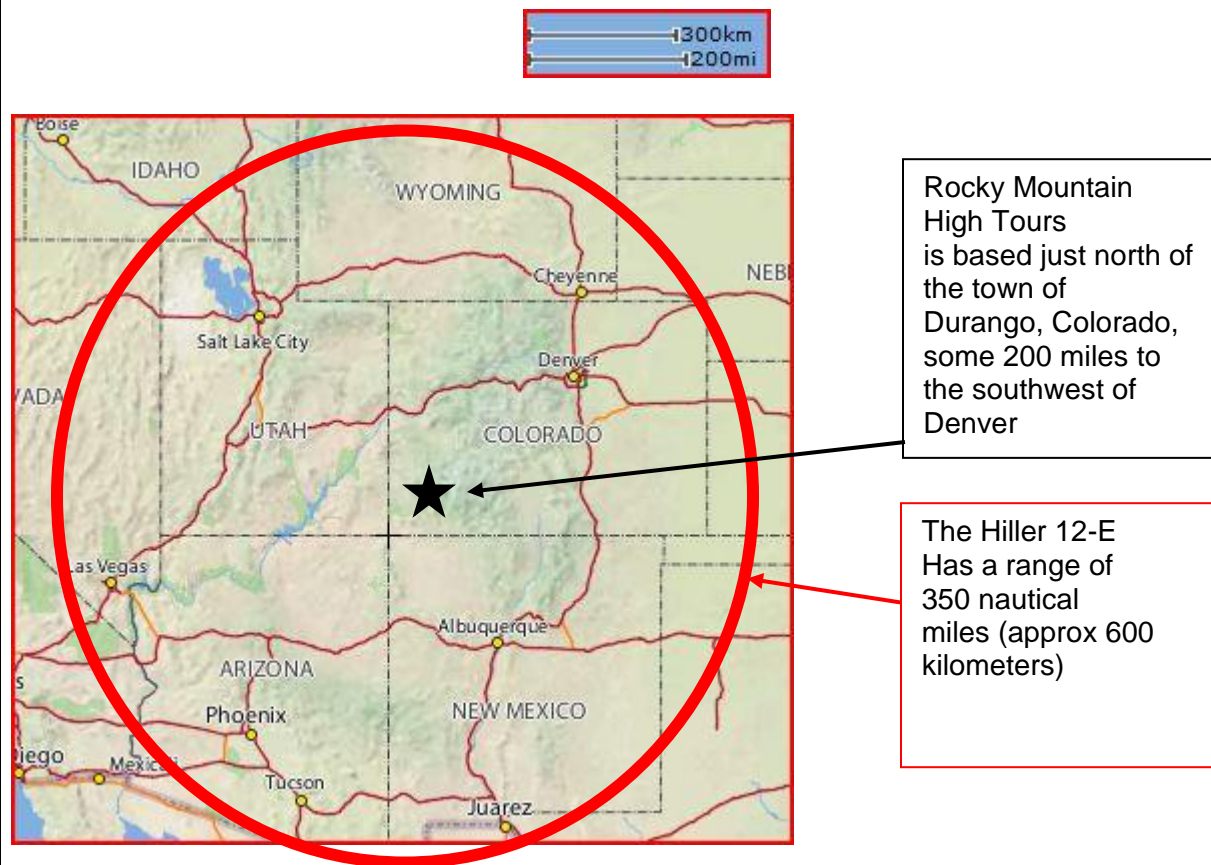
At this time, a 1982 Hiller 12-E is on sale by Remington Helicopters Ltd. of El Paso, Texas. The unit is in excellent condition, has an array of associated spare parts and components, and the entire package is available for only \$200,000 (new unit packages are easily worth in excess of \$300,000). It is important to highlight that this model of helicopter comes with a relatively low operating cost (for instance, costing about \$210 per hour while performing light duties). This cost efficiency is exceptionally competitive and leaves much room for RMHT to price its services at relatively low, attractive levels.

CHARTER TOUR SERVICES

The mainstay of RMHT Helicopter's itinerary throughout the year will be its charter tour services, encompassing everything from short duration heli-picnics and heli-



sightseeing trips (involving ½ to 1 hour total flying time), to longer ferrying rides to bring customers into the far backcountry and mountain areas for climbing, fishing and camping experiences (flying times will vary, but will often extend up to the maximum 3.5 hour range). Priced fairly, and promoted through the company's own marketing program in conjunction with the region's travel agents, hotel operators, and other tourist facility operators, RMHT's helicopter will be in the air everyday.



Management will establish a reservation system such that Flights will be booked at least one week in advance. Last minute bookings will be possible on a space-available basis only. At the time of each booking, customers will be thoroughly informed as to



safety regulations and restrictions as to the type and quantity of gear they may bring along (a normal restriction involves an overweight limit of 50 lbs. per person plus 1 pair of skis per person in the winter.

Most of the tours are geared especially towards the peak summer tourist season, and these (e.g. heli-sightseeing, heli-picnics, and heli-hiking) will start in late May and run through to September. Off-season schedules for some of these tours will be possible, depending on the ultimate success of the company's marketing programs.

Prior to each season, management will incorporate slight modifications to the various tour designs and stopover points from the year before. This will take into account changing accommodation and sightseeing opportunities in the mountains, and will allow for improvements in the utilization of the company's logistical resources and partners (guides, camp operators, etc.).

As the following tour descriptions indicate, RMHT will offer a wide variety of leisure choices to the consumer to suit every taste and itinerary. Based from its main hangar just north of Durango, the company's tours will be able to reach far throughout Colorado and into the mountain areas of New Mexico, Utah, Wyoming, and Arizona (possibly as well into Nevada and Idaho). At any time of the year, RMHT can transport 1 or 2 persons at a time, plus their gear, and bring them to/from a wide assortment of places to yield ultimate experiences of a lifetime.

As a reflection of the amount of work involved, these charter flights will be separated into "light flight" and "medium flight" categories. Essentially, any services involving the carrying of external cargo (camping or fishing gear, skis, bicycles, kayaks,



and so forth), will be deemed to be within the medium category. Medium flight services will be associated with slightly higher hourly rates, reflecting the likelihood of somewhat elevated operating costs associated with them. There will also be combination tour packages offered.

Light Flight Activity

- Standard pricing of \$435 per flight hour (double occupancy)
- Minimal cargo; any materials must be carried within the helicopter.

Heli-Sightseeing

- The ultimate opportunity for photographers.
- Provides unlimited access for environmentalists and adventure seekers.
- Fresh air and astounding views while flying through the American Rockies.
- Tour Options; 30 or 60 minutes.

Heli-Picnics

- A short ride up brings customers to a lunch on top of the world.
- Picnic basket with wine, fruits, bread and cheeses.
- Great for special getaways and romantics.
- Pick-up after 2 hours.

Heli-Hiking

- Pick up & drop-off on the edge of one of the many Mountain Plateaus (in or) above the alpine meadow.
- Fly up, hike down or get picked up later.
- Chance to explore wilderness; spend the day roaming among the wildlife and alpine plants.
- As an option, customers hike down a trail to a camp where they stay overnight or longer until their pick-up time (additional fee for camping service).
- Eliminates time invested getting in and out of hard to reach places.



Medium Flight Activity

- Standard pricing of \$475 per flight hour (double occupancy).
- Modest cargo that often must be carried externally.

Heli-Fishing

- Transports customers and their gear to and from remote rivers and lakes.
- Access to western United States' best locations for steelhead, pacific salmon, cutthroat trout, and other sport fish.
- Fishing activities can be scheduled for just a single day, or in conjunction with nearby camping or fishing lodge accommodations, can last many days/weeks (additional fee for camping/lodging services).
- Traverses over a breathtaking panorama of glaciers, snowcapped mountains and virgin forests.
- Heli-Fishing can be enjoyed by everyone, particularly those who may be physically challenged and/or have limited outdoor capabilities.

Heli-Camping

- Transports customers and their gear to and from remote camping sites within the splendor of the American western wilderness.
- Camps are owned and operated by independent operators who will partner with RMHT for the provision of these camp packages.
- Hiking, fishing, swimming, horseback riding and other leisure activities available.
- Camp overnight, or stay many days/weeks.
- The trip in and out traverses over breathtaking scenery.
- Can be enjoyed by everyone, particularly those who may be physically challenged and/or have limited outdoor capabilities.
- Once in a lifetime experience.
- Pricing may include additional fee for camping service.



Heli-Skiing

- Drop-off on the top of snowy mountain ledges overlooking undisturbed ski runs.
- Pick-up from the base; go again or choose a new ski slope.
- As an option, customers ski down to a lodge where they stay overnight or longer until their pick-up time (additional fee for camping/lodging services).

Heli-Biking

- Drop-off on remote mountain roads or forest paths.
- Pick-up from the base; go again or choose a new route.
- As an option, customers bicycle to a lodge where they stay overnight or longer until their pick-up time (additional fee for camping/lodging services).

Heli-Kayaking

- Drop-off to remote mountain or forest river.
- Pick-up from the base; go again or choose a new stream.
- As an option, customers paddle down to a lodge where they stay overnight or longer until their pick-up time (additional fee for camping/lodging services).

Combination Helicopter Adventures

As hinted at in some of the above tour descriptions, customers will be able to mix certain components of more than one tour together into a total, customized adventure. For instance, they may take in a sightseeing tour, be dropped off for a special picnic, and then be whisked away to a fishing lodge. All manner of combinations and durations are possible, and a specific pricing determination would be made to take into account that customer's choices.



CORPORATE & INDUSTRY SERVICES

To fully utilize the company's helicopter fleet (such as during short-term lulls in the local tourism sector), and to generate significant additional revenue, all manner of transport and special purpose services will be provided to Colorado's booming oil and gas, construction, and other corporate / industry sectors. Admittedly, going after such secondary revenue streams will not necessarily be a problem in the beginning since in Year 1 there will only be the one helicopter. But, in the years to come, the company intends to add more helicopters and so there will be mounting pressure on management to keep the entire fleet fully booked all through the year. Consequently, management intends to start now laying the groundwork to establish ongoing contractual relationships with major industry players for the provision of all manner of aerial work.

One of the main benefits of securing work within the corporate / industry sector is that such activity often comes associated with very lucrative financial rewards. Presently, RMHT would have no difficulty charging rates of \$500 to \$850 per hour for the use of a Hiller 12-E on some industry application. Moreover, should the future additions to the company's fleet involve larger helicopters, the rates that could be charged (and the resulting profits) would be dramatically larger.

Some of the services targeted at this time are listed below, as are the projected fees that such corporate flights could charge:

Light Flight Activity

- Standard pricing of \$500 per flight hour.
- Minimal cargo; any materials must be carried within the helicopter



- Ferrying workers to remote sites quickly and cost effectively.
- Inspecting pipelines to detect erosion, intrusions, spills, etc..
- Aerial photography.
- Business transportation / corporate charters to various parts of Colorado.
- Power line inspections.
- Real Estate Appraisals.
- Location scouting.

Medium Flight Activity

- Standard pricing of \$600 per flight hour.
- Modest cargo that often must be carried externally
- Oil and gas exploration and other geological surveying activities.
- Wildlife surveys.

Heavy Flight Activity

- Standard pricing of \$850 per flight hour.
- Heavier cargo loads often requiring special external slings or harnesses.
- Aerial Construction / slinging
- Timber cruising

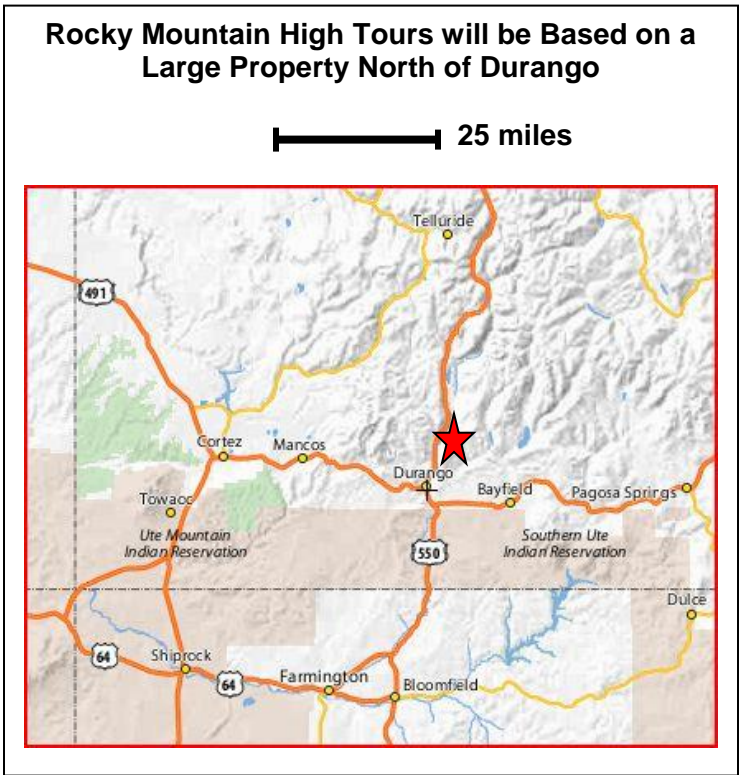
BASE OF OPERATIONS

At this time, RMHT's owner already owns 10-acres of land just 5-miles to the north of Durango (the firm's full use of this property will be granted by way of a simple lease arrangement). Far away from population developments or any other impediment, the company intends to develop part of this land into the company's base of operations. Upon



capitalization of this business venture, a modest hanger building will be constructed on the site. Such a facility would serve not only all the business needs of RMHT, but as well would ideally serve as a staging site for the company's tours.

Management intends to develop a 1-acre parcel of the overall property (on the property's southwest corner) along the main roadway leading in from Highway 550. The developed property would feature a 2000 square foot hanger building complete with an adjoining 1000 square foot office and



customer service area, plus a large parking lot to accommodate all manner of customer and staff vehicles. The hanger would be sufficient to maintain and store at least 2 helicopters plus a variety of accessories and parts. The customer services area would feature a waiting room and gift counter, as well as such amenities as an eating area, locker area and washrooms.

Management's approach to the maintenance of the company's helicopter(s) is to ensure that all equipment is kept in top working condition all the time. This will mean strict adherence to all regulatory maintenance checks, part replacements, and the keeping of full records. Each company helicopter will be maintained in a near-new condition with



periodic upgrading of radios and instruments as future conditions require. Cosmetically, the fleet will be adorned in corporate colours and will be affixed with corporate logos and signage.

As an optional premium service, RMHT staff will pick up tour participants from their office, hotel, or some other location and will drive them to the company's base of operations. It is at this staging point that all customers of the tour are fully outfitted with any/all essential equipment, are provided with complete information, and then set on their way to begin their marvelous adventure. At the end of their tour, these customers will be driven back to their original pick-up point.

In time, management will look into establishing secondary staging locations (e.g. Aspen) should such a move prove efficient (will have to take into account logistical needs, economic opportunities, local regulations, etc.).

COMPETITIVE ANALYSIS

One of RMHT's principal competitive advantages over other helicopter service providers in Colorado (and elsewhere) will be its location. The company's proximity to the Four Corners landmark (the point at which Utah, Arizona, Colorado, and New Mexico meet) will provide it with ready access to the sizable number of tourists and the already established tourism-related infrastructure (hotels, travel agents, etc.) in the entire region. To succeed, RMHT needs only attract a fraction of the overall tourism traffic coming to the American Rockies each year.

As for developing business within the corporate / industry service sector, the company's proximity to Denver, Albuquerque, Phoenix, and Las Vegas gives it immediate access to a number of helicopter-using clientele, within which are corporate offices of major mining companies, utilities, oil and gas firms, pipeline transmission conglomerates, and a variety of construction and other large industry players. By locating in Durango, the company is not only close to many key decision makers, it also affords inexpensive office space and overhead. As with the tourism sector, RMHT need only attract a very small market share in the region's corporate / industrial sectors involving the use of its helicopter services to result in very profitable operations.

The firm's equipment and facilities will be mostly new, which in turn will enable it to offer some of the most economical operating efficiencies in the business. This will portray an image of quality to clients and will keep the maintenance budget low.

As for the other American-based, helicopter service companies, most do not operate in the Durango or southwest Colorado marketplace. Even relative to those helicopter services that do, it is important to point out that RMHT's small size and its minor impact on the overall marketplace will, for many years to come, allow it to operate in virtual isolation and without concern for whatever the others are doing.

RMHT's unique tours and affordable corporate/industry services will offer customers tremendous "bang for the buck" while at the same time maintaining the highest standards of professionalism. The company's low overhead structure and reputable service will enable it to both succeed and grow.



THE COMPANY

CORPORATE OVERVIEW

Rocky Mountain High Tours Ltd. is being established at this time as a privately owned Colorado-based corporation. The company's two Directors, Officers and shareholders are the husband-wife team of Dwayne and Amelia Wingford.

In the short-term, additional Directors, Officers or shareholders may be added to the company if management chooses to pursue new equity investment. Otherwise, additions would only be expected from time to time as the company keeps pace with the growth of its operations.

MANAGEMENT

The President of Rocky Mountain High Tours Ltd., Dwayne Wingford, has over 15 years of commercial helicopter flight experience (United States and New Zealand), during which time he has flown a variety of equipment (BH206, BH407, R22, R44, and H300) and under circumstances (mountain flying, sling, etc.). As such, Mr. Wingford will take the lead in setting up the company's operations and serving as RMHT's initial (sole) pilot. His professional capabilities also include marketing and sales skills, particularly within the construction industry.

Dwayne's wife, Amelia, will serve as Vice-President of the corporation, and will apply her strong administrative, financial, and marketing skills. Backgrounds for both individuals are provided in Appendix C.



FUTURE GROWTH

In future years, the acquisition of additional helicopters will need to take into account current and future market conditions and opportunities, such that the specific choice of model and service features best meet the company's growth strategy. For planning purposes, the enclosed financial projections assume a second Hiller 12-E will be acquired at the end of the third year.

Also in future years, new personnel will need to be brought on board as the company's helicopter fleet is expanded and additional tours/services are added. Coordinating all of the logistical requirements and dealing with the administrative responsibilities associated with such an expanded operation will in time also lead to the recruitment of additional management.



MARKETING PLAN

TARGET MARKETS - TOURISM

Undoubtedly, all of the company's tour clientele will be attracted to the backdrop of the American Rockies. Such splendid scenery and natural wonderment is likely in short supply "back home" for most of these people. All of RMHT's clientele will agree that the fact their tours take place in this particular part of the world is a prime influence behind their choosing to patronize RMHT's services (somehow, its hard to imagine a scenic helicopter tour over Nebraska).

Consequently, the company will focus its tour service offerings to well-heeled American and western European adventure seekers. These travelers will have come a long way to get here, and they will not hesitate to enhance their overall experience by paying for a special helicopter adventure.

Beyond the overall target market considerations, two different target sub-groups are envisioned:

Heli-hiking, Heli-skiing, Heli-fishing, Heli-camping, Heli-biking

The majority of clientele for the more physically demanding tours will likely be affluent individuals in the 25 to 55 age group. The physical demands associated with heli-hiking, heli-skiing, etc. within such mountainous terrain will likely appeal almost exclusively to persons already active in various outdoor pursuits throughout the year, and who generally have fitness levels that are well above-average. These clientele will be



particularly interested in the inherent “challenge” and adventure associated with using a helicopter to reach some remote and scenic location. Moreover, these persons are not especially likely to require five star accommodations or gourmet cuisine when they get there.

Heli-sightseeing, heli-picnics

On the other hand, those attracted to the “beginner” level tours will tend to be more “tourist” than adventurer. They are more likely to be sensitive to price, but still will want “some bang for their bucks” in terms of adventure. They will be drawn to the affordability aspect of RMHT’s services, and will appreciate the uniqueness of the experience.

TARGET MARKETS – CORPORATE & INDUSTRY SERVICES

The company is currently pursuing contracts for its services from the following sectors/companies:

- Mining
- Oil and gas drilling
- pipeline
- drilling
- seismic
- construction
- forestry management
- motion picture filming on location
- road construction
- logging



PROMOTIONAL STRATEGIES

The company's promotional strategies will differ according to the service sector being sought after.

Tour Services

Special ads will be placed in adventure supplements of certain newspapers and magazines. The principal focus of these ads is to attract interested parties to check out the company's web site, which provides beautiful photos and descriptions of the various tours and other aspects of RMHT's offerings.

Management will also establish alliances / partnerships with area travel agents, hotel operators, and other tourism-related operatives to promote the company's services and to possibly integrate RMHT's tours with their particular services and/pr products. Because of economic realities and global competition, local tourism players can not afford to simply sit back and expect the outside world to just show up at their door. Everyone needs to cooperate with others in the same market so as to build an overall, coordinated marketing approach, and everyone needs to integrate their products and services with each other (especially tour packages that are "out of the ordinary" that promise to bring excitement to the area). RMHT's innovative product mix represents a good fit with many of the area's tourist facilities and long-term plans.

As well, management will explore establishing selective strategic partnerships with European travel agencies. With the evolution of the tourism industry towards adventure and away from "the ordinary", RMHT's specialty niche offerings will provide these foreign travel agents with an innovative add-on product that they can sell to their clientele.



Corporate & Industry Services

In time, the firm will benefit from word-of-mouth advertising between decision makers of the corporate community. However, especially during its first few years, management will need to generate publicity. Advertisements will be placed in target industry magazines reaching into such industry sectors as oil and gas, construction, engineering, and forestry. These will be short ads intended to identify RMHT's service capabilities. Quite likely, a majority of this advertising will be placed during the winter months, since this tends to be the time when transportation logistics are being planned within these industrial sectors for their ensuing spring / summer work seasons.

Personal meetings by management will also be convened year-round with important industry executives/decision makers. Once such all-essential relationships with important industry contacts are formed, RMHT's management will regularly follow-up with repeated contact. This not only will serve to provide RMHT with a direct window on upcoming industrial projects, but also provides an opportunity in which to sell these clients additional services (e.g. a special weekend heli-fishing excursion to serve as that corporation's next Board meeting).

PRICING STRATEGY

A recent and somewhat quick search through the Internet resulted in a rough identification of the helicopter charter rates currently being charged by some operators in United States. Of course, one must be careful in such a survey; the particular rates



identified do not necessarily reflect regional influences or specific customer-related influences. Still, the following information is useful as a rough indicator.

<u>Helicopter</u>	<u>Rate Per Hour</u>
Robinson R-22 Beta (1 passenger)	\$375
Hiller 12-E	\$435
Bell Jetranger 206B	\$975
Eurocopter AS350 BA	\$1,410
Eurocopter AS355 F-1	\$1,625
Sikorsky S-76A	\$2,950
Sikorsky S-61 (Short)	\$5,200

The company's strategy regarding its pricing structures to its customers is to ensure that overall affordability is maintained. For the upcoming year, the average cost of a RMHT tour will run at roughly \$435 per hour (double occupancy), and for its corporate/industry services, the charge will run between \$500 and \$850 per hour.

On initial inspection, the prices to be charged by RMHT are in correct proportion to the above listed range of charges. However, when one then takes into account the service capabilities and advantages of the Hiller 12-E craft, the prices being charged become ultra-competitive to other service providers.



FINANCIAL CONSIDERATIONS

CURRENT OPPORTUNITY & COST IMPLICATIONS

The market for purchasing a used helicopter is excellent at this time. The slowing worldwide economy has begun to back up inventories and reduce advance purchase commitments for new helicopter units produced by the major manufacturers. Consequently, the immense inflationary pressures that have applied to all aviation sectors over the past decade have begun to subside. The prices of used helicopters and their associated parts have begun to stabilize, and prospective purchasers are in a better bargaining position than was the case only a short while ago.

Still, making an acquisition of a Hiller 12-E at this time will require the management of Rocky Mountain High Tours to mobilize sufficient finances to not only pay the direct capital costs, but to position necessary working capital to set up and grow operations into the upcoming season. At this time, it is projected that beyond the \$200,000 required to transact the helicopter purchase, a further \$125,000 will be required to set up hangar and field maintenance facilities, and some \$25,000 will be required to cover initial operating requirements.

REQUIREMENT FOR FUNDS

At this time, management proposes that steps be taken to raise some \$250,000 in traditional bank loan financing which, in combination with the owner's infusion of



\$100,000 in equity capital, would provide the necessary total of \$350,000 so as to enable this venture to proceed as planned.

The enclosed financial projections assume that a \$250,000 term loan is obtained, involving a 5-year term and a 10 percent annual rate of interest. The projections confirm that the company will be very capable of fully repaying this loan, with interest, and that carrying such a debt load will not cause any overwhelming financial burden.

REVENUE & EXPENSE PROJECTIONS

A projection of revenues and expenses has been prepared for the company's initial 5-years of operations. Management has adopted conservative estimates for operational revenues and business growth, and has attempted to include maximum values for all likely expenses.

CASH FLOW & BALANCE SHEET CONSIDERATIONS

A corresponding projection of cash flows has been prepared for the company's initial 5-years of operations. This forecast confirms that the firm will have sufficient capital to repay any financing used at this time, plus should still enable the firm to move towards acquiring a second helicopter by the end of Year 3.

Also provided is a 5-year projection of period ending balance sheets. This forecast demonstrates the growing net worth of the venture.



APPENDIX A
FINANCIAL STATEMENTS & PROJECTIONS



APPENDIX B
HELICOPTER INDUSTRY INFORMATION



APPENDIX C
HELICOPTER MANUFACTURERS' INFORMATION



OTHER HELICOPTERS SIMILAR TO THE HILLER 12-E

SCHWEIZER 300C

- Passenger Seating: 2
- Helicopter Category: light
- Average Cruise Speed: 85 mph
- Maximum Gross Weight: Internal 2,050 lbs, External 2,150 lbs
- Average Empty Weight: 1,230 lbs
- Maximum Range: 250 miles
- (20 minute reserve) 3.5 hours
- Standard Fuel 185 L
- Capacity: 293 lbs
- Average Fuel 45 L/hr
- Consumption: 72 lbs/hr
- Internal Loads: 616
- 25 miles 595 lbs
- 50 miles 574 lbs
- 100 miles 532 lbs

Options include:

- External cargo rack.
- Long range fuel.
- Cargo hook.

Common Uses:

- Law enforcement.
- Flight training.
- Aerial reconnaissance.
- Power line patrol.
- Mapping and regional geological surveys.



ROBINSON R22

- Two-seat, light helicopter.
- One of the world's most popular entry-level helicopters.
- Over 3,000 R22's have been delivered to 60 countries around the globe.
- Standard features include:
 - Precision-engineered RPM governor.
 - Durable rotor brake.
 - Auxiliary fuel system.
 - High-quality voice-activated intercom.
 - High cruise speed up to 110 mph.
 - Average fuel consumption of 7 to 10 gallons per hour.
 - Removable dual controls on the passenger side.
- The R22 Mariner II configuration is equipped with fixed utility floats for over-water operations like tuna spotting, island hopping, or scenic harbor flights.
- The latest R22 Beta II offers a wide selection of options, and has a new purchase price of approx \$156,000 US.

ROBINSON R44

- A fast, high-performance four-place helicopter.
- Piston-powered aircraft.

Common uses:

- Law enforcement,
- Electronic newsgathering.
- Forestry patrol.
- Fish-spotting.
- Cattle herding.
- Resource industry support.



OTHER LIGHT HELICOPTERS SOLD OR UNDER DEVELOPMENT

The "Aeros" Helicopter
AW95 kit helicopter plans
Brantly
CarterCopters
Dragonfly
Eagle's Perch Inc.
Groen Brothers
Hummingbird Helicopters
The "Indian"
Masquito Aircraft Co
Revolution Helicopter Co.
Robinson
Rotorway International
Schweizer
Ultrasport



APPENDIX D

TOURISM INDUSTRY BACKGROUND INFORMATION



APPENDIX E
COMPANY BACKGROUND INFORMATION



APPENDIX F
MISCELLANEOUS

