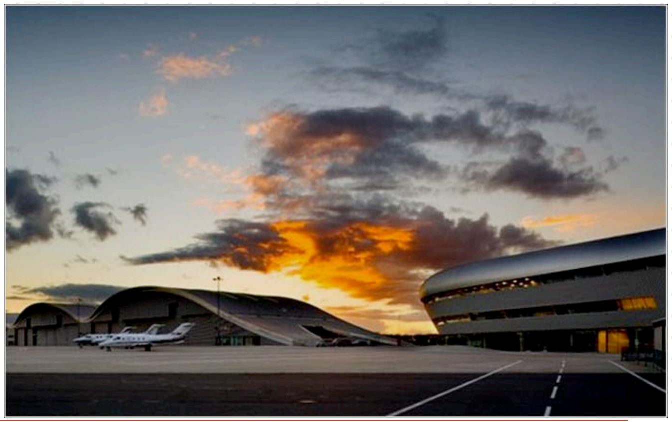
AvStar Aviation Services

Taking advantage of today's economic climate to aggregate high-potential FBOs into a powerful brand that leverages technology, offers superior service and provides substantial returns.

AvStar Overview

- Commenced operations July 2006
- One acquisition completed: San Diego Airmotive (MRO)
  - Founded in 2002
  - Operational Expertise
  - 2008 Revenues: $800,000
- LOIs currently being re-negotiated with more favorable terms
- Acquisition targets established for future growth



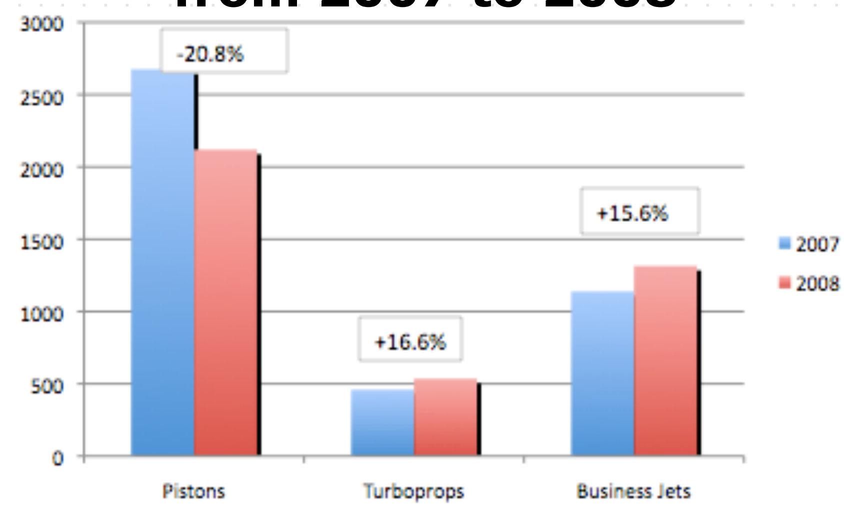
Investment Highlights

- Superior Market Knowledge
- Valuations at Unprecedentedly Low Levels - $$ is King
- Proprietary Market analysis Provides "Best Opportunity" Acquisition Blueprint
- Strategic Use of Technology Results in Successful Integration
- Management Team Skilled in FBO Acquisition & Management
- Liquidity Event: M&A or Consummation of Merger to Fully Reporting OTCBB

The Aviation Industry Today

- Trends in our target market remain strong
  - Light jets & turboprops continue to be in demand
- Private commercial aviation businesses and services growing consistently
  - Overcrowding and hassle factor of commercial carriers
  - Right sizing of aircraft needs

Shipments of Turboprops and Business Jets increased from 2007 to 2008



Source: GAMA

The Fixed Base Operator Industry

- Fixed base operators (FBOs) are service centers for jets and other airplanes
  - 5,200 throughout the U.S.
  - $4-5 billion industry
  - *Southwest Airlines taxis to the airport terminal while private and charter aircraft taxi to one of the FBOs*
- FBOs provide all aircraft- and travel-related services:
  - Fuel sales (best margin, $1-2/gallon)
  - Hangar & tie-down
  - Hotel & car rental services
  - Food
  - Travel and flight planning

Current Trends in FBO Market

- "Big 4" operators target the corporate elite and charge significant premiums for service
  - Atlantic, Signature, Landmark, MillionAir
  - Together these operators total 180, less than 5% of FBOs in the U.S.

Source: Aviation International News

The FBO Opportunity Today

- Private equity shops set the stage for FBO consolidation
  - Landmark is owned by GTCR Golder Rauner
  - Carlyle Group has a large portfolio of FBO assets
  - Capstreet funded Trajen in its expansion of their portfolio from 4 to 23 FBOs subsequently selling to Macquarie for $363 million
- Many benefits to consolidating FBOs
  - Economies of scale
  - Pilots attracted to consistency of services
  - Acquisition of Independent operators is particularly appealing now
- The opportunity lies in aggregating the best among the vast majority of independent FBOs

Why Now?

- Valuations have declined significantly – we have witnessed 50-75% decline in the past 2 years
  - The economic and credit crisis have put extreme stress on the independent ‘mom and pop’ operators
  - Fuel price spike caused many to shut down operations because of purchasing problems
- Economics of consolidation have become increasingly more compelling
  - Market to purchase single FBO currently at a low multiple of revenue, with opportunity to sell a franchise at 8x cash flow

Business Strategy

- Focus on turboprop and ‘light jet’ segment
  - Frequent and sophisticated users (average 400 gallon uplift)
  - Underserved by big chains
- Target smaller airports that this market segment uses
  - Addison instead of Dallas; Houston Hobby instead of IAH
- Utilize rigorous site selection methodology to ensure that the acquisitions are successful
- Improve operations with the strategic use of technology
- Leverage economies of scale and buying power
  - Estimated fuel savings of 15-20%
  - Y1 margin improvement 15%, Y3 margin improvement 30%
- Build the dominant new brand in FBO management

Acquisition Strategy

- Analyze traffic trends at 500+ airports across U.S.
  - Year-over-year vs. quarter-over-quarter
  - Growth over time
  - Consistency
  - ➔ **Opportunities at 72 airports**
- Correlate trend data with on-field FBO market analysis
  - Competitive landscape: how many? how good?
  - Is one of the big three/four on field?
  - Competitive outlook: compete on price vs. services
  - Evaluate local market for nearby opportunities (MMU vs. TEB)
- Evaluate candidates for operational improvement opportunities
  - Many ‘diamonds in the rough’ out there!

Case Study #1: Las Vegas, NV

- McCarran's light jet/turboprop traffic has declined while Henderson Executive's share has risen:

	Airport Name	City/State	LTM Ops	3-Year Trend	FY 2007/2006	FY 2008/2007
KLAS	Mc Carran Intl	Las Vegas, NV	27,704	-46.53%	-3.25%	-22.89%
KVGT	North Las Vegas	Las Vegas, NV	7,490	-19.60%	5.25%	-12.54%
KHND	Henderson Executive	Las Vegas, NV	9,518	149.36%	57.87%	33.35%

- KLAS: Signature and Atlantic
- KVGT: no FBOs on site, 2 runways over 5000'
- KHND: one FBO (Henderson) but no maintenance

Case Study #2: San Diego, CA

- The major traffic airports have seen a decline in light jet/turboprop traffic while smaller local airports have attracted their business

	Airport Name	City/State	LTM Ops	3-Year Trend	FY 2007/2006	FY 2008/2007
KSAN	San Diego Intl	San Diego, CA	6,685	-50.02%	0.53%	-23.20%
KMYF	Montgomery Field	San Diego, CA	6,599	-15.49%	-0.43%	-8.22%
KSDM	Brown Field Muni	San Diego, CA	2,581	-13.57%	3.68%	-9.29%
KNZY	Halsey Field	San Diego, CA	2,115	35.69%	-18.38%	63.92%
KSEE	Gillespie Field	San Diego/El Cajon, CA	2,030	16.91%	21.00%	-9.97%
F70	French Valley	Murrieta/ Temecula, CA	1,616	-11.54%	9.14%	-3.82%

Case Study #2: San Diego, CA (cont'd)

- KSDM (Brown Field): owned by city, 7900', one FBO
- KNZY (Halsey Field): no FBOs, government owned
- KSEE (Gillespie Field): Golden State Aviation, Jet Air
- F70 (French Valley): French Valley Aviation, Jet Center

Case Study #3: West Palm Beach, FL

- Palm Beach International has become overcrowded, with North Palm Beach County beginning to pick up traffic

	Airport Name	City/State	LTM Ops	3-Year Trend	FY 2007/2006	FY 2008/2007
KPBI	Palm Beach Intl	West Palm Beach, FL	24994	-35.92%	-0.96%	-15.71%
F45	North Palm Beach County General Aviation	West Palm Beach, FL	2898	31.77%	20.64%	18.90%

- KPBI: Signature, Galaxy and Jet Aviation
- F45: 2 runways over 4000’, Landmark is sole FBO

Case Study #4: Portland, OR

- Both Portland airports have strong demand and growth characteristics

	Airport Name	City/State	LTM Ops	3-Year Trend	FY 2007/2006	FY 2008/2007
KPDX	Portland Intl	Portland, OR	14,567	13.43%	4.42%	7.21%
KHIO	Portland-Hillsboro	Portland, OR	5,610	29.74%	1.16%	16.31%

- KPDX: Cutter Aviation is sole FBO
- KHIO: Aero Air, Hillsboro, Global, Premier

Case Study #5: Portland, ME

- Portsmouth, NH may be taking away market share from Portland International (40nm away)

	Airport Name	City/State	LTM Ops	3-Year Trend	FY 2007/2006	FY 2008/2007
KPSM	Portsmouth Intl At Pease	Portsmouth, NH	5053	67.90%	43.77%	70.87%
KPWM	Portland Intl Jetport	Portland, ME	5677	-11.55%	-0.05%	1.34%

- KPSM: Port City Air
- KPWM: Northeast Air

Capital Needs

- Based on pipeline of deals under LOI and negotiation, initial capital needs for operations and acquisitions:
  - Current: $2mm to close deals under LOI and near-term pipeline
  - Future Stages: Ability to deploy as much capital as institutional investors appetite dictates
- Acquisition currency a combination of cash, stock & sellers notes

The Team

Russell Ivy, President & CEO

- Managed FBO Operations Lubbock, Texas for 3 years
- Active consultant in aviation space for 18 years with roster of FBO and aerospace clients
- President & CEO Public Company Focusing on Rolling Up Multiple Acquisitions
- 28 years financial services industry experience
- Built and Sold Several Companies in Financial Services/Technology Industry

Gregory Noble, Co-Founder & VP Corporate Finance

- 12 years listed/OTC equity trader: Paine Webber, Kidder Peabody, Morgan Keegan & Sanders Morris
- Co-Founder & VP Corporate Finance for Oil & Gas Exploration company
- Co-Founder & President Aurora Financial Solutions

Robert Wilson, Chief Financial Officer

- 5 years in Audit Department at Price Waterhouse
- 20 years as Financial Operations Principal for Investment Banks
- 10 years as CFO of several publicly traded companies

Glen Kratz, General Manager / VP / DOM of San Diego Airmotive

- Aviation Maintenance Technician program, San Diego Miramar College
- Completed training for providing maintenance and repair services on Jet aircraft including Raytheon B-200, Premiere 1, Lear 55 & 31, and Westwind Aircraft

AvStar

AVIATION SERVICES