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Feasibility Study - "Fiscal Insurance"

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Hydrofoil begins to clear water within a few hundred yards of its dock; is in full "flight" . . .

Behind its glamorous facade, one of the New York World Fair's most attractive features is based on —

THE FEASIBILITY STUDY— "FISCAL INSURANCE"

by Edwin T. Boyle

SUBWAYS, railroads, the ubiquitous private car—all means of transportation converge on New York's World's Fair this year.

But perhaps the most unusual commercial transportation serving the Fair is a fleet of ten boats—hydrofoils—shuttling between New York's East 25th Street boat landing and the marina at the Fair. By next month the fleet will amount to 35 boats, leaving from three points in New York to reach the Fair.

The service—a complete novelty in the New York area—should earn very handsome profits. It was planned that way, and it had been thoroughly tested, before the first

ten boats were ordered by American Hydrofoils Lines, Inc., the company running the service.

It had been tested through figures, accounting figures, which were used to project all possible situations under which the boats might operate, and showed the possible profit for every conceivable route to the Fair, every conceivable passenger load, etc. A series of alternative budgets were prepared for the operation of the boats, and the optimum balance of boats, routes, and hours of operation selected.

In effect, the boat venture, aside from its picturesqueness, is nothing more than our old friend—the fea-

sibility study of a new product. In this case, it was a new service that was to be offered. It was our assignment as CPAs to study all aspects of the project in advance, and advise our clients as to whether or not the idea of a fairly expensive but quite luxurious ferry service from New York to the World's Fair made economic sense.

It is our contention that the future results of any business can be predicted with a high degree of accuracy by the simple use of accounting figures, or rather, the intelligent integration and use of accounting figures already available in a company's records.



... seconds afterwards on its way to the ultimate destination: New York's 1964 World's Fair.

In the case of American Hydrofoils there were no actual accounting figures to work with, since the company had no history and no experience. It was in effect a new venture organized to sell a new service that had never been tested before. So it was up to us to find meaningful figures, and then project from them to learn whether the venture would pay off.

We were first approached by the manufacturer of the hydrofoils in the Fall of 1962. At that time the manufacturer had not thought of a World's Fair shuttle service. His idea, rather, was to attempt to launch a marine commuter service between New York and various suburban points located on the waters around Manhattan. Hydrofoils, incidentally, are passenger boats with two foils beneath the hull. The foils act much like an airplane wing; as the boat gathers speed, the difference between water pressure beneath the foil and above it lifts the hull of the boat clear of the water, allowing a much greater rate of speed than is possible with a conventional hull.

So the company—if its project were feasible at all—had three things to offer its potential passengers: rapid service, novelty, a limited number of fellow passengers all riding in comfort.

Where to start? What did we need first of all to begin developing meaningful figures?

Obviously, to start with, we had to have the costs of the boats themselves, their operating costs, dockage fees, insurance, etc. We had to know what the expenditures would be before we could even begin to investigate what the possible income might be.

The beginning

Our first step was to find the fixed and variable costs of running one boat for various distances. These figures could be furnished by the manufacturer. The boats had a thirty-two-mile-per-hour cruising speed, and a capacity of twenty-two passengers. Cost of fuel, insurance, dockage, and wages were all "knowns." Cost of the boat and expected life of the boat were knowns. This was the start.

Using these figures, we then found total costs and expenses per boat per operating hour. We did this for a wide range of operating hours per year, since neither we nor the manufacturer knew whether it would be possible to use the boats during the winter months when the waters around New York

are apt to be icy and there is always the danger of fog.

Thus, we figured cost per operating hour all the way from a total of 880 operating hours per year up to 2,112 operating hours per year.

From this, making certain assumptions, we worked out cost per passenger mile. Assuming maximum load of twenty-two passengers, and a twenty-minute commuting trip, for each operating hour the boat would spend:

Twenty minutes in loading and unloading time.

Twenty minutes running time loaded.

Twenty minutes on the deadhead return trip.

Then we worked out cost per passenger and per passenger mile, assuming a twenty-minute running time against each of the range of figures we had found for the various levels of operating hours during which we might be able to use the boat throughout the year.

On the basis of these figures we could find the operating cost per passenger and passenger mile for trips of various lengths, taking as a standard the operating cost we had worked out for use of the boat eight hours a day, 210 days per year.

All these figures were based on exclusive use of the boats in regu-

A picture of the results of various alternatives . . .

AMERICAN HYDROFOIL LINES, INC.

Projected Statement of Income
For One Year (1) Year—Five (5) Boats
Page 1 of 2

	<u>Boat #1</u>	<u>Boat #2</u>	<u>Boat #3</u>	<u>Boat #4</u>	<u>Boat #5</u>	<u>Total All Five Boats</u>
	Cryders Point to 62nd St. 20 minute run	Cryders Point to 62nd St. 20 minute run	148th St. Whitestone to 62nd St. 18 minute run	Crest- haven—160th St. to 62nd St. 20 minute run	Crest- haven—160th St. to 62nd St. 20 minute run	
<i>Income</i>						
Fare per passenger—each way	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	
Fare per passenger—round trip	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	
Fare per 24 passenger boat— round trip	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	
Fare per boat @ 3 round trips per day	\$ 252.00	\$ 252.00	\$ 252.00	\$ 252.00	\$ 252.00	
Total fares per boat for 210 days of operation	\$52,920.00	\$52,920.00	\$52,920.00	\$52,920.00	\$52,920.00	\$264,600
Less 10% discount for monthly tickets	5,292.00	5,292.00	5,292.00	5,292.00	5,292.00	26,460
Net receipts from fares	\$47,628.00	\$47,628.00	\$47,628.00	\$47,628.00	\$47,628.00	\$238,140
<i>Fixed Costs</i>						
Interest on boat loan (1st 12 months)	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Insurance	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Depreciation	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Total fixed costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX

Figure 1

Figure 2

AMERICAN HYDROFOIL LINES, INC.

Projected Statement of Income
For One (1) Year—Five (5) Boats
Page 2 of 2

	<u>Boat #1</u>	<u>Boat #2</u>	<u>Boat #3</u>	<u>Boat #4</u>	<u>Boat #5</u>	<u>Total All Five Boats</u>
Brought Forward—Income	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Brought Forward—Fixed Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
<i>Variable Costs</i>						
Licensed operator @ \$3.14 per hour	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Deck hand @ \$2.74 per hour	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Payroll taxes w/c ins., etc. @ \$2.62 per hour	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Maintenance and repairs, paint- ing, etc. @ \$2.00 per hour	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Diesel fuel—(6 gals. per hour —\$.17 per gal.)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Dockage @ 6% of net receipts, plus \$125.00	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Advertising @ 6% of net receipts	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Administration @ 10% of net receipts	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Total variable costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
<i>Net income</i>	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX

... began to take shape

lar New York commuter service throughout the year. But, as was mentioned above, the feasibility of regular commuter service through the winter was unknown. So alternative possibilities were considered. Suppose the boats were to be pulled out of service in New York and used in Florida or the Carribean during the winter: figures were projected for this type of service, assuming eight weeks' operations in southern waters, 42 weeks operating in New York commuter service.

There was also the possibility of weekend charter services to supplement commuter income. Figures were prepared showing income and expenses, assuming one weekend charter in the New York area for each of 42 weekends.

Finally, there was the possibility of using the boats in commuter service only during rush hours, using them for excursion trips during the off hours. We prepared receipt and cost figures for this possibility.

Now we had enough information, even though much of it was based on hypothesis, to prepare pro forma balance sheets for the proposed company at the end of its first year of operation, its fifth year, its tenth year, and its twelfth year. These were prepared for commuter operations alone, and also for all types of service. Already a picture of the results of various alternatives open to the company and the possible financial results of each was beginning to take shape.

Now we again worked out operating cost per boat, and cost per passenger and cost per passenger mile for eight-hour-a-day service for a minimum period of five months all the way through year-round service.

This detailed working out of exact costs for each possible alternative was done so the worst possible and the best possible results of the

hydrofoil venture could be predicted. We had no way of knowing how many months of service in New York waters could be expected for the boats. So we found the operating figures for the lowest number of hours that could possibly be expected, and the highest number of hours that could possibly be expected. By proper manipulation of these figures, we could determine whether service was feasible even if some of our assumptions, based on what seemed the most probable conditions of service, proved wrong. In other words, we were building in a safety factor.

And the end

Now, assuming commuter service for five boats shuttling between various points in the New York area to a given terminal in Manhattan, at an average twenty-minute trip, with passengers paying \$1.75 per trip, we could prepare a projected statement of income for the company for one year (Figures 1 and 2). We could also, using the same assumptions, prepare cash-flow figures for each individual boat, and projected cash flow for the company for the first twelve months of its existence. These figures, even given the fairly optimistic assumptions we had made for number of passengers and number of months of service, showed very clearly that the company would lose money during the first five months of its existence (in three of which there would be no boats in service, but there would be advertising and administrative expenses and equity investments in the boats being constructed). There would be only one boat in service during the fourth month, in which there would still be a net loss. The fifth month, in which five boats would be in service, would still represent a cash deficit because the last payment of

cash required in equity for delivery of the boats would have to be made. Not until the sixth month of the company's existence would net receipts exceed expenses. Through the end of the fifth month, it would have to spend more than \$131,000 in cash (Figure 3).

Now we were able to tell the client how much cash he must have as a minimum to go into business, even if the business should eventually prove as successful as he anticipated. His total cash deficit for the first twelve months would be over \$100,000, and he could not expect to earn substantial profits until the second year, even assuming very good response to the commuter service.

Incidentally, this type of financial prediction by projecting the cash flow has proved invaluable to many of our clients contemplating new ventures. Time after time we have been consulted by clients whose optimism blinded them to the fact that they simply did not have enough capital to get through the first few months of their venture, and that they must either raise additional capital or abandon their project.

We now prepared projected statements of income for the client for each year for a twelve-year period, and projected cash flows on the same basis. Our figures indicated he would only regain his original necessary cash reserves by the end of the fourth year, but that he would have a little more than twice his original investment at the end of twelve years.

We also worked out similar figures for the proposed charter service and excursion service, and on the basis of these we were able to present the company with a condensed statement of income from all sources for a twelve-year period, as well as the projected cash flow for the period, and the projected balance sheet (Figure 4).

	Projected Cash Flow 1st Twelve Months					
	No Boats			One Boat	(Five Boats)	
	March	April	May	June	July	August
Net Receipts From Fares	\$ -0-	\$ -0-	\$ -0-	\$ XXXX	\$ XXXX	\$ XXXX
Cash Requirements						
Equity in boats	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	
Boat and mortgage acquisition costs	XXXX					
Construction loan interest					XXXX	
Mortgage interest and amortization						\$ XXXX
Boat insurance				XXXX	XXXX	
Licensed operator				XXXX	XXXX	XXXX
Deck hand				XXXX	XXXX	XXXX
Payroll taxes, w/c ins., etc.				XXXX	XXXX	XXXX
Maintenance, repairs and painting				XXXX	XXXX	XXXX
Diesel fuel				XXXX	XXXX	XXXX
Dockage				XXXX	XXXX	XXXX
Advertising	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Administration	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Total Cash Required	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Cash Excess or (Deficit)	\$(XXXX)	\$(XXXX)	\$(XXXX)	\$(XXXX)	\$(XXXX)	\$ XXXX
Total	\$(XXXX)					
Less Equity Investment	XXXX					
Net Accumulated Cash	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX

Figure 3

To give ourselves as wide a range as possible, we estimated that boat capacity might be utilized at rates from 40% all the way up to 80%. We projected income and expense figures in each of these ranges against three sets of ticket conditions . . .

These figures looked considerably healthier, but there was still one major unknown. How many customers would there be for such a service? The passenger fare would be high for such a short trip. The company decided to try its thesis by ordering one boat and establishing a commuter run between Port Washington on Long Island and the Wall Street boat marina in New York.

The commuter run was successful in that it proved there were more than enough people who would pay the relatively high fare so that the boat was loaded to sufficient capacity during the heavy morning and evening traffic. But during the middle of the day, traffic was light.

This was in the summer of 1963, and it was in this period that the idea of using the boats as a shuttle service for the World's Fair was first launched. That seemed to obviate all the dangers implicit in the commuter shuttle. Visitors would be attending the Fair throughout the day rather than making one-way trips in the morning and return trips in the evening. There would be a constant turnover of

visitors so that the company would not have to depend on a small core of steady customers, but could anticipate a continuing stream of passengers through the summer and early fall months.

But this complete change in thinking required entirely new projections. And so we set to work preparing figures on the basis of thirty-five boats operating from three points in New York and Long Island to the marina at the Fair. Our earlier figures on passenger cost per mile were revised to fit the new and varying distances required, our purchase price per boat was revised to reflect the reduced prices that could be achieved through a contract for thirty-five boats rather than five. The number of trips that each boat at each location could be expected to make in terms of its running time from varying departure points to the Fair was established.

Arbitrary round-trip passenger prices, both from presold tickets and walk-on tickets, were hypothesized, and then it was possible for us to make projections of income, profit and loss for a whole range of possibilities that might occur in terms of

Projected Cash Flow
1st Twelve Months

September	October	November	December	January	February	Total 1st Twelve Months	Total 2nd Twelve Months
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ -0-	\$ -0-	\$ XXXX	\$ XXXX
						\$ XXXX	
						XXXX	
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
XXXX	XXXX	XXXX	\$ XXXX	-0-	-0-	XXXX	\$ XXXX
XXXX	XXXX	XXXX	XXXX	-0-	-0-	XXXX	XXXX
XXXX	XXXX	XXXX	XXXX	-0-	-0-	XXXX	XXXX
XXXX	XXXX	XXXX	XXXX	-0-	-0-	XXXX	XXXX
XXXX	XXXX	XXXX	XXXX	-0-	-0-	XXXX	XXXX
XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$(XXXX)	\$(XXXX)	\$(XXXX)	\$ XXXX
						\$ XXXX	
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX

Figure 3 (Continued)

the two unknowns—the number of passengers that could be anticipated per trip, the quantity of tickets that would be presold (at a discount from walk-on ticket cost), and the number that would be sold at regular walk-on rates.

To give ourselves as wide a range as possible we estimated that boat capacity might be utilized at rates from 40% all the way up to 80%. We projected income and expense figures in each of these ranges against three sets of ticket conditions: 66.6% presold tickets, 33.3% walk-on tickets; 50% presold, 50% walk-on tickets; and 33.3% presold, 66.6% walk-on tickets. We then prepared income and expenses per boat per day for each of the three departure points, and from these produced a summary projection of income that might be anticipated for all services under each of the 15 different sets of conditions we had postulated. From this we are able to prepare projected statements of income, profit and loss, given any situation within the ranges of possible condition we had established (Figure 5).

This in turn gave us the break-even point for operations from each of our three departure points. As-

suming that ticket sales would be 50% advance sales, 50% walk-on, our figures indicated that the company could break even on boat service from two of its departure points if boats only had 33% and 28% respectively of their passenger capacity occupied. The third departure point showed that boats would have to operate at 53% of capacity to break even.

Since operations at only 40% of passenger capacity had been the most pessimistic estimate we had projected, it obviously looked as though the company were on the trail of what could be potentially a very profitable operation. Moreover, it was not only far safer than the commuter run first envisaged; it also promised a much higher rate of profit.

It also, obviously, required a much heavier amount of initial capital. How much? Again our projected cash flow showed the company just how much money would have to be on hand to finance the initial months of preparation and operation. If this amount were on hand, the profitability of the operation was assured—or as certain as anything can be in an uncertain

world. Our checks of transportation facilities to the World's Fair, our discovery that we could anticipate a heavy return-trip load from the Fair during the early morning hours from Fair workers employed during the night—all these were extras, as was the charter of one boat for the entire summer by Time-Life, Inc., and charter orders by dates from several other concerns in the New York area.

The hydrofoil feasibility study was one in which our firm became so deeply engaged that we decided early in the study to withdraw as auditors for the company and act as part of the management itself. Thus, we have designed the company's internal operating systems and controls, but another firm will do its annual audit.

However, the system we used—the projection of figures for the future in terms of traditional accounting statements, statements which every businessman should be able to understand—is, we believe, as reliable and foolproof a method of forecasting as can be found. And we also believe—we know—that it is a system which can be applied better by an accountant than any

AMERICAN HYDROFOIL LINES, INC.
 Condensed Projected Statement of Income for a Twelve-Year Period
 All Types of Service—Five Boats

<i>Receipts:</i>	<i>1st Year</i>	<i>2nd Year</i>	<i>3rd Year</i>	<i>4th Year</i>	<i>5th Year</i>
Commuter service	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Excursion service	.....	XXXX	XXXX	XXXX	XXXX
Weekend charter	.....	XXXX	XXXX	XXXX	XXXX
"Off season" outside N. Y.	.....	XXXX	XXXX	XXXX	XXXX
Total Receipts	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
<i>Operating Costs and Expenses</i>					
Commuter	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Excursion	.....	XXXX	XXXX	XXXX	XXXX
Weekend	.....	XXXX	XXXX	XXXX	XXXX
"Off season"	.....	XXXX	XXXX	XXXX	XXXX
Total Operating Costs and Expenses	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
<i>Net Income/ (Loss)</i>					
Commuter	\$(XXXX)	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Excursion	.....	XXXX	XXXX	XXXX	XXXX
Weekend	.....	XXXX	XXXX	XXXX	XXXX
"Off season"	.....	XXXX	XXXX	XXXX	XXXX
Net Income/ (Loss)	\$(XXXX)	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Less: Net operating loss	.....	XXXX	.....	.....	.....
Taxable Income	\$(XXXX)	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Federal Income Tax	.....	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Less: Investment credit	.....	XXXX	.....	.....	.....
Net Income Tax	.....	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
Net Income After Tax	\$(XXXX)	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX

Figure 4

other type of management consultant, since it employs the same terms and the same methods an accountant uses in describing what has happened in the past

We believe in it so completely because we have been doing it for years for our regular clients. We had punched card equipment for many years before we put in an IBM 1401 computer in the fall of 1962. (We currently have an IBM System 360 on order.) This made it comparatively easy for us to manipulate the standard data which every accountant either has available, or can get, to serve many management purposes. In effect, we recorded our client's every transaction on punched cards. This gave us the ability to produce any type of information the client might require or that we might feel he could use. The computer increased the speed with which we could produce such information, and our capacity for work. But the machines in these instances only simplified a

job which any accountant can perform, whether or not he has mechanical equipment.

Everything we did in the hydrofoil feasibility study, for example, could have been done with pencil and paper. Much of it was done that way. It was only at the point where commuter operations were ruled out, and the World's Fair operation suggested that we had to do much of our computation on the machine because the time span in which we had to work was so short.

Our equipment makes it possible for us to furnish our clients with whatever operating information they need; we can serve as a management information system, in which any kind of breakdown or analysis or projection can be supplied quickly and relatively easily. But, if we did not have our machines, we could still achieve the same results by using a service bureau. It is the initial recording of information in a form that permits

machine manipulation that is important.

We stress this because it offers another advantage beyond the fact that it permits any type of desired data to be broken out and presented to management. It also permits much closer control of the plan for the future—the budget. If any factor changes, if there is any departure from anticipated figures, the change can be entered in the machine, and its probable effects on all phases of company operations can be reflected immediately. Thus, the company can see all effects of a change in one variable almost immediately, and take whatever corrective action seems necessary.

Some critics think of this as write-up work. It is—but it is write-up work with a purpose—the purpose being to give management the exact information it needs at the earliest possible date to help it in planning a safe and prosperous future under any circumstances.

AMERICAN HYDROFOIL LINES, INC.
 Management Services: A Magazine of Planning, Systems, and Controls, Vol. 1 [1964], No. 2, Art. 9
 Condensed Projected Statement of Income for a Twelve-Year Period
 All Types of Service—Five Boats

<u>6th Year</u>	<u>7th Year</u>	<u>8th Year</u>	<u>9th Year</u>	<u>10th Year</u>	<u>11th Year</u>	<u>12th Year</u>
\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX	\$ XXXX XXXX XXXX XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX
\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX	\$ XXXX

Figure 4 (Continued)

Figure 5 (Below)

AMERICAN HYDROFOIL LINES, INC.
 Projection of Income—World's Fair
 Summary—East 26th Street
 Hunt's Point
 Wall Street

<u>Facts Presented</u>	<u>80%</u>	<u>70%</u>	<u>60%</u>	<u>50%</u>	<u>40%</u>					
Passenger seats per boat	XXXX	XXXX	XXXX	XXXX	XXXX					
Number of days in operation	XXXX	XXXX	XXXX	XXXX	XXXX					
Number of boats on run	XXXX	XXXX	XXXX	XXXX	XXXX					
Total passenger seats available per day at 100%	XXXX	XXXX	XXXX	XXXX	XXXX					
Total round trip tickets available per day at 100%	XXXX	XXXX	XXXX	XXXX	XXXX					
Round trip tickets to be sold per day using the above percentages	XXXX	XXXX	XXXX	XXXX	XXXX					
Round trip tickets to be sold for 177 days using the above percentages	XXXX	XXXX	XXXX	XXXX	XXXX					
<u>Gross Receipts</u>	<u>Round Trip Tickets</u>	<u>Round Trip Amount</u>	<u>Round Trip Tickets</u>	<u>Round Trip Amount</u>	<u>Round Trip Tickets</u>	<u>Round Trip Amount</u>	<u>Round Trip Tickets</u>	<u>Round Trip Amount</u>	<u>Round Trip Tickets</u>	<u>Round Trip Amount</u>
66.6% Presold round trips	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX
33.3% Walk on	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
		\$ XXXX		\$ XXXX		\$ XXXX		\$ XXXX		\$ XXXX
50% Presold round trips	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX
50% Walk on	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
		\$ XXXX		\$ XXXX		\$ XXXX		\$ XXXX		\$ XXXX
33.3% Presold round trips	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX	XXXX	\$ XXXX
66.6% Walk on	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
		\$ XXXX		\$ XXXX		\$ XXXX		\$ XXXX		\$ XXXX