

Pet Airways Summary

Pet Airways is the brainchild of Dan and Alysa Wiesel. In 2001 they found themselves traveling back and forth to Florida from California with their beloved Jack Russell Terrier Zoe in cargo. After a tense-filled trip, the couple realized there had to be a better way, and Pet Airways, the idea was born.

In 2009, after years of planning, Pet Airways took to the skies using specially equipped leased aircraft, with trained veterinary technician in each cabin to care for the “*pawsengerstm*”. Millions of pets are driven cross-country because their pet parents would not let them fly in cargo where any number of things can happen, including poor ventilation, extreme temperatures, darkness that frightens the animals and can lead to mental trauma, freezing and heat prostration. **Many die.**

For Pet Parents like the Wiesels, the stress and anxiety of not knowing where your pet is, whether it is on-board, how it is being treated or how it is doing, can be overwhelming. Pet Airways has one goal: ***the safe and comfortable transportation of their four- legged Pawsengerstm***.

Pet Airways really took off and was a great success!

Most airlines have restrictions on the type animals they will transport. Some small pets fly in the main cabin under the seat or as companions. Statistics are unavailable for in-cabin pets though larger pets are generally relegated to the aircraft cargo compartment. The FAA allows only two pets per flight in cabin. Of course, some people skirt the rules but even airlines like Delta stopped transporting large dogs requiring crates taller than 24 inches, which effectively grounds large breeds like Labrador retrievers. American Airlines still ships large dogs, but much of their fleet cannot handle the larger crates and the same goes for United.

Over 9,000 pets were transported on the original Pet Airways and the pet community raved about the service, providing proof of concept. Pet Airways initially serve five cities on a seed round of \$500,000. \$1M of tickets sold within three months of the initial first flight, including 10,000 requests to cities not in the network. In nine months, the company served nine destinations and began working to double the network. After eighteen months, the company was six months away from break-even and had achieved a positive Gross Margin. Sales for the last three quarters was \$2,361,000 (audited SEC verifiable numbers). During this time, the company raised an addition \$3M from private investors.

In an effort to raise additional funds to take the company through breakeven, management took the company public through a reverse merger with the ticker symbol OTCBB:PAWS. The original company went public at the time of the great market crash of 2009. Unfortunately, it was unable to raise the funds needed to continue operations and was forced to close. The company shut down in Nov 2011.

After going through years of planning and working with the FAA to obtain certification to operate its own aircraft (the original company used leased aircraft and crews), the Company has resurrected the business model developed by the management team a few years ago with a few key changes that will cut overhead drastically, including ownership of its own fleet of aircraft, as opposed to using third party services.

During the period since operations were ceased, management has worked with the FAA for multiple years to obtain a new clean Air Carrier Certificate to enable Pet Airways to fly its own aircraft as opposed to leasing. ***Flying company owned aircraft as opposed to contracting flights to a third party, will save 45% of the flight costs***, thus lowering the barrier to profitability, and allow more flexibility in scheduling, ticket prices, allowing the company to serve more cities across the US.

Three new companies have been formed: **One Pet World, Inc.** (the holding company), **The New Pet Airways, Inc.** (the revenue generating company), and **Blackhawk Aviation, LLC** (the flight operations company). All three entities are debt free. The founders own 100% of the three companies.

The service works much like a human airline.

Pet owners drop off their pets at the company's pet lounges located at the airport, where the pets are cared for and handled by the trained personnel. Pets are then transported to their destination in the main cabin of one of the Pet Airways own airplanes under the supervision of on-board trained pet attendants. From drop-off to delivery, pets are handled by people who are pet professionals trained by the company, not by cargo loaders.

A pet parent uses the website to input the flight date they want, and the proprietary reservations system creates a reservation for their pet. The system needs to know the pet's name, breed, weight, height, health, and a few other items for the animal's safety. At flight time the pet parent brings their pet to the conveniently located **Pet Lounge** at the airport and checks their pet in, presenting the standard health certificates and proof of vaccinations. At the destination, pets are unloaded and delivered to either the Pet Parent or an authorized person.

Company operations are supported by an executive team and advisory team with long years of experience in the airline industry.

The market for pet travel is very large, potentially 31M pet-flights, and there are no comparable competitors to our service. **Pet Airway has a revenue potential of \$1B USD.** Partnerships with major airlines, travel providers, pet-partners, and others in the industry to increase our outreach and success potential. And, according to numerous sources including the TSA, recreational travel has already returned to 75% of pre-pandemic levels.

Funding Request: \$5M, minimum investment \$500,000. We will entertain any investment vehicle including convertible notes and SAFEs. Founders invested over \$2M already to get the airline ready to resume operations.

FAQ'S

Human Airlines don't make money, why will you? Human Airlines do make money otherwise there would be no airlines. Pet Airways is a cargo airline. Cargo airlines make a lot of money, mainly because packages are not as finicky as people.

If you didn't succeed last time, what makes you think you will this time? Last time, the company was establishing the business model in the public's eye and priced the tickets way too low. Towards the end, the company had a reservation system that could maximize revenues, management was much smarter about pricing, and the revenues shot up to over \$500 per ticket. Labor costs were too high for business the company was conducting. The company was still experimenting with how ground operations personnel should be employed. The company was establishing a reliable service for their customers and flew each week despite times of low occupancy. The greatest reason is that last time the company contracted the flights to a 3rd party. They charged the company full retail for the flights, a number that management now know was unsustainable.

What will be different this time? The company now has sophisticated proprietary reservations system. This system is on par with the features of the Human Airlines so that the company can manipulate the pricing based on supply and demand, just as the Human Airlines do. This will mean that the per-flight revenues will be maximized from day 1. The company will be monitoring occupancy very closely and

change the frequency of flights to fill all the space on the plane. The greatest change is that the company now can fly its own planes. Management estimates that there will be a savings of over 40% in operating costs compared to using the 3rd party to fly the planes.

What took you all this time to start up again? The Founders had to unwind the old company, compensate investors, and obtain it's own Air Carrier Certificate from the FAA – a process took several years to accomplish and required obtaining an aircraft to pursue FAA certification.