

BALANCE SHEET

As At: June 30, 2000

Schedule B-1

Air Carrier:

Operation : Domestic QXD

ACCT# DESCRIPTION

AMOUNT

	ASSETS	
	CURRENT ASSETS	
1010	Cash	106,000
1100	Short-Term Investments	0
1200	Notes Receivable	0
1270	Accounts Receivable	3,699,000
1290	Less Allow. for Bad Debts	66,000
1299	Net Notes & Accounts Receivable	3,633,000
1399	Net Spare Parts & Supplies	27,536,000
1410	Prepaid Items	4,908,000
1420	Other Current Assets	1,988,000
1499	Total Current Assets	38,171,000
	INVESTMENTS IN SPECIAL FUNDS	
1510	Inv. in Associated Companies	0
1530	Other Investments & Receivables	0
1550	Special Funds	0
1599	Total Inv. & Special Funds	0
	OPERATING PROPERTY & EQUIPMENT	
1609	Flight Equipment	109,791,000
1649	Ground-Property and Equipment	43,434,000
1668	Less Allowance for Depreciation	68,444,000
1675	Property & Equipment - Net	84,781,000
1679	Land	1,431,000
1685	Purchase Dep. & Adv. Payments	78,060,000
1689	Construction Work-in-progress	0
1695	Leased Property - Cap. Leases	0
1696	Accum. Amort. Capital Leases	0
1699	Total Oper. Prop. & Equipment	164,272,000
	NONOPERATING PROP. & EQUIPMENT	
1791	Less Allow. for Depr. - Nonop.	0
1792	Net Nonoperating Prop. & Eqmt.	0
	OTHER ASSETS	
1820	Long-term Prepayments	500,000
1830	Unamort. Dev. & Preop. Costs	0
1890	Other Assets and Def. Charges	45,807,000
1895	Total Other Assets	46,307,000
1899	TOTAL ASSETS	248,750,000

BALANCE SHEET

As At: June 30, 2000

Air Carrier:

Schedule B-1

Operation : Domestic QXD

ACCT# DESCRIPTION

AMOUNT

	LIABILITIES & STOCKHOLDERS' EQ.	
	CURRENT LIABILITIES	
2000	Curr. Maturities of L-T Debt	0
2005	Notes Payable - Banks	0
2015	Notes Payable - Others	43,757,000
2021	Trade Accts. Payable	25,675,000
2025	Accts. Payable - Other	8,678,000
2080	Curr. Oblig. Under Cap. Leases	0
2110	Accrued Salaries & Wages	5,072,000
2120	Accrued Vacation Pay	4,169,000
2125	Accrued Interest	0
2130	Accrued Taxes	15,912,000
2140	Dividends Declared	0
2160	Air Traffic Liability	673,000
2190	Other Current Liabilities	2,116,000
2199	Total Current Liabilities	106,052,000
	NONCURRENT LIABILITIES	
2210	Long-term Debt	0
2240	Advances from Assoc. Companies	0
2250	Pension Liability	0
2280	Noncurrent Obgl.-Capital Leases	0
2290	Other Noncurrent Liabilities	0
2299	Total Noncurrent Liabilities	0
	DEFERRED CREDITS	
2340	Deferred Income Taxes	0
2345	Deferred Investment Tax Credits	1,319,000
2390	Other Deferred Credits	13,318,000
2399	Total Deferred Credits	14,637,000
	STOCKHOLDERS' EQUITY	
2820	Preferred Shares Issued	0
2840	Common Shares Issued	1,000
2860	Subscribed & Unissued	0
2869	Total Capital Stock	1,000
2890	Additional Capital Invested	69,860,000
2899	Total Paid in Capital	69,861,000
2900	Retained Earnings	58,200,000
2959	Total Stockholders' Equity	128,061,000
2990	Less Treasury Stock	0
2995	Net Stockholders' Equity	128,061,000
2999	Total Liab. & Stockholders' Eq.	248,750,000
2820A	No. of Preferred Shares Issued	0
2840A	No. of Common Shares Issued	0

STATEMENT OF OPERATIONS

Quarter Ended: June 30, 2000

Air Carrier:

Schedule P-1.2 Group II

Operation : Domestic QXD

ACCT# DESCRIPTION

AMOUNT

OPERATING REVENUES		
3901	Transport Revenues - Passenger	107,674,000
3905	Mail	793,000
3906.1	Property - Freight	2,076,000
3906.2	Property - Excess Baggage	213,000
3907.1	Charter - Passenger	0
3907.2	Charter - Property	0
3919.1	Reserv. Cancellation Fees	297,000
3919.2	Misc. Operating Revenues	0
4808	Public Service Subsidy	123,000
4898	Transport Related	1,433,000
4999	Total Operating Revenue	112,609,000
OPERATING EXPENSES		
5100	Flying Operations	37,948,000
5400	Maintenance	22,796,000
5500	Passenger Service	4,056,000
6400	Aircraft & Traffic Servicing	15,932,000
6700	Promotion & Sales	11,561,000
6800	General & Administrative	10,735,000
7000	Depreciation & Amortization	4,748,000
7100	Transport Related Expenses	0
7199	Total Operating Expenses	107,776,000
7999	Operating Profit or Loss	4,833,000
NONOPERATING EXPENSE (INCOME)		
8181	Int. Exp. (Inc.) on L-T-D & Cap. Leases	0
8182	Other Interest Expense (Income)	0
8185	Foreign Exchange (Gain) or Loss	16,000
8188.5	Capital (Gains)/Losses- Op. Prop.	-820,000
	Capital (Gains)/Losses- Other	
8189	Other Expense (Income) - Net	29,000
8199	Nonoperating Expense (Income)	-775,000
8999	Income Before Income Taxes	5,608,000
9100	Income Tax Expense	2,345,000
9199	Inc. Bf. Disc. Ops & Other Items	3,263,000
9600	Discontinued Operations	0
9796	Extraordinary Items	0
9797	Inc. Tax Appl. To Extraord. Item	0
9799	Income Before Account. Changes	3,263,000
9800	Accounting Changes	0
9899	Net Income	3,263,000

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: June 30, 2000				
Air Carrier:		Operation: Domestic		QXD
ACCT #	DESCRIPTION	Total Exp. Code 9999	DHC8-100 Code 4831	F-28 Code 6021
FLYING OPERATIONS				
5123	Pilots and Copilots	6,430,000	3,682,000	2,748,000
5124	Other Flight Personnel	0	0	0
5128.1	Trainees and Instructors	436,000	218,000	218,000
5136	Personnel Expenses	1,487,000	980,000	507,000
5141	Prof. & Tech. Fees & Exp.	0	0	0
5143.7	Aircraft Interch. -Outside	0	0	0
5145.1	Aircraft Fuel	14,314,000	4,668,000	9,646,000
5145.2	Aircraft Oil	0	0	0
5147	Aircraft Rentals	10,628,000	8,452,000	2,176,000
5153	Other Supplies	0	0	0
5155.1	Insur. Purch. - General	784,000	383,000	401,000
5157	Empl. Benefits and Pensions	1,009,000	599,000	410,000
5158	Injuries, Loss and Damage	0	0	0
5168	Taxes-Payroll	900,000	510,000	390,000
5169	Taxes-Other Than Payroll	1,960,000	1,119,000	841,000
5171	Other Expense	0	0	0
5199	Total Flying Operations	37,948,000	20,611,000	17,337,000
DIRECT MAINTENANCE-FLIGHT EQUIP				
5225.1	Maint Airf. Labor	3,216,000	2,027,000	1,189,000
5225.2	Maint Eng. Labor	973,000	676,000	297,000
5243.1	Maint Airf. Outside Rep.	4,587,000	1,592,000	2,995,000
5243.2	Maint Eng. Outside Rep.	1,805,000	431,000	1,372,000
5243.7	Maint AC Interch. Chrgs-O/S	0	0	0
5246.1	Maint Materials - Airframe	4,124,000	1,550,000	2,574,000
5246.2	Maint Materials - Engines	652,000	349,000	303,000
5272.1	Maint Airfrm Airworth. Provs.	0	0	0
5272.3	Maint Airfrm O/H Deferred	0	0	0
5272.6	Maint AC Eng. Airworth. Prov	4,121,000	1,767,000	2,354,000
5272.8	Maint AC Eng. O/H Def. (cr.)	0	0	0
5278	Total Dir Maint-Flt.Eqpt	19,476,000	8,392,000	11,084,000
5279.6	APPL. MAINT BURDEN FLT. EQ.	3,320,000	1,394,000	1,926,000
5299	Total Flt. Eq. Maint. (Memo)	22,796,000	9,786,000	13,010,000
7073.9	NET OBSL & DETER.- EXP. PARTS	0	0	0
DEPRECIATION - FLIGHT EQUIPMENT				
7075.1	Depr. Airframes	1,341,000	0	1,341,000
7075.2	Depr. Aircraft Engines	309,000	98,000	211,000
7075.3	Depr. Airframe Parts	594,000	234,000	360,000
7075.4	Depr. Engine Parts	198,000	78,000	120,000
7075.5	Depr. Other Flt Eqp.	324,000	190,000	134,000
7076.1	Amort. Cap. Leases Flt.Eqpt.	0	0	0
EXPENSE OF INTERCHANGE AIRCRAFT				
7098.1	Exp. of Interch. AC- Flt. Ops	0	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0	0
7098.9	Total Aircraft Operating Expens	63,510,000	30,997,000	32,513,000
OTHER DEPRECIATION & AMORTIZATI				
7074.1	Amortization Developmental &Pre	0		
7074.2	Amortization Other Intangibles	965,000		
7075.8	Depreciation Hangar & Maint. Eq	9,000		
7075.9	Depreciation Ground Property	1,008,000		
7076.2	Amort. Capital Leases Other	0		

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: June 30, 2000

Air Carrier:

Schedule P-6

Operation : Domestic QXD

LINE#	DESCRIPTION	AMOUNT
	SALARIES & REL. FRINGE BENEFIT	
	SALARIES:	
Line 3	General Mgmt. Per.	140,000
Line 4	Flight Personnel	8,173,000
Line 5	Maintenance Labor	5,318,000
Line 6	Aircr. & Traffic Hndl. Per.	9,428,000
Line 7	Other Personnel	3,177,000
Line 8	Total Salaries	26,236,000
	RELATED FRINGE BENEFITS	
Line 10	Personnel Expense	2,829,000
Line 11	Empl. Benefits & Pensions	4,491,000
Line 12	Payroll Taxes	2,792,000
Line 13	Total Fringe Benefits	10,112,000
Line 14	Total Salaries & Benefits	36,348,000
	MATERIALS PURCHASED	
Line 16	Aircraft Fuel & Oil	15,421,000
Line 17	Maintenance Materials	6,094,000
Line 18	Passenger Food	814,000
Line 19	Other Materials	1,130,000
Line 20	Total Materials	23,459,000
	SERVICES PURCHASED	
Line 22	Advertising & Other Promotion	396,000
Line 23	Communications	790,000
Line 24	Insurance	863,000
Line 25	Outside Flight Eqpt. Maint.	8,288,000
Line 26	Traffic Commissions - Passenger	3,555,000
Line 27	Traffic Commissions - Cargo	0
Line 28	Other Services	4,739,000
Line 29	Total Services	18,631,000
Line 30	LANDING FEES	3,553,000
Line 31	RENTALS	13,286,000
Line 32	DEPRECIATION	3,783,000
Line 33	AMORTIZATION	965,000
Line 34	OTHER	7,751,000
Line 35	TRANSPORT RELATED EXPENSES	0
Line 36	TOTAL OPERATING EXPENSES	107,776,000