

BALANCE SHEET

As At: march 31, 1999

Schedule B-1

Air Carrier:

Operation : Domestic NKD

ACCT# DESCRIPTION

AMOUNT

	ASSETS	
	CURRENT ASSETS	
1010	Cash	32,246,832
1100	Short-Term Investments	1,622,000
1200	Notes Receivable	0
1270	Accounts Receivable	4,119,735
1290	Less Allow. for Bad Debts	100,000
1299	Net Notes & Accounts Receivable	4,019,735
1399	Net Spare Parts & Supplies	0
1410	Prepaid Items	4,047,921
1420	Other Current Assets	3,226,329
1499	Total Current Assets	45,162,817
	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	79,552,814
1649	Ground-Property and Equipment	3,893,612
1668	Less Allowance for Depreciation	12,218,404
1675	Property & Equipment - Net	71,228,022
1679	Land	0
1685	Purchase Dep. & Adv. Payments	0
1689	Construction Work-in-progress	0
1695	Leased Property - Cap. Leases	0
1696	Accum. Amort. Capital Leases	0
1699	Total Oper. Prop. & Equipment	71,228,022
	NONOPERATING PROP. & EQUIPMENT	
1791	Less Allow. for Depr. - Nonop.	0
1792	Net Nonoperating Prop. & Eqmt.	0
	OTHER ASSETS	
1820	Long-term Prepayments	0
1830	Unamort. Dev. & Preop. Costs	0
1890	Other Assets and Def. Charges	7,869,635
1895	Total Other Assets	7,869,635
1899	TOTAL ASSETS	124,260,474

BALANCE SHEET

As At: march 31, 1999

Schedule B-1

Air Carrier:

Operation : Domestic NKD

ACCT# DESCRIPTION

AMOUNT

	LIABILITIES & STOCKHOLDERS' EQ.	
	CURRENT LIABILITIES	
2000	Curr. Maturities of L-T Debt	6,180,148
2005	Notes Payable - Banks	0
2015	Notes Payable - Others	0
2021	Trade Accts. Payable	6,412,878
2025	Accts. Payable - Other	0
2080	Curr. Oblig. Under Cap. Leases	1,470,990
2110	Accrued Salaries & Wages	5,005,525
2120	Accrued Vacation Pay	0
2125	Accrued Interest	0
2130	Accrued Taxes	0
2140	Dividends Declared	0
2160	Air Traffic Liability	33,744,431
2190	Other Current Liabilities	9,911,373
2199	Total Current Liabilities	62,725,345
	NONCURRENT LIABILITIES	
2210	Long-term Debt	37,371,779
2240	Advances from Assoc. Companies	0
2250	Pension Liability	0
2280	Noncurrent Obgl.-Capital Leases	8,442,971
2290	Other Noncurrent Liabilities	0
2299	Total Noncurrent Liabilities	45,814,750
	DEFERRED CREDITS	
2340	Deferred Income Taxes	0
2345	Deferred Investment Tax Credits	0
2390	Other Deferred Credits	607,076
2399	Total Deferred Credits	607,076
	STOCKHOLDERS' EQUITY	
2820	Preferred Shares Issued	0
2840	Common Shares Issued	1,250
2860	Subscribed & Unissued	0
2869	Total Capital Stock	1,250
2890	Additional Capital Invested	2,341,756
2899	Total Paid in Capital	2,343,006
2900	Retained Earnings	12,770,297
2959	Total Stockholders' Equity	15,113,303
2990	Less Treasury Stock	0
2995	Net Stockholders' Equity	15,113,303
2999	Total Liab. & Stockholders' Eq.	124,260,474
2820A	No. of Preferred Shares Issued	0
2840A	No. of Common Shares Issued	0

STATEMENT OF OPERATIONS

Quarter Ended: march 31, 1999

Air Carrier:

Schedule P-1.2 Group II

Operation : Domestic NKD

ACCT# DESCRIPTION

AMOUNT

	OPERATING REVENUES	
3901	Transport Revenues - Passenger	51,847,357
3905	Mail	4,969
3906.1	Property - Freight	946
3906.2	Property - Excess Baggage	0
3907.1	Charter - Passenger	2,737,048
3907.2	Charter - Property	1,145,156
3919.1	Reserv. Cancellation Fees	0
3919.2	Misc. Operating Revenues	0
4808	Public Service Subsidy	0
4898	Transport Related	0
4999	Total Operating Revenue	55,735,476
	OPERATING EXPENSES	
5100	Flying Operations	14,598,730
5400	Maintenance	9,733,036
5500	Passenger Service	3,495,042
6400	Aircraft & Traffic Servicing	7,898,035
6700	Promotion & Sales	6,541,530
6800	General & Administrative	3,648,824
7000	Depreciation & Amortization	2,268,843
7100	Transport Related Expenses	0
7199	Total Operating Expenses	48,184,040
7999	Operating Profit or Loss	7,551,436
	NONOPERATING EXPENSE (INCOME)	
8181	Int. Exp. (Inc.) on L-T-D & Cap. Leases	10,272,685
8182	Other Interest Expense (Income)	-251,311
8185	Foreign Exchange (Gain) or Loss	0
8188.5	Capital (Gains)/Losses- Op. Prop.	0
	Capital (Gains)/Losses- Other	
8189	Other Expense (Income) - Net	0
8199	Nonoperating Expense (Income)	10,021,374
8999	Income Before Income Taxes	-2,469,938
9100	Income Tax Expense	0
9199	Inc. Bf. Disc. Ops & Other Items	-2,469,938
9600	Discontinued Operations	0
9796	Extraordinary Items	0
9797	Inc. Tax Appl. To Extraord. Item	0
9799	Income Before Account. Changes	-2,469,938
9800	Accounting Changes	0
9899	Net Income	-2,469,938

IRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III
Air Carrier:

Qtr: march 31, 1999

Operation: Domestic

NKD

ACCT #	DESCRIPTION	Total Eqp Code 9999	DC-9-30 Code 6401

	FLYING OPERATIONS		
5123	Pilots and Copilots	2,316,580	1,118,020
5124	Other Flight Personnel	0	0
5128.1	Trainees and Instructors	109,417	52,807
5136	Personnel Expenses	553,026	266,899
5141	Prof. & Tech. Fees & Exp.	0	0
5143.7	Aircraft Interch. -Outside	0	0
5145.1	Aircraft Fuel	6,451,554	3,018,142
5145.2	Aircraft Oil	2,448	1,145
5147	Aircraft Rentals	4,139,690	1,936,614
5153	Other Supplies	37,404	17,498
5155.1	Insur. Purch. - General	419,887	196,430
5157	Empl. Benefits and Pensions	115,760	55,868
5158	Injuries, Loss and Damage	0	0
5168	Taxes-Payroll	224,113	108,160
5169	Taxes-Other Than Payroll	0	0
5171	Other Expense	228,851	107,365
5199	Total Flying Operations	14,598,730	6,878,948
	DIRECT MAINTENANCE-FLIGHT EQUIP		
5225.1	Maint Airf. Labor	1,464,710	685,215
5225.2	Maint Eng. Labor	0	0
5243.1	Maint Airf. Outside Rep.	0	0
5243.2	Maint Eng. Outside Rep.	0	0
5243.7	Maint AC Interch. Chrgs-O/S	2,987,339	1,397,525
5246.1	Maint Materials - Airframe	632,870	296,067
5246.2	Maint Materials - Engines	0	0
5272.1	Maint Airfrm Airworth. Provs.	0	0
5272.3	Maint Airfrm O/H Deferred	0	0
5272.6	Maint AC Eng. Airworth. Prov	0	0
5272.8	Maint AC Eng. O/H Def. (cr.)	0	0
5278	Total Dir Maint-Flt.Eqpt	5,084,919	2,378,807
5279.6	APPL. MAINT BURDEN FLT. EQ.	0	0
5299	Total Flt. Eq. Maint. (Memo)	5,084,919	2,378,807
7073.9	NET OBSL & DETER.- EXP. PARTS	107,317	51,793
	DEPRECIATION - FLIGHT EQUIPMENT		
7075.1	Depr. Airframes	1,112,339	535,323
7075.2	Depr. Aircraft Engines	455,358	219,763
7075.3	Depr. Airframe Parts	445,833	215,166
7075.4	Depr. Engine Parts	0	0
7075.5	Depr. Other Flt Eqp.	0	0
7076.1	Amort. Cap. Leases Flt.Eqpt.	0	0
	EXPENSE OF INTERCHANGE AIRCRAFT		
7098.1	Exp. of Interch. AC- Flt. Ops	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0
7098.9	Total Aircraft Operating Expens	21,804,496	10,279,800
	OTHER DEPRECIATION & AMORTIZATI		
7074.1	Amortization Developmental &Pre	0	
7074.2	Amortization Other Intangibles	10,941	
7075.8	Depreciation Hangar & Maint. Eq	4,702	
7075.9	Depreciation Ground Property	129,433	
7076.2	Amort. Capital Leases Other	0	

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: march 31, 1999
 Air Carrier:

Operation: Domestic
 DC-9-40 MD-80
 Code 6451 Code 6551

NKD

ACCT #	DESCRIPTION	DC-9-40 Code 6451	MD-80 Code 6551

	FLYING OPERATIONS		
5123	Pilots and Copilots	301,621	896,939
5124	Other Flight Personnel	0	0
5128.1	Trainees and Instructors	14,246	42,364
5136	Personnel Expenses	72,005	214,122
5141	Prof. & Tech. Fees & Exp.	0	0
5143.7	Aircraft Interch. -Outside	0	0
5145.1	Aircraft Fuel	839,999	2,497,928
5145.2	Aircraft Oil	319	948
5147	Aircraft Rentals	538,992	1,602,815
5153	Other Supplies	4,870	14,482
5155.1	Insur. Purch. - General	54,670	162,573
5157	Empl. Benefits and Pensions	15,072	44,820
5158	Injuries, Loss and Damage	0	0
5168	Taxes-Payroll	29,180	86,773
5169	Taxes-Other Than Payroll	0	0
5171	Other Expense	29,722	88,385
5199	Total Flying Operations	1,900,696	5,652,149
	DIRECT MAINTENANCE-FLIGHT EQUIP		
5225.1	Maint Airf. Labor	190,707	567,110
5225.2	Maint Eng. Labor	0	0
5243.1	Maint Airf. Outside Rep.	0	0
5243.2	Maint Eng. Outside Rep.	0	0
5243.7	Maint AC Interch. Chrgs-O/S	388,955	1,156,645
5246.1	Maint Materials - Airframe	82,400	245,036
5246.2	Maint Materials - Engines	0	0
5272.1	Maint Airfrm Airworth. Provs.	0	0
5272.3	Maint Airfrm O/H Deferred	0	0
5272.6	Maint AC Eng. Airworth. Prov	0	0
5272.8	Maint AC Eng. O/H Def. (cr.)	0	0
5278	Total Dir Maint-Flt.Eqpt	662,062	1,968,791
5279.6	APPL. MAINT BURDEN FLT. EQ.	0	0
5299	Total Flt. Eq. Maint. (Memo)	662,062	1,968,791
7073.9	NET OBSL & DETER.- EXP. PARTS	13,973	41,551
	DEPRECIATION - FLIGHT EQUIPMENT		
7075.1	Depr. Airframes	145,208	431,808
7075.2	Depr. Aircraft Engines	59,288	176,307
7075.3	Depr. Airframe Parts	58,048	172,619
7075.4	Depr. Engine Parts	0	0
7075.5	Depr. Other Flt Eqp.	0	0
7076.1	Amort. Cap. Leases Flt.Eqpt.	0	0
EXPENSE OF INTERCHANGE AIRCRAFT			
7098.1	Exp. of Interch. AC- Flt. Ops	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0
7098.9	Total Aircraft Operating Expens	2,839,275	8,443,225
	OTHER DEPRECIATION & AMORTIZATI		
7074.1	Amortization Developmental &Pre		
7074.2	Amortization Other Intangibles		
7075.8	Depreciation Hangar & Maint. Eq		
7075.9	Depreciation Ground Property		
7076.2	Amort. Capital Leases Other		

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: march 31, 1999
Air Carrier:

Operation: Domestic
B-727-2
Code 7151

NKD

ACCT #	DESCRIPTION	

	FLYING OPERATIONS	
5123	Pilots and Copilots	0
5124	Other Flight Personnel	0
5128.1	Trainees and Instructors	0
5136	Personnel Expenses	0
5141	Prof. & Tech. Fees & Exp.	0
5143.7	Aircraft Interch. -Outside	0
5145.1	Aircraft Fuel	95,485
5145.2	Aircraft Oil	36
5147	Aircraft Rentals	61,269
5153	Other Supplies	554
5155.1	Insur. Purch. - General	6,214
5157	Empl. Benefits and Pensions	0
5158	Injuries, Loss and Damage	0
5168	Taxes-Payroll	0
5169	Taxes-Other Than Payroll	0
5171	Other Expense	3,379
5199	Total Flying Operations	166,937
	DIRECT MAINTENANCE-FLIGHT EQUIP	
5225.1	Maint Airf. Labor	21,678
5225.2	Maint Eng. Labor	0
5243.1	Maint Airf. Outside Rep.	0
5243.2	Maint Eng. Outside Rep.	0
5243.7	Maint AC Interch. Chrgs-O/S	44,214
5246.1	Maint Materials - Airframe	9,367
5246.2	Maint Materials - Engines	0
5272.1	Maint Airfrm Airworth. Provs.	0
5272.3	Maint Airfrm O/H Deferred	0
5272.6	Maint AC Eng. Airworth. Prov	0
5272.8	Maint AC Eng. O/H Def. (cr.)	0
5278	Total Dir Maint-Flt.Eqpt	75,259
5279.6	APPL. MAINT BURDEN FLT. EQ.	0
5299	Total Flt. Eq. Maint. (Memo)	75,259
7073.9	NET OBSL & DETER.- EXP. PARTS	0
	DEPRECIATION - FLIGHT EQUIPMENT	
7075.1	Depr. Airframes	0
7075.2	Depr. Aircraft Engines	0
7075.3	Depr. Airframe Parts	0
7075.4	Depr. Engine Parts	0
7075.5	Depr. Other Flt Eqp.	0
7076.1	Amort. Cap. Leases Flt.Eqpt.	0
	EXPENSE OF INTERCHANGE AIRCRAFT	
7098.1	Exp. of Interch. AC- Flt. Ops	0
7098.2	Exp. of Interch. AC- Maint.	0
7098.9	Total Aircraft Operating Expens	242,196
	OTHER DEPRECIATION & AMORTIZATI	
7074.1	Amortization Developmental &Pre	
7074.2	Amortization Other Intangibles	
7075.8	Depreciation Hangar & Maint. Eq	
7075.9	Depreciation Ground Property	
7076.2	Amort. Capital Leases Other	

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: march 31, 1999

Air Carrier:

Schedule P-6

Operation : Domestic NKD

LINE#	DESCRIPTION	AMOUNT
	SALARIES & REL. FRINGE BENEFIT	
	SALARIES:	
Line 3	General Mgmt. Per.	994,685
Line 4	Flight Personnel	2,205,838
Line 5	Maintenance Labor	1,957,853
Line 6	Aircr. & Traffic Hndl. Per.	2,859,227
Line 7	Other Personnel	2,273,259
Line 8	Total Salaries	10,290,862
	RELATED FRINGE BENEFITS	
Line 10	Personnel Expense	1,620,885
Line 11	Empl. Benefits & Pensions	645,617
Line 12	Payroll Taxes	867,153
Line 13	Total Fringe Benefits	3,133,655
Line 14	Total Salaries & Benefits	13,424,517
	MATERIALS PURCHASED	
Line 16	Aircraft Fuel & Oil	6,454,003
Line 17	Maintenance Materials	3,415,679
Line 18	Passenger Food	277,219
Line 19	Other Materials	879,631
Line 20	Total Materials	11,026,532
	SERVICES PURCHASED	
Line 22	Advertising & Other Promotion	2,059,187
Line 23	Communications	1,775,927
Line 24	Insurance	1,253,695
Line 25	Outside Flight Eqpt. Maint.	3,145,785
Line 26	Traffic Commissions - Passenger	1,632,687
Line 27	Traffic Commissions - Cargo	0
Line 28	Other Services	5,249,149
Line 29	Total Services	15,116,430
Line 30	LANDING FEES	1,197,166
Line 31	RENTALS	4,974,605
Line 32	DEPRECIATION	2,257,902
Line 33	AMORTIZATION	10,941
Line 34	OTHER	175,948
Line 35	TRANSPORT RELATED EXPENSES	0
Line 36	TOTAL OPERATING EXPENSES	48,184,041