Application of

BOSTON-MAINE AIRWAYS CORP.

for issuance of an amended certificate of public convenience and necessity pursuant to 49 U.S.C. § 41102 (Interstate Large-Aircraft Operations)

SUPPLEMENT NO. 12 TO APPLICATION OF BOSTON-MAINE AIRWAYS CORP. FOR AMENDED CERTIFICATE AUTHORITY

Communications with respect to this document should be sent to:

John R. Nadolny
Senior Vice President and General Counsel
BOSTON-MAINE AIRWAYS CORP.
Pease International Tradeport
14 Aviation Avenue
Portsmouth, NH 03801
(603) 766-2000 (tel)
(603) 766-2094 (fax)

Nathaniel P. Breed, Jr.
ZUCKERT SCOUTT & RASENBERGER L.L.P.
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(202) 973-7919 (tel)
(202) 342-0683 (fax)
npbreed@zsrlaw.com

Attorneys for BOSTON-MAINE AIRWAYS CORP.

June 24, 2004
BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Application of

BOSTON-MAINE AIRWAYS CORP.

for issuance of an amended certificate of public
convenience and necessity pursuant to 49 U.S.C. § 41102
(Interstate Large-Aircraft Operations)

Docket OST-00-7668

June 24, 2004

SUPPLEMENT NO. 12 TO
APPLICATION OF
BOSTON-MAINE AIRWAYS CORP.
FOR AMENDED CERTIFICATE AUTHORITY

Boston-Maine Airways Corp., d/b/a Pan Am Clipper Connection ("BMAC") hereby
submits this Supplement No. 12 to the captioned application for the purpose of furnishing
certain additional updated fitness information and exhibits, in response to a further request by
the Department’s Fitness Division on June 22, 2004, and in compliance with Condition (2) of
Supplement No. 12 is hereby submitted in support of BMAC’s request for expedited final
action by the Department on BMAC’s pending applications for authority to operate large
aircraft in interstate services in this proceeding, and in foreign air transportation in Docket
OST-03-14985.
1. **Corrected March 31, 2004 Balance Sheet.**

   There was a typographical error in BMAC’s Balance Sheet as of March 31, 2004 (Exhibit BMA-S/10-5) which caused the assets and liability/equity sides of that Balance Sheet not to balance. That error was the transposition of the first two digits of the Trade Accounts Payable line, which should have been $327,050 and not $237,050. With that correction, the two sides of the March 31, 2004 Balance Sheet are in balance. A corrected March 31, 2004 Balance Sheet for BMAC is attached as Exhibit BMA-S/12-1, infra.

2. **Subsequent Events.**

   There have been no events subsequent to the preparation of BMAC’s March 31, 2004 Balance Sheet, and/or subsequent to BMAC’s submission of its final updated fitness evidence in Supplement No. 10 on May 20, 2004, that have had, or may have, a significant impact on the financial position or on the operations of BMAC. This factual assertion is verified by the Title 18 Certification of John R. Nadolny, Senior Vice President and General Counsel for BMAC, attached hereto as Exhibit BMA-S/12-5.

3. **Third-Party Verification of Working Capital.**

   An updated third-party verification of BMAC’s working capital as of June 1, 2004 is contained in Exhibit BMA-S/12-2, infra. BMAC’s available net working capital continues to exceed the amount required to satisfy the Department’s financial-fitness test by a substantial margin (see, Exhibit BMA-S/11-3).
4. **More Recent Income Statement.**

   An Income Statement for BMAC for the five-month period January 1, 2004 through May 31, 2004 is contained in Exhibit BMA-S/12-3, infra.

5. **Liability Insurance Certificate.**

   A revised copy of a U.S. Air Carrier Certificate of Insurance on OST Form 6410, effective on June 14, 2004, evidencing the issuance of a policy of liability insurance coverage to BMAC, relating to BMAC’s current and ongoing small-aircraft operations, showing the aircraft covered and meeting or exceeding the requirements for certificated air carriers as stated in 14 CFR Part 205.5(b) of the Department’s Economic Regulations, is set forth in Exhibit BMA-S/12-4, infra. The original of that Certificate has been filed with the Department’s Office of Aviation Analysis.

   The Certificate of Insurance covering BMAC’s planned Boeing B-727-200 operations submitted previously (see, Exhibit BMA-S/11-4), states the specific make and model of the aircraft covered.

6. **Verification.**

   A Title 18 Certification in the form specified in 14 CFR Part 204.3(v), verifying the accuracy and completeness of the information contained in this Supplement and executed by a duly authorized officer of BMAC is set forth in exhibit BMA-S/12-5, infra.

7. **Request for Issuance of an Effective Certificate.**

   Except for the issuance of BMAC’s amended Operations Specifications, which BMAC expects to receive on or about July 2, 2004, BMAC submits that the foregoing
information and attached documents, and the information and documents submitted previously, constitute a complete response to each of the requirements stated in Condition (2) in its Specimen Certificate attached to Order 2003-2-24.

Accordingly, BMAC respectfully requests the Department to issue two effective Certificates of Public Convenience and Necessity to BMAC authorizing it to provide scheduled interstate and foreign air transportation, utilizing large aircraft in addition to its current small-aircraft operations, immediately following issuance of BMAC’s amended Part 121 Operations Specifications, and without awaiting the passage of six (6) business days following the issuance of those Part 121 Operations Specifications.

WHEREFORE, BMAC requests the Department to issue an amended Certificate of Public Convenience and Necessity authorizing BMAC to provide interstate air transportation of persons, property and mail, utilizing both small and large aircraft, as requested in its pending application in this proceeding, and an amended Certificate of Public Convenience and Necessity authorizing BMAC to provide foreign air transportation of persons, property and mail utilizing both small and large aircraft, as requested in its concurrent pending application in Docket OST-03-14985.

Respectfully submitted,

[Signature]

Nathaniel P. Breed, Jr.
ZUCKERT SCOUTT & RASENBERGER L.L.P.
Attorneys for
BOSTON-MAINE AIRWAYS CORP.
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Supplement No. 12 to Application of Boston-Maine Airways Corp. by messenger, telecopier transmission, or United States mail, properly addressed and with postage prepaid, upon each of the persons listed in the Service List attached hereto.

Joyce S. Allen

Washington, D.C.
June 24, 2004
<table>
<thead>
<tr>
<th>Exhibit No.</th>
<th>Title of Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMA-S/12-1</td>
<td>Corrected March 31, 2004 Balance Sheet</td>
</tr>
<tr>
<td>BMA-S/12-2</td>
<td>Updated Third-Party Verification of Working Capital</td>
</tr>
<tr>
<td>BMA-S/12-3</td>
<td>Income Statement for the Period January 1, 2004 Through May 31, 2004</td>
</tr>
<tr>
<td>BMA-S/12-4</td>
<td>Certificates of Insurance (OST Form 6410) effective June 14, 2004</td>
</tr>
<tr>
<td>BMA-S/12-5</td>
<td>Title 18 Certification of John R. Nadolny, Senior Vice President and General Counsel.</td>
</tr>
</tbody>
</table>
# BOSTON-MAINE AIRWAYS CORP.

**Balance Sheet**

**March 31, 2004**

## CURRENT ASSETS

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH</td>
<td>$6,962,800</td>
</tr>
<tr>
<td>ACCOUNTS RECEIVABLE</td>
<td>149,610</td>
</tr>
<tr>
<td>SPARE PARTS AND SUPPLIES</td>
<td>345,940</td>
</tr>
<tr>
<td>ASSETS HELD FOR DISPOSITION</td>
<td>247,110</td>
</tr>
<tr>
<td>PREPAID ITEMS</td>
<td>11,680</td>
</tr>
</tbody>
</table>

## OTHER ASSETS

**Property and Equipment**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft (Improvements to Leased Property)</td>
<td>2,049,540</td>
</tr>
<tr>
<td>Flight Equipment Rotable Parts</td>
<td>788,000</td>
</tr>
<tr>
<td>Ground Equipment &amp; Vehicles</td>
<td>128,560</td>
</tr>
<tr>
<td>Test Equipment &amp; Tooling</td>
<td>152,600</td>
</tr>
<tr>
<td>Office Furniture &amp; Equipment</td>
<td>29,490</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(409,400)</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>2,738,790</td>
</tr>
</tbody>
</table>

| Intellectual Property/Goodwill           | 50,000     |

## TOTAL ASSETS

$10,505,930

## CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Accounts Payable</td>
<td>$327,050</td>
</tr>
<tr>
<td>Accrued Salaries &amp; Wages</td>
<td>45,000</td>
</tr>
<tr>
<td>Accrued Taxes</td>
<td>32,200</td>
</tr>
<tr>
<td>Accrued Lease Obligations</td>
<td>85,250</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>11,400</td>
</tr>
</tbody>
</table>

**TOTAL CURRENT LIABILITIES**

$500,900

## STOCKHOLDERS EQUITY

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>100,000</td>
</tr>
<tr>
<td>Additional Paid-in Capital</td>
<td>18,338,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>(8,432,970)</td>
</tr>
</tbody>
</table>

## TOTAL LIABILITIES AND EQUITY

$10,505,930
# STATEMENT OF ACCOUNTS

Fleet

STATEMENT DATE
05/28/04

Questions?
Call Corporate
Client Services
1-866-735-9202

BOSTON - MAINE AIRWAYS CORP
14 AVIATION AVE
PORTSMOUTH NH 03801

134 ENCLOSED ITEMS

<table>
<thead>
<tr>
<th>CHECKING</th>
<th>BEGINNING BALANCE</th>
<th>DRAFTS/OTHER CREDITS</th>
<th>CHECKS WITHDRAWALS</th>
<th>INTEREST PAID</th>
<th>ACCOUNT ACTIVITY</th>
<th>OTHER FEES</th>
<th>ENDING BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,496,450.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,536,781.41</td>
</tr>
</tbody>
</table>

ACCOUNT NO. : COMMERCIAL CHECKING
BUSINESS BANKING CENTER ACCESS CODE

PERIOD 05/01/04 THROUGH 05/28/04

- DEBITS AND CREDITS -

<table>
<thead>
<tr>
<th>DATE</th>
<th>DEBITS (-)</th>
<th>CREDITS (+)</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>05-03</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05-04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05-05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05-05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05-11</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notice: See reverse side for important information
Mellon Bank
Capital Markets Department
P.O. Box 710
Pittsburgh, Pennsylvania 15250-0710
(412) 234-1975

Account Number
Soc. Sec. No./Tax ID No.
Dealer Number
Representative

Investor Name
BOSTON WALES AIRWAYS
C/O GUILFORD TRANSPORTATION INC
14 AVIATION AVENUE
PORTSMOUTH NH 03801

Dealer Name
MELLON FINANCIAL MARKETS INC.
ONE MELLON BANK CENTER

Shareholder Statement

<table>
<thead>
<tr>
<th>Trade Date</th>
<th>Transaction Description</th>
<th>Dollar Amount</th>
<th>Price Per Share</th>
<th>Shares This Transaction</th>
<th>Total Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>05-31</td>
<td>BALANCE FORWARD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05-31</td>
<td>DIVIDEND REINVESTED</td>
<td>3,660.40</td>
<td>1.00</td>
<td>3,660.400</td>
<td>5,426,351.200</td>
</tr>
</tbody>
</table>

| Statement Date | Income Dividends Paid This Year | Capital Gains Paid This Year | Shares | | | |
|----------------|---------------------------------|-------------------------------|--------|--------|--------|
| 06-01-04       | 18,212.25                       | 0.00                          | 0      | 5,430,011.600 | 5,430,011.600 |

Page 1 - last page

SHAREHOLDER COPY
# BOSTON-MAINE AIRWAYS CORP.

## Profit & Loss Statement

**January 1 - May 31, 2004**

### Operating Revenues:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger (Scheduled)</td>
<td>896,770</td>
</tr>
<tr>
<td>Passenger (Charter)</td>
<td>44,250</td>
</tr>
<tr>
<td>Property (Charter)</td>
<td>6,800</td>
</tr>
<tr>
<td>Misc. Operating Revenue</td>
<td>38,100</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>985,920</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flying Operations</td>
<td>1,000,555</td>
</tr>
<tr>
<td>Maintenance</td>
<td>682,200</td>
</tr>
<tr>
<td>Passenger Service</td>
<td>154,580</td>
</tr>
<tr>
<td>Aircraft &amp; Traffic Servicing</td>
<td>273,325</td>
</tr>
<tr>
<td>Promotion &amp; Sales</td>
<td>40,855</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>547,365</td>
</tr>
<tr>
<td>Depreciation</td>
<td>269,320</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td><strong>2,968,200</strong></td>
</tr>
</tbody>
</table>

### Non-Operating Income & Expense:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Long-Term Debt</td>
<td>-0-</td>
</tr>
<tr>
<td>Other Interest Expense</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Income Before Income Taxes</strong></td>
<td>(1,982,280)</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>(1,982,280)</td>
</tr>
</tbody>
</table>
**U.S. AIR CARRIERS**

**CERTIFICATE OF INSURANCE**

**POLICIES OF INSURANCE FOR AIRCRAFT ACCIDENT BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

**FILING INSTRUCTIONS:** File an original of this form with the FAA, Air Transportation Div., AFS-200, 800 Independence Ave., SW., Washington, DC 20591. NOTE: If Block 2b on the reverse is filled in because the insured is an air taxi operator conducting scheduled passenger service (i.e., a commuter air carrier), file an original of this form with the Air Carrier Fitness Div., X-56, Office of Aviation Analysis, Dept. of Transportation, 400 7th St., SW., Washington, DC 20590.

(Please type information, except signatures.)

**THIS CERTIFIES THAT:**

See Attached

(Name of Insurer)

has issued a policy or policies of Aircraft Liability Insurance to **Boston-Maine Airways Corporation**

14 Aviation Avenue, Pease International Trade Port FAA Certificate Number

Portsmouth, NH 03801 (Name, address and FAA Certificate number of Insured U.S. Air Carrier)

effective from 06/14/04 until ten (10) days after written notice from the insurer or carrier of the intent to terminate coverage is received by the Department of Transportation.

NOTE: Part 205 of the Department’s Regulations does not allow for a predetermined termination date, and a certificate showing such a date is unacceptable.

1. **The Insurer (Check One):**

   ☐ is licensed to issue aircraft insurance policies in the United States;

   ☐ is licensed or approved by the government of to issue aircraft insurance policies; or

   ☐ is an approved surplus line insurer in the State(s) of

2. **The insurer assumes, under the policy or policies listed below, aircraft accident liability insured to minimums at least equal to the following during operation, maintenance, or use of aircraft in “air transportation” as that term is defined in 49 U.S.C. 40102.** (Complete applicable section(s) below):

   A. **U.S. AIR TAXI OPERATORS WITH PART 298 AUTHORITY ONLY**

      The aircraft covered by this policy are SMALL AIRCRAFT (i.e., with 60 or fewer passenger seats or with a maximum payload capacity of 18,000 pounds or less). (Check separate or combined coverage as appropriate):

      [ ] Separate Coverages: This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damage, and passenger bodily injury.

      Minimum Limit:

      | Policy No. | Type of Liability | Each person | Each Occurrence |
      |------------|-------------------|-------------|-----------------|
      |            | Bodily Injury Liability (Excluding Passengers) | $75,000 | $300,000 |
      |            | Passenger Bodily Injury | $75,000 | $75,000 x 75% of total number of passenger seats installed in aircraft |
      |            | Property Damage | $100,000 |

      [ ] Combined Coverage: This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damage, and passenger bodily injury.

      Policy No. | Amount of Coverage

      ☐ This policy covers CARGO operations only and excludes passenger liability insurance.

**OST Form 6410**
### B. U.S. COMMUTER AND CERTIFIED AIR CARRIERS OPERATING SMALL AIRCRAFT

The aircraft covered by this policy are SMALL AIRCRAFT (i.e., with 60 or fewer passenger seats or with a maximum payload capacity of 18,000 pounds or less). (Check separate or combined coverage as appropriate):

- **Separate Coverages:**
  - **Policy No.**
  - **Type of Liability** | **Minimum Limit**
    - Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability: $300,000 $2,000,000
    - Passenger Bodily Injury: $300,000 $300,000 x 75% of total number of passenger seats installed in aircraft

- **Combined Coverage:** This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damaged, and passenger bodily injury.
  - Policy No. **See Attached**
  - Amount of Coverage **$300,000,000**

- This policy covers CARGO operations only and excludes passenger liability insurance.

### C. U.S. CERTIFICATED AIR CARRIERS OPERATING LARGE AIRCRAFT

The aircraft covered by this policy are LARGE AIRCRAFT (i.e., with more than 60 passenger seats or with a maximum payload capacity of more than 18,000 pounds). (Check separate or combined coverage as appropriate):

- **Separate Coverages:**
  - **Policy No.**
  - **Type of Liability** | **Minimum Limit**
    - Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability: $300,000 $20,000,000
    - Passenger Bodily Injury: $300,000 $300,000 x 75% of total number of passenger seats installed in aircraft

- **Combined Coverage:** This combined coverage is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damaged, and passenger bodily injury.
  - Policy No. **See Attached**
  - Amount of Coverage **$300,000,000**

- This policy covers CARGO operations only and excludes passenger liability insurance.

---

3. The policy or policies listed in this certificate insure(s) (Check One):
   - Operations conducted with all aircraft operated by the insured
   - Operations conducted with the following types of aircraft: **Jet Stream 3100/Casa 212**
   - Operations with the following aircraft: (Use additional page if necessary)

4. Each policy listed in this certificate meets or exceeds the requirements in 14 CFR Part 205.
BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Application of
BOSTON-MAINE AIRWAYS CORP. Docket No. OST-00-7768
for the issuance of a certificate of public convenience
and necessity pursuant to 49 U.S.C. Sec. 41102
(Interstate Large Aircraft Operations)

CERTIFICATION

Pursuant to Title 18 United States Code Section 1001, I, John R. Nadolny, in my
individual capacity and as Senior Vice President, General Counsel and Secretary of the
applicant, have not in any manner knowingly and willfully falsified, concealed or covered
up any material fact or made any false, fictitious, or fraudulent statement or knowingly
used any documents which contain such statements in connection with the preparation,
filimg or prosecution of this application. I understand that an individual who is found to
have violated the provisions of 18 U.S.C. 1001 may be fined not more than $10,000 or
imprisoned not more than five years, or both.

John R. Nadolny

State of New Hampshire )
County of Rockingham )

Subscribed and sworn to before me this 23rd day of June, 2004.

Notary Public
SERVICE LIST (Boston-Maine Airways Interstate)

Mr. Anthony Liguori, Manager  
Flight Standards District Office 5  
FEDERAL AVIATION ADMINISTRATION  
2 Al McKay Avenue  
Portland, ME 04102

Jerry D. Anker  
Russell Bailey  
AIR LINE PILOTS ASSOCIATION  
1625 Massachusetts Avenue, N.W.  
Washington, DC 20036

Please also serve responsive pleadings on:

John R. Nadolny  
Senior Vice President and  
General Counsel  
BOSTON-MAINE AIRWAYS CORP.  
Pease International Tradeport  
14 Aviation Avenue  
Portsmouth, NH 03801

Nathaniel P. Breed, Jr.  
ZUCKERT SCOUTT & RASENBERGER LLP  
888 17th Street NW Suite 700  
Washington DC 20006-3309