



US Department
of Transportation
Research and
Special Programs
Administration

Air Carrier AIR WISCONSIN AIRLINES CORP.

Operation DOMESTIC

Period Ended SEPTEMBER 30, 2007

NOTES TO RSPA FORM 41 REPORT

1. AIR WISCONSIN AIRLINES CORPORATION CURRENTLY OPERATES THIRTY-FIVE (35) LEASED CANADAIR REGIONAL JETS, AND THIRTY-FIVE (35) OWNED CANADAIR REGIONAL JETS.
2. ALL OPTIONS TO PURCHASE ADDITIONAL CANADAIR REGIONAL JETS FROM BOMBARDIER FOR CRJ-200 AIRCRAFT HAVE EXPIRED.
3. IN FEBRUARY 2005, US AIRWAYS AND AIR WISCONSIN ENTERED INTO AN AIR SERVICES AGREEMENT. AIR WISCONSIN BEGAN TRANSITIONING THE CANADAIR REGIONAL JET AIRCRAFT FROM UNITED AIRLINES JET SERVICE TO US AIRWAYS JET SERVICE IN AUGUST 2005. THE TRANSITION WAS COMPLETED FEBRUARY 2006. ALL SEVENTY (70) CANADAIR REGIONAL JET AIRCRAFT ARE CURRENTLY FLYING UNDER THE US AIRWAYS EXPRESS BRAND.
4. AIR WISCONSIN AIRLINES CORPORATION IS A CERTIFIED AIR CARRIER BASED IN APPLETON, WISCONSIN.
5. PASSENGER FACILITY CHARGE ACTIVITY FOR THE QUARTERLY PERIOD ENDED 9/30/07

AIR WISCONSIN AIRLINES CORPORATION'S PASSENGERS ARE ISSUED US AIRWAYS TICKET STOCK. THE TICKETS ARE PROCESSED BY US AIRWAYS. THE PFC ACTIVITY FOR AIR WISCONSIN AIRLINES CORPORATION TICKET STOCK IS MINIMAL.
6. EFFECTIVE JANUARY 1, 2005, THE COMPANY UTILIZED THE ASSET AND LIABILITY APPROACH FOR ACCOUNTING FOR INCOME TAXES. UNDER THE ASSET AND LIABILITY METHOD, DEFERRED TAX ASSETS AND LIABILITIES ARE DETERMINED BASED UPON THE ESTIMATED FUTURE TAX EFFECTS OF DIFFERENCES BETWEEN THE FINANCIAL STATEMENT AND TAX BASIS OF ASSETS AND LIABILITIES, AS MEASURED BY THE CURRENT ENACTED TAX RATES. DEFERRED TAX EXPENSE REPRESENTS THE RESULT OF CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES. THE PRINCIPAL DIFFERENCE BETWEEN ASSETS AND LIABILITIES FOR FINANCIAL STATEMENT AND TAX RETURN PURPOSES IS ACCUMULATED DEPRECIATION.
7. ON JUNE 6, 2006 AWAC SIGNED A GROUND HANDLING CONTRACT WITH NORTHWEST AIRLINES FOR GROUND HANDLING SERVICES AT EIGHT CITIES. THE START DATE WAS OCTOBER 31, 2006.
8. THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS ARE FOR AIR WISCONSIN AIRLINES CORPORATION (THE COMPANY OR AWAC) AND IT'S SUBSIDIARIES.
9. IN THE FOURTH QUARTER 2006, THE COMPANY ADOPTED FASB STAFF POSITION (FSP) NO. AUG AIR-1 (2006) WHICH REVISED THE RULES FOR ACCOUNTING FOR PLANNED MAJOR MAINTENANCE ACTIVITIES (PMMA). THE FSP ELIMINATED THE ACCRUE-IN-ADVANCE METHOD FOR PMMA AND AS A RESULT THE COMPANY HAS ADOPTED, IN 2006 AND FOR ALL PRIOR PERIODS, THE DEFERRAL METHOD AS OUTLINED IN THE FSP. THE ADOPTION OF THE DEFERRAL METHOD UNDER THE FSP ACCOUNTING PRONOUNCEMENT HAS RESULTED IN THE COMPANY ESTABLISHING A NEW ASSET ACCOUNT FOR THE CAPITALIZATION OF COSTS ASSOCIATED WITH PLANNED MAJOR MAINTENANCE OVERHAULS, WHICH COSTS WILL BE AMORTIZED OVER THE PERIOD UNTIL THE NEXT OVERHAUL. UNDER OUR JET SERVICES AGREEMENT WITH US AIRWAYS, SPECIFIC AMOUNTS ARE INCLUDED IN THE RATES FOR FUTURE AIRCRAFT AND ENGINE MAJOR MAINTENANCE ACTIVITIES ASSOCIATED WITH OUR CRJ200 FLYING FOR US AIRWAYS EXPRESS; THE COMPANY CONTINUES TO INCLUDE THESE AMOUNTS AS REVENUE ON ITS FINANCIAL STATEMENTS.

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