

BALANCE SHEET

As At: June 30, 2001
 Schedule B-1.1 for Group I < 20M

Air Carrier: Kalitta Air
 Operation : Domestic KAQD

LINE#	DESCRIPTION	AMOUNT

ASSETS		
CURRENT ASSETS		
Line 1	Cash and cash equivalents	230,291
Line 2	Notes and accts receivable (net)	528,194
Line 3	Other current assets	479,562
Line 4	Total current assets	1,238,047
PROPERTY AND EQUIPMENT		
Line 5	Owned property and equipment	10,451,345
Line 6	Less: accumulated depreciation	645,951
Line 7	Prop.& equip. under cap. leases	0
Line 8	Less: accumulated amortization	0
Line 9	Total property & equipment	9,805,394
Line 10	OTHER ASSETS	880,593
Line 11	TOTAL ASSETS	11,924,034
LIABILITIES & STOCKHOLDERS' EQ.		
CURRENT LIABILITIES		
Line 12	Notes and accounts payable	998,537
Line 13	Accrued taxes	0
Line 14	Other current liabilities	1,652,792
Line 15	Total current liabilities	2,651,329
Line 16	LONG-TERM DEBT	5,641,389
Line 17	OTHER LIABILITIES	343,979
Line 18	DEFERRED CREDITS	0
STOCKHOLDERS' EQUITY:		
Line 19	Preferred shares outstanding	0
Line 20	Common shares outstanding	0
Line 21	Other paid in capital	3,189,540
Line 22	Retained Earnings	97,797
Line 23	Total stockholders' equity	3,287,337
Line 24	Less: Treasury stock	0
Line 25	Net stockholders' equity	3,287,337
Line 26	TOTAL LIAB. & STOCKHOLDERS' EQ.	11,924,034
Line 19A	No. of Preferred shares outstanding	0
Line 20A	No. of Common shares outstanding	0

I, the undersigned, (Title) _____
 of the above-named air carrier certify that the above report and
 the attached Financial Schedules, Statement of Operations, and
 Traffic and Capacity Statistics, including the T-100 report and
 Passenger Origin-Destination Survey, have been examined by me and
 to the best of my knowledge and belief are true, correct and
 complete reports for the period stated.

Signature: _____ Date: _____

Name (Please Type or Print) _____

STATEMENT OF OPERATIONS

Six Months Ended: June 30, 2001
Schedule P-1.1 Group I < 20M

Air Carrier: Kalitta Air
Operation : Domestic KAQD

LINE#	DESCRIPTION	AMOUNT
	OPERATING REVENUE	
	Transport Revenue	
	Scheduled Service	
Line 1	Passenger	0
Line 2	Other	0
Line 3	Nonscheduled Service	3,493,574
	Transport Related Revenue	
Line 4	Public Service Revenue	0
Line 5	Other	378,511
Line 6	Total Operating Revenue	3,872,085
	OPERATING EXPENSE	
Line 7	Flying Operations	2,444,130
Line 8	Maintenance	1,010,087
Line 9	General Services and Administration	2,421,846
	Depreciation and Amortization	
Line 10	Owned Property and Equipment	485,828
Line 11	Leased Property and Equipment	564,825
Line 12	Transport Related Expense	0
Line 13	Total Operating Expense	6,926,716
Line 14	OPERATING PROFIT OR LOSS	-3,054,631
	NONOPERATING EXPENSE (INCOME)	
Line 15	Interest Expense	627,984
Line 16	Other Nonoperating (Net)	774,273
Line 17	Income Tax	0
Line 18	Discontinued operations, extra-ordinary items or Accounting changes	0
Line 19	Net Income	-4,456,888

AIRCRAFT OPERATING EXP. - Sch. P-5.1 Grp I < 20M 6 Mo: June 30, 2001
 Air Carrier: Kalitta Air
 Operation: Domestic
 Total Eqp B-747-1
 Code 9999 Code 8162

KAQD
 B-747-2/3
 Code 8172

 ACCT # DESCRIPTION

DIRECT EXPENSES:
 FLYING OPERATIONS (Less Rentals
 Pilots and Copilots (S&W &Benef
 Aircraft Fuel and Oil
 Other
 Total Flying Ops. (Less Rentals

3	1,860,564	1,076,444	784,120
4	469,177	271,446	197,731
5	114,389	66,181	48,208
6	2,444,130	1,414,071	1,030,059

Maintenance - Flight Equipment
 Depr. & Rental - Flight Equipme
 Total Direct Expenses

7	1,010,087	584,394	425,693
8	1,050,653	485,828	564,825
9	4,504,870	2,484,293	2,020,577

INDIRECT EXPENSES
 Flight Attendant Expense
 Traffic Related Expense
 Departure Related Expense
 Capacity Related Expense
 Total Indirect Expense

11	0		
12	528,499		
13	1,899,347		
14	0		
15	2,421,846		

Total Operating Expense
 6,926,716