

U.S. Department of Transportation  
Bureau of Transportation Statistics  
Office of Airline Information

REPORT OF FINANCIAL  
AND OPERATING STATISTICS FOR  
LARGE CERTIFICATED  
AIR CARRIERS

Period ended October 1, 2006

Pace Airlines, Inc.  
(Full name of reporting company)

CERTIFICATION\*

I, the undersigned President  
(Title of officer in charge of accounts)

of the Pace Airlines, Inc.  
(Full name of reporting company)

do certify that this report and all schedules, ADP-media submissions, Passenger Origin-Destination Survey submissions and supporting documents which are submitted herewith or have been submitted heretofore as parts of this report filed for the above indicated period have been prepared under my direction; that I have carefully examined them and declare that they correctly reflect the accounts and records of the company, and to the best of my knowledge and belief are a complete and accurate statement, after adjustments to reflect full accruals, of the operating revenues and expenses, income items, assets, liabilities, capital, retained earnings, and operating statistics for the periods reported in the several schedules, the Schedule T-100 ADP-media submissions, and the Passenger Origin-Destination Survey; that the various items herein reported were determined in accordance with the Uniform System of Accounts and Reports for Large Certificated Air Carriers prescribed by the Department of Transportation; and that the date contained herein are reported on a basis consistent with that of the preceding report except as specifically noted in the financial and statistical statements.

Charles A. [Signature]  
(Signature)

4001 N. Liberty Street, W-5, NC 27106  
(Air Carrier Post Office Address)

Dated 11-30, 2006

\*Title 18 U.S.C. Sec. 1001, Crimes and Criminal Procedure, makes it a criminal offense subject to a maximum fine of \$10,000 or imprisonment for not more than 5 years, or both, to knowingly and willfully make or cause to be made any false or fraudulent statements or representations in any matter within jurisdiction of any agency of the United States.

**BALANCE SHEET**

AS AT: October 1, 2006

Air Carrier: Pace Airlines, Inc.

ASSETS		Account No.	AMOUNT	LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT ASSETS:				CURRENT LIABILITIES:	
Cash.....		1010	\$ 299,482	Current maturities of long-term debt.....	2000
Short-term investments.....		1100		Notes Payable - Banks.....	2005
Notes receivable.....		1200		Notes Payable - Others.....	2015
Accounts receivable.....		1270	\$ 3,247,101	Trade accounts payable.....	2021
Less: Allowance for uncollectible accounts.....		1290	\$ (354,587)	Accounts payable - Others.....	2025
Notes and accounts receivable - net.....		1299	\$ 2,892,514	Current obligations under capital leases.....	2080
Spare parts and supplies - net.....		1399	\$ 700,947	Accrued salaries, wages.....	2110
Prepaid items.....		1410	\$ 874,357	Accrued vacation liability.....	2120
Other current assets.....		1420	\$ 6,991	Accrued interest.....	2125
Total current assets.....		1499	\$ 4,774,292	Accrued taxes.....	2130
				Dividends declared.....	2140
<b>INVESTMENTS AND SPECIAL FUNDS:</b>				Air traffic liability.....	2160
Investments in associated companies.....		1510		Other current liabilities.....	2190
Other investments and receivables.....		1530		Total current liabilities.....	2199
Special funds.....		1550			
Total investments and special funds.....		1599	\$ -	<b>NONCURRENT LIABILITIES:</b>	
				Long-term debt.....	2210
<b>OPERATING PROPERTY AND EQUIPMENT:</b>				Advances from associated companies.....	2240
Flight equipment.....		1609	\$ 291,025	Pension liability.....	2250
Ground-property and equipment.....		1649	\$ 840,177	Noncurrent obligations under capital leases.....	2280
Less: Allowances for depreciation.....		1668	\$ (539,423)	Other noncurrent liabilities.....	2290
Property and equipment - net.....		1675	\$ 591,778	Total noncurrent liabilities.....	2299
Land.....		1679	\$ -		
Equipment purchase deposits and advance payments.....		1685		<b>DEFERRED CREDITS:</b>	
Construction work in progress.....		1689		Deferred income taxes.....	2340
Leased property under capital leases.....		1695		Deferred investment tax credits.....	2345
Leased property under capital leases - accumulated amortization.....		1696		Other deferred credits.....	2390
Total operating property and equipment.....		1699	\$ 591,778	Total deferred credits.....	2399
					0
<b>NON-OPERATING PROPERTY AND EQUIPMENT:</b>				<b>STOCKHOLDERS' EQUITY:</b>	
Less: Allowance for depreciation/accumulated amortization		1791	\$ 696,474	<b>Capital stock:</b>	
Nonoperating property and equipment.....		1792	\$ (411,173)	Preferred shares issued.....	2820
		1799	\$ 285,300	Common shares issued.....	2840
				Subscribed and unissued.....	2860
<b>OTHER ASSETS:</b>				Total capital stock.....	2869
Long-term prepayments.....		1820		Additional capital invested.....	2890
Unamortized development and preoperating costs.....		1830		Total paid-in capital.....	2899
Other assets and deferred charges.....		1890	\$ 2,759,975	Retained earnings.....	2900
Total other assets.....		1895	\$ 2,759,975	Total stockholders' equity.....	2959
				Less: Treasury stock.....	2990
				Net stockholders' equity.....	2995
<b>TOTAL ASSETS.....</b>		1899	\$ 8,411,345		
				<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....</b>	2999
					8,411,345

\*Denotes inverse amount