

DEPARTMENT OF TRANSPORTATION
98 SEP - 3 AM 10: 34
DOCKET COLLECTION

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

42367

Notice of
Sun Jet International, Inc.
of its intent to resume interstate charter
air transportation following a cessation of operations
pursuant to 14 CFR 204.78

DOCKET OST-98-3957-5

SUPPLEMENTAL SUBMISSION
OF SUN JET INTERNATIONAL, INC.

Communications with respect to this document should be sent to:

A. Edward Jenner
Aviation Resources Group
8 Chestnut Hill South
Loudonville, NY 12211

P. Thomas Kolfenbach
Sun Jet International, Inc.
12552 Belcher Road
Largo, FL 33773

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

Notice of
Sun Jet International, Inc.
of its intent to resume interstate charter
air transportation following a cessation of operations
pursuant to 14 CFR 204.78

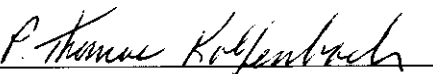
DOCKET OST-98-3957-

SUPPLEMENTAL SUBMISSION
OF SUN JET INTERNATIONAL, INC.

In response to a request by the Department of Transportation for additional information with respect to its notice to resume operations in Docket OST-98-3957, Sun Jet International, Inc. hereby submits the enclosed additional information.

We trust that this is responsive to the Department's request for additional information, but please do not hesitate to contact us if there are any questions concerning these materials or if the Department should require any additional information.

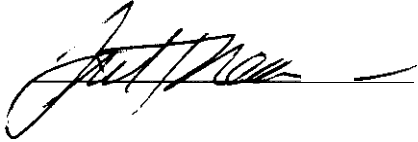
Respectfully Submitted,



P. Thomas Kolfenbach
President

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the forgoing filing of Sun Jet International, Inc. on September 2, 1998 by pre-paid first class mail to the persons named below.

A handwritten signature in black ink, appearing to read "Mike Conley", written over a horizontal line.

Mr. Mike Conley
Federal Administration
Flight Standards District Office
5950mHazeltine Road
Largo, FL 34643

TABLE OF CONTENTS

<u>Section</u>	<u>Page Number</u>
Table of Contents	1
Response to Information Request of August 12, 1998	2-7

Attachments

Attachment E1: Statement of Operations A2

Summary	1
Pre-Start Capital Requirements and Timeline	2
Operating Revenues	3
Flying Operations - Expenses	4
Maintenance - Expenses	5
General and Administrative Expenses	6
Calculation of Pre-Start Gen & Admin Expenses	6
Attachment E2: Job Description – Maintenance Representative	
Attachment E3: Resume' for Scott A. Bacon and Current Sun Jet Organization Chart	
Attachment E4: Letter from Mr. Langfred White -Attorney for Mr. Kolfenbach	
Attachment E5: Personal Financial Statement for P. Thomas Kolfenbach	
Attachment E6: Deleted	
Attachment E7: Balance Sheet – May 27, 1998	
Attachment E8 : Balance Sheet – September 22, 1998	
Attachment E9 : Statements from Employees regarding Salary	
Attachment E10 : Deleted	
Attachment E1 1: US Major Air Carriers DC-9 Maintenance Expenses	
Attachment E12: AON Hull / Liability Insurance Quotation	
Attachment E13: Mercury Air Group Lawsuit	
Attachment E14: Release of Mr. Bacon from Mercury Air Group Lawsuit	
Attachment E15: Notification of Southeast Aviation. inc.	

September 1, 1998

RESPONSE TO INFORMATION REQUEST OF AUGUST 12, 1998

Ownership | Management

Question 1

P. Thomas Kolfenbach is the sole Director of the Company and has no plans at this time to add Directors.

Question 2

Mr. Deaton was listed in the original application to the DOT as the Director of Operations based on getting a waiver from the FAA. The FAA denied this waiver. Mr. Bruce Dries, Executive VP and General Manager performed the duties of Director of Operations through August of 1993, at which time he resigned. The duties of Director of Operations were subsequently **performed** by Mr. Kolfenbach through January of 1995. Mr. Kolfenbach remained with Sun Jet International as President until February of 1996.

With respect to Mr. **Dunton's** resume, Mr. **Dunton** joined Sun Jet in April of 1993 as a Check Pilot and Simulator Instructor. When Mr. Rufus Webb resigned in June of 1994, Mr. **Dunton** became the company's Chief Pilot.

Question 3

During the bankruptcy period (June of 1997 through April of 1998) Mr. Blaquiere was retained as a Maintenance Representative and performed storage maintenance on the Company's non-operating **DC9-50** series aircraft. Mr. Blaquiere had a very shod period of unemployment following his release by the Debtors-in-Possession and re-hire by Sun Jet (from April 30 to June 1998). During this period Mr. Blaquiere was unemployed and did not work for any other air carriers or other employers of any kind.

Attached please **find** pages 2-1 1 and 2-1 2 of Sun Jet's General Policies & Procedures Manual which describe Mr. Blaquiere's previous job **responsibilities** (Attachment E-2).

Question 4

Mr. Newman was originally going to perform the positions of Director of Safety and Director of Administration. Sun Jet's Flight Standards District **Office** (FSDO-15 of Orlando, Florida), has indicated to the Company that the Director of Safety may not hold additional job functions. Therefore, Mr. Newman's sole job function will be Director of Safety. The duties that Mr. Newman was going to **perform** as Director of Administration will be performed by Mr. Scott Bacon

The dates that apply to various positions held by Mr. Newman during his employment by Key Airlines and Sun Jet are as follows:

For KEY AIRLINES, INC.

Station Manager: April of 1989 through March of 1990

Director of Inflight: April of 1990 through January of 1991

Director of Stations and In-House Counsel: January of 1991 through December of 1992

For SUN JET INTERNATIONAL, INC.

Ground Security Coordinator: October of 1993 through March of 1994

Director of Ground Services: July of 1993 through March of 1994

VP Legal & Admin / Company Secretary: July of 1993 -March of 1997

Question 5

Mr. Bacon will hold the position of Director of Sales and Marketing. He will also assume the duties formally held by Mr. Frank Newman. His **résumé** and a revised organization chart are attached (Attachment E-3).

Question 6

The Chief Inspector, Mr. Robert Hughes, will oversee all outsourced and contracted Maintenance.

Sun Jet will conduct all training in-house.

Operations

'Scheduled charters' are charters to be flown for **World** Technology Systems. Sun Jet does not intend to offer "scheduled charters" or "Public charters" or act as a Tour Operator, but intends to provide **ACMI** contracted flight operations. Sun Jet will not operate any "scheduled charters" on its own.

Financial

Question 1

The \$2.2 million dollar fund was withdrawn and replaced by Amended Article 1, Section E-4 on page 2, paragraph 3 of the Second Modification to P. Thomas Kolfenbach's Second Amended Plan of Reorganization. Please see the attached letters from Atty. **Langfred** White, attorney for Mr. Kolfenbach in regards to the Bankruptcy of Sun Jet and Atty. James E. Foster, attorney for the Sun Jet Creditors committee which clarifies this matter (Attachment E-4).

Question 2

Please see attached "Personal Financial Statement – Mr. P. Thomas Kolfenbach" (Attachment E-5).

Question 3

The sale of the automobiles is still in progress and Mr. Kolfenbach will sell the plane (Cessna 310) only if needed.

Question 4

The \$7,000 per month 'BK Settlement Payment' was allocated to cover expected tax and Passenger Facility Charge bankruptcy claims. There was also an allocation of \$2,250 per month (\$27,000 annual) for "Taxes and Fines" in the "General & Administrative" worksheet which was also allocated for these claims. These allocations were based on Sun Jet's estimate of the expected final settlement payments based on payment terms over 60 months at an estimated 9.5% interest. Since the original submission of Sun Jet's statement of Operations A1, Sun Jet has worked towards finalizing these claims and has updated the Statement of Operations accordingly. Note that the original budget allocations are insufficient based on information that was only recently made available. Please refer to the revised "Summary" page of the "Statement of **Operations-A2**" which is attached (Attachment E-1). Note that the \$27,000 "Taxes and Fines" and "BK Settlement Payment" items have been removed and replaced with specific settlement items.

Question 5

With respect to the FDR and Pinellas County disputed **priority** tax claims, Sun Jet and the FDR stipulated to a tentative total priority amount of **\$3,065,805.37** and payments

thereon of \$16,096.90 monthly, which stipulation was given effect in Paragraph B of the Final Confirmation Order of May 27, 1998.

The FDR has since concluded a complete **audit** of Sun Jet's records and has reduced the claims to the following (please note that the FDR is also handling the Pinellas County Claim):

FDR Tax:	\$248,517.24
Interest:	\$89,139.88
Pinellas Co. Surtax:	\$12,213.06
Interest:	\$4,676.04
Hillsborough County	\$994.14

Initial indications are that the penalties, which are non-priority claims will be waived. The taxes and interest set forth above are in dispute. The amount finally agreed upon or determined in court will, in accordance with the above referenced confirmation order, be payable in even monthly payments of principal and an estimated 9.5% interest which equals \$6,500 per month. Sun Jet is disputing the Hillsborough County claim as it has not done business in that county.

Question 6

Sun Jet has received notification or has reviewed internal accounting records that indicate the following outstanding Passenger Facility Charges:

Airport	Claim	Current Status	Payment*
DFW	\$221,000	Agreed Payment Plan	\$4,650
FLL	\$38,000	Agreed Payment Plan	\$800
EWR	\$171,173	Seeking Payment Plan	\$3,695

*Payable over 60 Months @ estimated 9.5% interest

Note that Sun Jet records show that the actual Dallas / Fort Worth **PFC's** owed are \$151, 449, however, Sun Jet is using the DFW estimate in the Statement of Operations. No other claims have been filed or are indicated by Sun Jet's records. Payment of these claims is detailed in the "Summary" worksheet of the "Statement of Operation A2 (Attachment E-I).

Question 7

The Aviation Industries debt was resolved as per the "Kolfenbach v. Sun Jet International / Holdings-Terms of Kolfenbach Settlement with Debtors & AIC" agreement of April 28, 1998 (filed with the DOT as **part** of Docket 48759). All **terms** and conditions of this agreement were satisfied. Aviation Industries Corp. does not have any security interests in the assets or DOT or FAA certificates of Sun Jet International, Inc. Similarly, there are no creditors that have any security interests in the assets or DOT or FAA certificates of Sun Jet International, Inc., other than Mr. Kolfenbach.

Question 6

Please see the attached "Balance Sheet-Sun Jet International, Inc., as of May 27, 1998" (Attachment E-7).

Question 9

Please see the attached "Balance Sheet-Sun Jet International, Inc., as of September 22, 1998" (Attachment E-8).

Question 10

a. *Expenses relating to proving and validation flights*

Sun Jet is not a "start-up" carrier and has been advised by Mr. Bob Cunningham from the **FAA's** Orlando **office** that proving/validation flights will not be required.

b. *Utilities / Space Rental / Office Supplies calculation*

An additional worksheet titled "Pre-Start **Office Exp**" which details this calculation is included in the revised "Statement of Operations **A2**" (Attachment **E-1**). This value (\$19,028) is equal to the sum of the **applicable** pre-start items in the "General Services & Admin" sheet of the Statement of Operations. Essentially, expenses for items such as "Baggage Mishandling," "Interrupted Trip," and "Passenger Liquor Expense" and other expenses that will occur only when operations commence were excluded. Salaries for Key Management (the Directors of Finance, Sales & Safety) are excluded (since these expenses are accounted for separately), however, the Clerk and Receptionist are included. The sum of the remaining applicable pre-start expenses in this worksheet is \$19,028.

c. *Definition of 'Administrative Personnel'*

Administrative Personnel refers to the following positions (start date / Salary in Parenthesis):

- President / Director of Operations (May 15 / No Salary)
- Chief Financial **Officer** (June 15 / **\$36,000**)
- Director of QC (June 15 / \$36,000)
- Director of Maintenance (June 15 / \$36,000)
- Director of Sales and Marketing (May 15 / \$36,000)
- Director of Safety (May 15 / **\$36,000**)
- Chief Pilot (May 15 / **\$36,000**)
- Chief Flight Attendant (July 1 / \$18,000)

d. *Calculation of \$9,000 bi-weekly Payroll and possible **Salary Deferment***

Please note that payroll commenced May 15th, 1998 (with the **first** paychecks made June 1st, 1998) as opposed to May 1" (as indicated in the Bankruptcy filing). Furthermore, all employees are at half salary with the exception of the President who is receiving no pay. There are no salary deferments. Statements from all employees are attached (Attachment E-9).

The \$9000 bi-weekly payroll is calculated as follows:

Position	# Of Employees	Salary	Annual Pay Periods	Bi-Weekly Payroll
President	1	0	26	0
Key Mgmt	6	36000	26	\$ 8,307.69
Chief FA	1	18000	26	\$ 692.31
				\$ 9,000.00

Note: 12% Benefits were erroneously omitted from Pre-Start expenses and have been added to the revised "**Pre-Start** Capital Requirements and Timeline" worksheet. The revised Pre-Start Admin Payroll is \$9,000 x 1.12% = \$10,080 per period.

e. ***Aircraft** Maintenance and **Parts** Inventory related Pre-Operating Expenses*

The **Triton aircraft** lease agreement provides for all maintenance required to bridge the aircraft to the Sun Jet maintenance and FAA conformity. This includes painting, interior refurbishment, preparation, and many other items that are the financial responsibility of the leasing company and not Sun Jet.

With respect to pads, Sun Jet's bankruptcy estate included a large parts pool, rotables, **expendables**, consumables, vehicles, a tug, tooling, equipment, and supplies. As the parts inventory is used, replacement parts will be provided for out of reserves built up from the "Parts Lease" budget item of the "Maintenance" expense worksheet in the "Statement of Operations A2."

Question 11

Sun Jets average monthly maintenance is forecast to be between \$550 to \$600 per block hour (total "Maintenance" expenses from the "Summary" worksheet divided by the forecast "Total Hours" **item** from the "Flying Ops" sheet of the "Statement of Operations A2"). The attached reprint from the August 14 issue of "Aviation Daily" shows **DC9-30** actual block hour maintenance costs for Major US Carriers for the First Quarter of 1998 (Attachment E-1 1). Northwest Airlines' total maintenance expense per block hour is reported at \$547.00 per block hour.

In addition, one significant predictable variable for forecasting maintenance expenses is the proximity of a major overhaul. Essentially, aircraft maintenance expenses are inversely related to how recently a major overhaul has been completed, such that after an aircraft has completed a major overhaul many maintenance expenses are lower than when an aircraft is approaching a major maintenance check. This relationship was factored into the expense projections. Since Sun Jets single aircraft just completed a major Corrosion Prevention and Control Program throughout June and August of 1998, maintenance expenses are appropriately being forecast to reflect above average mechanical reliability.

Question 12

The projection is based on verbal quotes provided by **AON** to Sun Jet. A written quote is attached (Attachment E-12).

Question 13

Sun Jets business plan is based on **ACMI** flight operations. Under **ACMI** flight operations the Tour Operator pays for fuel, not Sun Jet. However, Sun Jet will be required to pay for fuel associated with moving aircraft to maintenance facilities and very limited training flights conducted on the aircraft. The calculation is based on 2% of scheduled block hours times a fuel burn of 925 gallons / hour times a fuel cost of **\$.80** per gallon into plane including all taxes and **flowage** fees.

Question 14

The basis for the employee **benefits** are as follows:

FICA	6.20%
Medicare	1.45%
Unemployment Insurance	1.42%
Company Share of Health Ins.	1.45%
Misc.	1.46%
TOTAL	12.00%

Question 15

This **item** was for settlement payments related to the Florida Department of Revenue Sales and Use Taxes and Penalties (fines) as described in question 4 above. The actual settlement is higher than what was originally allocated, although Sun Jet disputes the amount and will seek a reduction.

Compliance

Question 1

Sun Jet has assigned the Director of Sales and Marketing with filing all required DOT periodic traffic and financial reports to the Department. In addition, Mr. Kolfenbach will personally check and ensure that all DOT required reports are filed in a timely manner.

Question 2

A Copy of the lawsuit is attached (Attachment E-13). Also, please find a copy of the action releasing Mr. Scott A. Bacon from the lawsuit (Attachment E-14).

Other

Attached please find letter of notification to the President of Southeast Aviation, Inc (Attachment E-15).

Note:

Sun Jet International. Inc., has extended its projected start-up date to September 22, 1998. The Statement of Operations A2 has been amended, **including** revision of the **Pre-Start Capital Requirements and Timeline**. to reflect this revision to the expected commencement date.

Attachment E1
Statement of Operations A2

Summary

SOUTHEAST AIRLINES

Statement of Operations A2

Summary

Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Total
Operating Revenues	\$ 278,051	\$ 270,926	\$ 299,762	\$ 357,497	\$ 275,426	\$ 261,991	\$ 400,847	\$ 386,397	\$ 319,726	\$ 319,726	\$ 305,276	\$ 305,276	\$ 3,780,900
Flying Operations	\$ 148,275	\$ 148,337	\$ 148,914	\$ 149,858	\$ 148,337	\$ 148,128	\$ 150,410	\$ 150,226	\$ 149,072	\$ 149,072	\$ 148,888	\$ 148,888	\$ 1,788,405
Maintenance	\$ 64,979	\$ 65,397	\$ 69,255	\$ 75,570	\$ 65,397	\$ 63,997	\$ 79,255	\$ 78,027	\$ 70,311	\$ 70,311	\$ 69,083	\$ 69,083	\$ 840,959
General Services and Admin	\$ 52,570	\$ 52,675	\$ 53,645	\$ 55,231	\$ 52,675	\$ 52,323	\$ 56,158	\$ 55,849	\$ 53,910	\$ 53,910	\$ 53,601	\$ 53,601	\$ 646,149
Depreciation and Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transport Related Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TTL Operating Expense	\$ 265,824	\$ 266,409	\$ 271,813	\$ 280,860	\$ 266,409	\$ 264,447	\$ 285,823	\$ 284,102	\$ 273,293	\$ 273,293	\$ 271,572	\$ 271,572	\$ 3,275,513
Operating Profit or Loss	\$ 12,226	\$ 4,517	\$ 27,948	\$ 76,837	\$ 9,017	\$ (2,457)	\$ 115,024	\$ 102,295	\$ 46,433	\$ 46,433	\$ 33,704	\$ 33,704	\$ 505,387
* FDR Settlement	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 78,000
** DFW PFC Claim	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 55,800
*** FLL PFC Claim	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 9,600
**** EWR PFC Claim Reserve	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,595	\$ 43,140
+ TOTAL BK Related Payouts	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 15,545	\$ 186,540
Net Operating Profit or Loss	\$ (3,319)	\$ (11,028)	\$ 12,403	\$ 61,292	\$ (6,528)	\$ (18,002)	\$ 99,479	\$ 86,750	\$ 30,888	\$ 30,888	\$ 18,159	\$ 18,159	\$ 319,947

Notes: * Based on total claim of \$248,517 Tax + \$89,139 Interest for FDR and \$12,213 Tax + \$4,676 Interest for Pinellas Co.
 ** Based on Claim of \$221,000 (Note that Sun Jet's records indicate a claim of only \$151,449)
 *** This item is for payment of Fort Lauderdale Airport PFC's Claim of \$38,000
 **** This item is a reserve for payment of Newark Airport PFC's claim of \$171,173 (Note: No Claim has been filed or received from EWR regarding these PFC's)
 + Sum of All Taxes / PFC Claims required by Bankruptcy Court to be paid over time

Timeline

Statement of Operations A2
 Pre Start Capital Requirements and Timeline
 Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

Note	Date	Task	Description	Capital Reqmnt	Paid
	09-May-98	BK Court Confirmation	Bankruptcy Plan Confirmed by US Bankruptcy Court - Tampa - Payment made on all Priority Wage & Administration Claims	\$ 500,000	500000
	15-May-98	Aircraft Deposit	Aircraft Deposit Made for A/C T/N N16521 w/ Triton Aviation	\$ 60,000	60000
	20-May-98	Send DOT/FAA Letters	Issue letters to FAA and DOT regarding Intent to Resume Operations		
	25-May-98	Complete DOT Application	Finalize Aircraft, Business Plan, Financials, and other Fitness Information		
	28-May-98	Application to DOT	Submit Application for Extension of 401 to DOT		
	30-May-98	Admin Payroll	Payroll for Administrative personnel	\$ 10,080	9000
	30-May-98	A/C Lease Agreement	Finalize Aircraft Lease Agreement		
	01-Jun-98	A/C Records	Request records from A/C Lessor for Bridging to Company MX Program		
	01-Jun-98	A/C MX	Monitor Progress and Compliance of Aircraft D-Check		
	01-Jun-98	Overhead Expenses	Utilities / Space Rental / Office Supplies, Etc.	\$ 8,024	\$ 8,024
	15-Jun-98	Admin Payroll	Payroll for Administrative personnel	\$ 10,080	\$ 10,080
	17-Jun-98	FAA Meeting	Meet with FAA FSDO 15-Orlando to review Return to Ops Timeline/Tasks		
	01-Jul-98	Admin Payroll	Payroll for Administrative personnel	\$ 10,080	\$ 10,080
	01-Jul-98	Overhead Expenses	Utilities / Space Rental / Office Supplies, Etc.	\$ 8,024	\$ 8,024
	05-Jul-98	Doc Compliance	Review all Company Docs and Verify Compliance with Current FAR's		
	10-Jul-98	Interviews	PIC / SIC Interviews for Employment commencing 15 JUL 98		
	10-Jul-98	Court Sttimnt Payments	BK Court Reqd Payments - FDFW PFC's & FL Dept Revenue/Taxes	\$ 23,000	\$ 23,000
	15-Jul-98	Finalize PIC/SIC Class	Finalize Pilot / First Officer Candidates for commencement of Training		
	15-Jul-98	Submit Manuals	Submit all manuals to FAA-FSDO 15 for Review and Approval		
	15-Jul-98	Check Airmen Selection	Select Check-Airmen for Qualification by FAA		
	15-Jul-98	Admin Payroll	Payroll for Administrative personnel	\$ 10,080	\$ 10,080
	20-Jul-98	A/C Lease - Execution	Execute Lease Agreement with Triton - DC9-31 Series A/C T/N 16521	\$ 60,000	\$ 60,000
	20-Jul-98	PIC/SIC Training-Initial	Commence Initial Training Course for PIC / SIC's - Company Indoc		
	20-Jul-98	PIC/SIC Training-Initial	Continued Taining for PIC/SIC - Ground School		
	20-Jul-98	PIC/SIC-ReQual Interviews	Select from Sun Jet PIC/SIC Previously Qualified Airmen for Employment		
	30-Jul-98	PIC/SIC Training Payroll	Pay Per-Diem Expenses fo PIC/SIC Initial Trainees - \$35 / day	\$ 1,960	\$ 1,960
	01 Aug-98	Admin Payroll	Payroll for Administrative personnel	\$ 10,080	\$ 10,080
	01-Aug-98	Interview Fit Attendants	Interview F/A Crewmembers		
	01-Aug-98	Overhead Expenses	Utilities / Space Rental / Office Supplies, Etc.	\$ 19,028	\$ 19,028
	05-Aug-98	PIC/SIC-ReQual Hired	Hire Sun Jet PIC/SIC Previously Qualified Airmen		
	10-Aug-98	Court Sttimnt Payments	BK Court Reqd Payments - FDFW PFC's & FL Dept Revenue/Taxes	\$ 23,000	\$ 23,000
	10-Aug-98	Train Fit Attendants	Flight Attendant Training Commences		
	15-Aug-98	Admin Payroll	Payroll for Administrative personnel	\$ 10,080	\$ 10,080
	15-Aug-98	PIC/SIC Training Payroll	Pay Per-Diem Expenses fo PIC/SIC Initial Trainees - \$35 / day	\$ 1,960	\$ 1,960
	17-Aug-98	Accept A/C	Accept Aircraft from Lessor		
	20-Aug-98	Interview Staff	Interview for Records Clerk, Ops Personnel, Mechanics, Inspectors, Etc.		
	20-Aug-98	A/C Lease Payment	Lease Payment - A/C T/N N16521	\$ 60,000	\$ 60,000
	25-Aug-98	PIC/SIC Sim Training	Initial and Requalification PIC/SIC Training in Simulators	\$ 30,000	\$ 30,000
	30-Aug-98	Flight Crewmember Pay	Training Payroll for PIC / SIC / F/A personnel	\$ 8,500	
*	01-Sep-98	Admin Payroll	Payroll for Administrative personnel	\$ 14,000	
	01-Sep-98	PIC/SIC Training Payroll	Pay Per-Diem Expenses fo PIC/SIC Initial Trainees - \$35 / day	\$ 1,960	
	01-Sep-98	Flight Crewmember Pay	Training Payroll for PIC / SIC / F/A personnel	\$ 8,500	
	15-Sep-98	Overhead Expenses	Utilities / Space Rental / Office Supplies, Etc.	\$ 19,028	
*	15-Sep-98	Admin Payroll	Payroll for Administrative personnel	\$ 14,000	
	15-Sep-98	Fit Attendant Demos	Fit Attendant Demonstration Training (Rafts / Emergencies, Etc.)	\$ 10,000	
	15-Sep-98	Insure A/C	Complete Hull and Liability Insurance Agreement for Aircraft	\$ 37,500	
	30-Sep-98	Admin Payroll	Payroll for Administrative personnel	\$ 14,000	
	30-Sep-98	Flight Crewmember Pay	Training Payroll for PIC / SIC / F/A personnel	\$ 8,500	
		TOTAL PRE-OPERATING EXPENSES		\$ 991,464	
		PAID OUT			\$ 854,396
		TOTAL PRE-OPERATING EXPENSES LESS PAID OUT		\$ 137,068	

Operating Revenues

Statement of Operations A2
Operating Revenues

Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

		Projected Block Hours												Total	
		Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99		
Section One: Calculations		Number of Scheduled Flights / Month:													
BLOCK HOUR PROJECTIONS		44	48	52	56	48	44	56	56	48	48	48	48	596	
WTS ACMI Public Charter Program	BkHrs:	117.7	128.4	139.1	149.8	128.4	117.7	149.8	149.8	128.4	128.4	128.4	128.4	1594.3	
Subservice for Air Carriers	BkHrs:	15	15	20	25	10	20	25	25	25	25	25	25	255	
Other Charters	BkHrs:	14	5	5	15	10	5	30	25	15	15	10	10	159	
Total Hours		146.7	148.4	164.1	189.8	148.4	142.7	204.8	199.8	168.4	168.4	163.4	163.4	2008.3	
REVENUE PROJECTIONS														167.3583	
ACMI Charters for Tour Operators	2150 BkHrs:	\$ 253,055	\$ 276,060	\$ 299,065	\$ 322,070	\$ 276,060	\$ 253,055	\$ 322,070	\$ 322,070	\$ 276,060	\$ 276,060	\$ 276,060	\$ 276,060	\$ 3,427,745	
Subservice for Air Carriers	2400 BkHrs:	\$ 36,000	\$ 36,000	\$ 48,000	\$ 60,000	\$ 24,000	\$ 48,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 612,000	
Other Charters	3400 BkHrs:	\$ 47,600	\$ 17,000	\$ 17,000	\$ 51,000	\$ 34,000	\$ 17,000	\$ 102,000	\$ 85,000	\$ 51,000	\$ 51,000	\$ 34,000	\$ 34,000	\$ 540,600	
		\$ 336,655	\$ 329,060	\$ 364,065	\$ 433,070	\$ 334,060	\$ 318,055	\$ 484,070	\$ 467,070	\$ 387,060	\$ 387,060	\$ 370,060	\$ 370,060	\$ 4,580,345	
Section Two: Operating Revenues															
NOTES															
Sales - Scheduled Charter		0	0	0	0	0	0	0	0	0	0	0	0	0	
Sales - Other Charter		\$ 336,655	\$ 329,060	\$ 364,065	\$ 433,070	\$ 334,060	\$ 318,055	\$ 484,070	\$ 467,070	\$ 387,060	\$ 387,060	\$ 370,060	\$ 370,060	\$ 4,580,345	
1 PFC's Collected		0	0	0	0	0	0	0	0	0	0	0	0	0	
2 Sales - Liquor		\$ 4,401	\$ 4,452	\$ 4,923	\$ 5,694	\$ 4,452	\$ 4,281	\$ 6,144	\$ 5,994	\$ 5,052	\$ 5,052	\$ 4,902	\$ 4,902	\$ 60,249	
3 Passenger Protection		\$ (29,340)	\$ (29,680)	\$ (32,820)	\$ (37,960)	\$ (29,680)	\$ (28,540)	\$ (40,960)	\$ (39,960)	\$ (33,680)	\$ (33,680)	\$ (32,680)	\$ (32,680)	\$ (401,660)	
4 Excess Baggage Fees Collected		0	0	0	0	0	0	0	0	0	0	0	0	0	
5 Miscellaneous Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0	
6 Engine Lease Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Excise Taxes		\$ (33,666)	\$ (32,906)	\$ (36,407)	\$ (43,307)	\$ (33,406)	\$ (31,806)	\$ (48,407)	\$ (46,707)	\$ (38,706)	\$ (38,706)	\$ (37,006)	\$ (37,006)	\$ (458,035)	
TOTAL REVENUES		\$ 278,051	\$ 270,926	\$ 299,762	\$ 357,497	\$ 275,426	\$ 261,991	\$ 400,847	\$ 386,397	\$ 319,726	\$ 319,726	\$ 305,276	\$ 305,276	\$ 3,780,900	

Notes

- 1 PFC's are collected by the Tour Operator / Charter Operator. Airline will maintain system for Auditing Collection and Payment of all PFD's to appropriate Authority
- 2 Calculation: Based on Average Stage Length of 2 hours / 20 Alcoholic Beverages per Flight / \$3.00 per Beverage
- 3 Calculation: Based on Expected Passenger Protection and or Subservice required on 5% of all block hours Scheduled at cost of \$4000 / Block Hour Protection / Subservice Cost
- 4 Excess Baggage Fees are remitted to the Tour Operator for Track Programs, and are not collected during Subservice / Other Charter Activities
- 5 No Miscellaneous Revenue is anticipated at this time
- 6 No Engine Lease Revenue is anticipated at this time
- 7 Federal Excise Taxes are generally paid by the Tour Operator, However, Appropriate additions to BLOCK HOUR REVENUE and EXCISE TAXES have been made in this analysis

Flying Ops

Statement of Operations A2
 Flying Operations - Expenses
 Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

Section One: Calculations BLOCK HOUR PROJECTIONS	Projected Block Hours	Number of Scheduled Flights / Month:												Total
		Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	
WTS ACMI Public Charters	BikHrs:	117.7	128.4	139.1	149.8	128.4	117.7	149.8	149.8	128.4	128.4	128.4	128.4	1594.3
Subservice for Air Carriers	BikHrs:	15	15	20	25	10	20	25	25	25	25	25	25	255
Other Charters	BikHrs:	14	5	5	15	10	5	30	25	15	15	10	10	159
Total Hours		146.7	148.4	164.1	189.8	148.4	142.7	204.8	199.8	168.4	168.4	163.4	163.4	2008.3
Total Flight Hours		113	114	126	146	114	110	158	154	130	130	126	126	1546
Aircraft Lease DC9-50 Stage III	\$ 105,000													
DC9-50 Stage II	\$ 60,000	1	1	1	1	1	1	1	1	1	1	1	1	1

FLYING OPERATIONS EXPENSES
 NOTES

1 Fuel		\$ 2,171	\$ 2,196	\$ 2,429	\$ 2,809	\$ 2,196	\$ 2,112	\$ 3,031	\$ 2,957	\$ 2,492	\$ 2,492	\$ 2,418	\$ 2,418	\$ 29,723
2 Aircraft Parking		\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 9,000
Flight Operations Payroll														
		<u>Base</u>	<u>Benefits</u>	<u>Total</u>										
3 1 Pres & Dir. Ops		75000	9000	84000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
1 Chief Pilot		75000	9000	84000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
3 FLIFO / Ops Support		25000	3000	84000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
Aircraft Lease (Excludes MX Reserves)		\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 720,000
Equipment Lease		\$ 1,130	\$ 1,143	\$ 1,284	\$ 1,461	\$ 1,143	\$ 1,089	\$ 1,577	\$ 1,538	\$ 1,297	\$ 1,297	\$ 1,258	\$ 1,258	\$ 15,464
Flight Operations Expense		\$ 513	\$ 519	\$ 574	\$ 684	\$ 519	\$ 499	\$ 717	\$ 698	\$ 589	\$ 589	\$ 572	\$ 572	\$ 7,029
Sub Service Expense		\$ 1,394	\$ 1,410	\$ 1,559	\$ 1,803	\$ 1,410	\$ 1,356	\$ 1,946	\$ 1,898	\$ 1,800	\$ 1,800	\$ 1,552	\$ 1,552	\$ 19,079
Charter Expense		\$ 183	\$ 186	\$ 205	\$ 237	\$ 186	\$ 178	\$ 256	\$ 250	\$ 211	\$ 211	\$ 204	\$ 204	\$ 2,510
Flight Ops Personnel (Crew Only)		<u>Base</u>	<u>Benefits</u>	<u>Total</u>										\$ -
2 Pilot		85000	7800	145600	\$ 12,133	\$ 12,133	\$ 12,133	\$ 12,133	\$ 12,133	\$ 12,133	\$ 12,133	\$ 12,133	\$ 12,133	\$ 145,600
2 Co-Pilot		45000	5400	100800	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 100,800
6 Flt Attendant		17500	2100	117600	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 117,600
4 Uniforms		\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
Insurance - Airframe and Liability		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 360,000
5 Training - Materials		\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
6 Training - Simulator		\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
TOTAL - FLYING OPERATIONS		\$ 148,275	\$ 148,337	\$ 148,914	\$ 149,858	\$ 148,337	\$ 148,128	\$ 150,410	\$ 150,226	\$ 149,072	\$ 149,072	\$ 148,888	\$ 148,888	\$ 1,788,405

NOTES

- Fuel Expenses are related strictly to Company required repositioning for Maintenance, Crew Movements, and Pilot Training due to ACMI contracting
- Aircraft Parking is the responsibility of the Tour Operator / Charter Operator except for Aircraft Return to Base at PIE, where parking is \$25 per night
- Company President is the Director of Operations
- Purchase of Uniforms are the responsibility of Flight Crewmembers
- Initial crewmember training costs absorbed prior to commencement of operations
- Initial crewmember simulator costs absorbed prior to commencement of operations

Maintenance

Statement of Operations A2
Maintenance - Expenses

Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

	Projected Block Hours	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Total
		Number of Scheduled Flights / Month:												
		44	48	52	56	48	44	56	56	48	48	48	48	596
ACMI Charters for Tour Operators	BlkHrs:	117.7	128.4	139.1	149.8	128.4	117.7	149.8	149.8	128.4	128.4	128.4	128.4	1594.3
Subservice for Air Carriers	BlkHrs:	15	15	20	25	10	20	25	25	25	25	25	25	255
Other Charters	BlkHrs:	14	5	5	15	10	5	30	25	15	15	10	10	159
Total Hours		146.7	148.4	164.1	189.8	148.4	142.7	204.8	199.8	168.4	168.4	163.4	163.4	2008.3
Total Flight Hours		112,959	114,268	126	146	114	110	158	154	130	130	126	126	1546

MAINTENANCE EXPENSES

	Expense / Flight Hour	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Total
Oil and Grease	\$ 0.77	\$ 87	\$ 88	\$ 97	\$ 113	\$ 88	\$ 85	\$ 121	\$ 119	\$ 100	\$ 100	\$ 97	\$ 97	\$ 1,192
Contract Inspections	\$ 0.50	\$ 56	\$ 57	\$ 63	\$ 73	\$ 57	\$ 55	\$ 79	\$ 77	\$ 65	\$ 65	\$ 63	\$ 63	\$ 774
Small Tools	\$ 0.50	\$ 56	\$ 57	\$ 63	\$ 73	\$ 57	\$ 55	\$ 79	\$ 77	\$ 65	\$ 65	\$ 63	\$ 63	\$ 774
Reserves - D/Eng/Gear	\$ 232.00	\$ 26,206	\$ 26,510	\$ 29,315	\$ 33,906	\$ 26,510	\$ 25,492	\$ 36,585	\$ 35,692	\$ 30,083	\$ 30,083	\$ 29,190	\$ 29,190	\$ 358,995
Engineering	\$ 0.50	\$ 56	\$ 57	\$ 63	\$ 73	\$ 57	\$ 55	\$ 79	\$ 77	\$ 65	\$ 65	\$ 63	\$ 63	\$ 774
Aircraft Maintenance	\$ 10.00	\$ 1,130	\$ 1,143	\$ 1,264	\$ 1,461	\$ 1,143	\$ 1,099	\$ 1,577	\$ 1,538	\$ 1,297	\$ 1,297	\$ 1,258	\$ 1,258	\$ 15,474
Airframe Repair - Outside	\$ 5.00	\$ 565	\$ 571	\$ 632	\$ 731	\$ 571	\$ 549	\$ 788	\$ 769	\$ 648	\$ 648	\$ 629	\$ 629	\$ 7,737
Engine - Excludes Lessor Reserves (Above)	\$ 5.00	\$ 565	\$ 571	\$ 632	\$ 731	\$ 571	\$ 549	\$ 788	\$ 769	\$ 648	\$ 648	\$ 629	\$ 629	\$ 7,737
Component	\$ 15.00	\$ 1,694	\$ 1,714	\$ 1,895	\$ 2,192	\$ 1,714	\$ 1,648	\$ 2,365	\$ 2,308	\$ 1,945	\$ 1,945	\$ 1,887	\$ 1,887	\$ 23,211
Component Loan / Exchange Fees	\$ 10.00	\$ 1,130	\$ 1,143	\$ 1,264	\$ 1,461	\$ 1,143	\$ 1,099	\$ 1,577	\$ 1,538	\$ 1,297	\$ 1,297	\$ 1,258	\$ 1,258	\$ 15,474
Component Repair / Exchange	\$ 5.00	\$ 565	\$ 571	\$ 632	\$ 731	\$ 571	\$ 549	\$ 788	\$ 769	\$ 648	\$ 648	\$ 629	\$ 629	\$ 7,737
Contract Mechanics	\$ 5.00	\$ 565	\$ 571	\$ 632	\$ 731	\$ 571	\$ 549	\$ 788	\$ 769	\$ 648	\$ 648	\$ 629	\$ 629	\$ 7,737
Aircraft Material Issues	\$ 2.53	\$ 286	\$ 289	\$ 320	\$ 370	\$ 289	\$ 278	\$ 399	\$ 389	\$ 328	\$ 328	\$ 318	\$ 318	\$ 3,915
Aircraft Supplies - Misc.	\$ 2.10	\$ 237	\$ 240	\$ 266	\$ 307	\$ 240	\$ 231	\$ 331	\$ 323	\$ 273	\$ 273	\$ 264	\$ 264	\$ 3,253
Oxygen / Nitrogen	\$ 0.21	\$ 23	\$ 23	\$ 26	\$ 30	\$ 23	\$ 23	\$ 32	\$ 32	\$ 27	\$ 27	\$ 26	\$ 26	\$ 317
Maintenance Payroll														
1 Director- MX	Base \$ 75,000 Benefits \$ 9,000 Total \$ 84,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
1 VP & Dir QC	Base \$ 75,000 Benefits \$ 9,000 Total \$ 84,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
Maintenance Personnel Exp														
2 Line Mechanics	Base \$ 50,000 Benefits \$ 6,000 Total \$ 112,000	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 9,333	\$ 112,000
1 Inspectors	Base \$ 35,000 Benefits \$ 4,200 Total \$ 39,200	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 3,267	\$ 39,200
1 Records/MX Staff	Base \$ 25,000 Benefits \$ 3,000 Total \$ 28,000	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 2,333	\$ 28,000
Parts Lease	\$ 20.00	\$ 2,259	\$ 2,285	\$ 2,527	\$ 2,923	\$ 2,285	\$ 2,198	\$ 3,154	\$ 3,077	\$ 2,593	\$ 2,593	\$ 2,516	\$ 2,516	\$ 30,928
Freight and Shipping	\$ 5.00	\$ 565	\$ 571	\$ 632	\$ 731	\$ 571	\$ 549	\$ 788	\$ 769	\$ 648	\$ 648	\$ 629	\$ 629	\$ 7,732
TOTAL MAINTENANCE		\$ 64,979	\$ 65,397	\$ 69,255	\$ 75,570	\$ 65,397	\$ 63,997	\$ 79,255	\$ 78,027	\$ 70,311	\$ 70,311	\$ 69,083	\$ 69,083	\$ 840,959

Gen Service & Admin

Statement of Operations A2
 General and Administrative Expenses
 Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

	Projected Block Hours	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Total
Section One: Calculations		Number of Scheduled Rotations / Month*:												
BLOCK HOUR PROJECTIONS		22	24	26	28	24	22	28	28	24	24	24	24	298
ACMI Charters for Tour Operators	BlkHrs:	117.7	128.4	139.1	149.8	128.4	117.7	149.8	149.8	128.4	128.4	128.4	128.4	1594.3
Subservice for Air Carriers	BlkHrs:	15	15	20	25	10	20	25	25	25	25	25	25	255
Other Charters	BlkHrs:	14	5	5	15	10	5	30	25	15	15	10	10	159
Total Hours		146.7	148.4	164.1	189.8	148.4	142.7	204.8	199.8	168.4	168.4	163.4	163.4	2008.3
Total Flight Hours		113	114	126	146	114	110	158	154	130	130	126	126	1546
Estimated Rotations*		37	37	41	47	37	36	51	50	42	42	41	41	502

GENERAL SERVICES AND ADMINISTRATION
 NOTES

	Exp / Rotn	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Total
1 Outside Services - Ground	10 \$	367	\$ 371	\$ 410	\$ 475	\$ 371	\$ 357	\$ 512	\$ 500	\$ 421	\$ 421	\$ 409	\$ 409	\$ 5,021
1 Outside Services - Passenger	25 \$	917	\$ 928	\$ 1,026	\$ 1,186	\$ 928	\$ 892	\$ 1,280	\$ 1,249	\$ 1,053	\$ 1,053	\$ 1,021	\$ 1,021	\$ 12,552
1 Outside Services - Ramp	25 \$	917	\$ 928	\$ 1,026	\$ 1,186	\$ 928	\$ 892	\$ 1,280	\$ 1,249	\$ 1,053	\$ 1,053	\$ 1,021	\$ 1,021	\$ 12,552
1 Outside Services - Cleaning	25 \$	917	\$ 928	\$ 1,026	\$ 1,186	\$ 928	\$ 892	\$ 1,280	\$ 1,249	\$ 1,053	\$ 1,053	\$ 1,021	\$ 1,021	\$ 12,552
1 Outside Services - Deicing	5 \$	183	\$ 186	\$ 205	\$ 237	\$ 186	\$ 178	\$ 256	\$ 250	\$ 211	\$ 211	\$ 204	\$ 204	\$ 2,510
1 Airport Fees	15 \$	550	\$ 557	\$ 615	\$ 712	\$ 557	\$ 535	\$ 768	\$ 749	\$ 632	\$ 632	\$ 613	\$ 613	\$ 7,531
1 Passenger Catering Expenses	10 \$	367	\$ 371	\$ 410	\$ 475	\$ 371	\$ 357	\$ 512	\$ 500	\$ 421	\$ 421	\$ 409	\$ 409	\$ 5,021
Passenger Liquor Expense	30 \$	1,100	\$ 1,113	\$ 1,231	\$ 1,424	\$ 1,113	\$ 1,070	\$ 1,536	\$ 1,499	\$ 1,263	\$ 1,263	\$ 1,226	\$ 1,226	\$ 15,062
Bag Tags and Ticket Jackets	15 \$	550	\$ 557	\$ 615	\$ 712	\$ 557	\$ 535	\$ 768	\$ 749	\$ 632	\$ 632	\$ 613	\$ 613	\$ 7,531
Aircraft Crew Expense - Non-Payroll	15 \$	550	\$ 557	\$ 615	\$ 712	\$ 557	\$ 535	\$ 768	\$ 749	\$ 632	\$ 632	\$ 613	\$ 613	\$ 7,531
1 Passenger Services Payroll	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 Operations Payroll	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 Reservations and Airport Payroll	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 Passenger Service Personnel Expense	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 Operations Personnel Expense	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 Reservations and Airport Personnel Expense	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 Passenger Service	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Station Supplies - Misc	20 \$	734	\$ 742	\$ 821	\$ 949	\$ 742	\$ 714	\$ 1,024	\$ 999	\$ 842	\$ 842	\$ 817	\$ 817	\$ 10,042
2 Interrupted Trip - Grnd Trans	10 \$	367	\$ 371	\$ 410	\$ 475	\$ 371	\$ 357	\$ 512	\$ 500	\$ 421	\$ 421	\$ 409	\$ 409	\$ 5,021
2 Interrupted Trip - Air	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Interrupted Trip - Hotel	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Interrupted Trip - Meals	20 \$	734	\$ 742	\$ 821	\$ 949	\$ 742	\$ 714	\$ 1,024	\$ 999	\$ 842	\$ 842	\$ 817	\$ 817	\$ 10,042
2 Interrupted Trip - Other	0 \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Baggage Mishandling - Lost	5 \$	183	\$ 186	\$ 205	\$ 237	\$ 186	\$ 178	\$ 256	\$ 250	\$ 211	\$ 211	\$ 204	\$ 204	\$ 2,510
3 Baggage Mishandling - Damaged	10 \$	367	\$ 371	\$ 410	\$ 475	\$ 371	\$ 357	\$ 512	\$ 500	\$ 421	\$ 421	\$ 409	\$ 409	\$ 5,021
3 Baggage Mishandling - Delivery	5 \$	183	\$ 186	\$ 205	\$ 237	\$ 186	\$ 178	\$ 256	\$ 250	\$ 211	\$ 211	\$ 204	\$ 204	\$ 2,510
3 Baggage - Other	2 \$	73	\$ 74	\$ 82	\$ 95	\$ 74	\$ 71	\$ 102	\$ 100	\$ 84	\$ 84	\$ 82	\$ 82	\$ 1,004
Accounting and Legal	\$	2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Advertising	\$	650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 7,800
Bad Debts / NSF's / Chargebacks	\$	50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Bank Charges	\$	450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 5,400
Contract Labor	\$	100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Cleaning	\$	1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Consulting Fees	\$	500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Credit Card Fees	\$	50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Drug and Alcohol Testing	\$	1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Dues and Subscriptions	\$	50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Entertainment and Meals	\$	50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Gifts	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance - Worker's Comp	\$	1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,058	\$ 12,696

Gen Service & Admin

4 Insurance - Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance - Other	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Licenses and Fees	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Manuals and Tech Pubs	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Miscellaneous	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 1,270	\$ 15,240
Office Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Computer Expense	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 3,240
Postage	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 48,000
Rent	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 10,200
Repairs - Building / Office Related	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,800
Payroll Prep Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General & Admin Payroll	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
1 Director-Finance	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
1 Director-Sales/Mkt	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
1 Director-Safety	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
General & Admin Personnel Exp	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 22,400
1 Receptionist	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 1,867	\$ 22,400
1 Clerk	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Training - Non-Flight Crewmember Related	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 10,200
Taxes and Fines (Allocation moved to SUMMARY worksheet)	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Telephone	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 1,580	\$ 18,960
Travel and Entertainment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 52,570	\$ 52,675	\$ 53,645	\$ 55,231	\$ 52,675	\$ 52,323	\$ 56,158	\$ 55,849	\$ 53,910	\$ 53,910	\$ 53,601	\$ 53,601	\$ 646,149
TOTAL GENERAL SERVICES & ADMIN													

NOTES

- * Rotations are the basis of Calculation for this Spreadsheet - A Rotation is an aircraft routing from Origination back to Origination and is estimated at 5.35 Hours for WTS Rotns & 2 Hours for Subsvcs/Other Charters
- 1 Non-Flight Operations, Reservations, Passenger Services/ground Services, and other Personnel are excluded due to ACMI contract flying
- 2 Interrupted Trip expenses related to Hotel, Meals, etc., are the responsibility of the Tour Operator / Charter Operator
- 3 Most Baggage Handling and Loss expenses related to Hotel, Meals, etc., are the responsibility of the Tour Operator / Charter Operator
- 4 Health Insurance is covered by "Benefits" provisions for all employees
- 5 The company's computer inventory far exceeds Operational requirements (due to assets inherited from Bankruptcy of Sun Jet)

Pre-Start Office Exp

Statement of Operations A2
 Calculation of PRE-START General and Administrative Expenses
 Air Carrier: Sun Jet International, Inc., dba Southeast Airlines

NOTES	Exp / Rotn	
1 Outside Services - Ground		\$
1 Outside Services - Passenger		\$
2 Outside Services - Ramp	14	\$ 513
1 Outside Services - Cleaning		\$
1 Outside Services - Delcing		\$
1 Airport Fees		\$
1 Passenger Catering Expenses		\$
1 Passenger Liquor Expense		\$
1 Bag Tags and Ticket Jackets		\$
1 Aircraft Crew Expense - Non-Payroll		\$
1 Passenger Services Payroll		\$
1 Operations Payroll		\$
1 Reservations and Airport Payroll		\$
1 Passenger Service Personnel Expense		\$
1 Operations Personnel Expense		\$
1 Reservations and Airport Personnel Expense		\$
1 Passenger Service		\$
1 Station Supplies - Misc		\$
1 Interrupted Trip - Grnd Trans		\$
1 Interrupted Trip-Air		\$
1 Interrupted Trip - Hotel		\$
1 Interrupted Trip - Meals		\$
1 Interrupted Trip - Other		\$
1 Baggage Mishandling - Lost		\$
1 Baggage Mishandling - Damaged		\$
1 Baggage Mishandling - Delivery		\$
1 Baggage - Other		\$
Accounting and Legal		\$ 2,000
Advertising		\$ 650
Bad Debts / NSF's / Chargebacks		\$ 50
Bank Charges		\$ 450
Contract Labor		\$ 100
3 Cleaning		\$
Consulting Fees		\$ 500
Credit Card Fees		\$ 50
4 Drug and Alcohol Testing		\$
Dues and Subscriptions		\$ 50
Entertainment and Meals		\$ 50
Gifts		\$
insurance -Worker's Comp		\$ 1,058
5 Insurance - Health		\$
Insurance - Other		\$
Licenses and Fees		\$ 50
Manuals and Tech Pubs		\$ 250

Pre-Start Office Exp

Miscellaneous					\$	500
Office Expense					\$	1,270
6 Computer Expense					\$	-
Postage					\$	270
Rent					\$	4,000
Repairs - Building / Office Related					\$	a50
Payroll Prep Fees					\$	150
General & Admin Payroll						
		Base	Benefits	Total		
7 Director-Finance		\$ 75,000	\$ 9,000	\$ -	\$	-
7 Director-Sales/Mkt		\$ 75,000	\$ 9,000	\$ -	\$	-
7 Director-Safety		\$ 75,000	\$ 9,000	\$ -	\$	-
General & Admin Personnel Exp						
		Base	Benefits	Total		
1 Receptionist		\$ 20,000	\$ 2,400	\$ 22,400	\$	1,867
1 Clerk		\$ 20,000	\$ 2,400	\$ 22,400	\$	1,867
7 Training - Non-Flight Crewmember Related						
8 Taxes and Fines (Allocation moved to SUMMARY worksheet)						
Telephone					\$	a50
Travel and Entertainment					\$	50
Utilities					\$	1,580
TOTAL GENERAL SERVICES & ADMIN						\$ 19,026

NOTES

- Some items are calculated on a Rotational Basis
- 1 Expenses in these categories do not apply **prior** to commencement of Flight Operations
- 2 Applies - Related to Ramp charges for Current **Aircraft**
- 3 Office cleaning is currently performed by Employees
- 4 Expense will not occur prior to commencement of Flight Operations
- 5 Expense will not occur prior to commencement of Flight Operations
- 6 Sun Jet has large computer inventory from Bankruptcy - Expense not applicable
- 7 These expenses are included separately in the Pre-Start Capital Expenses and **Timeline**
- 8 This was moved to the SUMMARY worksheet with other Bankruptcy settlement payments

Attachment E2
Job Description – Maintenance Representative

2. Responsible for accurate revisions to all Sun Jet International, Inc.'s Manuals while ensuring all revisions are distributed in a timely manner. Maintain a record system for reporting manual revision status and location as follows:
 - a. Revisions are produced by **Aircraft** Records Analyst.
 - b. Revisions are forwarded to the Quality Control Dept. for review, reproduction and mailing to manual holders.
 - c. Before mailing, Tech. Librarian records revision in tracking log indicating date sent.
 - d. When revision sign-off sheet is returned, Tech. Librarian records date received in tracking log.
 - e. Each quarter, the Director of Quality Control prepares and distributes Quarterly Audits to all Jet International Inc. manual holders.
 - f. Quarterly Audit sheets are signed by manual holders and forwarded to Tech. Librarian for verification of current revisions. Any discrepancies of revisions are corrected by distributing back copies of revisions.
3. An audit sheet will be sent to each manual holder quarterly to ensure all manuals are up to date with the latest revision. See Form # SJ-03 in appendix A of this manual.
4. Maintain Technical Library with current information for ready availability when needed. Monitor and assure necessary services are current to satisfy library requirements, (i.e.. Service Bulletins, AD Notes, M/M Tapes, Component Manuals.)
5. Develop filing system administrative support as needed to department.
6. Act as a representative of the Quality Control Department in a proficient manner as required in dealing with the Federal Aviation Administration through phone and written correspondence.

This position currently vacant.

All duties and responsibilities assumed by the Director of Quality Control.

MAINTENANCE REPRESENTATIVE

The Maintenance Representative is responsible to the Director of Maintenance for thorough familiarity with the aircraft's work requirements and understanding in detail of the work progress and the availability of personnel, parts and equipment. His duties and responsibilities will be as follows:

The Rep. will be assigned to an aircraft or line station to **perform** and supervise all required maintenance in support of the ground operation of the aircraft.

Conduct briefings with incoming flight crew members to insure a clear understanding of pilot reports or other maintenance requirements and brief outgoing flight crew members on major maintenance accomplishments and other items that flight crewmembers should be aware of.

Be familiar with contractor's work procedures and understand in detail the work to be accomplished, and assure work is accomplished per Sun Jet International, Inc. procedures, provide constant communication as liaison between Maintenance, Operations, and Maintenance Control.

Provide RII coverage when required for the return to service of all items listed in the GP&P, at which time the Rep. will report to the Director of Quality Control.

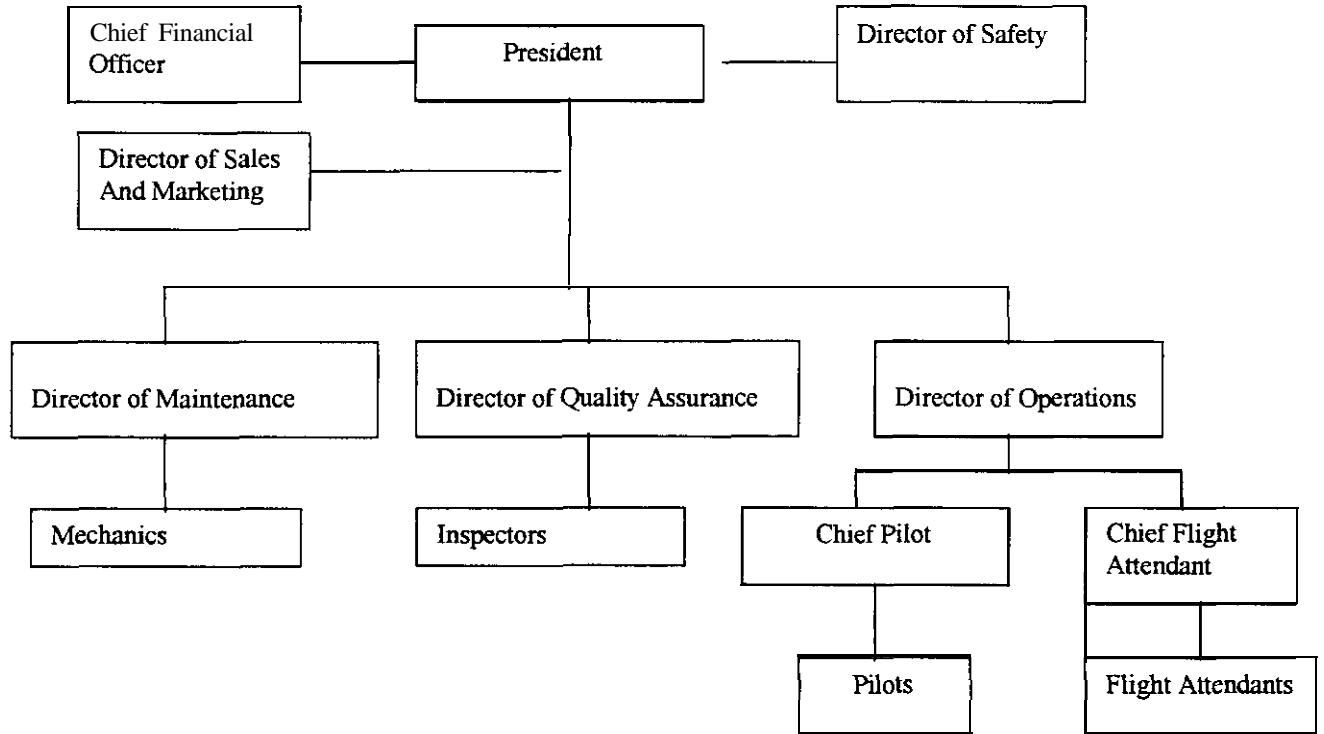
The Rep. will be ultimately responsible for the airworthiness release of the aircraft.

The representative will be responsible for the collecting and forwarding of A/C maintenance records, and forwarding them to the Records Department on a weekly basis.

The maintenance Representatives will be trained on Sun Jet International. Inc. procedures as required.

Attachment E3
Resume' For Scott A. Bacon and Organizational Chart

Management Expertise and Technical Ability



President / Director of Operations	P. Thomas Kolfenbach	May 15
Chief Financial Officer	C. Keeton Phillips	June 15
Director of QC	Robert Hughes	June 15
Director of Maintenance	Brian Blaquiere	June 15
Director of Sales and Marketing	Scott A. Bacon	May 15
Director of Safety	Frank Newman	May 15
Chief Pilot	Robert Dunton	May 15
Chief Flight Attendant	Mary Jo Hoday	July 1

Resume for Mr. Scott A. Bacon

Education *Bachelor of Sciences, Economics, University of Cal, Irvine*

May, 1998 to Present Sun Jet International, Inc.
Director of Marketing and Sales

Responsibilities include developing promotional materials for Tour Operators Charter Brokers, and Other Airline Marketing Departments to secure **ACMI** contracts for Sun Jet. Also responsible for contract administration of **ACMI** contracts, soliciting business for the airline, and determining quotes / rates for **ACMI** customers.

April, 1997 to April, 1998 Duprey's Fine Foods, Inc.
Part owner

Part owner of a small fine **food** and gourmet grocery store. Responsibilities included day-to-day operations, inventory purchasing, and staff supervision.

Jan, 1993 to March, 1997 Sun Jet International, Inc.
Director Marketing / VP of Marketing and Sales

Initially Director, then promoted in 1994 to VP of Marketing and Sales, was responsible for developing Public Charter routes, advertising, and pricing/inventory control for Sun Jet. **Also** participated in the development of Revenue Forecasts and Economic Planning analysis for the airline.

April 1991 - Dec, 1992 Key Airlines, Inc.
Director of Planning

Developed the Planning Department for the commencement of US Flag Carrier scheduled service, including scheduling, pricing, reservations, automation, and revenue management. Also responsible for staff administration of the Reservations and Customer Services Departments.

Dec, 1991 -March, 1991 Unemployed

October, 1990 - Nov, 1991 BehavHeuristics, Inc.
Director of Customer Support and Training

Created the Customer Support Center to provide timely technical assistance, consulting, software problem resolution and training to users of **BehavHeuristics'** line of Revenue Management decision support systems.

Oct, 1967 to Nov, 1990 Midway Airlines, Inc.
Manager of Revenue Management

Provided daily direction to staff of Yield Analysts, including the development of Midway's strategic approaches to revenue enhancement, outlining revenue performance objectives, training, and performance evaluation.

July, 1986 to Nov, 1987 Pacific Southwest Airlines
Yield Management Analyst

Managed discount seat inventory for **PSA's** Los Angeles Basin to San Francisco Bay Area markets using sophisticated database systems which determined appropriate discount seat inventory allocations by fare class.

Attachment E4
Letter from **Langfred** White – Attorney for Mr. Kolfenbach

LAW OFFICES OF

KIMPTON, BURKE, WHITE & HEIDEN, P.A.

WILLIAM J. KIMPTON
ROBERT C. BURKE, JR.
LANGFRED W. WHITE
RICHARD T. HEIDEN

FAX (727) 796-0909
EMail: kbwh@ix.netcom.com

28059 U.S. HIGHWAY 19 NORTH
SUITE 100
CLEARWATER, FL 33761-2698
TELEPHONE (727) 791-0063

August *m*, 1998

United States Department of Transportation
Air Carrier Fitness Division
Office of Aviation Analysis
400 seventh Street S.W.
Washington, D.C. 20590

RE: Sun Jet **International**, Inc. - 97-10071-8B1;
Sun Jet Holdings Corporation - 97-10070-8B1

Dear Sir or Madam:

This firm represents P. Thomas Kolfenbach, a creditor of the Debtors in the above-styled Chapter 11 proceedings and the **successful** proponent of a Creditor's Plan for the reorganization of these Debtors. Enclosed **are** copies of the Second Amended Plan of Reorganization filed by Mr. Kolfenbach for the **reorganization** of these Debtors, along with the (first) **Modification** filed by Mr. Kolfenbach to the Second Amended Plan of Reorganization and the Second Modification to Mr. Kolfenbach's Plan. Also enclosed is the **Order Confirming** Kolfenbach's Second Amended Plan, as **modified**.

Article III of the Second Amended Plan provided, in **the** means of execution, that Mr. Kolfenbach would pay **\$100,000.00** on **confirmation** to the creditors of Sun Jet Holdings and would pay an additional \$2.1 million on confirmation to International for distribution to its **creditors**. Article I of the Plan provided for treatment of **the** claims of various creditors, including Article I, E(4), which dealt with the large **unsecured** creditors of Sun Jet International. That language **made** provision for allocation of the \$2.1 million fund **created** under Article III.

The (first) Modification to Mr. Kolfenbach's Second Amended Plan supplanted the **\$100,000.00** and \$2.1 million contributions with **\$100,000.00** and **\$500,000.00** **respectively**. Provisions in Article I, Section E(4), were also changed to **reflect** allocation of this fund and to provide alteration of **the future** income to be distributed **under** the Plan.

In the Second Modification to Mr. Kolfenbach's Second Amended Plan, Article III was carried forward, as modified by the **(first)** Modification, to reflect the initial contribution, would only

U.S. Department of Transportation
August 20, 1998
Page 2

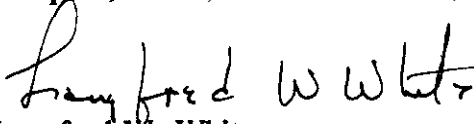
be \$500,000.00, allocated **\$100,000.00** to Holdings for distribution to certain specified **creditors** and the remaining **\$400,000.00** for distribution to International, for further disbursement to various identified creditors. There is also reference to an additional **\$100,000.00** (over and above **the \$500,000.00**) allocable to certain identified administrative **expenses** for Debtors' former lawyers. In the Second Modification, there were **further** alterations made to the future distributions under the Plan, but **leaving** the initial disbursement under the **\$400,000.00** fund **created** by Article III unchanged. Beading the language in the Second Modification, it should seem clear **that** these provisions completely supplant all of the language in **the** Second Amended Plan, replacing it (notwithstanding the **scrivener's** error in **the** introductory clause) with the new provisions.

The \$2.1 million fund was reduced to a **\$400,000.00** fund after a significant amount of negotiation between Mr. Kolfenbach and the Creditors' Committee. At the time the Plan was presented to the court, it was presented to the court with an explanation that Mr. Kolfenbach's contribution was only to be **\$500,000.00** and **that** the revised treatment was much less favorable **than** before. A letter by James Foster, the attorney for the Committee representing creditors in Class E-4 is enclosed.

The initial **\$500,000.00** required of Mr. Kolfenbach has **already** been contributed. As the (first) and Second Modifications and the Confirmation Order indicate, Mr. Kolfenbach had deposited **those** monies prior to confirmation to assure the court and the creditors that those monies were available. The additional **\$100,000.00**, for allocation to the administrative expense claim of Debtors' former counsel, is **also** being held in escrow.

Sincerely,

Kimpton, Burke, White & Heiden, P.A.


Langfred W. White

LWW/jl
enclosures
CC: P. Thomas Kolfenbach
980817.ltr

AKERMAN, SENTERFITT & EIDSON, P. A.

ATTORNEYS AT LAW

CITRUS CENTER
 255 SOUTH ORANGE AVENUE
 POST OFFICE BOX 231
 ORLANDO, FLORIDA 32802-0231
 (407) 843-7600
 TELEFAX (407) 843-6610

May 7, 1998

TO UNSECURED CREDITORS
 OF SUN JET INTERNATIONAL, INC.

RE: SUN JET INTERNATIONAL, INC. - KOLFENBACH SECOND
 MODIFICATION TO PLAN OF REORGANIZATION

Dear Creditor:

As you may recall from my first letter, I am James E. Foster of the law firm of **Akerman, Senterfitt & Eidson, P.A.** I represent the unsecured creditors' committee of Sun Jet International, Inc. (the "committee").

The committee has carefully reviewed the Plan of Reorganization submitted by Mr. Kolfenbach as modified by his second Modification. **The committee** urges all unsecured creditors to complete and return **a** ballot accepting **the Kolfenbach Plan as** modified.

The Kolfenbach Plan has been significantly **modified** and at present is the only plan available for a vote by the creditors. **As** a result of the modifications, the Plan provides for **a** significantly less favorable **treatment of** the unsecured creditors. Generally speaking, the Plan provides for payment of 25% of the net cash flow for five years commencing 30 days after the date Southeast is certified for flight operations. Note, however, that the Kolfenbach Plan does provide for a buy-out of the future income, as explained in Kolfenbach's second **Modification**. Due to the uncertain nature of the industry, it is impossible for the committee to predict with any certainty what this amount will realize, however, there is a minimum **guarantee of \$250,000.00 by the end of** the five-year term, but because of the buy-out provision, there is **arguably** a cap of one million dollars. Recognize, however, that the present value of the guaranteed deferred payment is significantly less than **\$250,000.00**. There are other possible sources of recovery for the unsecured creditors, but it is impossible at this juncture to determine what amounts, if any, will be recovered.

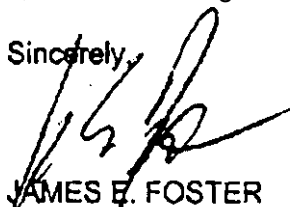
OR078900:1

Unsecured Creditors
Page 2
May 7, 1998

The committee urges **all** unsecured **creditors** to accept this Plan because absent a plan confirmed almost immediately, the major asset of **the** debtor, its operating certificate, will expire. **As a result, in liquidation, unsecured** creditors **cannot** expect **any** recovery. The committee is greatly disappointed that this Plan contemplates a payout that is so meager compared to the first plan. However, for various and sundry reasons, primarily pertaining to the increased expense of acquiring the airline due to previously unknown liabilities, Mr. Kolfenbach has determined that this offer is the best that he can present to the unsecured creditors. Absent any competing plan, the committee is unable to negotiate better treatment, but believes that Mr. Kolfenbach is sincere in his efforts and that his reductions are not motivated by the fact that **there** is no longer any competing plan.

The committee urges that you carefully review the Plan before tilling out the ballot. Additionally, it is important to **carefully** read and follow the ballot instructions, sign where required and return the **ballot** well in advance of the filing deadline. The original ballot must be sent to the Clerk of the Bankruptcy Court at the address indicated; a pre-addressed envelope has been enclosed for your convenience. If you have any questions, please contact your legal or professional advisers, or the undersigned.

Sincerely,



JAMES E. FOSTER
Attorney for the Official Committee of
Unsecured Creditors of Sun Jet International,
Inc.

Attachment E5
Personal Financial Statement for P. Thomas Kolfenbach

Personal Financial Statement
P. Thomas Kolfenbach
8/11/98

ASSETS

Cash	\$1,136,000	
CD'S	\$560,006	
Annuities	\$559,000	
Money Market	\$26,000	
Stocks	\$100,000	
Realestate		
#1	\$700,000	
#2	\$550,000	
Commercial Buiding	\$600,000	
Credit Line First Union	\$32,000	
Notes Payable	\$0	
	\$0	
Dupreys Fine Foods	\$0	
Bert Smith Porsche	\$20,000	**
Boats	\$470,000	
Aircraft	\$110,000	
Automobiles	\$898,000	
TOTAL ASSETS	\$5,761,008	

LIABILITIES

Properity	
Mortgage House #1	\$0
Mortgage House #2	\$324,000
Mortgage Commercial	\$0
Credit Line First Union	\$468,000
Taxes	\$13,000
TOTAL LIABILITIES	\$805,000

NET WORTH **\$4,956,008**

note ** Receivable from Bert Smith Porsche

Signature *P. Thomas Kolfenbach* **Date** 8/11/98

Attachment E6
Deleted

Attachment E7
Balance Sheet – May 27, 1998

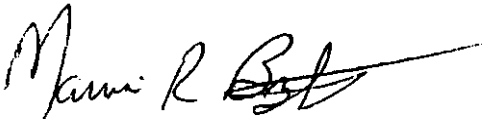
▲ VANCE TAX ▲
&
FINANCIAL SERVICES, INC.

2139 N.E. Coachman Road. Ste. 4 • Clearwater, FL 33765
(813) 446-5228 FAX (813) 443-7301

August 31, 1998

Southeast Airlines, Inc. has engaged me, Marvin R. Bright (Vance Tax & Financial Services) to prepare financial statements and consulting on other accounting matters. I am not an employee of Southeast Airlines, nor do I plan to be in that capacity in the future. No one in our firm has any ownership or debt structure, either secured or unsecured with Southeast Airlines.

Truly Yours;



Marvin R. Bright MBA

Marvin R Bright
 17830 Lee Ave.
 Redington Shores, Florida 33708
 813-391-5533

PROFESSIONAL EXPERIENCE:

Vance Tax & Financial Services, Inc. *Clearwater, FL*
VICE PRESIDENT **1996 to present**

- * *Business financial statements, tax preparation and growth planning*
- * *Personal financial planning for retirement and family education*
- * *Computer Accounting setup, training and consulting*
- * *Portfolio management, asset mix according to investors profile*

Romac International (Temp Service) *Sarasota, FL*
1995 to 1996

- * *Tested software for Arthur Anderson Consulting tax division*

R. J. Bunbury Co., Inc. *Clearwater, FL*
Controller **1993 to 1995**

- * *Responsible FOR total financial accounting- GL, AP, AR and financial statements*
- * *Maintained payroll and directed employee benefit plan*

Marketing Plus *Toledo, OH*
Operations Manager **1987 to 1991**

- * *Developed sales and time management software FOR businesses*
- * *Trained clients on installation and daily use of programs*
- * *Designed screen layout and report functions of programs*
- * *Responsible FOR total financial accounting -GL, AP, AR and financial statements*

MILITARY

U. S. ARMY **SERGEANT MILITARY POLICE** **1971 to 1973**

EDUCATION:

Georgetown College *Georgetown, KY*
Bachelor Science in Business Administration **1975**
Florida Metropolitan University *CLEARWATER, FL*
(Magna Cum Laude) Master's Business Administration **1996**

PROFESSIONAL ASSOCIATIONS & LICENSURE:

CPA (waiting on Florida Board License)
Series 6 Investment License

FINANCIAL STATEMENTS OF
SUN JET INT'L INC dba SOUTHEAST AIRLINES

AS OF
MAY 27, 1998

PREPARED BY

VANCE TAX & FINANCIAL SERVICES, INC.
2139 N.E. COACHMAN RD. SUITE 4
CLEARWATER, FLORIDA 33765
(813) 446-5226 FAX (613) 443-7301

VANCE TAX & FINANCIAL SERVICES, INC.

ACCOUNTANTS AND TAX PRACTITIONERS

2139 N.E. Coachman Rd. Suite 4

Clearwater, Florida 33765

August 28, 1998

Board of Directors

SUN JET **INTL** INC dba SOUTHEAST AIRLINES

12552 BELCHER ROAD

LARGO, FL 33773

The accompanying statement of assets and liabilities of SUN JET **INTL** INC dba SOUTHEAST AIRLINES, as of May 27, 1998 has been compiled by us.

This statement has been prepared using the income tax method of accounting, a recognized method of accounting and statement presentation.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management.

Vance Tax & Financial Services, Inc.

SUN JET INT'L INC dba SOUTHEAST AIRLINES
As of May 27 1998

E7

ASSETS

CURRENT ASSETS

<i>Checking: General</i>	\$	9,000.00	
<i>Accounts Receivable-Fuel Tax</i>		<u>29,000.00</u>	

TOTAL CURRENT ASSETS

38,000.00

PROPERTY AND EQUIPMENT

<i>Automobiles</i>		6,600.00	
<i>Furniture & Fixtures</i>		47,356.00	
<i>Equipment</i>		<u>200,000.00</u>	

PROPERTY AND EQUIPMENT AT COST

253,956.00

TOTAL ASSETS

\$ 291,956.00

SEE THE ACCOMPANYING ACCOUNTANT'S LETTER

SEE ACCOMPANYING NOTES

SUN JET INT'L INC dba SOUTHEAST AIRLINES
As of May 27 1998

E7

LIABILITIES

CURRENT LIABILITIES

<i>PFC Payable</i>	\$	55,696.92
<i>Sales Tax Payable</i>		<u>193,162.80</u>

TOTAL CURRENT LIABILITIES	<u>248,859.72</u>
---------------------------	-------------------

LONG-TERM LIABILITIES

Reorganization Debt Payable	250,000.00
PFC Ft Lauderdale	38,133.44
PFC Payable	165,303.08
Sales Tax	2,872,642.57
PFC Newark	<u>171,173.32</u>

TOTAL LONG-TERM LIABILITIES	<u>3,497,252.41</u>
-----------------------------	---------------------

TOTAL LIABILITIES	<u>3,917,285.45</u>
-------------------	---------------------

STOCKHOLDERS EQUITY

<i>Capita/ Stock</i>	(3,454,156.13)
1500 Shares Common Stock (No Par Value)	

Total Equity	<u>(3,454,156.13)</u>
--------------	-----------------------

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>\$ 291,956.00</u>
---	----------------------

SEE THE ACCOMPANYING ACCOUNTANT'S LETTER

SEE ACCOMPANYING NOTES

NOTES

- 1. The Current assets were taken over by Southeast under P. Thomas Kolfenbach's Second Amended Plan of Reorganization dated April 10, 1998, as modified by the Second Modification to P. Thomas Kolfenbach's Second Amended Plan of Reorganization approved by the Bankruptcy Court.**
- 2. The Property and Equipment assets were taken over by Southeast under the Kolfenbach Plan, approved by the Bankruptcy Court. The value of the Automobiles and Furniture and Fixtures were documented in the Bankruptcy papers filed with the court. The value of the equipment, which consists mainly of replacement parts, was valued by a wholesaler, in the airline industry.**
- 3. The PFC Payable is the current portion payable to the Dallas-Ft. Worth Airport and the total amount \$221,000.00 plus interest is in dispute. The Company records show a total owing of \$153,449.48. Southeast was ordered by the court to make monthly payments of \$4,641.41 for a period of 60 months at 9.5% interest.**
- 4. The Sales Tax Payable is the current portion of the claim of unpaid Sales Tax and interest by the State of Florida. The Bankruptcy Court ordered Southeast to pay a sum of \$3,065,805.37 plus interest for a period of 60 months at 9.5% interest. This amount is in dispute and is being audited by the state.**
- 5. The Reorganization Debt is a part of the final Kolfenbach plan. Southeast will pay into a fund for the unsecured creditors 25% of Net Cash Flow (defined as cash receipts from operating revenues, less cash expenditures for operations, overhead, payments required under the plan, interest and taxes (including obligations of Southeast to any governmental or taxing authority) with salaries subject to the limitations in Kolfenbach's Second Amended Disclosure Statement. A Payment Date shall be (30) days after the close of each payment year. There shall be (5) payment years. The first payment year shall begin the first day of the month which immediately follows the month in which Southeast is certified by the FAA to begin flight operations. Five (5) such payments will be made (to the extent there is any Net Cash Flow during the preceding Payment Year), with the second and subsequent payments due on the anniversary of the preceding Payment Date.**

Payments to this fund will cease after the fifth annual payment, to the extent distribution to this fund, pursuant to this paragraph, have not equaled or exceeded \$250,000.00 as of the Fifth Payment Date Southeast will pay to such fund the difference between \$250,000.00 and the amounts actually paid.

- 6. The long term debts of PFC's owed to Ft Lauderdale, FL. and Newark, NJ. are amounts owed on the previous managements records of operation but the Newark claim has not been submitted as a claim to the Bankruptcy Court.**

Attachment E8
Balance Sheet – September 22, 1998

FINANCIAL STATEMENTS OF
SUN JET INT'L INC dba SOUTHEAST AIRLINES
AS OF
September 22, 1998

PREPARED BY
VANCE TAX & FINANCIAL SERVICES, INC.
2139 N.E. COACHMAN RD. SUITE 4
CLEARWATER, FLORIDA 33765
(813) 446-5228 FAX (813) 443-7301

VANCE TAX & FINANCIAL SERVICES, INC.

ACCOUNTANTS AND TAX PRACTITIONERS

2139 N.E. Coachman Rd. Suite 4

Clearwater, Florida 33765

August 28, 1998

Board of Directors
SUN JET INT'L INC dba SOUTHEAST AIRLINES
12552 BELCHER ROAD
LARGO. FL 33113

The accompanying **forecasted** statement of assets and liabilities of SUN JET INT'L INC dba SOUTHEAST AIRLINES, as of September 22, 1998 has been compiled by us. This statement has been prepared using the income tax method of accounting, a recognized method of accounting and statement presentation.

A compilation is limited to presenting in the form of a **forecaast** information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. Furthermore, there usually will be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

Vance Tax & Financial Services, Inc.

SUN JET INT'L INC dba SOUTHEAST AIRLINES
As of September 22, 1998

E8

ASSETS

CURRENT ASSETS

<i>Checking: General</i>	\$	1,000,000.00	
<i>Accounts Receivable-Fuel Tax</i>		<u>29,000.00</u>	

TOTAL CURRENT ASSETS

1,029,000.00

PROPERTY AND EQUIPMENT

<i>Automobiles</i>		6,600.00	
<i>Furniture & Fixtures</i>		47,356.00	
<i>Equipment</i>		<u>200,000.00</u>	

PROPERTY AND EQUIPMENT AT COST

253,956.00

Other Assets

<i>Prepaid Flight Training</i>		1,800.00	
<i>Deposits</i>		<u>120,000.00</u>	

Total Other Assets

121,800.00

TOTAL ASSETS

\$ 1,404,756.00

SEE THE ACCOMPANYING ACCOUNTANTS LETTER

SEE ACCOMPANYING NOTES

SUN JET INT'L INC dba SOUTHEAST AIRLINES
As of September 22, 1998

E8

LIABILITIES

CURRENT LIABILITIES

<i>PFC Payable</i>	\$	55,696.92	
<i>Sales Tax Payable</i>		<u>86,004.12</u>	

TOTAL CURRENT LIABILITIES 141,701.04

LONG-TERM LIABILITIES

Reorganization Debt Payable	250,000.00	
PFC Ft Lauderdale	38,133.44	
PFC Payable	151,378.85	
Sales Tax	255,252.02	
PFC Newark	171,173.32	
Stockholder Loans	<u>1,126,724.23</u>	

TOTAL LONG-TERM LIABILITIES 1,992,661.86

TOTAL LIABILITIES 2,305,536.22

STOCKHOLDERS EQUITY

Capital Stock (729,606.90)

1500 Shares Common Stock (No Par Value)

Total Equity (729,606.90)

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY \$ 1,404,756.00

SEE THE ACCOMPANYING ACCOUNTANT'S LETTER

SEE ACCOMPANYING NOTES

NOTES

- 1. The Current assets were taken over by Southeast under P. Thomas Kolfenbach's Second Amended Plan of Reorganization dated April 10, 1998, as modified by the Second Modification to P. Thomas Kolfenbach's Second Amended Plan of Reorganization approved by the Bankruptcy Court.**
- 2. The Property and Equipment assets were taken over by Southeast under the Kolfenbach Plan, approved by the Bankruptcy Court. The value of the Automobiles and Furniture and Fixtures were documented In the Bankruptcy papers filed with the court. The value of the equipment,which consists mainly of replacement parts,was valued by a wholesaler,in the airline industry.**
- 3. The PFC Payable is the current portlon payable to the Dallas-Ft. Worth Airport and the total amount \$221,000.00 plus interest is in dispute. The Company records show a total owing of \$153,449.48. Southeast was orderd by the court to make monthly payments of \$4,641.41 for a period of 60 months at 9.5% interest.**
- 4. The Sales Tax Payable is the current portion of the claim of unpaid Sales Tax and interest by the State of Florida. The Bankruptcy Court orderd Southeast to pay a sum of \$3,065,805.37 plus interest for a period of 60 months a 9.5% interest. The State of Florida Audited the amount owed as of August 1998 and reduced the amount to \$354,546.22 The current liability shows that reduction after a payment of \$16,096.60 had been made by Southeast. The reduced amount is still subject to dispute by Southeast.**
- 5. The Reorganization Debt is a part of the final Kolfenbach plan. Southeast will pay into a fund for the unsecured creditors 25% of Net Cash Flow(defined as cash receipts from operating revenues, less cash expenditures for operatlons,overhead, payments required under the plan,interest and taxes(Including obligations of Southeast to any governmental or taxing authority)wlth salaries subject to the limitations in Kolfenbach's Second Amended Disclosure Statement. A Payment Date shall be (30) days after the close of each payment year. There shall be (5) payment years. The first payment year shall begin the first day of the month which immediately follows the month in which Southeast is certified by the FAA to begin flight operations. Five (5) such payments will be made(to the extent there is any Net Cash Flow during the preceding Payment Year), with the second and subsequent payments due on the anniversary of the preceding Payment Date.**

Payments to this fund will cease after the fifth annual payment, to the extent distribution to this fund, pursuant to this paragraph, have not equaled or exceeded \$250,000.00 as of the Fifth Payment Date Southeast will pay to such fund the difference between \$250,000.00 and the amounts actually paid.

- 6. The long term debts of PFC's owed to Ft Lauderdale, FL. and Newark, NJ. are amounts owed on the previous managements records of operation but the Newark claim has not been submitted as a claim to the Bankruptcy Court.**
- 7. The Long Term Debt of Sales Tax is the total owed, non-current after the Sate of Florida Audit of August 1998 and after a payment of \$16,096.90 by Southeast.**
- 8. The reduction in both PFC Payable Current portion and the Long Term Debt portion has been reduced by the amount of \$13,924.23 which constitutes three payments to Dallas Ft Worth Airport.**
- 9. The increase in Current Assets (Bank Balance) is due to a Stock-holder Loan from P Thomas Kolfenbach, the sole shareholder of Southeast. This amount is also reflected in the Long Term Liabilities.**

Attachment E9
Statements from Employees regarding Salary

August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, P. Thomas Kolkenbach, who holds the position of President and Director of Operations for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive no part of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,



P. Thomas Kolkenbach
President and Director of Operations

August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, Mary Jo Hoday, who holds the position of Chief Flight Attendant for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive half of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,



Mary Jo Hoday
Chief Flight Attendant

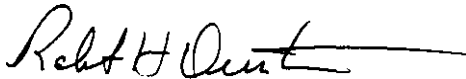
August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, Robert Dunton, who holds the position of Chief Pilot for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive half of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,



Robert Dunton
Chief Pilot

August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, Frank Newman, who holds the position of Director of Safety for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive half of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,


Frank Newman
Director of Safety

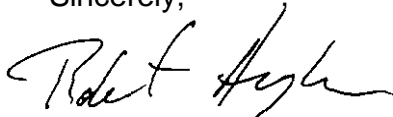
August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, Robert Hughes, who holds the position of Director of Quality Control for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive half of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,



Robert Hughes
Director of Quality Control

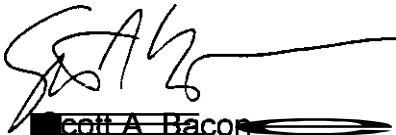
August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, Scott A. Bacon, who holds the position of Director of Marketing for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive half of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,



~~Scott A. Bacon~~
Director of Marketing

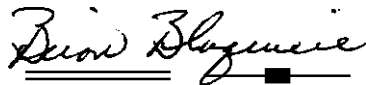
August 11, 1998

Department of Transportation
Office of the Secretary
400 7th Street SW
Washington, DC 20590

Dear Secretary,

Please accept the following as verification that I, Brian Blaquiere, who holds the position of Director of Maintenance for Sun Jet International, Inc. hereby certify that since my date of hire and effective until September 15, 1998, I will receive half of my regular annual salary. This is not a salary deferment. I further certify that I will not receive compensation for the salary reduction at any time in the future.

Sincerely,

A handwritten signature in cursive script that reads "Brian Blaquiere". The signature is written in black ink and is positioned above a horizontal line. There is a small black square mark at the end of the line.

Brian Blaquiere
Director of Maintenance

Attachment El 0
Deleted

Attachment E1 1
US Major Air Carriers DC-9 Maintenance Expenses

McDonnell Douglas DC-g/MD-80 Aircraft Operating CostsFirst Quarter 1998
Dollars Per Block Hour**DC-g-30****Continental Northwest TWA US Airways Average**

crew Cost	\$542	\$458	\$334	\$767	\$522
Fuel & Oil	426	465	397	412	437
Rentals	233	28	282	45	97
Insurance	2	3	3	4	3
Taxes	40	50	48	48	48
Total Flying Operations	1,243	1,004	1,069	1,277	1,109
Airframe Maintenance	386	255	369	157	266
Engine Maintenance	182	103	108	172	130
Maintenance Burden	150	189	486	317	262
Total Maintenance	718	547	963	646	658
Depreciation	6	139	133	87	109
Other	26	11	8	2	10
Total Aircraft	\$1,993	\$1,701	\$2,173	\$2,012	\$1,886
Block Hours	20,683	82,054	27,015	40,778	170,530

MD-80**Alaska American Continental Delta Northwest TWA US Airways Average**

Crew cost	5544	\$598	\$544	\$536	\$565	\$400	\$819	\$561
Fuel & Oil	446	481	483	480	547	453	482	476
Rentals	393	251	406	300	—	547	293	322
Insurance	7	3	4	4	4	9	9	5
Taxes	45	45	45	59	60	62	57	50
Total Flying Operations	1,435	1,378	1,483	1,379	1,175	1,477	1,660	1,416
Airframe Maintenance	205	148	263	114	97	184	247	167
Engine Maintenance	73	108	157	91	57	166	454	129
Maintenance Burden	95	161	135	144	114	218	596	174
Total Maintenance	373	417	555	349	268	568	1,297	470
Depreciation	161	157	64	179	170	20	143	134
Other	19	27	45	6	25	81	90	34
Total Aircraft	\$1,988	\$1,979	\$2,147	\$1,913	\$1,638	\$2,146	\$3,190	\$2,054
Block Hours	42,588	243,830	65,410	107,917	6,885	63,972	23,889	554,491

Data include systemwide, passenger service only.
Sums may not equal totals because of rounding.**GKMG**
CONSULTING SERVICES, INC.

Based on carrier Form 41 filings with DOT.

Attachment E1 2
AON Hull / Liability Insurance Quotation



Aon Aviation

18 August 1998

Frank Newman
Sun Jet International, Inc.
12552 Belcher Road
Largo, FL 33773

RE: Aviation Insurance Coverages

Mr. Newman,

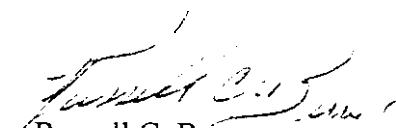
I have reviewed the latest information with regard to recent renewal data for airlines of your size and position. I have adjusted this raw data for your specific situation and the approach we will use with the underwriting markets. The result of my analysis is that the following are achievable targets based upon the prevailing market condition, Sun Jet's operational history, current management's track record and the current business plan. Based solely on the aircraft currently in your possession, the anticipated insurance costs are as follows;

Description	Premium
Hull	78,750
Spares	500
Liability	203,500
war	700
Deductible - Alternate A (250 xs 250)	18,500
Deductible - Alternate B (400 xs 100)	30,000

Taking the most conservative approach by insuring your S.I.R. down to \$100,000, the total annual premium would be \$313,450 resulting in a monthly accrual of \$26,121; alternately, with an S.I.R. of \$250,000, we would expect to achieve an annual premium of \$301,980 with a monthly accrual of \$25,165. Lastly, we believe that reductions can be achieved upon attachment of a 4th aircraft, should the event occur.

I trust the foregoing will address the issues at hand and look forward to discussing our strategic planning with you in the very near future.

Yours Sincerely,


Russell C. Berry
Senior Vice President

Attachment E1 3
Mercury Air Group Lawsuit

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

7
EIB
JSA
UNITED STATES COURTS
SOUTHERN DISTRICT OF TEXAS
FILED

MAR 13 1998 JT

Michael N. Milby, Clerk of Court

MERCURY AIR GROUP, INC

§
§
§
§
§
§
§
§
§
§
§

vs.

JOHN M. MANSOUR, DAVID A.
BANMILLER, DAVID P. MULLIGAN,
THOMAS B. BALKENHOL. SCOTT A.
BACON, HOWARD M. BABCOCK
ALEX. BROWN & SONS,
INCORPORATED, AMD
RICHARD BERKELEY

H - 98 - 0742

CIVIL ACTION NO. _____

NOTICE OF REMOVAL

TO THE HONORABLE UNITED STATES DISTRICT JUDGE:

1. Pursuant to the provisions of 28 U.S.C. § 1441, et. seq., Defendants Alex. Brown & Sons, Inc. (“Alex. Brown”) and Richard Berkeley (“Berkeley”) (collectively “Removing Defendants”) hereby remove the case captioned *Mercury Air Group, Inc. vs. John M. Mansour, David A. Banmiller, David P. Mulligan, Thomas V. Balkenhol, Scott A. Bacon. Howard M. Babcock, Alex. Brown & Sons, Inc. and Richard Berkeley*. Cause No. 9762777, pending in the District Court of Harris County, Texas, 164th Judicial District, to the United States District Court for the Southern District of Texas, Houston Division.

I. Introduction

2. Plaintiff filed its Original Petition on December 31, 1997, in the 164th Judicial District Court of Harris County, Texas, styled *Mercury Air Group, Inc. v. John M. Mansour, et al.*, Cause No. 97-62777. On or about February 23, 1998, Removing Defendants were

served with and received copies of Plaintiffs Original Petition and for the first time received notice that a petition had been filed. A copy of Plaintiff's Original Petition is attached hereto as Exhibit C.

3. Removal of this case is timely pursuant to 28 U.S.C. § 1446(b), as Removing Defendants filed this Notice of Removing within 30 days of being served with the Plaintiffs Original Petition, and within one year of the filing of the action.

4. As set out below, this Court has subject matter jurisdiction over this action both (a) because this Court has exclusive federal question jurisdiction under 28 U.S.C. §§ 1331, and 1441(b) and 1441(c).

5. A review of the state court **file** shows that no other defendants have been served and no consent to remove need be or can be secured at this time.

II. Basis for Federal Jurisdiction

A. Federal Question Jurisdiction

6. This case is removable because this Court has original, exclusive Federal Question Jurisdiction under 28 U.S.C. §§ 1331 and 1441(b). Specifically, through the allegations in its Original Petition, Plaintiff asserts causes of actions under the Securities And Exchange Act of 1934 and Rule **10b-5**. As set forth in 15 U.S.C.A. § 78aa:

“The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have exclusive *jurisdiction* of violations of this chapter or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by this chapter or the rules and regulations thereunder. .”

(emphasis added)

B. Additional Federal Question Jurisdiction

7. As noted above, this case is removable based on federal question jurisdiction under 28 U.S.C. § 1331. 1441(b). Additionally, through the allegations in its original petition, plaintiff apparently seeks to circumvent federal bankruptcy jurisdiction. According to the Original Petition, Sun Jet International and Sun Jet Holdings filed a petition for bankruptcy in Tampa, Florida on June 18, 1997. Original Petition ¶ 51. Plaintiffs Petition references these entities as “non-defendant[s],” *id.* ¶¶ 5, 6, yet plaintiffs claims relate to actions of the officers of these entities on behalf of these entities. Thus, it appears that plaintiff is impermissibly attempting to avoid federal jurisdiction over claims by naming nominal parties-the officers of these entities-and not the entities themselves.

III. Supplemental Jurisdiction

8. This Court also has jurisdiction over one or more of the claims asserted under its supplemental jurisdiction. 28 U.S.C. § 1367.

IV. Conclusion

9. Removing Defendants reserve the right to submit evidence supporting this Notice of Removal should Plaintiff move to remand.

10. By virtue of this removal petition, Removing Defendants do not waive their right to assert any claims or other motions, including Rule 12 motions permitted by the Federal Rules of Civil Procedure.

11. Pursuant to 28 U.S.C. § 1446 and S.D. Tex. Local Rule 3(K), this Notice of Removal is accompanied by copies of the following exhibits:

A. An index of matters being filed;

- B. All executed process in this case;
- C. Pleadings asserting causes of action, e.g., petitions, counterclaims, cross actions, third-party actions, interventions and all answers to such pleadings;
- D. All orders signed by the Harris County District Judge (none);
- E. The docket sheet in the Harris County District Court;
- F. A list of all counsel of record, including addresses, telephone numbers and parties represented.

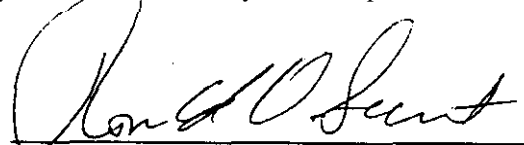
12. Pursuant to 28 U.S.C. § 1446(d), Removing Defendants shall give written notice of the filing of this Notice of Removal to all adverse parties and a copy of this notice is also being filed with the Clerk of the State Court in which this case was originally filed

13. Removing Defendants accordingly pray that this Court take jurisdiction of this action to its conclusion and final judgment to the exclusion of any further proceedings in the State Court in accordance with law.

Respectfully submitted,

BECK, REDDEN & SECREST
A Registered Limited Liability Partnership

By



Ronald D. Secrest

State Bar No. 17974500

1221 McKinney Street, Suite 4500

Houston, Texas 77010-2010

Telephone: (713) 951-3700

Telecopier: (713) 951-3720

ATTORNEY-IN-CHARGE FOR
DEFENDANTS ALEX. BROWN & SONS,
INC. AND RICHARD BERKELEY

OF COUNSEL:

Harry P. Weitzel
State Bar No. 00789033
BECK, REDDEN & SECREST
A Registered Limited Liability Partnership
1221 **McKinney** Street, Suite 4500
Houston, Texas 77010-2010
Telephone: (713) 951-3700
Telecopier: (713) 951-3720

CERTIFICATE OF SERVICE

This pleading was served in compliance with the Federal Rules of Civil Procedure on the 13th day of March, 1998, by fax and/or by certified mail, return receipt requested, as follows:

Regina Giovannini
Brown Parker & Leahy L.L.P.
3600 Two Allen Center
1200 Smith Street
Houston, TX 77002

Brian J. Hogan
State Bar No. 165288
McBreen, McBreen & Kopko
9841 Airport Boulevard
Los Angeles, CA 90045
(310) 410-2887
(310) 410-2993 (Fax)



Ronald D. Secrest

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

MERCURY AIR GROUP, INC

§

vs.

§

§

§

JOHN M. MANSOUR, DAVID A.
BANMILLER, DAVID P. MULLIGAN,
THOMAS B. BALKENHOL, SCOTT A.
BACON, HOWARD M. BABCOCK
ALEX. BROWN & SONS,
INCORPORATED, AND
RICHARD BERKELEY

§

§

§

§

§

§

§

CIVIL ACTION NO. _____

EXHIBIT A

INDEX OF MATTERS BEING FILED

- A. Index of Matters Being Filed;
- B. Executed Process;
- C. A copy of all pleadings, including: Plaintiffs' Original Petition;
- D. All orders signed by the judge of the Harris County District Court;
- E. The Docket Sheet in the Harris County District Court;
- F. List of Counsel.

))

EXHIBIT B
EXECUTED PROCESS

1. No executed process on file.
2. See attached Civil Process Requests.

CIVIL PROCESS REQUEST

ASSESSED
ENTERED
VERIFIED

FOR EACH PARTY SERVED YOU MUST FURNISH ONE (1) COPY OF THE PLEADING TO BE SERVED.
FOR WRITS FURNISH TWO (2) COPIES OF THE PLEADING PER PARTY TO BE SERVED.

CASE NUMBER: 97-62777 CURRENT COURT: 164th Judicial District Court
TYPE OF INSTRUMENT TO BE SERVED (See Reverse For Types): Plaintiff's Original Petition

FILE DATE OF MOTION: 12 / 31 / 97
Month / Day / Year

SERVICE TO BE ISSUED ON (Please List Exactly As The Name Appears In The Pleading To Be Served):

107

1. NAME: Alex. Brown & Sons, Incorporated
ADDRESS: 350 North St. Paul, Dallas, Texas 75201
AGENT, (if applicable): c/o its Registered Agent, CT Corporation Systems

DEBERRY
CLERK
98 FEB - 11 PM 5
DEBERRY

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):
 ATTORNEY PICK-UP CONSTABLE
 CIVIL PROCESS SERVER - Authorized Person to Pick-up: _____ Phone: _____
 MAIL CERTIFIED MAIL
0 PUBLICATION:
Type of Publication: 0 COURTHOUSE DOOR, or
0 NEWSPAPER OF YOUR CHOICE: _____
0 OTHER, explain _____

16

2. NAME: Richard M. Berkeley
ADDRESS: Alex. Brown & Sons, Incorporated, 135 East Baltimore Street, Baltimore, MD 2
AGENT, (if applicable): _____

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):
 ATTORNEY PICK-UP CONSTABLE
 CIVIL PROCESS SERVER - Authorized Person to Pick-up: _____ Phone: _____
 MAIL CERTIFIED MAIL
0 PUBLICATION:
Type of Publication: 0 COURTHOUSE DOOR, or
0 NEWSPAPER OF YOUR CHOICE: _____
0 OTHER, explain _____

ATTORNEY (OR ATTORNEY'S AGENT) REQUESTING SERVICE:
NAME: Regina Giovannini TEXAS BAR NO./ID NO. 07976300
MAILING ADDRESS: 1200 Smith St Suite 3600, Houston, Texas 77002
AREA CODE: (713) TELEPHONE NO. 951-5812

SERVICE REQUESTS WHICH CANNOT BE PROCESSED BY THIS OFFICE WILL BE HELD FOR 30 DAYS PRIOR TO CANCELLATION. FEES WILL BE REFUNDED ONLY UPON REQUEST, OR AT THE DISPOSITION OF THE CASE. SERVICE REQUESTS MAY BE REINSTATED UPON APPROPRIATE ACTION BY THE PARTIES.

BROWN, PARKER & LEAHY, L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS

REGINA GIOVANNINI
PARTNER
DIRECT (713) 951-5812
INTERNET rgiovann@bpl.com

TWO ALLEN CENTER
1200 SMITH STREET, SUITE 3600
HOUSTON, TEXAS 77002-4595

TELEPHONE (713) 654-8111
FACSIMILE (713) 654-1871

February 4, 1998

FILED
CHARLES BACARISSE
CLERK
DISTRICT CLERK
HARRIS COUNTY, TEXAS
98 FEB -4 PM 5: 29
BY DEPUTY

Charles Bacarisse
Harris County District Clerk
301 Fannin, Room 105
Houston, Texas 77002

AI-I-N: CIVIL INTAKE

Re: Cause No. 9742777; Mercury Air Group, Inc. v. John M. Mansour, David A. Banmiller, David P. Mulligan, Thomas B. Balkenhol, Scott A. Bacon, Howard M. Babcock Alex. Brown & Sons Incorporated, and Richard Berkeley; In the 164th Judicial District Court of Harris County, Texas

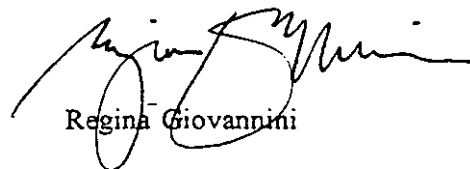
Dear Mr. Bacarisse:

We are requesting ***RUSH*** service on issuance of citations for each individual listed on the enclosed Civil Process Request form. **After the citations are prepared, please call us so that we may arrange to have them picked up promptly from your office.** I am enclosing two copies of the Plaintiffs Original Petition to be attached to the citations.

Also enclosed is our firm's check in the amount of \$16.00 for issuance of the citations.

If you have any questions, please call me. Thank you very much

Sincerely,



Regina Giovannini

RG:shb
Enclosures

cc: Mr. Brian Hogan

CIVIL PROCESS REQUEST

ASSESSED
ENTERED
VERIFIED

FOR EACH PARTY SERVED YOU MUST FURNISH ONE (1) COPY OF THE PLEADING FOR WRITS FURNISH TWO (2) COPIES OF THE PLEADING PER PARTY TO BE SERVED

CASE NUMBER: 97-62757 CURRENT COURT: 164th Judicial District

TYPE OF INSTRUMENT TO BE SERVED (See Reverse For Types): Plaintiff's Original Petition

FILE DATE OF MOTION: 12 31 97
Month/ Day/ Year

SERVICE TO BE ISSUED ON (Please List Exactly As The Name Appears In The Pleading To Be Served):

1. NAME: John M. Mansour

2- ADDRESS: 4700 140th Ave. North, Suite 106, Clearwater, Florida 34622

AGENT, (if applicable):

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):

- ATTORNEY PICK-UP CONSTABLE
- CIVIL PROCESS SERVER - Authorized Person to Pick-up: _____
- MAIL CERTIFIED MAIL
- PUBLICATION:

Type of Publication: COURTHOUSE DOOR, or NEWSPAPER OF YOUR CHOICE: _____

OTHER, explain _____

2. NAME: Howard M. Babcock, Esq.

7-1 ADDRESS: 555 S. Woodward, 5th Floor, Birmingham, Michigan 48009

AGENT, (if applicable):

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):

- ATTORNEY PICK-UP CONSTABLE
- CIVIL PROCESS SERVER - Authorized Person to Pick-up: _____ Phone: _____
- MAIL CERTIFIED MAIL
- PUBLICATION:

Type of Publication: COURTHOUSE DOOR, or NEWSPAPER OF YOUR CHOICE: _____

OTHER, explain _____

ATTORNEY (OR ATTORNEY'S AGENT) REQUESTING SERVICE:

NAME: Regina Giovannini TEXAS BAR NO./ID NO. 07976300

MAILING ADDRESS: 1200 Smith St., Suite 3600, Houston, Texas 77002

AREA CODE: (713) TELEPHONE NO. 951-5812

SERVICE REQUESTS WHICH CANNOT BE PROCESSED BY THIS OFFICE WILL BE HELD FOR 30 DAYS PRIOR TO CANCELLATION. FEES WILL BE REFUNDED ONLY UPON REQUEST OR AT THE DISPOSITION OF THE CASE. SERVICE REQUESTS MAY BE REINSTATED UPON APPROPRIATE ACTION BY THE PARTIES.

CIVIL PROCESS REQUEST

FOR EACH PARTY SERVED YOU MUST FURNISH ONE (1) COPY OF THE PLEADING FOR WRITS FURNISH TWO (2) COPIES OF THE PLEADING PER PARTY TO BE SERVED

CASE NUMBER: 97-62477 CURRENT COURT: 164th Judicial District

TYPE OF INSTRUMENT TO BE SERVED (See Reverse For Types): Plaintiff's Original Petition

FILE DATE OF MOTION: 12 31 97 Month/ Day/ Year

SERVICE TO BE ISSUED ON (Please List Exactly As The Name Appears In The Pleading To Be Served):

1. NAME: David Banmiller

ADDRESS: 80 Pine Valley Lane, Newport Beach, California 92660

AGENT, (if applicable):

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):

- ATTORNEY PICK-UP, CONSTABLE, CIVIL PROCESS SERVER, MAIL, CERTIFIED MAIL, PUBLICATION, OTHER

2. NAME: David P. Mulligan

ADDRESS: 4700 140th Ave. North, Suite 106, Clearwater, Florida 34622

AGENT, (if applicable):

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):

- ATTORNEY PICK-UP, CONSTABLE, CIVIL PROCESS SERVER, MAIL, CERTIFIED MAIL, PUBLICATION, OTHER

ATTORNEY (OR ATTORNEY'S AGENT) REQUESTING SERVICE:

NAME: Regina Giovannini TEXAS BAR NO./ID NO. 07976300

MAILING ADDRESS: 1200 Smith St., Suite 3600, Houston, Texas 77002

AREA CODE: (713) TELEPHONE NO. 951-5812

SERVICE REQUESTS WHICH CANNOT BE PROCESSED BY THIS OFFICE WILL BE HELD FOR 30 DAYS PRIOR TO CANCELLATION. FEES WILL BE REFUNDED ONLY UPON REQUEST OR AT THE DISPOSITION OF THE CASE. SERVICE REQUESTS MAY BE REINSTATED UPON APPROPRIATE ACTION BY THE PARTIES.

CIVIL PROCESS REQUEST

FOR EACH PARTY SERVED YOU MUST FURNISH ONE (1) COPY OF THE PLEADING... FOR WRITS FURNISH TWO (2) COPIES OF THE PLEADING PER PARTY TO BE SERVED

CASE NUMBER: 97-62777 CURRENT COURT: 164th Judicial District Court

TYPE OF INSTRUMENT TO BE SERVED (See Reverse For Types): Plaintiff's Original Petition

FILE DATE OF MOTION: 12 31 97 Month/ Day/ Year

SERVICE TO BE ISSUED ON (Please List Exactly As The Name Appears In The Pleading To Be Served):

1. NAME: Scott Bacon

ADDRESS: 450 115th Avenue East, Treasure Island, Florida 32706

AGENT, (if applicable):

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):

- ATTORNEY PICK-UP, CONSTABLE, CIVIL PROCESS SERVER, MAIL, CERTIFIED MAIL, PUBLICATION

Type of Publication: COURTHOUSE DOOR, or NEWSPAPER OF YOUR CHOICE

OTHER, explain

FILED IN CASE NO. 97-62777 CHARLES B. CLARK JR. DISTRICT CLERK TEXAS HARRIS CO. 98 JAN 16 PM 4:33 BY DEPUTY

2. NAME: Thomas B. Balkenhol

ADDRESS: 4700 140th Ave. North, Suite 106, Clearwater, Florida 34622

AGENT, (if applicable):

TYPE OF SERVICE/PROCESS TO BE ISSUED (see reverse for specific type): Citation

SERVICE BY (check one):

- ATTORNEY PICK-UP, CONSTABLE, CIVIL PROCESS SERVER, MAIL, CERTIFIED MAIL, PUBLICATION

Type of Publication: COURTHOUSE DOOR, or NEWSPAPER OF YOUR CHOICE

OTHER, explain

ATTORNEY (OR ATTORNEY'S AGENT) REQUESTING SERVICE:

NAME: Regina Giovannini TEXAS BAR NO./ID NO. 07976300

MAILING ADDRESS: 1200 Smith St., Suite 3600, Houston, Texas 77002

AREA CODE: (713) TELEPHONE NO. 951-5812

SERVICE REQUESTS WHICH CANNOT BE PROCESSED BY THIS OFFICE WILL BE HELD FOR 30 DAYS PRIOR TO CANCELLATION. FEES WILL BE REFUNDED ONLY UPON REQUEST, OR AT THE DISPOSITION OF THE CASE. SERVICE REQUESTS MAY BE REINSTATED UPON APPROPRIATE ACTION BY THE PARTIES.

EXHIBIT CLIST OF PLEADINGS FILED IN HARRIS COUNTY DISTRICT COURT

1. Plaintiffs' Original Petition
2. Plaintiff's Jury Demand
3. Defendant Alex. Brown & Sons, Incorporated Original Answer
4. Defendant Richard Berkeley's Special Appearance and, Subject Thereto, Original Answer.
5. To be filed in State Court: Notice of Filing of Notice of Removal (without attached copy of this Notice of Removal)

CAUSE NO. 97-62777

ASSESSED
ENTERED <i>[Signature]</i>

MERCURY AIR GROUP, INC. §
 v. §
 JOHN M. MANSOUR, DAVID A. §
 BANMILLER DAVID P. MULLIGAN, §
 THOMAS B. BALKENHOL, SCOTT A. §
 BACON, HOWARD M. BABCOCK §
 ALEX. BROWN & SONS INCORPORATED, §
 AND RICHARD BERKELEY, §

IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

JUDICIAL DISTRICT

[Handwritten signature]
 CC
 31 PM '55
 FOPY

PLAINTIFF'S ORIGINAL PETITION

COMES NOW, Plaintiff MERCURY AIR GROUP, INC., complaining of John M Mansour, David A. Banmiller, David P. Mulligan, Thomas B. Balkenhol, Scott A. Bacon, Howard M. Babcock, Alex. Brown & Sons Incorporated and Richard Berkeley, made Defendants herein, and for cause of action would show the Court the following:

1. This action states claims pursuant to the Securities Exchange Act of 1934 ("Exchange Act") and the rules and regulations promulgated thereunder: Section 25400 of the California Corporate Securities Law of 1968 (the "California Securities Act"); and asserts common-law claims of negligence, misrepresentation, conspiracy, and breach of fiduciary duty.
2. Plaintiff brings this action for the damages sustained by it as a result of defendants' wrongful acts and conduct and for other relief, equitable and legal, as may be appropriate. This action is commenced within the time prescribed by the applicable statutes of limitations.
3. Jurisdiction and venue are proper by virtue of the stipulation set forth in the Management Agreement, and because the cause of action arose, in part, in Harris

The Parties and Other Relevant Entities

4. Plaintiff, Mercury Air Group, Inc. (“Mercury”) is a New York corporation **with** its principal place of business in Los Angeles, California Mercury provides a broad range of fueling and other services to the aviation industry.

5. Non-defendant Sun Jet International, Inc. (“Sun Jet International”) is a Delaware corporation with its principal place of business in Clear-water. Florida

6. Non-defendant Sun Jet Holdings Corporation (“Sun Jet Holdings”) is a Delaware corporation with its principal place of business in Clearwater. Florida. Sun Jet Holdings is the holding company for Sun Jet International.

7. At all times relevant to the transactions complained of John M. **Mansour** (“Mansour”) was the Chairman of the Board and the largest stockholder of Sun Jet Holdings, and therefore controlled, or had the ability to control, Sun Jet Holdings and Sun Jet International.

8. At all times relevant to **the** transactions complained of, David A. Banmiller (“Banmiller”) was the Chief Executive Officer of Sun Jet Holdings, and therefore controlled, or had the ability to control, Sun Jet Holdings and Sun Jet International.

9. At all times relevant to the transactions complained of, David P. Mulligan (“Mulligan”) was the Executive Vice President and Chief Operating Officer, and a director of Sun Jet Holdings, and therefore controlled or had the ability to control, Sun Jet Holdings and Sun Jet International.

10. At all times relative to the transactions complained of, Thomas B. Balkenhol (“Balkenhol”) was the Vice President and General Manager of Sun Jet Holdings and therefore controlled, or had the ability to control, Sun Jet Holdings and Sun Jet International.

11. At all times relative to the transactions **complained** of, Scott A. Bacon ("Bacon") was the Vice President of Planning and Marketing of Sun Jet Holdings, and therefore **controlled**, or had the ability to control, Sun Jet Holdings and Sun Jet International

12. At all times relative to the transactions complained of, Howard M. Babcock ("Babcock") was a director of Sun Jet Holdings, and therefore controlled, or had the ability to control, Sun Jet Holdings and Sun Jet International.

13. Defendant Alex. Brown & Sons Incorporated ("Alex. Brown") is a broker-dealer that served **as** the exclusive placement agent for purchasers in a private offering (the "Private Offering") of shares of Series A Convertible Preferred Stock of Sun Jet Holdings pursuant to a confidential private offering memorandum (the "Private Offering Memorandum") dated February 28, 1996, as amended by Addendum dated May 30, 1996 (the "Addendum"). In connection with the Private Offering, Alex. Brown received \$702,360 in commissions, fees and expenses, including \$30,000 in commissions from the sale of **Series** A Convertible Preferred Stock to Mercury. Alex. Brown has its principal place of business in Baltimore, Maryland but conducts or has conducted business in the State of Texas.

14. Defendant Richard Berkeley was a managing director of Alex. Brown.

15. As specifically described below, each of the defendants either participated in the actions, transactions and conduct complained of or approved, agreed to or conspired with respect to **the** actions, transactions or conduct.

Background

16. In late May or early June of 1996, Bruce **Crocker** ("**Crocker**"), Manager, Fuel Administration and Sales of Mercury, contacted **Banmiller**, who had a previous business relationship with **Crocker**, to inquire whether Mercury could become involved with Sun Jet International's fuel management operations.

17. During the course of the **telephone** conversation, the possibility of Mercury providing fuel management services was extensively discussed. In addition, Banmiller mentioned to **Crocker** that Sun Jet Holdings was preparing a private offering in order to raise \$15 million to expand Sun Jet International. **Banmiller** asked **Crocker** to inquire of Mercury's upper management as to whether Mercury would be interested in participating in the Private Offering.

18. **Crocker** reported the conversation to **Seymour Kahn** ("Kahn"), Chairman of the Board of Mercury. Kahn told **Crocker** that he was interested in investing in the Private Offering.

19. For the next two or three months, **Crocker** and Banmiller continued discussing the terms of a possible fuel management agreement between the two companies. During the same period of time, as set forth below Kahn, Banmiller and Berkeley were discussing the terms and conditions for Mercury's participation in the Private Offering.

20. At the request of **Banmiller**, on June 5, 1996, Berkeley wrote to Kahn, formally soliciting Mercury to invest in Sun Jet Holdings. Enclosed with the letter were copies of the Private Offering Memorandum and Addendum.

21. The letter touted Sun Jet Holdings as "a highly profitable, rapidly growing airline." In addition, the Addendum projected pre-tax net income for Sun Jet Holdings of approximately \$4.9 million and \$17.1 million for the years 1996 and 1997, respectively, and projected net cash flow from operations of approximately \$4.3 million and \$17.7 million for the same years.

22. On or around June 13, 1996, in a telephone conversation between Kahn and Berkeley, Berkeley called Kahn to follow-up on his letter of June 5, 1996. Berkeley told Kahn that Sun Jet International was historically a profitable company, and **that** the proceeds of the Private Offering would serve to make Sun Jet International even more profitable.

23. On June 14, 1996, Mercury's general counsel, at the request of Kahn, wrote Berkeley, indicating Mercury's interest in investing \$500,000 in Sun Jet Holdings. The letter

stated that the investment was subject to: (1) Mercury's Board of Directors approval of the investment; (2) Mercury and Sun Jet International entering into a fuel management agreement, in form and substance acceptable to Mercury; and (3) full subscription of the Offering.

24. On June 19, 20 and 21, 1996, **Crocker** visited the facilities of Sun Jet International in Clear-water, Florida, in order to discuss the possible fuel management contract. During his visit, **Crocker** had several conversations with **Banmiller**, who assured **Crocker** that Sun Jet International was continuing to perform well.

25. On or about July 15, 1996, after hearing a report that the Private Offering had closed, Kahn telephoned Berkeley to inquire as to whether Mercury's subscription could still be accepted. Berkeley told Kahn that he knew that the subscription was still subject to execution of the fuel management agreement, and that he would leave the Private Offering open pending execution of that agreement. During the conversation, Berkeley did not give Kahn any indication that there were any financial or other problems with Sun Jet International.

26. On August 13, 1996, the parties signed the fuel management agreement. At that time, Kahn also gave Sun Jet International preliminary approval to purchase fuel on credit terms. Kahn's credit approval was based on the historical profitability of Sun Jet International, the Private Offering Memorandum, the Addendum, and the failure of any defendant to alert Kahn or anyone else at Mercury that the financial condition of Sun Jet International was deteriorating precipitously.

The Private Offering Claim

27. On August 21, 1996, Mercury submitted a check to Alex. Brown in the amount of \$500,000 for the purchase of 14,815 shares of Series A Convertible Preferred Stock at a purchase price of \$33.75 per share. After submission of the check, the Private Offering closed **and the** proceeds, less commissions and expenses, were distributed to Sun Jet Holdings.

28. **\$11,706,000** was raised in the Private Offering. After payment of commissions, fees and expenses, net proceeds of **\$10,445,000** were released to Sun Jet Holdings,

29. Neither the Private Offering Memorandum, nor the Addendum, stated that Sun Jet International was a public charter for an airline company known as World Technology Systems, Nor did the documents disclose that because of the relationship between World Technology Systems and Sun Jet International, World Technology Systems had the right to operate the route structure of Sun Jet International under the name "Sun Jet", without the participation of Sun Jet Holdings or Sun Jet International.

30. By failing to disclose the relationship between Sun Jet International and World Technology Systems, Sun Jet Holdings misrepresented and failed to disclose material facts. These facts, if known by Mercury, would have impacted on Mercury's decision to invest in Sun Jet Holdings, for Mercury would not have invested in an airline which could so easily be divested of its name and route structure.

31. In addition, the Addendum materially misrepresents the impact of the May 11, 1996 crash of a **ValuJet** airline. The Addendum states as follows:

In the week following the crash of a ValuJet Flight on May 11, 1996. Sun Jet's advance passenger reservation bookings were approximately 10 % - 15 % below anticipated levels. The Company has no reason to believe that the ValuJet crash will have a sustained, long-term impact on demand for the Company's services (page 14, emphasis added).

32. The statements in the Addendum are directly contradicted by the testimony of John W. Funkhouser ("Funkhouser"), currently vice president of finance and chief financial office of Sun Jet International and Sun Jet Holdings. At a Section 341 creditors meeting on July 25, 1997. Funkhouser testified as follows:

A. Up until last May the company [Sun Jet International] was doing extremely well, was ahead of the prior year by approximately ten percent on revenues and was earning money. In May, specifically I think it was May 11 of that year, or May 14th.

ValuJet had that unfortunate accident in the Everglades, and the resultant publicity drove significant amounts of traffic away from the smaller carriers -- Sun Jet included, Like I said, prior to the **ValuJet** crash, the company was **running** approximately ten or eleven percent ahead of the prior year. Following that through the balance of the year, the company was twenty percent behind the previous year.

33. The testimony by **Funkhouser** makes clear that immediately after the **ValuJet** crash, and certainly by June 6, 1996 (the date the Addendum was sent to Mercury) or August 21, 1996 (the date Mercury submitted its check to Alex. Brown), the defendants knew of its serious impact, In addition, the defendants had a duty to correct the Memorandum--which they never did--in order to inform the investors of the impact of the crash.

34. The Private Offering Memorandum, along with the Addendum, was prepared by **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley. **Mansour**, **Banmiller**, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley materially participated in the Private Offering by, among other things: (i) preparing business plans; (ii) approving of the decision to proceed with the Private Offering; and (iii) approving the disclosure of information and representations contained in the Private Offering Memorandum and in the Addendum, **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon and Babcock also materially participated in the Private Offering by: (i) supplying certain information for inclusion in the Private Offering Memorandum and in the Addendum; and (ii) authorizing the use of funds raised in the Private Offering.

35. On or about September 17, 1996. Banmiller transmitted to Mercury financial statements for Sun Jet Holdings for the second quarter of 1996 (the "Second Quarter Statements"). The Second Quarter Statements showed pre-tax net income year-to-date of approximately \$887,000, **and** pre-tax net income for the second quarter alone of approximately \$135,000~

36. The Second Quarter Statements showed a significant deterioration in the financial position of Sun Jet Holdings, in that Sun Jet Holdings would now need **\$4,000,000** of additional net income - an increase of over 400% from the **first** two quarters of 1996 - in order to meet the projections transmitted to Mercury on June 5, 1996.

37. In order not to cause Mercury to change its decision regarding an investment in the Private Offering, the Second Quarter Statements were not transmitted to Mercury until August 15, 1996 (which was approximately one month after they were prepared and made available to shareholders) -- after Mercury had already submitted its subscription payment of \$500,000.

38. Not only were the Second Quarter Statements delivered too late for Mercury to change its decision regarding an investment in the Private Offering, they were also materially misleading in that they failed to inform Mercury of the devastating financial impact of the **ValuJet** tragedy on Sun Jet International's third quarter operating results. Sun Jet International knew of the third quarter problems well before the August 14, 1996 date of the Second Quarter Statements, as the third quarter was approximately half-way through by the time of delivery of the Second Quarter Statements. Moreover, the financial results for the other half of the third quarter would have been known by August 14, 1996, for due to future bookings, financial results in the airline industry can be accurately forecast 30 to 60 days in advance.

39. On November 15, 1996, **Banmiller** informed Mercury and the other shareholders that operating revenue had fallen in September, while costs, such as flight operations, fuel, maintenance, passenger service expense, marketing, advertising, and general and administrative, had all increased in the third quarter. Because of what Banmiller termed "adverse third quarter performance", the Third Quarter Statements reported a nine month pre-tax loss of approximately \$1.8 million.

40. The precarious situation of Sun Jet International and the other, small, "niche" carriers stemming both from the ValuJet crash on May 11, 1996 and from other events which occurred in the third quarter of 1996, were highlighted by Banmiller in a telephonic conference with certain shareholders (from which Mercury was excluded) which was held on November 26, 1996:

. . . .I'd like to go through a fast snap shot as to the industry overview to create a flavor for my remarks. As you know the industry, particularly the major carriers, have posted significantly improved earnings in fact approximately 16 percent better earnings quarter over quarter of which is significant improvement in the majors. However, the carriers, the low fare operators, carriers that roughly are less than three to five years of age and position themselves in the market place as lower fare carriers saw a reduction of about 60 some odd percent in our operating earnings in the third quarter. The niche jet operators such as ourselves enjoyed a slight improvement in yields in the first quarter but the combination of post ValuJet as well as an aggressive pricing by the majors in the summer saw yields deteriorate about three percent and move further down in the third quarter where niche carriers were facing some significant yield deteriorations from 10 to 20 percent in the pricing arena and we were certainly amongst those carriers.

Summarizing the impact of the ValuJet crash and other events on third quarter results, Banmiller later states the following:

Now what has all that meant for the third quarter, and rather than go through all the specific numbers in the third quarter report you have those of course before you. Let me give you some overviews that are beyond those numbers. If we take first a comparison of the third quarter to where we were in the second quarter to see what differences it might have occurred as we face the challenges that I just previously mentioned, an average in the third quarter we saw passengers down about three percent or fifty-four hundred passengers versus the second quarter when we would of expected a reasonably consistent pattern in the third quarter. Fares in the third quarter dropped by about six dollars. On average to us, on an average fare about ninety dollars, that's pretty significant. Roughly about seven or eight percent and the resulting of those two factors was a drop of about 1.7 million dollars in revenue in the third quarter over the second quarter which was the equivalent of about eleven percent drop in revenue. That was coupled with an increase of five cents on fuel or about a quarter of a million dollars and a maintenance cost jumped up in the third quarter for the reasons that I just mentioned by almost half a million dollars.

41. Defendants knew, but **failed to** inform Mercury of the precarious financial situation of Sun Jet **International** and Sun Jet Holdings until at least November 15, 1996--**after** Sun Jet Holdings, knowing of these material omissions, accepted Mercury's subscription proceeds.

The Fuel Claim

42. On September 11, 12, and 13, 1996, **Crocker** again visited the facilities of Sun Jet International. The purpose of this visit was to discuss implementation of the fuel management agreement. As with his previous visit, Banmiller continued to assure **Crocker** that Sun Jet International was continuing to perform well.

43. On September 20, 1996, Kahn met with Banmiller and **Mansour**. During the meeting neither defendant told Kahn of the adverse operating results which were occurring in the third quarter.

44. On or about September 23, 1996, in response to Kahn's request for updated financial information prior to extension of credit under the fuel management agreement, **Mansour** transmitted to Kahn Mercury financial statements for Sun Jet Holdings for the period ended July 31, 1996 (the "July 31, 1996 Financial Statements"). The July 31, 1996 Financial Statements showed approximately \$1.1 million of pre-tax net income, and **\$696,149.50** of positive cash flow for the first seven months of 1996.

45. On or about October 1, 1996, Mercury began supplying fuel to Sun Jet International on credit terms whereby payment was not due until 30 days after receipt. Although Mercury does supply fuel on credit terms, it only does so after a thorough financial investigation of the fuel buyer. In the case of Sun Jet International and its parent company, Sun Jet Holdings, Mercury relied on the optimistic earning projections of Sun Jet Holdings supplied by Sun Jet International prior to October 1, 1996, including but not limited to the earnings and cash flow

information, contained in, and derived from, the July 31, 1996 Financial Statements, as well as the misrepresentations and omissions set forth elsewhere herein.

46. As set forth in the Third Quarter Shareholders Report. Sun Jet International lost \$1.8 million, before taxes, during the nine-month period ended September 30, 1996. Assuming the accuracy of the July 31, 1996 Financial Statements, Sun Jet International (a previously profitable airline) lost \$2.9 million, before taxes, during August and September, 1996. Given the forecasting practices in the airline industry and the fact that by September 23, 1996, the Third Quarter was almost over, Banmiller knew, on September 23, 1996, that without additional disclosure, the July 31, 1996 Financial Statements would materially mislead Mercury regarding the financial condition of Sun Jet International as of that date.

47. Neither Sun Jet International nor its parent company, Sun Jet Holdings, made the first payment to Mercury which was due on November 12, 1996. At that time, the amount owed Mercury was approximately \$1,100,000. Thereafter, Mercury placed Sun Jet International on a daily payment plan until the middle of March, 1997. From March until prior to the filing of the bankruptcy petition, Sun Jet International made weekly payments to Mercury. There is currently due and owing Mercury the sum of \$1,044,651 on its accounts receivable.

Subsequent Events

48. On December 18, 1996, Banmiller transmitted to Kahn projected fourth quarter results of Sun Jet Holdings, along with projections for the year 1997. The fourth quarter was projected to show a pre-tax loss of approximately \$748,000, while the year 1997 was still projected to show significant, albeit lower, positive pre-tax income of approximately \$3.0 million.

49. On March 14, 1997, Banmiller notified shareholders and employees of Sun Jet International of its decision to turn over its schedules and routes to World Technology Systems, which would operate under the name of Sun Jet International Sales. Defendant Sun Jet

International became solely an "ACMI" operator, responsible only for aircraft, crew, maintenance and insurance, and having no source of revenue other than from World Technology Systems..

50. In May, 1997, Sun Jet Holdings transmitted to Mercury and its other shareholders its 1996 Annual Report (the "1996 Annual Report"). The 1996 Annual Report (which was unaudited) reported losses of \$8.9 million during 1996.

51. On June 18, 1997, Sun Jet International and Sun Jet Holdings filed a petition with the Federal Bankruptcy Court in Tampa, Florida for protection from creditors under Chapter 11 of the U.S. Bankruptcy Laws.

52. World Technology Systems, operating under the name "Sun Jet International", is currently expanding its operations, having recently announced new non-stop service from Long Beach Airport to Seattle, Las Vegas, Newark/New York and Houston. Neither defendants Sun Jet International or Sun Jet Holdings. or any of the shareholders of Sun Jet Holdings. have any financial interest in World Technology Systems.

Misrepresentations and Omissions General

53. Beginning June 5, 1996, when Mercury first received the Private Offering Memorandum and Addendum, and continuing through August 21, 1996, when Mercury submitted its subscription proceeds, and October 1, 1996, when Mercury begun extending credit to Sun Jet International, defendants Mansour, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley knew but failed to inform Mercury and the other investors of the extreme deterioration in financial position of Sun Jet Holdings, including the following:

(a) The extreme deterioration in operating revenues, earnings, yield, passengers carried, and fares due to the ValuJet crash which occurred on May 11, 1996 and to competitive pressures which occurred in the third quarter of 1996.

(b) The increase in flight operation costs due to the hiring of additional pilots and crew members which occurred in the third quarter of 1996.

(c) The increase in maintenance costs due to repairs on an aircraft and contract labor for maintenance requirements which occurred in the third quarter of 1996.

(d) The increase in marketing and advertising costs due to price increases which occurred in the third quarter of 1996.

(e) The increase in general and administrative costs due to personnel costs and professional fees which occurred in the third quarter of 1996.

54. Beginning June 5, 1996 and continuing through August 21, 1996, defendants **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown and Berkeley, through use of the Private Offering Memorandum and Addendum, misrepresented and failed to disclose the material relationship between Sun Jet International and World Technology Systems.

FIRST CLAIM

(Exchange Act, Section 10, Rule 10b-5)
(The Private Offering Claim)

55. The allegations in paragraphs 1 through 54 are **realleged** and incorporated herein.

56. The Private Offering Memorandum and Addendum prepared by, among others, defendants **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown and Berkeley contained projections which, at the time and in light of the circumstances under which the projections were made, were materially false and misleading and were made in bad faith and for the purpose of inducing Mercury to invest in Sun Jet Holdings. The projections include:

(a) \$4.9 million of pre-tax income in 1996, which projection was made as late as June 5, 1996 when, according to the 1996 Annual Report, Sun Jet lost \$8.9 million for that year

(b) \$17.1 million of **pre-tax** net income in 1997, which projection was **also** made on June 5, 1996 when, in actuality, Sun Jet Holdings and Sun Jet **International** filed bankruptcy in June of 1997.

(c) \$4.1 million of cash as of December 31, 1996, which projection was **also** made as late as June 5, 1996, when according to the 1996 Annual Report, Sun Jet had only \$1.0 million of cash as of December 31, 1996.

57. **Mansour, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown and Berkeley** knew but failed to disclose in the Private Offering Memorandum and Addendum, or at any time subsequent to the date of the Addendum until at least November 15, 1996, the deteriorating financial position of Sun Jet International and Sun Jet Holdings, which occurred in the third quarter of 1996. Among other things, the defendants knew but failed to disclose the following:

(a) The extreme deterioration in operating revenues, earnings, yield, passengers carried and fares due to the **ValuJet** crash which occurred on May 11, 1996, and to competitive pressures which occurred in the third quarter of 1996.

(b) The increase in flight operation costs due to the hiring of additional pilots and crew members which occurred in the third quarter of 1996.

(c) The increase in maintenance costs due to repairs on an aircraft and contract labor for maintenance requirements which occurred in the third quarter of 1996.

(d) The increase in marketing and advertising costs due to price increases which occurred in the third quarter of 1996.

(e) The increase in general and administrative costs due to personnel costs and professional fees which occurred in the third quarter of 1996.

58. **Mansour, Banmiller**, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley misrepresented the material relationship between Sun Jet International and World Technology Systems.

59. The misrepresentations, omissions and misleading disclosures in the Private Offering Memorandum and Addendum, were in violation of Section 10 of the Exchange Act and Rule 10b-5 thereunder. **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley knew or, but for their recklessness, should have known, that the Private Offering Memorandum, the Addendum and the other disclosures alleged herein were false and misleading. The misrepresentations and omissions were made for the purpose of inducing Mercury to purchase shares of Series A Convertible Preferred Stock in the Private Offering. All of the defendants, by utilizing the Private Offering Memorandum and the Addendum, violated Section 10 of the Exchange Act and Rule 10b-5 thereunder.

60. Both Alex. Brown and Berkeley had a substantial financial interest in the sale of the Series A Convertible Preferred Stock, as Alex. Brown received approximately \$702,360 as placement fees and expenses in connection therewith.

61. The actions of **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley constitute a device, scheme or artifice to defraud plaintiff, or a transaction, practice or course of business which operated or would operate as a fraud or deceit upon plaintiff in violation of Section 10 of the Exchange Act and Rule 10b-5 thereunder.

62. **Mansour**, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley directly and indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails in connection with each of the acts and practices alleged herein

63. **Mansour, Banmiller, Mulligan, Balkenhol, Bacon, Babcock, Alex. Brown, and Berkeley** engaged in the conduct described above with the intent to deceive, manipulate or defraud, or engaged in that conduct with reckless disregard for the consequences of that conduct to plaintiff.

64. As a result of the violations of law described in this claim. plaintiff has been damaged in the amount of \$500,000, plus lost use of the money invested and other damages.

SECOND CLAIM

(Misrepresentations, Omissions, and
Fraudulent Devices-California Securities Act)
(The Private Offering Claim)

65. The allegations of paragraphs 1 through 64 are **realleged** and incorporated herein.

66. All named defendants. in connection with the offer and sale of Series A Convertible Preferred Stock in the Private Offering, directly and indirectly:

(a) Employed devices, schemes **and** artifices to defraud;

(b) Made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

(c) Engaged in acts, practices, and courses of business which operated as a fraud or deceit on plaintiff.

67. Such actions violated Section 25401 of the California Securities Act

68. Defendants are liable to plaintiffs pursuant to Section 25501 of the California Securities Act.

69. Plaintiff was damaged by such actions of defendants. Damages include consideration paid, lost use of the money invested, and other damages

70. Under Section 25501 of **the** California Securities Act, **defendants** are liable to plaintiffs for actual damages sustained plus interest from the date of payment or sale, costs **and** reasonable attorneys' fees.

THIRD CLAIM

(Common Law-Negligence)
(The Private Offering Claim)

71. The allegations in paragraphs 1 through 70 are realleged **and** incorporated herein.

72. In connection with the offer **and** sale of Series A Convertible Preferred Stock in the Private Offering, the conduct of **all** named defendants constitutes negligence and such negligent conduct caused damages to plaintiff.

73. As a result of the negligence of defendants, plaintiff has been damaged in the amount of \$500,000, plus lost use of the money invested and other damages.

FOURTH CLAIM

(Common Law-Misrepresentation)
(The Private Offering Claim)

74. The allegations in paragraphs I through 73 are hereby realleged and incorporated herein.

75. In connection with the offer and sale of Series A Convertible Preferred Stock, named defendants, by their conduct, breached their common-law duty to the plaintiff by fraudulently concealing from plaintiff and failing to disclose **all** material facts regarding the operations and financial condition of Sun Jet Holdings and Sun Jet International.

76. Defendants engaged in this conduct with the intent to deceive, manipulate or defraud or **with** a reckless disregard for the consequences of the conduct on the plaintiff,

77. As a result of the violations of law described in this claim, plaintiff has been damaged in the amount of \$500,000, plus lost use of the money **invested**, and other damages.

FIFTH CLAIM

(Common Law-Conspiracy)
(The Private Offering Claim)

78. The allegations in paragraphs 1 through 77 are realleged and incorporated herein.

79. The conduct **of the** named defendants constitutes an unlawful conspiracy which began on or before June 5, 1996 which conspiracy consisted of a continuing agreement and concert of action among the participants of the conspiracy to induce plaintiff by means of fraudulent documents, misrepresentations and untrue statements to purchase shares of Series A Convertible Preferred Stock in the Private Offering. This conspiracy has been effectuated and furthered by various means and methods, including the acts described above.

80. As a result of the conspiracy by defendants, plaintiff has been damaged amount of \$500,000 plus lost use of the money invested **and** other damages.

SIXTH CLAIM

(Common Law-Breach of Fiduciary Duty)
(The Private Offering Claim)

81. The allegations in paragraphs 1 through 80 are **realleged** and incorporated herein.

82. Named defendants owed a **fiduciary** duty to plaintiff with respect to disclosing all relevant information regarding the plaintiffs investment,

83. The misrepresentation and omissions set forth above and the **participation** by the defendants in the promotion of the investments, and the manner in which the defendants performed their duties constituted breaches of their fiduciary duties to plaintiff,

84. Defendants also owed a fiduciary duty to plaintiff to return all funds invested by plaintiff **as** neither Sun Jet Holdings nor Sun Jet International no longer had a proper corporate purpose for the use of such funds.

85. By virtue of defendants' breaches of fiduciary duties, plaintiff has been damaged in the amount of \$500,000, plus lost use of the money invested, and other damages,

SEVENTH CLAIM

(Punitive Damages)
(The Private Offering Claim)

86. The allegations in paragraphs 1 through 85 are realleged and incorporated by reference,

87. Named defendants' conduct in connection with the offer and sale of Series A Convertible Preferred Stock was willful and wanton and otherwise sufficient to make defendants liable to plaintiff for punitive damages under the fourth, fifth and sixth claims pled herein.

EIGHT CLAIM

(Common Law-Negligence)
(The Fuel Claim)

88. The allegations in paragraphs 1 through 87 are realleged and incorporated herein.

89. The conduct of named defendants in connection with the purchase of fuel from Mercury constitutes negligence and such negligent conduct caused damages to plaintiff

90. As a result of the negligence of defendants, plaintiff has been damaged in the amount of \$1,044,651, plus lost use of the money invested and other damages.

NINTH CLAIM

(Common Law-Misrepresentation)
(The Fuel Claim)

91. The allegations in paragraphs 1 through 90 are hereby realleged and incorporated herein.

92. In connection with the purchase of fuel from Mercury, named defendants, by their conduct, breached their common-law duty to the plaintiff by fraudulently concealing from

plaintiff, misrepresenting, and failing to disclose **all** material facts regarding the financial condition of Sun Jet Holdings and Sun Jet International.

93. Defendants engaged in this conduct with the intent to deceive, manipulate or defraud or with a reckless disregard for the consequences of the conduct on the plaintiff,

94. As a result of the violations of law described in this claim, plaintiff has been damaged in the amount of **\$1,044,651** plus lost use of the money invested, and other damages.

TENTH CLAIM

(Common Law-Conspiracy)
(The Fuel Claim)

95. The allegations in paragraphs 1 through 94 are **realleged** and incorporated herein.

96. The conduct of the named defendants constitutes **an** unlawful conspiracy which began prior to October 1, 1996 and which conspiracy consisted of a continuing agreement and **concert** of action among the participants of the conspiracy to induce plaintiff by means of fraudulent documents, misrepresentation and untrue statements to **sell** fuel to Sun Jet International on credit terms. This conspiracy has been effectuated and furthered by various means and methods, including the acts described above.

97. As a result of the conspiracy **by** defendants, plaintiff has been damaged in the amount of **\$1,044,651**, plus lost use of the money invested and other damages.

ELEVENTH CLAIM

(Punitive Damages)
(The **Fuel Claim**)

98. The allegations in paragraph 1 through 97 are **realleged** and incorporated by reference

99. The conduct of the named defendants in connection with the purchase of fuel from Mercury was willful and wanton and otherwise **sufficient** to make these defendants liable to plaintiff for punitive damages under the ninth and ~~ten~~ claims pled herein.

PRAYER FOR RELIEF

Wherefore, premises considered, plaintiff Mercury Air Group, Inc. demands judgment against:

(a) **all** Defendants, jointly and severally, for:

(i) Rescission of the investment made in Sun Jet Holdings with damages in the sum of \$500,000, plus lost use of the money invested;

(ii) **Punitive** damages;

(iii) **Attorneys'** fees;

(iv) Costs **and** expenses including reasonable attorneys' fees;

(v) Prejudgment and post-judgment interest at the highest rate allowed by law; and

(vi) All other relief as this court may deem just **and** proper; and against

(b) Defendants **Mansour**, Banmiller, **Balkenhol**, Bacon, and Babcock, jointly

and severally, for:

(i) **\$1,044,651**, plus lost **use** of the money;

(ii) Punitive damages;

(iii) Attorneys' fees;

(iv) Costs and disbursements including **reasonable attorneys'** fees;

(v) Prejudgment **and** post-judgment interest at the highest rate allowed by law; and

(vi) All other relief as this court may deem just and proper;

Respectfully submitted,

BROWN, PARKER & LEAHY, L.L.P.

BY: 

REGINA GIOVANNINI
State Bar No. 07976300
3600 Two Allen Center
1200 Smith Street
Houston, Texas 77002
(713) 654-8111
(713) 654-1871 (Fax)

BRIAN J. HOGAN
California State Bar No. 165288
McBREEN, McBREEN & KOPKO
9841 Airport Boulevard
Los Angeles, CA 90045
(310) 410-2887
(310) 410-2993 (Fax)

ATTORNEYS FOR PLAINTIFF

CAUSE NO. 97-62777

MERCURY AIR GROUP, INC.	§	IN THE DISTRICT COURT OF
	§	
v.	§	
	§	
JOHN M. MANSOUR, DAVID A.	§	
BANMILLER, DAVID P. MULLIGAN,	§	HARRIS COUNTY, TEXAS
THOMAS B. BALKENHOL. SCOTT A.	§	
BACON, HOWARD M. BABCOCK	§	
ALEX. BROWN & SONS INCORPORATED,	§	
AND RICHARD BERKELEY,	§	_____ JUDICIAL DISTRICT

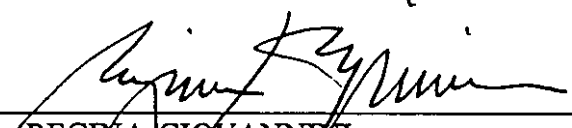
CLERK OF DISTRICT COURT
 HARRIS COUNTY, TEXAS
 16 DEC 31 PM 4:54 '97

JURY DEMAND

COMES NOW, Plaintiff MERCURY AIR GROUP, INC., and makes demand for jury trial on all issues herein and requests that said cause be placed upon the Court's jury docket.

Respectfully submitted,

BROWN, PARKER & LEAHY, L.L.P.

BY: 
 REGINA GIOVANNINI
 State Bar No. 07976300
 3600 Two Allen Center
 1200 Smith Street
 Houston, Texas 77002
 (713) 654-8111
 (713) 654-1871 (Fax)

BRIAN J. HOGAN
 California State Bar No. 165288
 McBREEN, McBREEN & KOPKO
 9841 Airport Boulevard
 Los Angeles, CA 90045
 (310) 410-2887
 (310) 410-2993 (Fax)

ATTORNEYS FOR PLAINTIFF

NO. 97-62777

MERCURY AIR GROUP, INC.

§
§
§
§
§

IN THE DISTRICT COURT OF
HARRIS COUNTY, TEXAS
164TH JUDICIAL DISTRICT

V.

JOHN M. MANSOUR, et al.

HARRIS COUNTY CLERK
GAIL BAKER
HARRIS COUNTY, TEXAS
98 MAR 12 PM 5:32

BY DEPUTY

DEFENDANT ALEX. BROWN & SONS INCORPORATED'S ORIGINAL ANSWER

TO THE HONORABLE JUDGE OF THIS COURT:

COMES NOW Defendant Alex. Brown & Sons Incorporated and files its Original Answer to Plaintiff's Original Petition, and would respectfully show the Court as follows:

GENERAL DENIAL

1. Subject to all stipulations and admissions that may hereafter be made, Defendant asserts a general denial as authorized by TEX. R. CIV. P. 92, and respectfully requests that Plaintiff be required to prove the charges and allegations against Defendant by meeting the appropriate burden of proof as required by the constitution and laws of the State of Texas.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Defendant prays that the above answer be submitted to the Court and jury, and asks that Plaintiff take nothing, that Defendant recover all costs, and that Defendant have all other and further relief to which it may be entitled.

Respectfully submitted,

BECK, REDDEN & SECREST
A Registered Limited Liability Partnership

By: 

Ronald D. Secrest
State Bar No. 17974500
Harry P. Weitzel
State Bar No. 00789033

1221 McKinney, Suite 4500
Houston, Texas 77010-2010
713/951-3700
713/951-3720 FAX

ATTORNEYS FOR DEFENDANT
ALEX. BROWN & SONS
INCORPORATED

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all attorneys of record by certified mail, return receipt requested on this 12th day of March, 1998.

Regina Giovannini
Brown, Parker & Leahy
3600 Two Allen Center
1200 Smith Street
Houston, Texas 77002

CMRRR NO. P 355 320 926

Brian J. Hogan
McBreen, McBreen & Kopko
9841 Airport Blvd.
LOS Angeles, California 90045

CMRRR NO. P 355 320 927



Ronald D. Secrest

NO. 97-62777

MERCURY AIR GROUP, INC.

§
§
§
§
§

IN THE DISTRICT COURT OF
HARRIS COUNTY,
164TH JUDICIAL DISTRICT

V.

JOHN M. MANSOUR, et al.

CHARLES S. CARPISSE
CLERK
DISTRICT COURT
HARRIS COUNTY, TEXA
98 MAR 12 PM 5: 36
DEPUTY

**SPECIAL APPEARANCE AND, SUBJECT THERETO,
ORIGINAL ANSWER OF RICHARD BERKELEY**

**I.
SPECIAL APPEARANCE**

1. Richard Berkeley ("Berkeley"), one of the defendants herein, files this special appearance under Rule 120a of the Texas Rules of Civil Procedure to this entire proceeding before any other plea, pleading, or motion.

2. This Court lacks personal jurisdiction over Berkeley because he is not a resident of Texas, has never had any general or ongoing relationship to Texas, has only been to Texas twice in the past 18 months to 2 years (both instances on company business and unrelated to Sun Jet or Mercury Air), and has had no contact with the State of Texas in connection with Mercury Air Group, Inc. or the private offering made the basis of this action.

For the reasons above, Berkeley prays for dismissal on account of lack of personal jurisdiction.

II.
ANSWER SUBJECT TO SPECIAL APPEARANCE

Subject to his special appearance, Berkeley, pursuant to Tex. R. Civ. P. 92, generally denies each and all allegations in the plaintiff's petition and requests that a take nothing judgment be entered on plaintiff's claims.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Defendant Richard Berkeley prays that this Court dismiss all claims asserted against him for lack of personal jurisdiction, that the Court enter a take nothing judgment on the plaintiff's claims, and for such other and further relief at law or in equity to which this Defendant may show himself justly entitled.

Respectfully submitted,

BECK, REDDEN & SECREST
A Registered Limited Liability Partnership

By: 

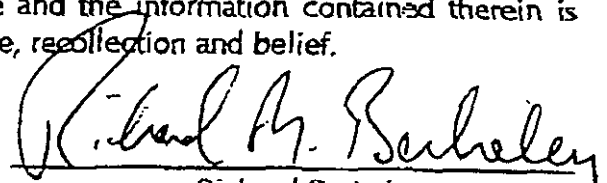
Ronald D. Secrest
State Bar No, 17974500
Harry P. Weitzel
State Bar No. 00789033

1221 McKinney, Suite 4500
Houston, Texas 77010-2010
713/951-3700
713/951-3720 FAX

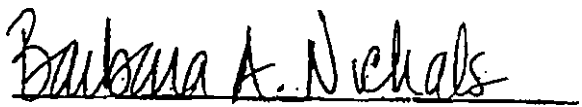
ATTORNEYS FOR DEFENDANT
RICHARD BERKELEY

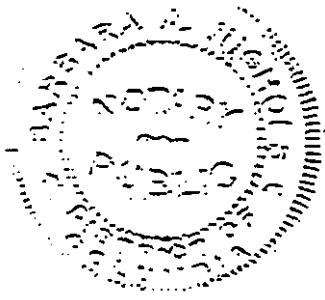
VERIFICATION

On this day Richard Berkeley, the **affiant**, appeared *in person* before me, a witness, who knows the **affiant** to be the person whose **signature** appears on this document and states that he **has** read the **Special Appearance** and the information contained therein is **correct according** to **affiant's** personal knowledge, recollection and belief.


Richard Berkeley

SUBSCRIBED AND SWORN TO before me on March 12th, 1998.


Notary Public



Barbara A. Nichols
Notary Public District of Columbia
My commission expires: February 28, 2001

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all attorneys of record by certified mail, return receipt requested on this 12th day of March, 1998.

Regina Giovannini
Brown, Parker & Leahy
3600 Two Allen Center
1200 Smith Street
Houston, Texas 77002

CMRRR NO. P 355 320 926

Brian J. Hogan
McBreen, McBreen & Kopko
9841 Airport Blvd.
Los Angeles, California 90045

CMRRR NO. P 355 320 927



Ronald D. Secret

CAUSE NO. 97-62777

MERCURY AIR GROUP, INC.	§	IN THE DISTRICT COURT OF
	§	
	§	
vs.	§	HARRIS COUNTY, TEXAS
	§	
JOHN M. MANSOUR, DAVID A:	§	
BANMILLER, DAVID P. MULLIGAN,	§	
THOMAS B. BALKENHOL, SCOTT A.	§	
BACON, HOWARD M. BABCOCK	§	
ALEX. BROWN & SONS,	§	
INCORPORATED, AND	§	
RICHARD BERKELEY	§	
	§	164TH JUDICIAL DISTRICT

NOTICE OF FILING OF NOTICE OF REMOVAL

TO: The Honorable Charles Bacarisse
Harris County District Clerk
P.O. Box 1525
Houston. Texas 77251-1525

Regina **Giovannini**
State Bar No. 07976300
Brown Parker & Leahy L.L.P.
3600 Two Allen Center
1200 **Smith** Street
Houston, TX 77002

Brian J. Hogan
State Bar No. 165288
McBreen, McBreen & Kopko
9841 Airport Boulevard
Los Angeles, CA 90045

FROM: Ronald D. Secrest
Harry P. Weitzel
Beck, Redden & Secrest
A Registered Limited Liability Partnership
1221 **McKinney**, Suite 4500
Houston, Texas 77010

pursuant to 28 U.S.C. § 1446(d), Defendants Alex. Brown & Sons, Incorporated and Richard Berkeley file this Notice of Filing of Notice of Removal, which was previously filed in the United States District Court for the Southern District of Texas, Houston Division. See Exhibit A (file stamped copy of Notice of Removal). This Notice of Filing of Notice of Removal will also serve to cause the full removal of this case to federal court pursuant to 28 U.S.C. §§ 1331, 1441, 1367 and 1446(a)-(e), precluding this Court from further proceedings in this cause unless and until this action is remanded.

Respectfully submitted,

BECK, REDDEN & SECREST
A Registered Limited Liability Partnership

By: 

Ronald D. Secrest
State Bar No. 17974500
Harry P. Weitzel
State Bar No. 00789033

1221 **McKinney**, Suite 4500
Houston, Texas 77010-2010
(713) 951-3700
(713) 951-3720 (Fax)

ATTORNEYS FOR DEFENDANTS
ALEX. BROWN & SONS, INCORPORATED
AND RICHARD BERKELEY

CERTIFICATE OF SERVICE

This pleading was served in compliance with Rules 21 and 21a of the Texas Rules of Civil Procedure on March 30 1998, as follows:

Regina Giovannini
State Bar No. 07976300
Brown Parker & Leahy L.L.P.
3600 Two Allen Center
1200 Smith Street
Houston, TX 77002
(713) 654-8111
(713) 654-1871 (Fax)

Brian J. Hogan
State Bar No. 165288
McBreen, McBreen & Kopko
9841 Airport Boulevard
Los Angeles, CA 90045
(310) 410-2887
(310) 410-2993 (Fax)



Ronald D. Secret

Attachment E1 4
Release of Mr. Bacon from Mercury Air Group Lawsuit

E 14

Brian J. Hogan, Esq. #165288
McBreen, McBreen & Kopko
19762 MacArthur Boulevard
Suite 245
Irvine, CA 92612-2410
Telephone: 714253.3470
Telecopier: 714X53.2055

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
ENTERED

JUL 01 1998

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
FILED

JUN 15 1998

Michael N. Milby, Clerk
Michael N. Milby, Clerk of Court

Attorneys For Mercury Air Group, inc.

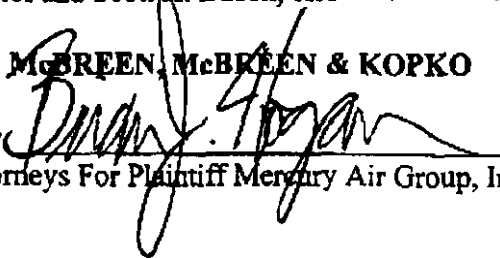
IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	}	
	}	
Mercury Air Group, Inc.,	}	Civil Action No. H-Xi-0742
a New York corporation,	}	
	}	
Plaintiff	}	
	}	
v.	}	
John M. Mansour, David A. Banmiller,	}	
David P. Mulligan, Thomas B. Balkenhol,	}	
Scott A. Bacon, Howard M. Babcock,	}	
Alex. Brown & Sons Incorporated	}	
and Richard Berkeley,	}	
	}	
Defendants.	}	Judge: Hon. Sim Lake
	}	
	}	

STIPULATION OF DISMISSAL OF CERTAIN DEFENDANTS

COME NOW the Plaintiff, Mercury Air Group, Inc., (hereafter, "Plaintiff") by and through its attorneys, and states to this honorable Court as follows:

Plaintiff hereby agrees to the dismissal From the instant action of defendants Thomas B. Balkenhol and Scott A. Bacon, effective immediately.

McBREEN, McBREEN & KOPKO
By 
Attorneys For Plaintiff Mercury Air Group, Inc.

24

6

MAILING LIST

1. **Leymon L. Solomon, Esq.**
Attorney at Law
46 15 Post Oak Place/ Suite 140
Houston, TX 77027

2. **David C. Holmes, Esq.**
Holmes & Bonham, L.L.P.
815 Walker/ Suite 850
Houston, TX 77002

3. **Ronald D. Secrest, Esq.**
Harry P. Weitzel, Esq.
Beck, Redden & Secrest
122 1 McKinney/ Suite 4500
Houston, TX 77010-2010

4. **Patrick Zummo, Esq.**
Zummo & Perry
1000 Louisiana/ Suite 1200
Houston, TX 77002

5. **Regina Giovannini, Esq.**
Brown, Parker & Leahy, L.L.P.
1200 Smith Street/ Suite 3600
Houston, TX 77002-4595

6. **John R. Ostojic, Esq.**
McBreen, McBreen & Kopko
20 North Wacker Drive/ Suite 2520
Chicago, IL 60606

7. **Wayne J. Lovett, Esq.**
Mercury Air Group, Inc.
5456 McConnell Avenue
Los Angeles, CA 90066

Attachment E1 5
Notification of Southeast Aviation, Inc.

Sun Jet International, Inc.

August 12, 1998

Mr. Jerry Scudero, President
Southeast Aviation, Inc.
1500 Airport Way
Ketchikan International Airport
Ketchikan, Alaska 99901

Dear Mr. Scudero:

Please be advised that Sun Jet, International, Inc. has applied to the Department of Transportation to register the name "Southeast Airlines". Operations will be "on-demand" with a DC-9 in the southeast and eastern US.

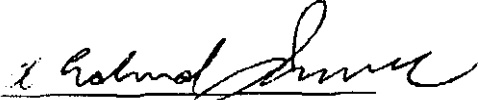
Should you have any questions please call me at (518) 436-9440.

Sincerely,

A. Edward Jenner

CERTIFICATE OF SERVICE

I hereby certify that I have sewed a copy of the forgoing letter on August July 14, 1998 by pre-paid first class mail to the persons named below.



A. Edward Jenner

**Mr. Jerry Scudero, President
Southeast Aviation, Inc.
Ketchikan International Airport
Ketchikan, Alaska 99901**