



September 22, 2021

**BY EMAIL**

Ms. Lauralyn J. Remo  
Chief, Air Carrier Fitness Division  
Office of Aviation Analysis  
U.S. Department of Transportation  
1200 New Jersey Ave. S.E.  
Washington, D.C. 20590

Re: 21 Air LLC Fleet Expansion Request

Dear Ms. Remo:

Currently 21 Air LLC (21 Air) is authorized to operate up to 5 all-cargo aircraft. 21 Air respectfully requests approval to now increase its total fleet to 10 all-cargo aircraft. Timely approval would serve the public's need for expanded air cargo lift, including most especially before the Holiday Season.

21 Air restructured in the last year to be ready to grow in parallel with the demand for service in the air cargo market. James Crane, a leader in freight forwarding and logistics, obtained majority ownership of 21 Air through Avia Acquisitions.

The new ownership brings financial stability along with industry knowledge of freight forwarding and air cargo airline operations. 21 Air's experienced management team remains in place alongside this new ownership. The additional aircraft will allow 21 Air to build on its financial restructuring to address market opportunities.

21 Air currently operates three aircraft dedicated to \_\_\_\_\_. 21 Air operates one additional aircraft on an interchange agreement with \_\_\_\_\_. In parallel, 21 Air is working to become a crew, maintenance, and insurance (CMI) operator for \_\_\_\_\_ owned aircraft. \_\_\_\_\_ and \_\_\_\_\_ will provide long term support and stability for this U.S. cargo carrier—a segment of the industry with the growth of e-commerce which needs additional capacity.

21 Air is already approaching its 5 aircraft limit set by the Department. By expanding its fleet authorization to 10 aircraft, 21 Air can expand its services to \_\_\_\_\_, \_\_\_\_\_, and other partners. With authorized additional aircraft, 21 Air can also move forward with potential arrangements with the \_\_\_\_\_ and several customers in \_\_\_\_\_. Importantly, doubling 21 Air's fleet would essentially double its employment, as shown in Exhibit A. As shown in the financial projections in Exhibit B, 21 Air's strategy to grow on a CMI basis combines minimal capital risk and potentially high rewards.

Beyond 21 Air’s specific negotiations and strong finances, Department approval for 21 Air’s fleet expansion would be aligned with positive trends in the wider air cargo market. Since the U.S. has been in a Public Health Emergency for 20 months and counting,<sup>1</sup> customers will continue to shop online and expect rapid delivery of their purchases - expectations which require air cargo capacity. This industry-wide need for air cargo lift will only become more pronounced as the Holiday Season approaches. As a freight forwarder recently told *Reuters*, “There's no capacity left, it almost would take a miracle for you to find a charter between now and the end of November, early December.”<sup>2</sup>

If the Department permits 21 Air to expand its fleet, the company expects continued growth. In support of this request, 21 Air provides the following information:

- **Current Financial Position:**

A current balance sheet and a current income statement both ending July 31, 2021, is attached as Exhibit B. As of July 31, 2021, 21 Air had Current Assets of \$\_\_\_ million and Current Liabilities of \$\_\_\_ million. All financial information in this submission was prepared by José Pessolano, CFO of 21 Air.

- **Pro Forma Income Statement and Balance Sheet – 12 Month Operating Expenses:**

A detailed pro forma income statement for the next 12 months, broken down between 21 Air’s current operations and its proposed expanded operations, is attached as Exhibit C. A pre-operating expense forecast for these expanded operations is attached as Exhibit D.<sup>3</sup> The operating expenses associated with the increased flying are estimated to be approximately \$\_\_\_ million during the first year. Based on this forecast, the three months’ average of operating expenses is approximately \$\_\_\_ million.

- **Pre-Operating Expenses:**

Description	Amount
Maintenance Bridging & Conformity	

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<sup>1</sup> Xavier Becerra, *Renewal of Determination That A Public Health Emergency Exists* (July 19, 2021) available at <https://www.phe.gov/emergency/news/healthactions/phe/Pages/COVID-19July2021.aspx>

<sup>2</sup> Richa Naidu and Lisa Baertlein, *High-stakes Christmas looms as surging toy demand meets supply-chain snarls*, REUTERS (Sept. 20, 2021) available at <https://www.reuters.com/world/the-great-reboot/high-stakes-christmas-looms-surging-toy-demand-meets-supply-chain-snarls-2021-09-20/>

<sup>3</sup> A Motion for Confidential Treatment of financial information, projected revenues, and financial agreements in these exhibits is being filed concurrently with this letter.

Legal Fees for Certification	
Crew Training	
Crew Salaries Pre-Certification	
<b>Total</b>	

- **Three Month Financial Requirement:**

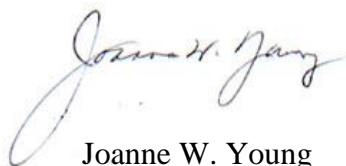
Combined with the start-up costs remaining as of the date of this application, the total capital normally required to meet the Department's financial fitness test is thus \$\_\_\_ million. Since 21 Air has a working capital deficit of \$\_\_\_ million, the financial cover needed to meet the Department's financial fitness test is \$\_\_\_ million. Exhibit E is a Revolving Promissory Note for \$\_\_\_ million between 21 Air and its owners, including a letter of support that ensures sufficient capital to meet the Department's financial fitness test. This exceeds the capital required to meet the Department's financial fitness test.

- **Compliance:**

21 Air has no compliance issues as listed in 14 CFR § 204.3. Its owners, James Crane through Avia Acquisitions, LLC and Cargojet, also report no compliance issues as shown in Exhibits F and G.

21 Air expects to reach its legal limit of five aircraft in service in October 2021. Accordingly, a timely review and decision to accommodate the Holiday Season would be greatly appreciated.

Sincerely,



Joanne W. Young  
David M. Kirstein  
Counsel for 21 Air, LLC

cc: Dockets DOT-OST-2015-0043, 2015-0044

Mr. Damon Walker,  
Air Carrier Fitness Division