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corrections to the Statements of Operations due not change the previously reported Total expenses or Net (Loss)/Income of the Registrant for the three month and six month periods ended June 30, 2002.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AIRLEASE LTD., A CALIFORNIA LIMITED PARTNERSHIP

BALANCE SHEETS

(In thousands except unit data)	June 30, 2002 (Unaudited)	December 31, 2001
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 2,485	\$ 9,432
Finance leases - net	6,449	6,949
Operating leases - net	13,533	14,218
Aircraft held for lease		20,299
21,326		
Notes receivable	544	544
Prepaid expenses and other assets	85	60
	<hr/>	<hr/>
Total assets	\$ 43,395	\$ 52,529
	=====	=====
 LIABILITIES AND PARTNERS' EQUITY		
LIABILITIES		
Distribution payable to partners	\$ 514	\$ 7,521
Deferred income	509	509
Accounts payable and accrued liabilities	725	602
Taxes Payable	84	223
Long-term notes payable	3,065	3,389
	<hr/>	<hr/>
Total liabilities	4,897	12,244
	<hr/>	<hr/>
 COMMITMENTS AND CONTINGENCIES		
 PARTNERS' EQUITY		

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Limited partners (4,625,000 units outstanding)	38,113	39,882
General partner	385	403
	<hr/>	<hr/>
Total partners' equity	38,498	40,285
	<hr/>	<hr/>
Total liabilities and partners' equity	\$ 43,395	\$ 52,529
	=====	=====

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AIRLEASE LTD., A CALIFORNIA LIMITED PARTNERSHIP

STATEMENTS OF OPERATIONS

(Unaudited; in thousands except per unit amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUES				
Finance lease income	\$ 75	\$1,235	\$ 155	\$2,470
Operating lease rentals	750	246	1,500	1,500
Other income	8	9	37	37
	-	-	--	--
Total revenues	<hr/> 833	<hr/> 1,490	<hr/> 1,692	<hr/> 3,007
EXPENSES				
Interest	60	149	115	115
Depreciation	856	145	1,712	1,712
Management fee - general partner	96	142	193	193
Investor reporting	86	87	197	197
General and administrative	55	37	84	84
Tax on gross income	42	184	85	85
Aircraft maintenance and refurbishing	(26)	0	65	65
Total expenses	<hr/> 1,170	<hr/> 744	<hr/> 2,451	<hr/> 1,451
Net (Loss)/Income	<hr/> \$ (337)	<hr/> \$ 746	<hr/> \$ (758)	<hr/> \$1,556
	=====	=====	=====	=====

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Net (Loss)/Income Allocated To:

General Partner	\$ (3) =====	\$ 7 =====	\$ (8) =====	\$ ==
Limited Partners	\$ (333) =====	\$ 739 =====	\$ (751) =====	\$1 ==
Net (Loss)/Income Per Limited Partnership Unit	\$ (0.07) =====	\$ 0.16 =====	\$ (0.16) =====	\$ ==

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AIRLEASE LTD., A CALIFORNIA LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS

(Unaudited; in thousands)	Six Months Ended June 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)/Income	\$ (758)	\$ 1,669
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Depreciation	1,712	145
Increase in accounts payable and accrued liabilities	123	334
Decrease in taxes payable	(139)	(136)
Decrease/(Increase) in prepaid expenses and other assets	(26)	57
Increase in accounts receivable	0	(90)
Net cash provided by operating activities	<u>912</u>	<u>1,979</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental receipts in excess of earned finance lease income	<u>500</u>	<u>4,522</u>
Net cash provided by investing activities	<u>500</u>	<u>4,522</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments under lines of credit, net	0	(1,765)
Repayment of long-term notes payable	(324)	(791)

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Distributions paid to partners	(8,035)	(3,877)
	<hr/>	<hr/>
Net cash used by financing activities	(8,359)	(6,433)
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents	(6,947)	68
Cash and cash equivalents at beginning of period	9,432	17
	<hr/>	<hr/>
Cash and cash equivalents at end of period	\$ 2,485	\$ 85
	=====	=====

ADDITIONAL INFORMATION

Interest paid	\$ 1	\$ 310
	=====	=====

AIRLEASE LTD., A CALIFORNIA LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - The accompanying unaudited condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of the Partnership, necessary to fairly state the results for the interim periods. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. The December 31, 2001 balance sheet included herein is derived from the audited financial statements included in the Partnership's Annual Report and incorporated by reference in the Form 10-K for the year ended December 31, 2001, but does not include all disclosures required by generally accepted accounting principles. The statements should be read in conjunction with the Organization and Significant Accounting Policies and other notes to financial statements included in the Partnership's Annual Report for the year ended December 31, 2001.

CASH EQUIVALENTS - The Partnership considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

FINANCE LEASES - Lease agreements, under which the partnership recovers substantially all its investment from the minimum lease payments are accounted for as finance leases. At lease commencement, the partnership records the lease receivable, estimated residual value of the leased aircraft, and unearned lease income. The original unearned income is equal to the receivable plus the residual value less the cost of the aircraft (including the acquisition fee paid to an affiliate of the general partner). The remaining unearned income is recognized as revenue over the lease term so as to approximate a level rate of return on the investment.

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OPERATING LEASES - Leases that do not meet the criteria for finance leases are accounted for as operating leases. The partnership's undivided interests in aircraft subject to operating leases are recorded at carrying value of the aircraft at lease inception. Aircraft are depreciated over the related lease terms, generally five to nine years on a straight-line basis to an estimated salvage value, or over their estimated useful lives for aircraft held for lease, on a straight-line basis to an estimated salvage value.

NET INCOME PER LIMITED PARTNERSHIP UNIT - Net Income Per Limited Partnership Unit is computed by dividing the net income allocated to the Limited Partners by the weighted average units outstanding (4,625,000).

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PART II. OTHER INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Partnership presently has one long-term debt facility. At June 30, 2002, the 7.4% non-recourse note collateralized by one aircraft leased to FedEx had an outstanding balance of \$3.1 million. The facility matures in April 2006.

At June 30, 2002, long-term borrowings of \$3.1 million represented 2.9% of the original cost of the aircraft presently owned by the partnership, including capital expenditures for upgrades. The terms of the Limited Partnership Agreement permit debt to be at a level not exceeding 50% of such cost.

Cash distributions paid in the first six months of 2002 were \$1.72 per limited partnership unit, representing the regular first-quarter 2002 distribution of \$0.11 per unit, the regular 2001 fourth-quarter cash distribution of \$0.11 per unit, and a special distribution of \$1.50 per unit as a result of the sale of one MD-82 aircraft in December 2001.

In June 2002, the Partnership declared a second-quarter 2002 cash distribution of \$0.11 per unit totaling \$513,889 payable on August 15, 2002 to unitholders of record on June 28, 2002. As a result of this distribution and the first-quarter 2001 distribution, and the Partnership loss for the first six months of 2002, Partnership equity declined to \$38.5 million at June 30, 2002 from \$40.3 million at December 31, 2001, and limited partner equity per unit declined to \$8.24. The second quarter cash distribution constitutes a return of capital. The 2001 second-quarter cash distribution was \$0.38 per unit.

RESULTS OF OPERATIONS

The Partnership reported a loss of \$337,000 in the second quarter ended June 30, 2002, compared with last year's second quarter earnings of \$746,000. Revenues for the 2002 second-quarter were \$833,000, compared with last year's second quarter revenues of \$1,490,000. Net loss for the first six months of 2002 was \$758,000, compared with a net income of \$1,669,000 for the first six months of 2001. Revenues for the six-month period were \$1,692,000, compared with

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\$3,040,000 for the first six months of 2001.

The revenue reductions are primarily due to the expiration of the lease with US Airways for five aircraft in the fourth quarter of 2001, three of which remain off lease; the sale of one aircraft in December 2001; and the scheduled decline in finance lease income in 2002 associated with the aircraft leased to FedEx. The decline in earnings results from the reduced revenues, together with an increase in expenses primarily due to an increase in depreciation expense.

Expenses for the first six months of 2002 were \$2,451,000, an increase of \$1,080,000 from \$1,371,000 for the comparable 2001 period. The increase in expenses is primarily due to depreciation expense of \$1,712,000 for the first six months of 2002 related to aircraft subject to operating leases and to aircraft available for lease. Depreciation expense in the first half of 2001 was \$145,000. The increase in expenses due to depreciation expense was partially offset by lower interest expense in the first six months of 2002 as a result of the reduction in the Partnership's debt balances, and by lower management fees and taxes due to a smaller asset base and lower revenues.

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PORTFOLIO MATTERS

At June 30, 2002, the Partnership's portfolio consisted of six Stage-III commercial aircraft. Two are leased to CSI Aviation Services, Inc., one to FedEx, and three are off lease.

In June 2002, the Partnership commenced litigation against US Airways seeking to recover damages for US Airways' failure to return three MD-82 aircraft leased to US Airways following lease expiration on September 30, 2001 and to pay rent due on the aircraft. The lawsuit was filed in California court by First Union National Bank, as trustee for the Partnership, the beneficial owner of the aircraft. The Partnership commenced the litigation after negotiations with US Airways failed to result in return of the aircraft.

In the lawsuit, the Partnership asserts that US Airways breached its obligations under the lease by failing to return the three aircraft by the date specified in the lease and in the condition prescribed by the lease, and by failing to pay rent due on the aircraft. The Partnership is seeking damages from US Airways including past due rent, rent that may accrue after the filing of the lawsuit, and the cost of restoring the aircraft to the condition prescribed by the lease.

On August 11, 2002, US Airways Airlines Inc. filed voluntary petitions for reorganization under Chapter 11 of the bankruptcy code. Subsequently, the bankruptcy court issued an order allowing US Airways to reject the lease relating to three aircraft which the Partnership previously leased to US Airways. The Partnership is evaluating the effect of the filing and the order on its lawsuit against US Airways and US Airways contractual obligations to the Partnership. At this time the Partnership is unable to evaluate or determine the effect of the filing and the order on the litigation, these obligations, or the collectability of its claims against US Airways. In addition, the Partnership believes that the bankruptcy filing and the order may adversely affect the ability or willingness of US Airways to return the three aircraft under a now expired lease to US Airways in the conditions stipulated in the lease. Among other things, in light of the bankruptcy filing and the order, the Partnership may have to refurbish the aircraft at its own expense in order to lease them to others without any assurance of reimbursement from US Airways. The Partnership

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will monitor the bankruptcy process involving US Airways.

OUTLOOK

The market conditions for aircraft leasing declined in 2001 in particular after September 11, 2001 and during the first half of 2002, when reduction in air-traffic demand, caused the supply of aircraft to exceed demand. While there are signs of increases in air traffic from September 2001 levels, which could lead to increased demand, it is widely believed that it will take time before the industry recovers fully. Consequently, the Partnership continues to experience significant competitive pressure in marketing the three aircraft currently off lease, and management is not able to predict when these aircraft may be leased again or the terms of any such future leasing.

SUBSEQUENT EVENTS

On August 11, 2002, US Airways Airlines Inc. filed voluntary petitions for reorganization under Chapter 11 of the bankruptcy code.

The Partnership holds a note receivable from US Airways in the amount of \$544,000 (net of discount). In November 2001, the Partnership accepted a note receivable of \$606,231 in exchange for past due rent and other obligations owed to the Partnership. The note accrues interest at a rate of 7% and provides for twelve equal monthly payments beginning in January 2003. The note was recorded at fair market value determined by discounting the future cash flows. Rental income in the amount of \$509,000 associated with this note was deferred and will be recognized as the note is repaid. The recorded note receivable net of the deferred rental income is \$35,000. It is too early in the bankruptcy process to determine with certainty the eventual outcome as it pertains to the note but it is possible that the Partnership will not be paid which would reduce income by \$35,000. The Partnership will closely follow the bankruptcy process and the potential collectability of the note and will make adjustments as appropriate.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

The Partnership has included in this quarterly report certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 concerning the Partnership's business, operations and financial condition. The words or phrases "can be", "may affect", "may depend", "expect", "believe", "anticipate", "intend", "will", "estimate", "project" and similar words and phrases are intended to identify such forward-looking statements. Such forward-looking statements are subject to various known and unknown risks and uncertainties and the Partnership cautions you that any forward-looking information provided by or on behalf of the Partnership is not a guarantee of future performance. Actual results could differ materially from those anticipated in such forward-looking statements due to a number of factors, some of which are beyond the Partnership's control, in addition to those discussed in the Partnership's other press releases and public filings, including (i) changes in the aircraft or aircraft leasing market, (ii) economic downturn in the airline industry, (iii) default by lessees under leases causing the Partnership to incur unanticipated expenses or not to receive rental income as and when expected, (iv) the impact of the events of September 11, 2001 on the aircraft or aircraft leasing market and on the airline industry, (v) changes in interest

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rates and (vi) legislative or regulatory changes that adversely affect the value of aircraft. All such forward-looking statements are current only as of the date on which such statements were made. The Partnership does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The General Partner believes there has been no material change in the Partnership's exposure to market risk from that discussed in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2001.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

- 99.1 Certification of Chief Executive Officer
- 99.2 Certification of Chief Financial Officer

(b) On June 25, 2002, the Partnership filed a report on Form 8-K dated June 25, 2002, disclosing under Item 5 the commencement of litigation against US Airways seeking to recover damages for US Airways' failure to return three MD-82 aircraft leased to US Airways in the condition prescribed in the lease following lease expiration on September 30, 2001 and to pay rent due on the aircraft.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AIRLEASE LTD., A CALIFORNIA LIMITED PARTNERSHIP

By: Airlease Management Services, Inc.
General Partner

August 14, 2002

By: /s/ DAVID B. GEBLER

Date

David B. Gebler
Chairman, Chief Executive Officer
and President

August 14, 2002

By: /s/ ROBERT A. KEYES

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Date

Robert A. Keyes
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description
99.1	Certification of Chief Executive Officer
99.2	Certification of Chief Financial Officer