

The Standard Industry Fare Level Methodology for Determining
Change in Operating Expense per Available Seat-Mile
Domestic Operations of the Major Carriers

March 31, 2013

Total Operating Expense 1/ (000)	\$99,275,246
Less: Property and Mail Revenue 2/ (000)	\$3,388,222
Charter Revenues 3/ (000)	\$569,117
Transport Related Expense Plus Subsidy 4/ (000)	\$16,775,524

Passenger Operating Expense (000)	\$78,542,384
Passenger Fuel Cost 5/ (000)	\$25,651,937
Passenger Non-Fuel Cost (000)	\$52,890,447

Scheduled Service Available Seat-Miles (millions)	580,207
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Non-Fuel Operating Expense per Seat-Mile (\$)	0.09116
Fuel Expense per Seat-Mile (\$)	0.04421
Total Expense per Seat-Mile (\$)	0.13537

March 31, 2012

Total Operating Expense 1/ (000)	\$94,823,740
Less: Property and Mail Revenue 2/ (000)	\$3,519,537
Charter Revenues 3/ (000)	\$556,718
Transport Related Expense 4/ (000)	\$16,187,014

Passenger Operating Expense (000)	\$74,560,471
Passenger Fuel Cost 5/ (000)	\$24,928,407
Passenger Non-Fuel Cost (000)	\$49,632,064

Scheduled Service Available Seat-Miles (millions)	575,149
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Non-Fuel Operating Expense per Seat-Mile (\$)	0.08629
Fuel Expense per Seat-Mile (\$)	0.04334
Total Expense per Seat-Mile (\$)	0.12964

Estimated Expense per Available Seat-Mile at April 1, 2013

Percent Change in Non-Fuel Unit Expense 6/ (%)	5.64
Projected Change in Non-Fuel Unit Expense from Y.E. March 31, 2013 to April 1, 2013 7/ (%)	2.78

Percent change in Unit Fuel Expense 6/ (%)	2.01
Change in Fuel Cost at April 1, 2013 8/	(2.95)

Non-Fuel Expense per Available Seat-Mile at April 1, 2013	0.09369
Fuel per Available Seat-Mile at April 1, 2013 9/	0.04291
Total Expense per Available Seat-Mile at April 1, 201	0.13660

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Expense per Available Seat-Mile at April 1, 2013		0.13660
Projected Expense per Available Seat-Mile at July 1, 1977 10/		0.04549
Cost Adjustment Factor at April 1, 2013		3.00280
Cost Adjustment Factor at October 1, 2012		3.00347
Percentage Change From Preceding Period:		(0.02)
<u>D.P.F.I. Formula Effective July 15, 1977 11/</u>		
Terminal Charge	\$16.16	
Plus: (\$)	0.0884	per mile (0-500 miles)
	0.0674	per mile (501-1,500 miles)
	0.0648	per mile (Over-1,500 miles)
<u>S.I.F.L. Formula Effective January 1, 2013 through June 30, 2013 12/</u>		
Terminal Charge	\$48.53	
Plus: (\$)	0.2654	per mile (0-500 miles)
	0.2024	per mile (501-1,500 miles)
	0.1946	per mile (Over-1,500 miles)

1/ Total Operating Expense, all services, for the following major carriers: AirTran (FL), Alaska (AS), American (AA), American Eagle (MQ), Atlantic Southeast (EV), Comair (OH), Continental (CO), Delta (DL), Frontier (F9), Hawaiian (HA), JetBlue (B6), SkyWest (OO), Southwest (WN), United (UA) and US Airways (US).

2/ Total scheduled service cargo revenue. Includes all mail, freight, express and excess baggage revenues.

3/ Total non-scheduled revenue times .95, assuming charter operations would only be conducted at a profit.

4/ No adjustment has been made for the difference between transport related revenues and transport related expenses. Amounts include subsidy payments.

5/ Total fuel cost, times complement of Property and Mail Revenue to Total Operating Expense.

6/ Change in unit rate from one year to the next.

7/ Percentage change (ratio) in Non-Fuel Unit Expense raised to the .50 power. (Unit rate projected six months from the midpoint of the base year to the midpoint of the six-month projection period.)

8/ Page 3.

9/ Operating Expense per Seat-Mile for the Y.E. March period, times percentage changes, above.

10/ Year Ended March 1977 cost per ASM, times cost escalation factor of 1.04543 (to July 5, 1977). See D.P.F.I. Workpapers, Y.E. March 1977, and C.A.B. Order 80-12-96, which incorporated the capitalized lease adjustment required under F.A.S.B. standard 13.

11/ Order 77-7-26.

12/ D.P.F.I. Fare Formula effective July 15, 1977, times Cost Adjustment Factor at April 1.

Note: Some of the airlines have included special charges for aircraft groundings and impairments, workforce reductions and other similar special items in operating expenses. Because of the effort to reflect "normal" operations as part of the ratemaking nature of the SIFL calculation, adjustments were made to total operating expenses to reflect these special items.

Fuel Price Per Gallon, Domestic Operations
of the Major, National and Large Regional Carriers

<u>Month</u>	Average Price per Gallon <u>(cents)</u>	Change From Preceding Month <u>(%)</u>
2011-July	292.85	
2011-August	292.92	0.02
2011-September	297.34	1.51
2011-October	281.74	-5.25
2011-November	289.45	2.74
2011-December	284.50	-1.71
2012-January	295.87	4.00
2012-February	303.35	2.53
2012-March	311.83	2.79
2012-April	315.11	1.05
2012-May	305.22	-3.14
2012-June	283.17	-7.22
2012-July	280.96	-0.78
2012-August	290.79	3.50
2012-September	303.40	4.34
2012-October	309.19	1.91
2012-November	297.16	-3.89
2012-December	290.44	-2.26
2013-January	295.37	1.70
2013-February	306.40	3.74
2013-March	301.05	-1.75
2013-April	286.92	-4.69
2013-May	274.27	-4.41
2013-June	273.93	-0.12
Fuel Cost/Gallon at April 1, 2013		289.06
Fuel Cost/Gallon for Y.E. March 31, 2013		297.86
Percentage Change (%)		-2.95

1/ Average cost for the six months ended June 30, 2013
June estimated.