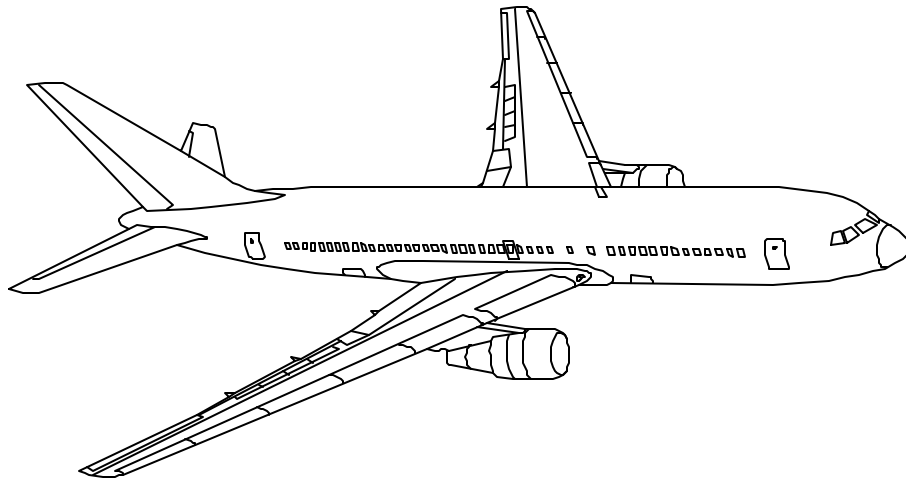


AIRLINE QUARTERLY FINANCIAL REVIEW

SECOND QUARTER 1999



MAJORS



DEPARTMENT OF TRANSPORTATION
OFFICE OF AVIATION ANALYSIS
ECONOMIC AND FINANCIAL ANALYSIS DIVISION

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INTRODUCTION

This report contains staff comments, tables and charts on the financial condition of the U.S. major airlines.

The data are presented on both a carrier group and an individual carrier basis, but the primary focus is on the individual major carrier and its performance. Data are presented for the most recent quarterly period and the comparable quarter a year earlier and also on a 12-month ended basis as at the end of the five most recent quarters. In addition, data on charges over comparable periods 12-months earlier are presented. A graphic presentation of comparative trends, on a carrier group basis, is made for several unit and overall financial indicators. In the case of merged carriers, data for the carriers involved have been combined and presented under the name of the surviving carrier so that meaningful comparisons could be made.

All data presented in this financial and traffic review are derived from data reported to the U.S. Department of Transportation on Form 41 Schedules by Large Certificated Air Carriers. For comparison purposes, this analysis is limited to the major scheduled passenger and all-cargo air carriers. All financial and traffic results have been retroactively restated to include the operations of Alaska and DHL Airways. Certain data in this review are classified in two broad categories : namely "domestic" and "international". "Domestic" encompasses operations within and between the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. It also encompasses Canadian transborder operations and, for certain carriers, Mexican transborder operations. All other operations are considered "international", which is separated into Atlantic, Latin, and Pacific entities.

Suggestions from users for improving either the scope, presentation, or utility of this review are invited. It also be appreciated if suggestions, discrepancies, and errors in the data are called to the attention of the Economic & Financial Analysis Division, Office of Aviation Analysis, Office of the Secretary, U.S. Department of Transportation, Washington, D.C. 20590.

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*An electronic version of this document can be obtained via the World Wide Web at :
<http://ostpxweb.dot.gov/aviation/>*

QUARTERLY FINANCIAL & TRAFFIC REVIEW
TOTAL SYSTEM PASSENGER & ALL-CARGO MAJORS

QUARTERLY RESULTS

- Three major carriers (America West, Delta, and Southwest) reported individual all-time company quarterly records in both operating and net profit. Alaska, Federal Express and US Airways reported all-time second quarter company records in net income.
- Operating expenses, up 3.7 percent, rose faster than operating revenues, up 2.6 percent, resulting in a \$181.3 decline in operating profit to \$2.83 billion. This decline arose solely from the passenger major group, which was down \$192 million to \$2.54 billion, as the all-cargo major group gained \$10.7 million to \$285.7 million.
- The rise in operating expense was due in part to the \$33.6 million (1.7 percent) jump in total fuel expense.
- Net income gained \$466.6 million to \$2.2 billion. The passenger majors improved \$448.1 million to \$2.05 billion, and the all-cargo group rose \$18.4 million to \$141.8 million.

OPERATING PROFIT (LOSS) AND NET INCOME (LOSS) 1/ (\$MILLIONS)						
CARRIER	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	2Q 1998	2Q 1999	\$CHANGE	2Q 1998	2Q 1999	\$CHANGE
TOTAL ALL MAJORS	3008.2	2826.9	-181.3	1729.5	2196.1	466.6
TOTAL PASSENGER MAJORS	2733.1	2541.1	-192.0	1606.1	2054.2	448.1
ALASKA	57.9	55.9	-2.0	36.6	36.7	0.1
AMERICA WEST	73.8	74.1	0.3	40.2	41.5	1.3
AMERICAN	545.9	350.8	-195.1	330.9	213.9	-117.0
CONTINENTAL	250.4	203.7	-46.7	156.4	124.5	-31.9
DELTA	594.0	612.8	18.8	361.8	364.4	2.6
NORTHWEST	131.4	273.7	142.3	54.1	118.8	64.7
SOUTHWEST	208.3	254.1	45.8	133.4	157.8	24.4
TRANS WORLD	45.5	18.4	-27.1	19.5	-6.2	-25.7
UNITED	460.2	430.4	-29.8	277.5	663.5	386.0
US AIRWAYS	365.7	267.5	-98.2	195.7	339.3	143.6
TOTAL ALL-CARGO MAJORS	275.0	285.7	10.7	123.4	141.8	18.4
DHL AIRWAYS	6.0	9.4	3.4	-11.3	3.4	14.7
FEDERAL EXPRESS	241.0	261.2	20.2	122.0	139.9	17.9
UNITED PARCEL SERVICE	28.0	15.2	-12.8	12.6	-1.4	-14.0

- The passenger load factor dipped 0.9 percentage points to 73.1 percent.
- Passenger (RPM) yield slid 1.3 percent to 12.72 cents.
- Interest expense increased \$13.7 million to \$412.8 million.
- Total debt jumped \$3 billion but a soaring equity caused the debt-to-investment ratio to dip 0.9 percentage points to 44.6 percent.

12-MONTH RESULTS

- Operating and net results declined from a year ago for the third consecutive period. Although most majors reported improved results, sharp declines reported by Northwest in both operating and net results due to the lingering effects from its August/September 1998 pilots' strike, dominated overall group results.
- Operating profit dropped \$1.14 billion to \$7.9 billion. The passenger group declined \$1.3 billion to \$6.8 billion, and the all-cargo group improved \$154.3 million to \$1.1 billion.
- Net results fell \$959.2 million to \$4.83 billion. The passenger group dropped \$1.03 billion to \$4.38 billion, while the all-cargo group rose \$72.4 million to \$459.1 million.

Note: Beginning in 1998, The Airline Quarterly Financial Review of the Majors includes DHL Airways, which achieved major airline status (*i.e.*, annual operating revenues exceeding \$1 billion), effective January 1, 1997.

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
TOTAL PASSENGER & ALL-CARGO MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	26,906.2	26,230.0	102,600.6	101,924.3	101,615.8	101,402.9	101,176.6
2	Operating Expenses	24,079.3	23,221.8	94,685.4	93,827.9	93,084.5	92,671.6	92,120.4
3	Operating Profit (Loss)	2,826.9	3,008.2	7,915.2	8,096.4	8,531.3	8,731.3	9,056.2
4	Net Income (Loss)	2,196.1	1,729.5	4,834.2	4,367.7	4,577.4	5,252.9	5,793.4
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	155.07	151.32	591.18	587.43	582.99	579.38	577.84
6	ASMs - Scheduled Rev. Svc.	212.23	204.89	828.91	821.58	818.17	812.81	813.45
7	Overall RTMs (All Svc.)	21.09	20.52	80.83	80.26	79.88	79.64	79.45
8	Overall ATMs (All Svc.)	35.76	34.42	139.67	138.33	137.62	136.48	135.81
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	127.6	127.8	126.9	127.0	127.2	127.3	127.3
10	Operating Expense per RTM	114.2	113.1	117.1	116.9	116.5	116.4	115.9
11	Operating Profit (Loss) per RTM	13.4	14.7	9.8	10.1	10.7	11.0	11.4
12	Operating Expense per ATM	67.3	67.5	67.8	67.8	67.6	67.9	67.8
13	Passenger Revenue per RPM	12.72	12.89	12.64	12.68	12.78	12.91	12.95
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	1.81	1.87	1.93	2.00	2.07
15	Times Interest Earned	*	*	6.45	5.87	6.17	6.45	7.13
16	Current Assets to Current Liabilities	*	*	0.71	0.70	0.73	0.75	0.79
17	No. of Days Cash Coverage of Cash Exp	*	*	32.3	29.0	30.1	35.0	43.4
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	10.5	11.5	7.7	7.9	8.4	8.6	9.0
19	Net Income to Stockholders Equity	*	*	15.6	14.7	15.9	19.0	22.0
20	Corporate Return on Investment	*	*	11.2	10.8	11.5	13.2	14.8
21	Debt to Total Investment	*	*	44.6	46.5	45.6	44.5	45.5
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	73.1	73.9	71.3	71.5	71.3	71.3	71.0
23	Breakeven	65.7	65.2	67.0	66.9	66.2	65.7	65.0
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	515,345	494,737	506,418	501,268	495,788	489,964	484,093
25	Overall RTM's per Employee (000)	40.9	41.5	159.6	160.1	161.1	162.5	164.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	2.6	5.0	1.4	2.0	2.4	4.0	5.5
27	Operating Expenses (%)	3.7	4.2	2.8	2.9	2.6	3.3	4.1
28	Operating Profit (Loss) (in Millions \$)	-181.3	307.9	-1,141.0	-652.0	-24.6	913.5	1,675.5
29	Net Income (Loss)(in Millions \$)	466.6	198.3	-959.2	-1,227.4	-910.7	778.8	2,029.9
30	RPMs (Sch. Svc.) (%)	2.5	4.6	2.3	2.8	2.3	2.5	3.4
31	ASMs (Sch. Svc.) (%)	3.6	2.1	1.9	1.5	1.7	1.7	2.6
32	Operating Revenues per RTM (%)	-0.2	0.5	-0.3	-0.2	-0.2	0.4	0.7
33	Operating Expense per RTM (%)	1.0	-0.3	1.0	0.7	0.1	-0.2	-0.7
34	Passenger Revenue per RPM (Sch. Svc)	-1.3	-0.1	-2.4	-2.1	-1.2	0.6	0.8

QUARTERLY FINANCIAL & TRAFFIC REVIEW
DOMESTIC OPERATIONS
TOTAL PASSENGER & ALL-CARGO MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	20,775.6	20,044.8	78,777.7	78,046.9	77,650.8	77,218.1	76,601.2
2	Operating Expenses	18,307.4	17,421.6	71,723.3	70,837.6	70,114.8	69,747.7	69,233.5
3	Operating Profit (Loss)	2,468.2	2,623.2	7,054.3	7,209.3	7,536.0	7,470.5	7,367.7
4	Net Income (Loss)	1,842.8	1,432.9	4,277.8	3,867.9	4,067.0	4,491.5	4,837.9
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	112.49	109.36	428.79	425.66	421.94	418.66	416.59
6	ASMs - Scheduled Rev. Svc.	156.07	148.61	607.50	600.05	597.12	592.95	594.19
7	Overall RTMs (All Svc.)	14.07	13.76	54.20	53.89	53.56	53.26	53.08
8	Overall ATMs (All Svc.)	24.00	22.92	93.85	92.77	92.35	91.67	91.51
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	147.7	145.7	145.3	144.8	145.0	145.0	144.3
10	Operating Expense per RTM	130.1	126.6	132.3	131.4	130.9	131.0	130.4
11	Operating Profit (Loss) per RTM	17.5	19.1	13.0	13.4	14.1	14.0	13.9
12	Operating Expense per ATM	76.3	76.0	76.4	76.4	75.9	76.1	75.7
13	Passenger Revenue per RPM	13.81	13.85	13.61	13.62	13.70	13.83	13.79
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp	*	*	**	**	**	**	**
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	11.9	13.1	9.0	9.2	9.7	9.7	9.6
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	12.6	12.1	13.1	14.6	16.2
21	Debt to Total Investment	*	*	**	**	**	**	**
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	72.1	73.6	70.6	70.9	70.7	70.6	70.1
23	Breakeven	63.7	63.5	65.3	65.2	64.5	64.2	63.7
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

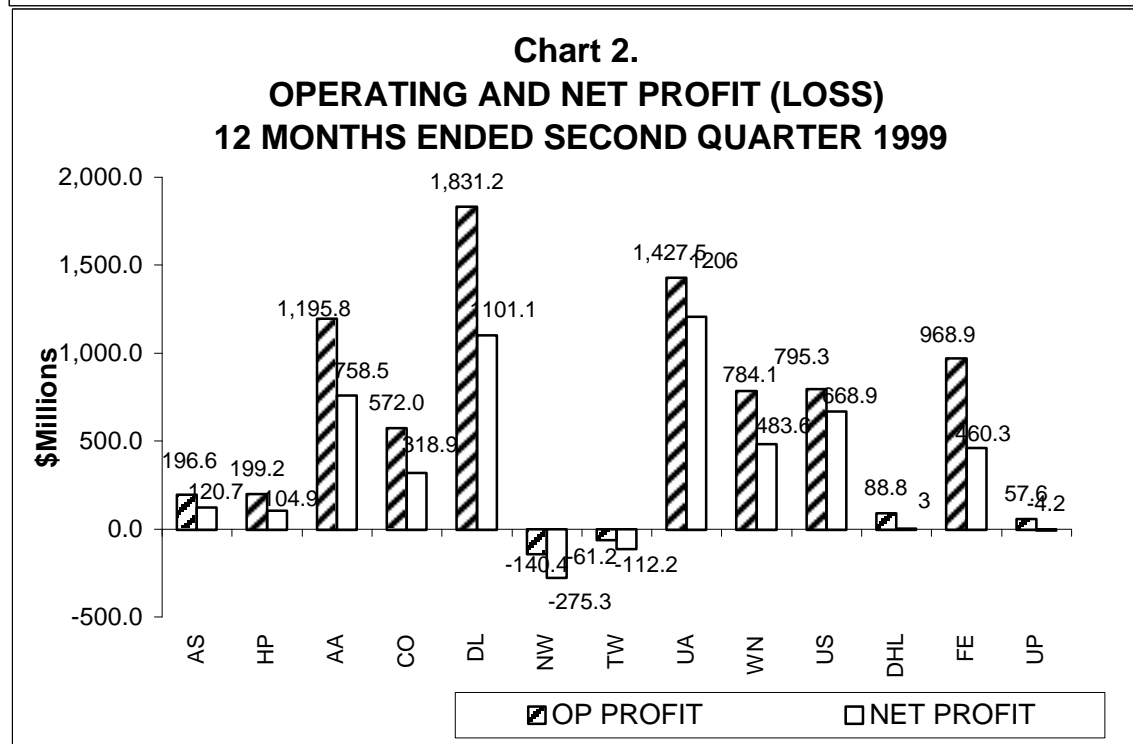
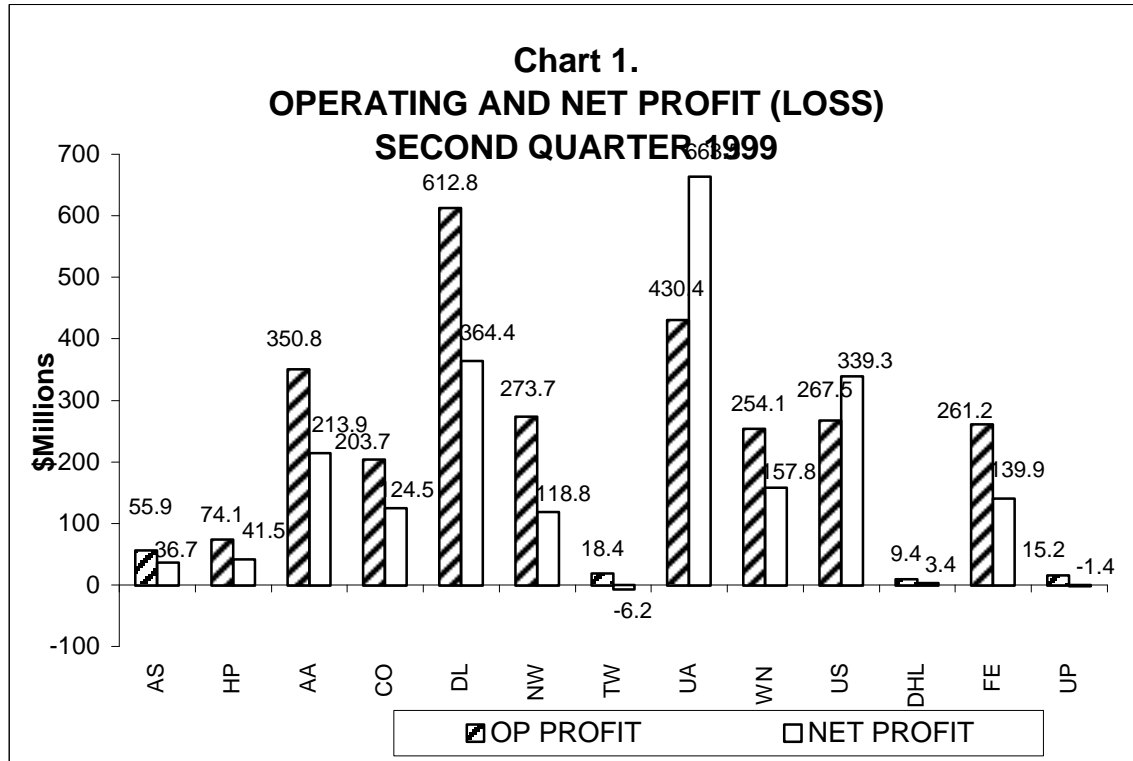
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	3.6	6.0	2.8	3.4	3.6	4.8	5.6
27	Operating Expenses (%)	5.1	3.8	3.6	3.3	2.6	3.2	3.7
28	Operating Profit (Loss) (in Millions \$)	-155.0	513.6	-313.4	355.2	900.9	1,386.2	1,578.0
29	Net Income (Loss)(in Millions \$)	409.9	221.3	-560.1	-748.7	-368.1	907.4	1,890.3
30	RPMs (Sch. Svc.) (%)	2.9	4.0	2.9	3.2	2.3	2.3	2.8
31	ASMs (Sch. Svc.) (%)	5.0	0.5	2.2	1.1	0.8	0.6	1.5
32	Operating Revenues per RTM (%)	1.4	2.5	0.7	1.0	1.3	2.2	2.1
33	Operating Expense per RTM (%)	2.8	0.2	1.5	0.8	0.3	0.7	0.3
34	Passenger Revenue per RPM (Sch. Svc)	-0.3	1.8	-1.3	-0.8	0.1	2.2	1.6

QUARTERLY FINANCIAL & TRAFFIC REVIEW
INTERNATIONAL OPERATIONS
TOTAL PASSENGER & ALL-CARGO MAJORS

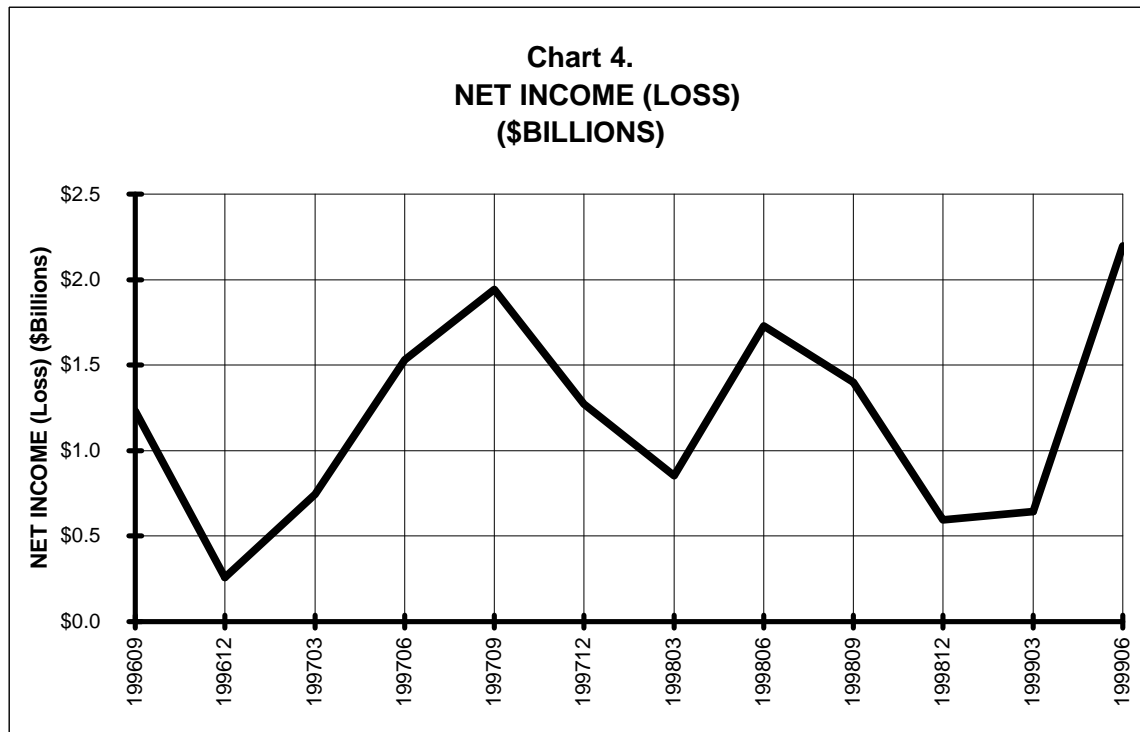
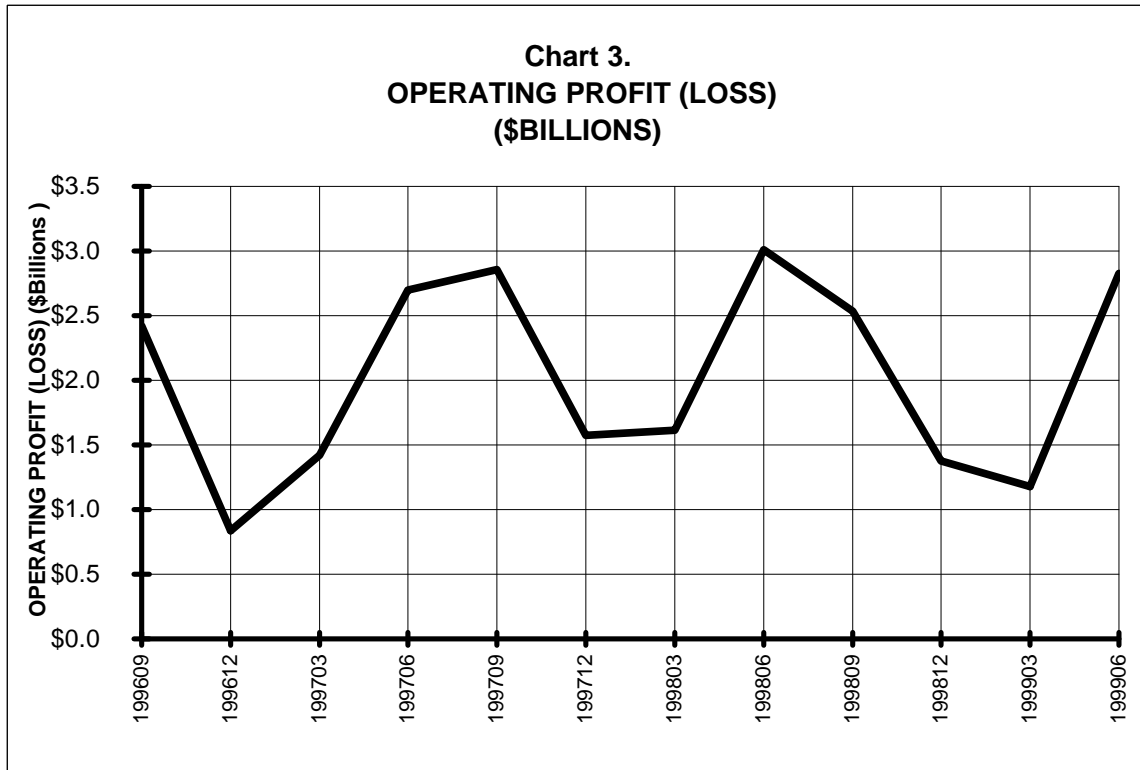
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	6,130.6	6,185.2	23,822.9	23,877.5	23,965.0	24,184.8	24,575.4
2	Operating Expenses	5,771.9	5,800.2	22,962.1	22,990.3	22,969.6	22,923.9	22,886.9
3	Operating Profit (Loss)	358.7	385.0	860.8	887.2	995.4	1,260.9	1,688.5
4	Net Income (Loss)	353.3	296.6	556.5	499.8	510.4	761.4	955.5
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	42.57	41.95	162.39	161.77	161.04	160.72	161.25
6	ASMs - Scheduled Rev. Svc.	56.16	56.28	221.41	221.53	221.05	219.86	219.26
7	Overall RTMs (All Svc.)	7.02	6.76	26.63	26.37	26.33	26.38	26.37
8	Overall ATMs (All Svc.)	11.76	11.49	45.82	45.56	45.27	44.81	44.29
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	87.3	91.5	89.5	90.5	91.0	91.7	93.2
10	Operating Expense per RTM	82.2	85.8	86.2	87.2	87.2	86.9	86.8
11	Operating Profit (Loss) per RTM	5.1	5.7	3.2	3.4	3.8	4.8	6.4
12	Operating Expense per ATM	49.1	50.5	50.1	50.5	50.7	51.2	51.7
13	Passenger Revenue per RPM	9.84	10.40	10.08	10.22	10.37	10.51	10.77
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp	*	*	**	**	**	**	**
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	5.9	6.2	3.6	3.7	4.2	5.2	6.9
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	6.7	6.6	6.9	8.9	10.7
21	Debt to Total Investment	*	*	**	**	**	**	**
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	75.8	74.5	73.3	73.0	72.9	73.1	73.5
23	Breakeven	72.1	70.8	72.7	72.4	71.6	70.7	69.1
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-0.9	1.7	-3.1	-2.4	-1.5	1.4	5.5
27	Operating Expenses (%)	-0.5	5.7	0.3	1.8	2.5	3.6	5.4
28	Operating Profit (Loss) (in Millions \$)	-26.3	-205.8	-827.7	-1,007.1	-925.5	-472.6	97.5
29	Net Income (Loss)(in Millions \$)	56.7	-23.0	-399.0	-478.7	-542.7	-128.6	139.7
30	RPMs (Sch. Svc.) (%)	1.5	6.1	0.7	1.9	2.2	3.3	4.9
31	ASMs (Sch. Svc.) (%)	-0.2	6.7	1.0	2.7	4.0	5.0	5.7
32	Operating Revenues per RTM (%)	-4.6	-4.5	-4.0	-4.0	-4.4	-3.9	-2.0
33	Operating Expense per RTM (%)	-4.2	-0.8	-0.7	0.2	-0.6	-1.8	-2.0
34	Passenger Revenue per RPM (Sch. Svc.)	-5.4	-5.7	-6.4	-6.5	-5.8	-4.5	-1.6

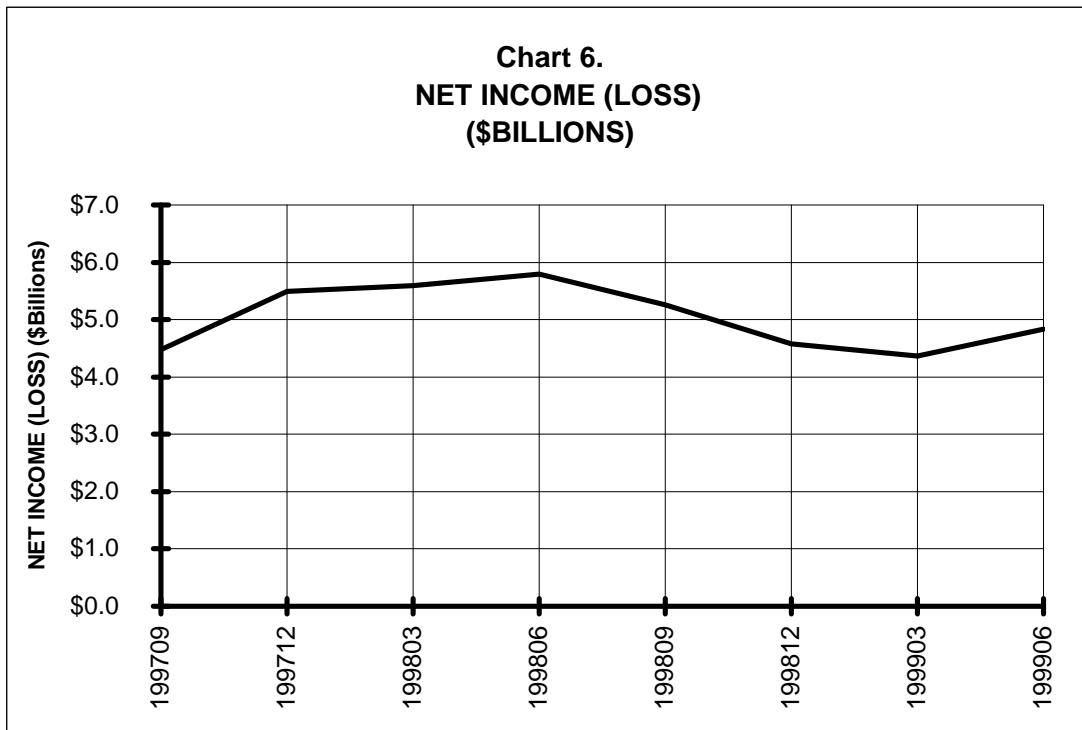
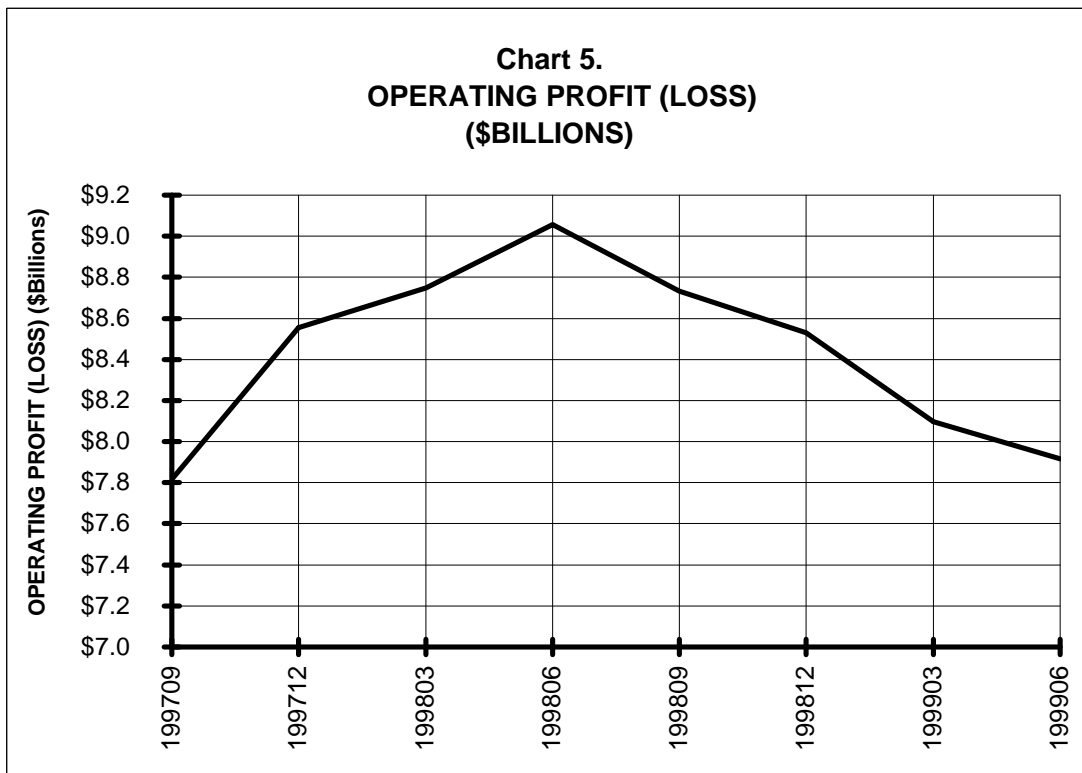
COMPARISONS AMONG MAJOR GROUP AIRLINES



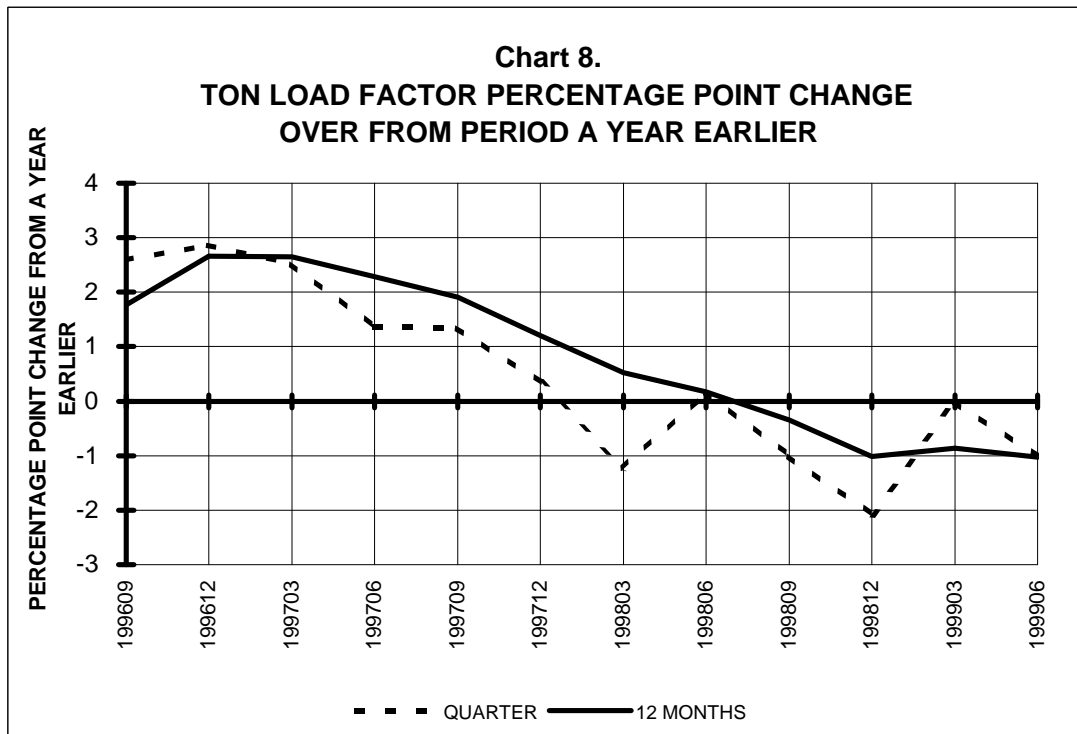
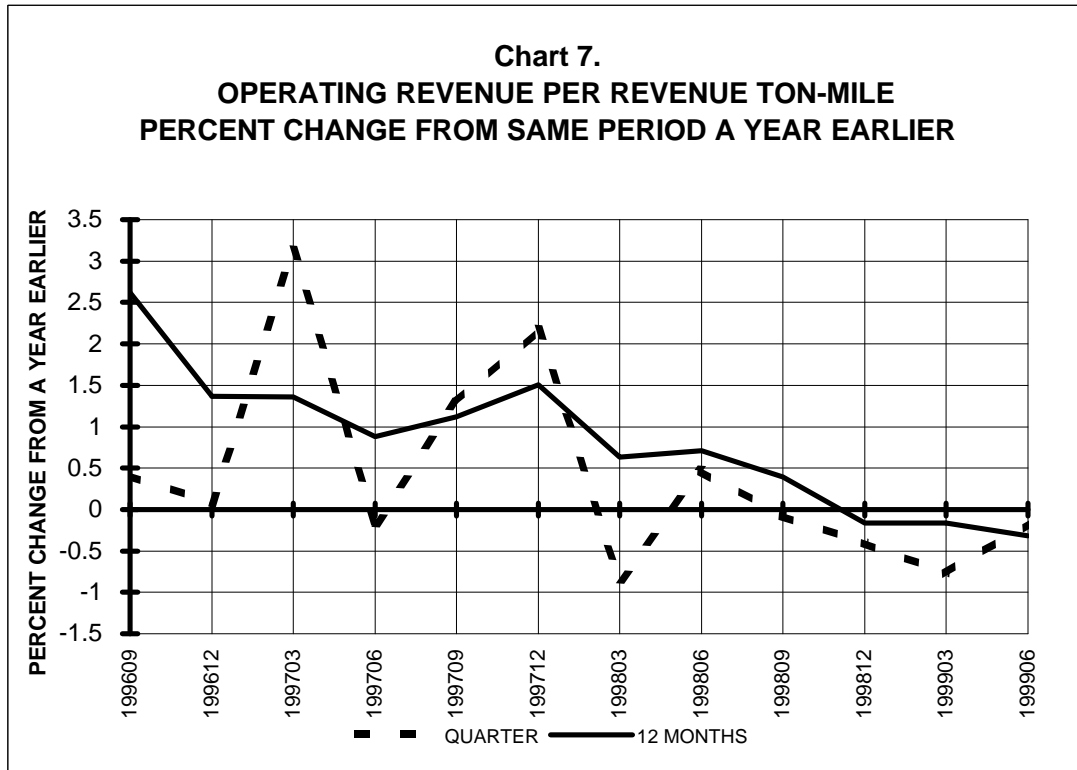
TOTAL ALL MAJORS (SYSTEM) BY QUARTER



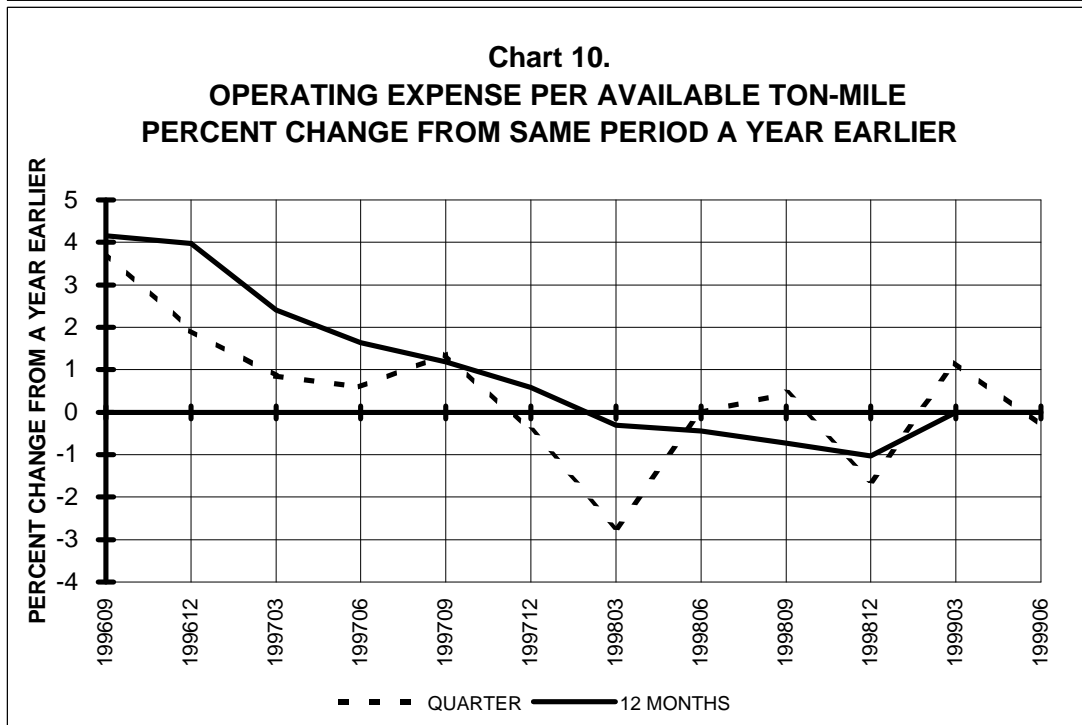
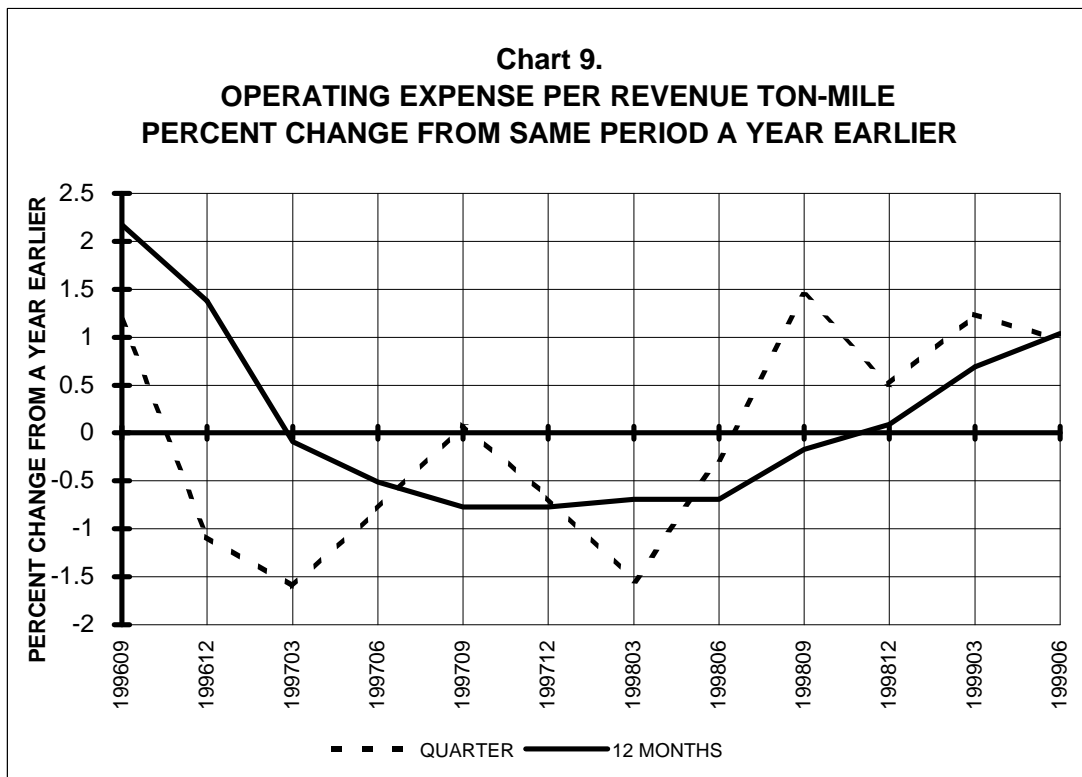
TOTAL ALL MAJORS (SYSTEM) BY 12-MONTH ENDING PERIODS



TOTAL ALL MAJORS (SYSTEM) QUARTERLY AND 12-MONTH BASIS



TOTAL ALL MAJORS (SYSTEM) QUARTERLY AND 12-MONTH BASIS



QUARTERLY FINANCIAL & TRAFFIC REVIEW

TOTAL PASSENGER MAJORS

QUARTERLY RESULTS

- For the quarter ended June 1999, all passenger majors reported an operating profit, and all but Trans World reported a net profit. Four of the ten passenger majors reported an improvement from a year ago in operating results, while seven of the ten reported an improvement in net results.
- For the group, operating expenses rose 3.4 percent, outpacing the smaller 2.1 percent increase in operating revenues, leading to a \$192 million deterioration in operating profit to a still very healthy \$2.54 billion.
- Operating results were adversely impacted by the \$41.8 million (2.2 percent) increase in total fuel expense.
- Net income, however, improved \$448.1 million to \$2.05 billion. Much of this improvement resulted from an extraordinary item of United associated with its early debt retirement and an after-tax gain of \$428 million associated with the sale of a portion of the company's stake in Galileo International, all reported by United.

Quarter Ended	\$ Millions					
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	LAST YEAR 1998	THIS YEAR 1999	\$ Change	LAST YEAR 1998	THIS YEAR 1999	\$ Change
March	1,443.7	966.3	-477.5	780.1	568.0	-212.1
June	2,733.1	2,541.1	-192.0	1,606.1	2,054.2	448.1
Sept.	2,265.9	0.0	-	1,266.7	0.0	-
Dec.	1,026.7	0.0	-	486.3	0.0	-

- ASM capacity growth, up 3.6 percent, exceeded RPM traffic growth, up 2.5 percent, causing the passenger load factor to dip 0.8 percentage points to 73.1 percent.
- Passenger (RPM) yield declined 1.3 percent to 12.72 cents.
- All entities, except for Pacific operating results, reported positive operating and net results. Atlantic operations had the only declines in operating and/or net results, but the decline in operating results offset the combined gains from the remaining three entities causing overall system results to decline.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	2,408.3	2,285.1	-123.2	1,419.7	1,751.3	331.6	109.4	112.5	2.9	148.6	156.1	5.0	72.1%
Int'l	324.8	256.0	-68.8	186.4	302.9	116.5	42.0	42.6	1.5	56.3	56.2	-0.2	75.8%
Atlantic	401.2	251.4	-149.8	241.0	211.4	-29.6	20.1	21.2	5.6	24.1	25.6	6.4	83.1%
Latin	52.7	68.2	15.5	32.0	62.3	30.3	7.9	8.0	2.3	13.0	12.4	-4.1	64.7%
Pacific	-129.1	-63.5	65.6	-86.6	29.2	115.8	14.0	13.3	-5.0	19.3	18.1	-5.8	73.2%
System	2,733.1	2,541.1	-192.0	1,606.1	2,054.2	448.1	151.3	155.1	2.5	204.9	212.2	3.6	73.1%

- Interest expense was up \$41 million to \$387.3 million.
- The operating profit margin declined 1.1 percentage points to 11.3 percent.

12-MONTH RESULTS

- All majors, except for Northwest, reported an operating profit for 12-months ended June 1999, and all but Northwest and Trans World, reported a net profit.
- For the group, operating profit dropped \$1.3 billion to a still strong \$6.8 billion. Operating revenues rose only 0.6 percent while operating expenses rose 2.4 percent causing the decline. Northwest alone was down \$1.2 billion.
- Net results fell \$1 billion to \$4.38 billion. Much of this decline was attributable to Northwest, which alone experienced a sharp deterioration of \$812 million.
- RPM traffic, up 2.3 percent, grew faster than ASM traffic, up 1.9 percent, causing the passenger load factor to rise a slight 0.3 percentage points to 71.3 percent.
- The declining growth rate in passenger (RPM) yield continued to accelerate, declining 2.4 percent to 12.64 cents, the third consecutive year-to-year decline.

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
TOTAL PASSENGER MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	22,471.1	22,003.1	85,170.1	84,702.2	84,603.7	84,729.5	84,634.4
2	Operating Expenses	19,929.9	19,270.0	78,370.1	77,710.2	77,134.3	76,914.0	76,539.2
3	Operating Profit (Loss)	2,541.1	2,733.1	6,800.0	6,992.0	7,469.4	7,815.4	8,095.2
4	Net Income (Loss)	2,054.2	1,606.1	4,375.2	3,927.0	4,139.2	4,834.9	5,406.7
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	155.07	151.32	591.18	587.43	582.99	579.38	577.84
6	ASMs - Scheduled Rev. Svc.	212.23	204.89	828.91	821.58	818.17	812.81	813.45
7	Overall RTMs (All Svc.)	18.23	17.78	69.62	69.18	68.81	68.66	68.75
8	Overall ATMs (All Svc.)	30.87	29.75	120.35	119.22	118.64	117.80	117.73
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	123.3	123.7	122.3	122.4	123.0	123.4	123.1
10	Operating Expense per RTM	109.3	108.4	112.6	112.3	112.1	112.0	111.3
11	Operating Profit (Loss) per RTM	13.9	15.4	9.8	10.1	10.9	11.4	11.8
12	Operating Expense per ATM	64.6	64.8	65.1	65.2	65.0	65.3	65.0
13	Passenger Revenue per RPM	12.72	12.89	12.64	12.68	12.78	12.91	12.95
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	1.79	1.86	1.94	2.02	2.10
15	Times Interest Earned	*	*	6.59	6.06	6.42	6.64	7.36
16	Current Assets to Current Liabilities	*	*	0.67	0.66	0.70	0.71	0.76
17	No. of Days Cash Coverage of Cash Exp	*	*	37.95	34.20	35.37	41.10	51.04
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	11.3	12.4	8.0	8.3	8.8	9.2	9.6
19	Net Income to Stockholders Equity	*	*	16.7	15.7	17.1	20.8	24.7
20	Corporate Return on Investment	*	*	11.9	11.5	12.4	14.6	16.6
21	Debt to Total Investment	*	*	44.0	46.3	45.2	43.8	44.8
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	73.1	73.9	71.3	71.5	71.3	71.3	71.0
23	Breakeven	65.9	65.2	67.2	67.0	66.2	65.8	65.0
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	411,006	394,782	403,507	399,452	395,275	391,165	387,725
25	Overall RTM's per Employee (000)	44.3	45.0	172.5	173.2	174.1	175.5	177.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	2.1	4.2	0.6	1.1	1.4	3.2	4.3
27	Operating Expenses (%)	3.4	2.9	2.4	2.2	1.6	2.1	2.5
28	Operating Profit (Loss) (in Millions \$)	-192.0	342.3	-1,295.2	-760.9	-52.7	1,096.1	1,654.2
29	Net Income (Loss)(in Millions \$)	448.1	240.1	-1,031.5	-1,239.6	-888.1	865.0	2,128.9
30	RPMs (Sch. Svc.) (%)	2.5	4.6	2.3	2.8	2.3	2.5	3.4
31	ASMs (Sch. Svc.) (%)	3.6	2.1	1.9	1.5	1.7	1.7	2.6
32	Operating Revenues per RTM (%)	-0.3	0.2	-0.7	-0.5	-0.2	0.7	0.2
33	Operating Expense per RTM (%)	0.8	-1.0	1.2	0.6	0.0	-0.5	-1.5
34	Passenger Revenue per RPM (Sch. Svc.)	-1.3	-0.1	-2.4	-2.1	-1.2	0.6	0.8

QUARTERLY FINANCIAL & TRAFFIC REVIEW
DOMESTIC OPERATIONS
TOTAL PASSENGER MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	17,429.1	16,821.1	65,510.0	64,902.0	64,634.4	64,550.5	63,971.6
2	Operating Expenses	15,143.9	14,412.7	59,215.7	58,484.5	57,900.3	57,733.0	57,339.7
3	Operating Profit (Loss)	2,285.1	2,408.3	6,294.3	6,417.5	6,734.2	6,817.5	6,631.9
4	Net Income (Loss)	1,751.3	1,419.7	4,020.9	3,689.3	3,808.9	4,278.7	4,487.5
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	112.49	109.36	428.79	425.66	421.94	418.66	416.59
6	ASMs - Scheduled Rev. Svc.	156.07	148.61	607.50	600.05	597.12	592.95	594.19
7	Overall RTMs (All Svc.)	12.25	12.00	46.96	46.71	46.39	46.18	46.15
8	Overall ATMs (All Svc.)	20.80	19.86	81.00	80.06	79.76	79.28	79.48
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	142.3	140.2	139.5	139.0	139.3	139.8	138.6
10	Operating Expense per RTM	123.6	120.1	126.1	125.2	124.8	125.0	124.3
11	Operating Profit (Loss) per RTM	18.7	20.1	13.4	13.7	14.5	14.8	14.4
12	Operating Expense per ATM	72.8	72.6	73.1	73.1	72.6	72.8	72.1
13	Passenger Revenue per RPM	13.81	13.85	13.61	13.62	13.70	13.83	13.79
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp	*	*	**	**	**	**	**
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Rev	13.1	14.3	9.6	9.9	10.4	10.6	10.4
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	14.1	13.7	14.6	16.8	18.2
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	72.1	73.6	70.6	70.9	70.7	70.6	70.1
23	Breakeven	63.5	63.2	65.1	65.0	64.3	63.9	63.5
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

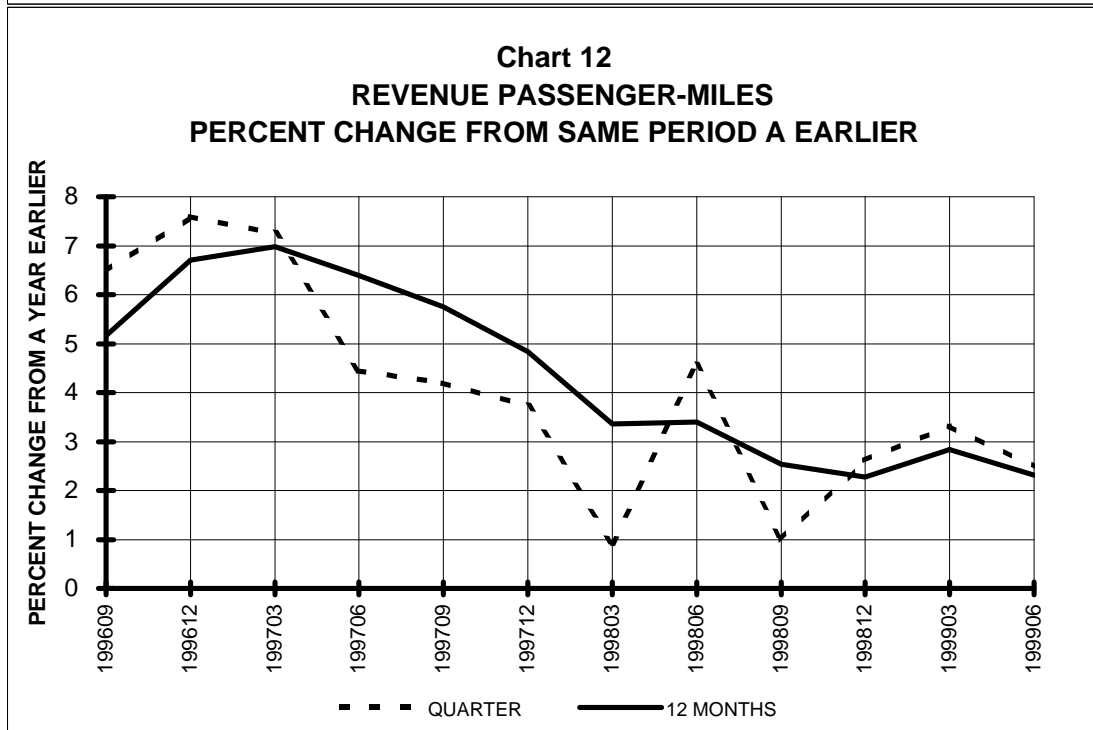
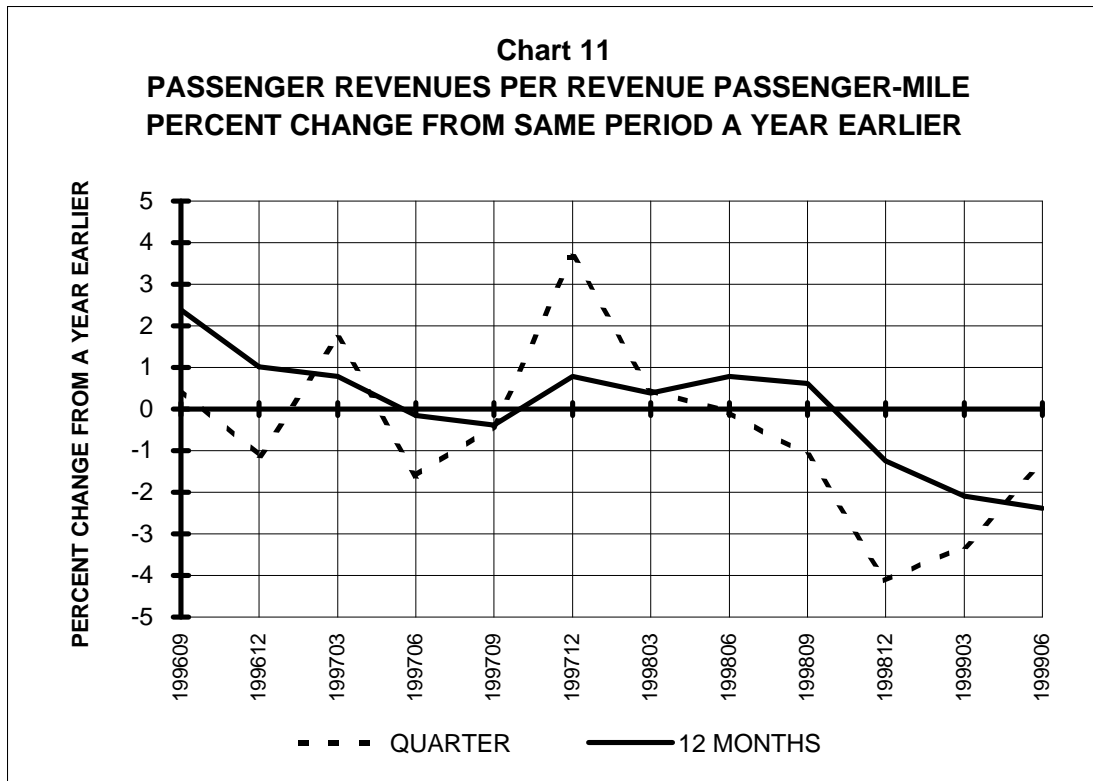
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	3.6	5.4	2.4	2.8	2.9	4.6	4.6
27	Operating Expenses (%)	5.1	2.3	3.3	2.6	1.6	2.0	2.1
28	Operating Profit (Loss) (in Millions \$)	-123.2	544.5	-337.6	330.2	916.1	1,652.4	1,640.4
29	Net Income (Loss)(in Millions \$)	331.6	337.1	-466.6	-461.1	-183.1	1,211.5	1,900.6
30	RPMs (Sch. Svc.) (%)	2.9	4.0	2.9	3.2	2.3	2.3	2.8
31	ASMs (Sch. Svc.) (%)	5.0	0.5	2.2	1.1	0.8	0.6	1.5
32	Operating Revenues per RTM (%)	1.5	2.2	0.6	0.9	1.5	2.8	1.8
33	Operating Expense per RTM (%)	2.9	-0.8	1.4	0.6	0.2	0.3	-0.6
34	Passenger Revenue per RPM (Sch. Svc)	-0.3	1.8	-1.3	-0.8	0.1	2.2	1.6

QUARTERLY FINANCIAL & TRAFFIC REVIEW
INTERNATIONAL OPERATIONS
TOTAL PASSENGER MAJORS

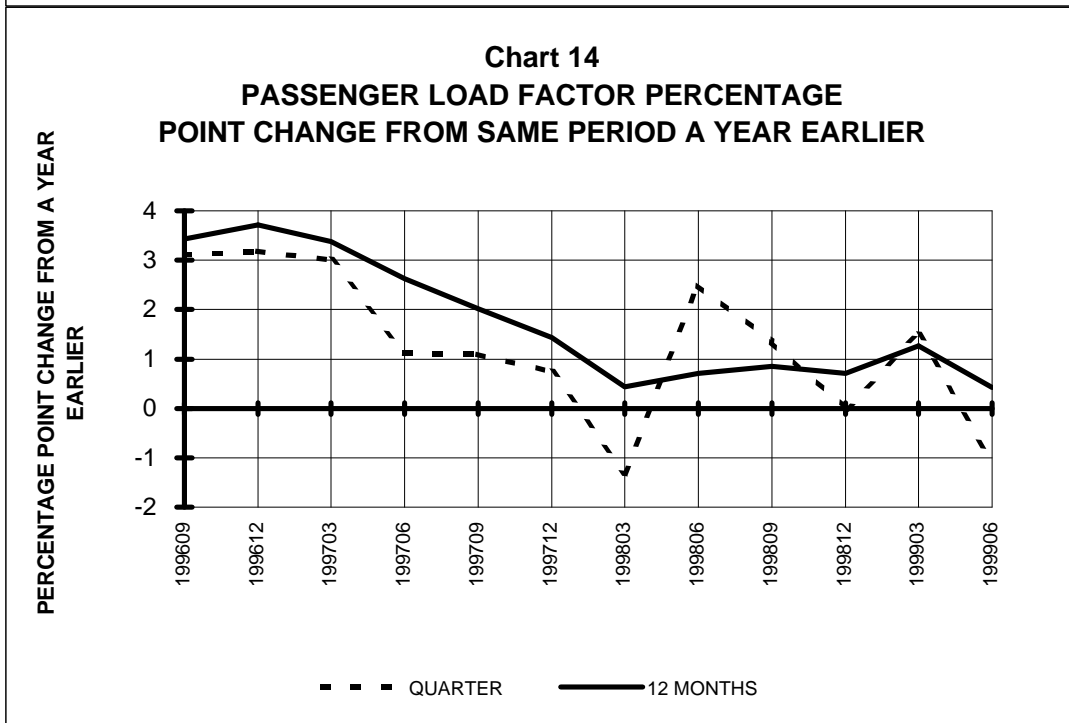
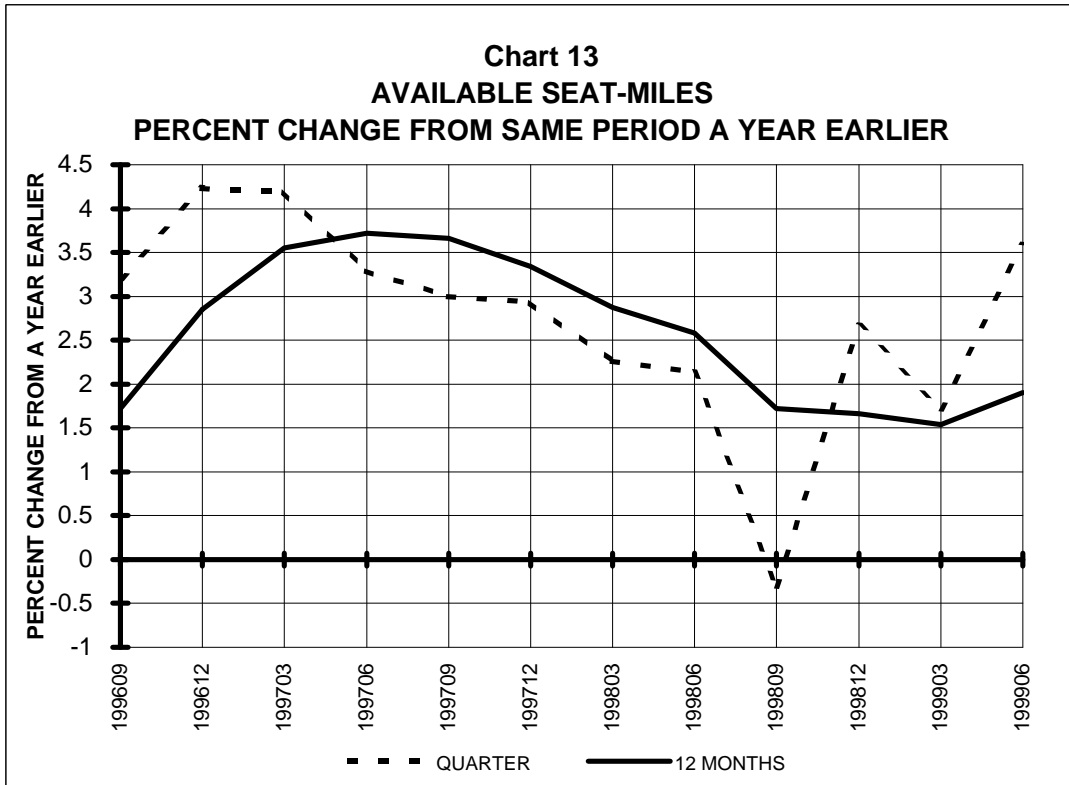
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	5,042.0	5,182.1	19,660.1	19,800.2	19,969.3	20,179.0	20,662.8
2	Operating Expenses	4,786.0	4,857.3	19,154.4	19,225.7	19,234.1	19,181.0	19,199.5
3	Operating Profit (Loss)	256.0	324.8	505.7	574.5	735.2	998.0	1,463.3
4	Net Income (Loss)	302.9	186.4	354.3	237.8	330.2	556.2	919.2
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	42.57	41.95	162.39	161.77	161.04	160.72	161.25
6	ASMs - Scheduled Rev. Svc.	56.16	56.28	221.41	221.53	221.05	219.86	219.26
7	Overall RTMs (All Svc.)	5.98	5.78	22.66	22.47	22.42	22.49	22.61
8	Overall ATMs (All Svc.)	10.08	9.89	39.35	39.16	38.88	38.52	38.26
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	84.4	89.6	86.7	88.1	89.1	89.7	91.4
10	Operating Expense per RTM	80.1	84.0	84.5	85.6	85.8	85.3	84.9
11	Operating Profit (Loss) per RTM	4.3	5.6	2.2	2.6	3.3	4.4	6.5
12	Operating Expense per ATM	47.5	49.1	48.7	49.1	49.5	49.8	50.2
13	Passenger Revenue per RPM	9.84	10.40	10.08	10.22	10.37	10.51	10.77
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp	*	*	**	**	**	**	**
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	5.1	6.3	2.6	2.9	3.7	4.9	7.1
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	5.7	4.9	5.8	8.1	11.8
21	Debt to Total Investment	*	*	**	**	**	**	**
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	75.8	74.5	73.3	73.0	72.9	73.1	73.5
23	Breakeven	74.4	71.8	74.4	73.7	72.8	71.7	69.8
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-2.7	0.2	-4.9	-4.1	-3.3	-0.8	3.4
27	Operating Expenses (%)	-1.5	4.6	-0.2	1.3	1.6	2.1	3.6
28	Operating Profit (Loss) (in Millions \$)	-68.8	-202.2	-957.6	-1,091.1	-968.8	-556.2	13.8
29	Net Income (Loss)(in Millions \$)	116.5	-97.0	-564.9	-778.4	-705.1	-346.5	228.3
30	RPMs (Sch. Svc.) (%)	1.5	6.1	0.7	1.9	2.2	3.3	4.9
31	ASMs (Sch. Svc.) (%)	-0.2	6.7	1.0	2.7	4.0	5.0	5.7
32	Operating Revenues per RTM (%)	-5.8	-5.0	-5.2	-4.9	-5.0	-5.0	-3.3
33	Operating Expense per RTM (%)	-4.7	-0.8	-0.5	0.6	-0.2	-2.2	-3.1
34	Passenger Revenue per RPM (Sch. Svc.)	-5.4	-5.7	-6.4	-6.5	-5.8	-4.5	-1.6

TOTAL PASSENGER MAJORS (SYSTEM) QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)

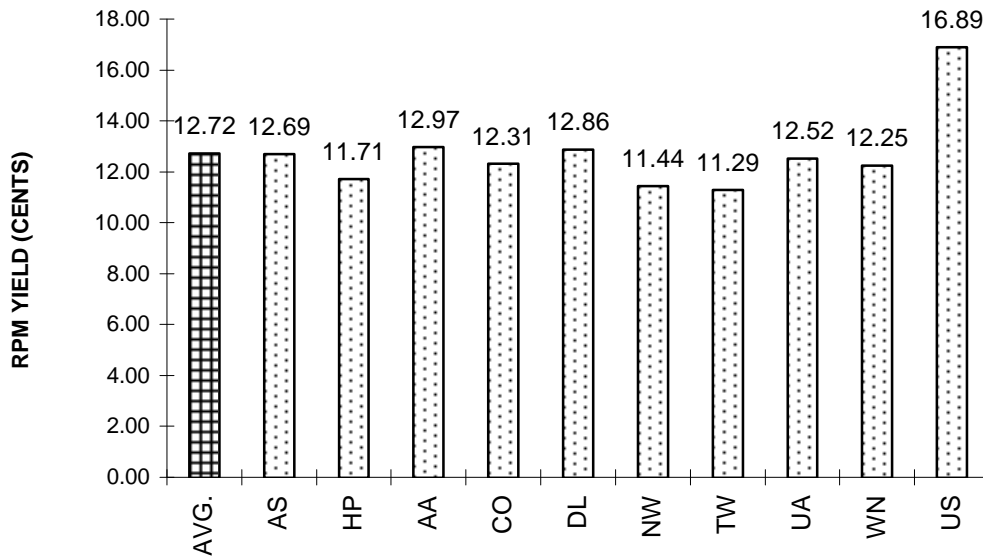


TOTAL PASSENGER MAJORS (SYSTEM) **QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)**

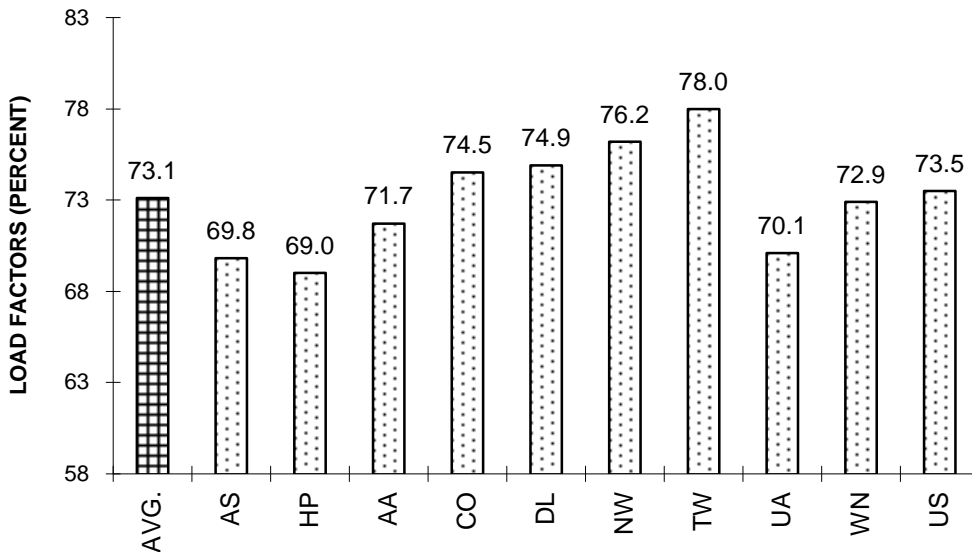


TOTAL PASSENGER MAJORS (SYSTEM) SECOND QUARTER 1999 (SCH. SVC.)

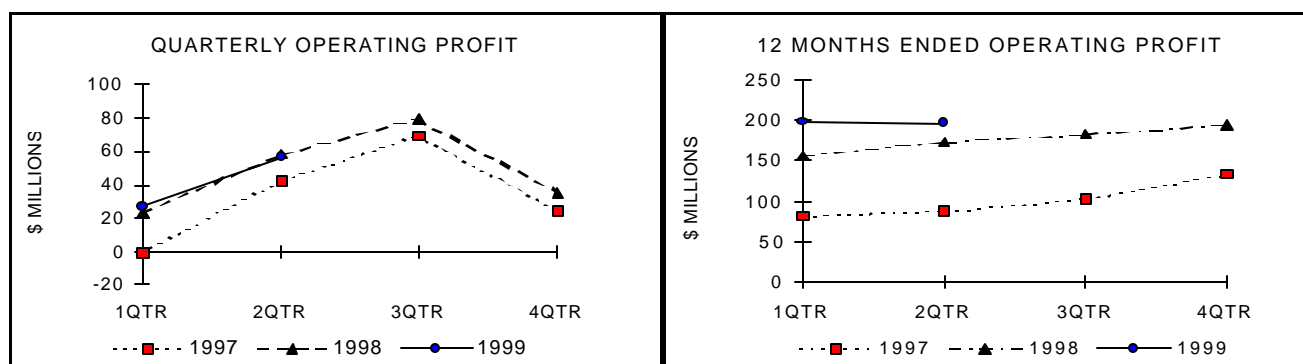
**Chart 15
PASSENGER (RPM) YIELD**



**Chart 16
PASSENGER LOAD FACTOR**



QUARTERLY FINANCIAL & TRAFFIC REVIEW **SYSTEM OPERATIONS** **ALASKA AIRLINES**



QUARTERLY RESULTS

- Operating expenses, up 8 percent, grew faster than operating revenues, up 6.3 percent, resulting in a \$2 million decline in operating profit to \$55.9 million. Second quarter 1999 results were the second highest ever for the company, with only year ago results higher.
- This decline was primarily due to the \$8.6 million (25.5 percent) increase in total fuel expenses.
- Net income climbed \$0.1 million to \$36.7 million, the best second quarter in carrier history.
- Operating and net profit for the Latin entity improved, up \$1.4 million and \$0.9 million, offsetting much of the declines experienced by the domestic entity, down \$3.4 million and \$0.9 million, respectively.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	53.6	50.2	-3.4	33.9	33.1	-0.9	2.6	2.7	2.8	3.9	3.9	2.2	68.8%
Int'l	4.3	5.7	1.4	2.7	3.6	0.9	0.2	0.3	11.3	0.3	0.3	5.4	82.6%
Atlantic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Latin	4.3	5.7	1.4	2.7	3.6	0.9	0.2	0.3	11.3	0.3	0.3	5.4	82.6%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
System	57.9	55.9	-2.0	36.6	36.7	0.1	2.9	3.0	3.5	4.2	4.3	2.4	69.8%

- The passenger load factor rose 0.7 percentage points to 69.8 percent as RPM traffic increased 3.5 percent, and ASM capacity was up a lesser 2.4 percent.
- Profitability declined as RTM unit cost growth, up 5.4 percent, outpaced RTM yield growth, up 3.7 percent.
- Interest expense fell \$4.2 million to a very low \$0.2 million.
- Passenger (RPM) yield gained 3.8 percent to 12.69 cents.

12-MONTH RESULTS

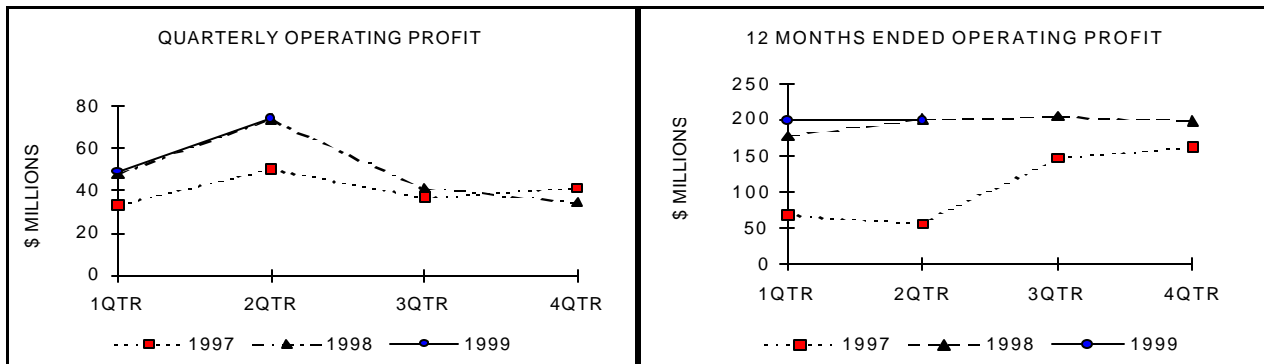
- Operating revenue growth continues to slow, up 7.2 percent, while operating expense growth accelerated, up 6.3 percent. Still, operating profit improved \$23.9 million to \$196.6 million.
- Net income was up \$14.9 million to \$120.7 million.
- The passenger load factor climbed 0.2 percentage points to 67.5 percent. RPM traffic rose 8.2 percent, exceeding the 7.8 percent increase in ASM capacity.
- Passenger (RPM) yield dipped 0.6 percent to 12.25 cents, the second consecutive year-to-year decline after three years of growth.
- Interest expense was down \$8.9 million to a passenger group low \$12.1 million.
- Total debt was reduced \$27.5 million, while equity increased, resulting in the debt-to-investment ratio falling 7.1 percentage points to 23.6 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
ALASKA AIRLINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	430.9	405.2	1,636.7	1,611.0	1,581.3	1,553.2	1,527.2
2	Operating Expenses	375.1	347.3	1,440.1	1,412.4	1,386.3	1,369.9	1,354.5
3	Operating Profit (Loss)	55.9	57.9	196.6	198.7	195.0	183.3	172.7
4	Net Income (Loss)	36.7	36.6	120.7	120.6	116.5	106.2	105.8
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	2.98	2.87	11.61	11.51	11.27	11.00	10.74
6	ASMs - Scheduled Rev. Svc.	4.26	4.16	17.19	17.09	16.77	16.40	15.95
7	Overall RTMs (All Svc.)	0.32	0.31	1.24	1.23	1.21	1.18	1.15
8	Overall ATMs (All Svc.)	0.56	0.55	2.25	2.24	2.20	2.15	2.09
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	135.7	130.8	132.4	131.1	131.2	131.5	132.4
10	Operating Expense per RTM	118.1	112.1	116.5	115.0	115.0	116.0	117.4
11	Operating Profit (Loss) per RTM	17.6	18.7	15.9	16.2	16.2	15.5	15.0
12	Operating Expense per ATM	67.2	63.6	63.9	63.0	63.0	63.6	64.7
13	Passenger Revenue per RPM	12.69	12.22	12.25	12.13	12.17	12.26	12.33
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	2.15	2.18	2.19	2.19	2.26
15	Times Interest Earned	*	*	17.80	17.98	15.84	12.57	11.08
16	Current Assets to Current Liabilities	*	*	0.81	0.82	0.86	0.93	0.87
17	No. of Days Cash Coverage of Cash Exp	*	*	85.1	78.1	84.4	113.5	98.7
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	13.0	14.3	12.0	12.3	12.3	11.8	11.3
19	Net Income to Stockholders Equity	*	*	22.1	23.4	23.9	23.0	24.5
20	Corporate Return on Investment	*	*	17.4	17.9	17.9	17.1	18.3
21	Debt to Total Investment	*	*	23.6	25.3	26.6	35.1	30.7
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	69.8	69.1	67.5	67.3	67.2	67.1	67.3
23	Breakeven	62.7	60.6	61.1	60.6	60.4	60.7	61.3
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	8,357	7,860	8,073	7,949	7,827	7,712	7,626
25	Overall RTM's per Employee (000)	38.0	39.4	153.1	154.5	154.0	153.1	151.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.3	10.1	7.2	8.1	8.5	10.9	12.1
27	Operating Expenses (%)	8.0	6.6	6.3	6.0	4.7	5.6	6.2
28	Operating Profit (Loss) (in Millions \$)	-2.0	15.7	23.9	41.7	61.9	80.3	85.5
29	Net Income (Loss)(in Millions \$)	0.1	13.1	14.9	27.9	40.5	44.4	52.6
30	RPMs (Sch. Svc.) (%)	3.5	9.9	8.2	9.9	8.7	8.1	6.0
31	ASMs (Sch. Svc.) (%)	2.4	8.9	7.8	9.5	8.9	9.1	6.7
32	Operating Revenues per RTM (%)	3.7	0.6	0.0	-0.8	0.4	2.8	6.1
33	Operating Expense per RTM (%)	5.4	-2.6	-0.8	-2.8	-3.2	-2.1	0.5
34	Passenger Revenue per RPM (Sch. Svc)	3.8	1.2	-0.6	-1.4	0.4	4.0	7.5

QUARTERLY FINANCIAL & TRAFFIC REVIEW **SYSTEM OPERATIONS** **AMERICA WEST AIRLINES**



QUARTERLY RESULTS

- America West reported its best operating and net profit for any second quarter in carrier history.
- These record results were attained even though operating expenses, up 7.8 percent, grew faster than operating revenues, up 6.8 percent. Operating profit climbed a slight \$0.3 million to \$74.1 million, and net income rose \$1.3 million to \$41.5 million.
- Total fuel expense rose \$8.5 million, 18.9 percent.
- The improvements in overall system operating and net results arose solely from gains in the Latin entity, up \$2.1 million and \$2.2 million, respectively, which offset declining domestic operating and net results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	74.8	73.0	-1.8	41.4	40.6	-0.8	4.2	4.4	5.0	5.9	6.4	8.0	69.1%
Int'l	-1.0	1.1	2.1	-1.2	0.9	2.2	0.1	0.1	-18.8	0.2	0.1	-31.0	61.9%
Atlantic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Latin	-1.0	1.1	2.1	-1.2	0.9	2.2	0.1	0.1	-18.8	0.2	0.1	-31.0	61.9%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
System	73.8	74.1	0.3	40.2	41.5	1.4	4.3	4.5	4.5	6.1	6.5	6.9	69.0%

- The passenger load factor decreased 1.5 percentage points to a major group low 69 percent, as ASM capacity, up 6.9 percent, grew faster than RPM traffic, up 4.5 percent.
- Passenger (RPM) yield advanced 2.4 percent to 11.71 cents.
- Interest expense was unchanged at \$9.2 million.

12-MONTH RESULTS

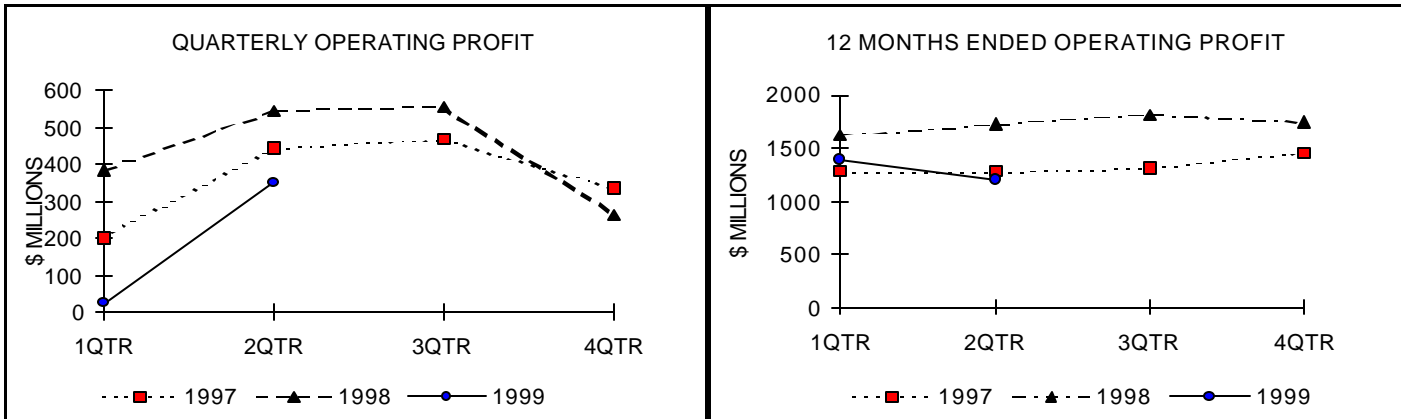
- For the first time in two years, operating expenses, up 6.7 percent, grew faster than operating revenues, up 6 percent, resulting in a \$0.9 million decline in operating profit to \$199.2 million.
- Net income managed a small gain, rising \$1.9 million to \$104.9 million.
- Interest expense rose \$2.2 million to \$37.6 million.
- The passenger load factor climbed 0.2 percentage points to 67.4 percent as RPM traffic growth, up 6.1 percent, exceeded ASM capacity growth, up 5.7 percent.
- The rate of growth in passenger (RPM) yield has slowed dramatically in recent periods, climbing 0.5 percent to 11.35 cents.
- Total debt was up a slight \$2.2 million to \$276.6 million (only Alaska and DHL Airways reported lower debt). This, coupled with rising equity, resulted in the debt-to-investment ratio declining 2.1 percentage points to 24.9 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
AMERICA WEST AIRLINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	558.3	522.9	2,054.6	2,019.3	1,983.0	1,962.5	1,938.4
2	Operating Expenses	484.2	449.2	1,855.4	1,820.4	1,785.1	1,757.9	1,738.2
3	Operating Profit (Loss)	74.1	73.8	199.2	198.9	197.8	204.6	200.1
4	Net Income (Loss)	41.5	40.2	104.9	103.5	103.0	104.3	103.0
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	4.47	4.28	16.94	16.75	16.36	16.18	15.97
6	ASMs - Scheduled Rev. Svc.	6.49	6.07	25.12	24.71	24.26	23.96	23.77
7	Overall RTMs (All Svc.)	0.47	0.46	1.79	1.77	1.74	1.73	1.71
8	Overall ATMs (All Svc.)	0.82	0.76	3.17	3.11	3.05	3.01	2.99
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	118.3	114.8	114.7	113.8	114.0	113.6	113.1
10	Operating Expense per RTM	102.6	98.6	103.6	102.6	102.7	101.7	101.4
11	Operating Profit (Loss) per RTM	15.7	16.2	11.1	11.2	11.4	11.8	11.7
12	Operating Expense per ATM	59.1	58.8	58.6	58.5	58.5	58.3	58.1
13	Passenger Revenue per RPM	11.71	11.43	11.35	11.27	11.33	11.32	11.29
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.91	1.92	1.94	1.95	1.94
15	Times Interest Earned	*	*	6.95	6.80	6.46	6.41	6.67
16	Current Assets to Current Liabilities	*	*	0.88	0.86	0.79	0.83	0.70
17	No. of Days Cash Coverage of Cash Exp	*	*	36.3	51.7	28.7	35.2	50.2
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	13.3	14.1	9.7	9.9	10.0	10.4	10.3
19	Net Income to Stockholders Equity	*	*	13.5	13.8	14.1	14.7	15.0
20	Corporate Return on Investment	*	*	12.7	12.9	13.4	13.9	13.6
21	Debt to Total Investment	*	*	24.9	32.2	27.3	27.6	27.0
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	69.0	70.5	67.4	67.8	67.4	67.5	67.2
23	Breakeven	60.0	60.4	61.5	61.7	61.1	60.8	60.6
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	9,606	8,716	9,248	9,026	8,826	8,747	8,768
25	Overall RTM's per Employee (000)	49.1	52.3	193.6	196.6	197.0	197.5	195.4

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.8	8.7	6.0	6.5	5.1	5.8	6.8
27	Operating Expenses (%)	7.8	4.4	6.7	5.9	3.5	2.9	-1.2
28	Operating Profit (Loss) (in Millions \$)	0.3	23.2	-0.9	22.0	35.2	58.2	143.8
29	Net Income (Loss)(in Millions \$)	1.3	17.2	1.9	17.7	27.7	37.4	99.7
30	RPMs (Sch. Svc.) (%)	4.5	3.5	6.1	5.8	1.2	-0.6	-0.5
31	ASMs (Sch. Svc.) (%)	6.9	4.2	5.7	5.0	3.4	3.0	4.2
32	Operating Revenues per RTM (%)	3.0	5.7	1.4	2.1	4.9	7.1	7.3
33	Operating Expense per RTM (%)	4.1	1.4	2.2	1.5	3.4	4.1	-0.8
34	Passenger Revenue per RPM (Sch. Svc)	2.4	5.7	0.5	1.3	4.5	7.1	7.6

QUARTERLY FINANCIAL & TRAFFIC REVIEW **SYSTEM OPERATIONS** **AMERICAN AIRLINES**



QUARTERLY RESULTS

- American experienced a pilot sick-out during the first quarter 1999, which may have been a contributing factor in American reporting the largest declines in both operating and net results during the second quarter 1999.
- Operating expenses rose a modest 2.3 percent, but operating revenues fell 2.6 percent, causing operating profit to fall \$195.1 million to \$350.8 million.
- Total fuel expense fell \$10.8 million (3.1 percent) due solely to declining unit fuel prices, down 4.6 percent, as fuel consumption rose 1.6 percent.
- Net income dropped \$117 million to \$213.9 million.
- All entities contributed to the overall system declines, but only the Pacific division reported a loss in both operating results, down \$7.8 million to a loss of \$2.2 million, and net results, down \$4.6 million to a loss of \$1.3 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	438.7	294.1	-144.7	265.9	179.0	-87.0	19.2	19.1	-0.9	26.6	26.8	0.7	71.1%
Int'l	107.2	56.7	-50.4	65.0	35.0	-30.0	8.7	9.1	5.4	12.3	12.5	1.5	73.1%
Atlantic	75.8	35.8	-39.9	45.9	21.9	-24.0	3.9	4.2	7.2	4.7	5.1	8.1	83.3%
Latin	25.8	23.1	-2.7	15.7	14.3	-1.4	4.2	4.0	-3.9	6.8	6.2	-8.7	64.9%
Pacific	5.5	-2.2	-7.8	3.3	-1.3	-4.6	0.6	0.9	62.3	0.8	1.2	48.3	72.3%
System	545.9	350.8	-195.1	330.9	213.9	-117.0	27.9	28.2	1.0	38.9	39.3	1.0	71.7%

- Passenger (RPM) yield was down 4.4 percent, the largest decline among the majors, to 12.97 cents.
- Both RPM traffic and ASM capacity were up 1 percent, leaving the passenger load factor unchanged at 71.7 percent.
- Interest expense jumped \$15.8 million to \$36.5 million.

12-MONTH RESULTS

- Operating and net profits declined from a year ago for the second consecutive period after two years of continuous improvements.
- These results arose in large part from the 2.4 percent decline in operating revenue (also down for the second consecutive period), as operating expenses rose only 1.1 percent.
- Operating profit tumbled \$538.3 million to \$1.2 billion.
- Net income fell \$259.5 million to \$758.5 million.
- The passenger load factor increased 0.4 percentage points to 70.2 percent, unchanged from the prior two periods. RPM traffic climbed 0.7 percent, while ASM capacity inched upward 0.2 percent.
- Passenger (RPM) yield declined 3.6 percent to 13.11 cents.
- Interest expense jumped 40 percent, up \$31.7 million to \$111.5 million.
- Total debt surged \$821.8 million to \$3.16 billion, outpacing equity growth, thus causing the debt-to-investment ratio to rise 3.7 percentage points to 32.1 percent.

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
AMERICAN AIRLINES

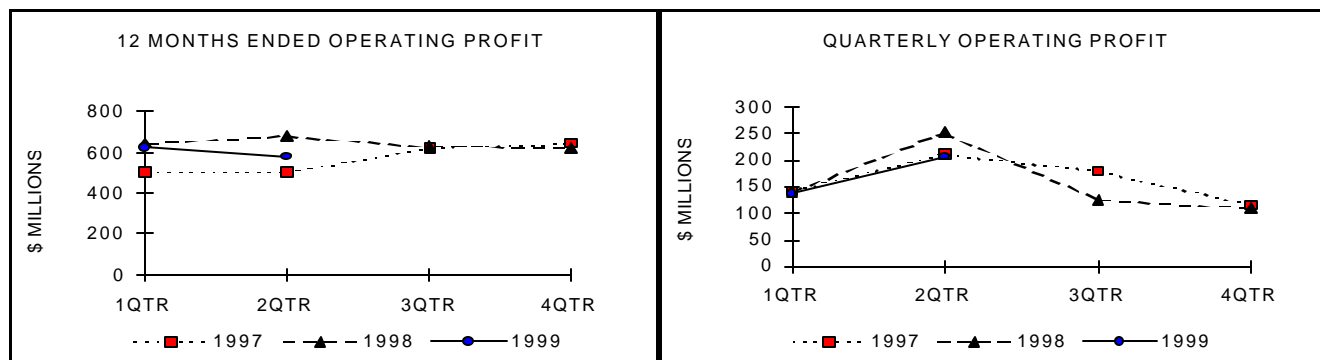
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	4,083.1	4,192.8	15,845.1	15,954.8	16,298.8	16,394.5	16,229.8
2	Operating Expenses	3,732.3	3,646.9	14,649.4	14,564.0	14,550.5	14,574.2	14,495.7
3	Operating Profit (Loss)	350.8	545.9	1,195.8	1,390.9	1,748.4	1,820.3	1,734.1
4	Net Income (Loss)	213.9	330.9	758.5	875.5	1,062.9	1,097.3	1,018.0
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	28.19	27.91	108.42	108.13	108.87	108.27	107.64
6	ASMs - Scheduled Rev. Svc.	39.31	38.94	154.48	154.10	155.17	154.63	154.19
7	Overall RTMs (All Svc.)	3.33	3.30	12.77	12.74	12.88	12.86	12.82
8	Overall ATMs (All Svc.)	6.07	5.91	23.66	23.50	23.60	23.50	23.44
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	122.5	126.9	124.0	125.2	126.5	127.5	126.6
10	Operating Expense per RTM	111.9	110.4	114.7	114.3	112.9	113.3	113.0
11	Operating Profit (Loss) per RTM	10.5	16.5	9.4	10.9	13.6	14.2	13.5
12	Operating Expense per ATM	61.5	61.7	61.9	62.0	61.6	62.0	61.8
13	Passenger Revenue per RPM	12.97	13.57	13.11	13.26	13.49	13.67	13.60
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.77	1.86	1.96	2.04	2.08
15	Times Interest Earned	*	*	-41.39	-59.46	821.48	38.80	21.02
16	Current Assets to Current Liabilities	*	*	0.79	0.75	0.87	0.85	0.80
17	No. of Days Cash Coverage of Cash Exp	*	*	31.2	22.4	39.8	46.7	48.5
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	8.6	13.0	7.5	8.7	10.7	11.1	10.7
19	Net Income to Stockholders Equity	*	*	12.0	14.3	18.0	19.5	19.0
20	Corporate Return on Investment	*	*	8.1	9.9	12.8	14.2	14.1
21	Debt to Total Investment	*	*	32.1	28.5	28.9	27.8	28.4
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	71.7	71.7	70.2	70.2	70.2	70.0	69.8
23	Breakeven	67.0	62.8	66.5	65.4	63.6	63.0	63.1
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	77,629	73,620	76,008	75,006	74,424	74,060	73,960
25	Overall RTM's per Employee (000)	42.9	44.9	168.1	169.9	173.1	173.7	173.4

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-2.6	4.1	-2.4	-0.7	2.8	5.1	5.5
27	Operating Expenses (%)	2.3	1.8	1.1	0.9	1.0	2.0	2.8
28	Operating Profit (Loss) (in Millions \$)	-195.1	101.9	-538.3	-241.4	301.4	508.5	447.6
29	Net Income (Loss)(in Millions \$)	-117.0	90.8	-259.5	-51.7	282.7	443.9	423.3
30	RPMs (Sch. Svc.) (%)	1.0	2.2	0.7	1.0	1.8	1.6	1.6
31	ASMs (Sch. Svc.) (%)	1.0	0.6	0.2	0.1	0.9	0.9	0.8
32	Operating Revenues per RTM (%)	-3.5	2.6	-2.1	-0.4	1.8	3.9	3.9
33	Operating Expense per RTM (%)	1.4	0.4	1.5	1.2	-0.1	0.9	1.2
34	Passenger Revenue per RPM (Sch. Svc)	-4.4	1.8	-3.6	-2.1	1.0	3.9	4.0

QUARTERLY FINANCIAL & TRAFFIC REVIEW

SYSTEM OPERATIONS

CONTINENTAL AIR LINES 1/



QUARTERLY RESULTS

- Operating expenses, up 7.8 percent, grew much faster than operating revenues, up 4.5 percent, resulting in a \$46.7 million decline in operating profit to \$203.7 million.
- Total fuel expense dropped \$33.9 million (18.9 percent), preventing a larger decline in operating results. Unit fuel prices fell 19 percent as fuel consumption inched upward 0.2 percent.
- Net income also declined, down \$31.9 million to \$124.5 million.
- Only the Pacific entity experienced a gain in both operating and net results, while the domestic entity reported a gain in just net results. All entities, however, still reported an operating and net profit.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	163.0	144.1	-19.0	71.9	76.7	4.8	9.3	9.8	5.3	12.5	13.2	5.5	74.2%
Int'l	87.3	59.6	-27.8	84.5	47.8	-36.6	4.6	5.0	8.2	6.3	6.6	4.8	75.2%
Atlantic	79.3	46.2	-33.0	80.2	42.3	-37.9	2.3	2.7	16.6	2.7	3.3	20.5	81.2%
Latin	11.9	8.4	-3.5	10.6	5.0	-5.6	1.3	1.5	14.0	2.2	2.3	5.4	66.2%
Pacific	-3.8	4.9	8.8	-6.3	0.5	6.8	1.0	0.8	-19.5	1.4	1.0	-26.9	76.4%
1/ System	250.4	203.7	-46.7	156.4	124.5	-31.8	13.9	14.8	6.3	18.9	19.9	5.3	74.5%

- RPM traffic, up 6.3 percent, grew slightly faster than ASM capacity, up 5.3 percent, causing the passenger load factor to rise 0.7 percentage points to 74.5 percent.
- Passenger (RPM) yield declined 2.3 percent to 12.31 cents.
- Interest expense jumped \$10.2 million to \$41.3 million

12-MONTH RESULTS

- Operating revenues rose a strong 8.2 percent, but operating expenses jumped 10.7 percent, producing a drop in operating profit of \$110.4 million to \$572 million, the third consecutive quarter-ended 12-month period of decline.
- Net income was down \$80.4 million to \$318.9 million.
- RPM traffic growth, up 10.4 percent, continued to exceed ASM capacity growth, up 8 percent, resulting in the passenger load factor rising 1.6 percentage points to 73 percent.
- Passenger (RPM) yield declined from a year ago for the ninth consecutive 12-month period, down 3.5 percent to 12.29 cents.
- Although total debt rose \$691.2 million to \$2.68 billion, rising equity offset much of this increase causing the debt-to-investment ratio to decline 2.2 percentage points to 64.4 percent.

1/ Beginning in 1993, all of Continental's Pacific operations are reported by Air Micronesia which now reports its results separately. To be consistent for internal and analytical purposes, all of Continental's financial and traffic results for all quarterly and 12-month ended periods have been retroactively adjusted to include the Pacific operations of Air Micronesia.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
CONTINENTAL AIR LINES**

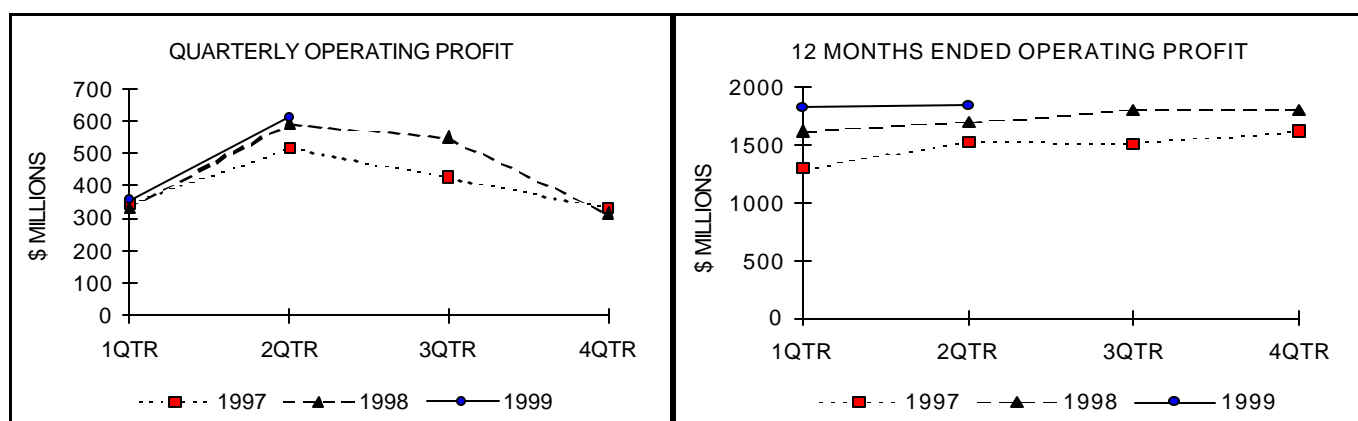
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	2,115.6	2,024.7	8,161.2	8,070.3	7,907.7	7,793.0	7,540.5
2	Operating Expenses	1,911.9	1,774.3	7,589.2	7,451.5	7,287.0	7,165.6	6,858.0
3	Operating Profit (Loss)	203.7	250.4	572.0	618.7	620.7	627.5	682.4
4	Net Income (Loss)	124.5	156.4	318.9	350.8	345.8	339.1	399.3
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	14.81	13.93	57.22	56.35	54.90	53.78	51.85
6	ASMs - Scheduled Rev. Svc.	19.87	18.88	78.43	77.44	76.12	74.69	72.60
7	Overall RTMs (All Svc.)	1.70	1.62	6.59	6.51	6.39	6.29	6.08
8	Overall ATMs (All Svc.)	2.58	2.50	10.21	10.13	9.98	9.84	9.57
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	124.2	124.9	123.9	124.0	123.8	124.0	124.0
10	Operating Expense per RTM	112.3	109.5	115.2	114.5	114.1	114.0	112.8
11	Operating Profit (Loss) per RTM	12.0	15.4	8.7	9.5	9.7	10.0	11.2
12	Operating Expense per ATM	74.1	71.0	74.3	73.6	73.0	72.8	71.6
13	Passenger Revenue per RPM	12.31	12.60	12.29	12.36	12.44	12.60	12.73
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.93	2.07	2.21	2.32	2.40
15	Times Interest Earned	*	*	4.35	4.96	5.26	5.46	6.17
16	Current Assets to Current Liabilities	*	*	0.89	1.00	0.95	0.86	0.83
17	No. of Days Cash Coverage of Cash Exp	*	*	63.1	71.1	72.7	66.9	65.2
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	9.6	12.4	7.0	7.7	7.8	8.1	9.1
19	Net Income to Stockholders Equity	*	*	22.8	27.4	29.0	30.0	37.6
20	Corporate Return on Investment	*	*	11.3	12.8	13.4	13.9	16.7
21	Debt to Total Investment	*	*	64.4	67.7	68.3	67.5	66.6
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	74.5	73.8	73.0	72.8	72.1	72.0	71.4
23	Breakeven	70.0	65.1	70.4	69.2	68.0	67.5	65.8
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	34,195	31,293	33,048	32,322	31,641	30,944	30,081
25	Overall RTM's per Employee (000)	49.8	51.8	199.3	201.3	201.9	203.1	202.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	4.5	15.7	8.2	11.1	11.5	14.4	14.1
27	Operating Expenses (%)	7.8	15.3	10.7	12.5	13.1	15.7	12.3
28	Operating Profit (Loss) (in Millions \$)	-46.7	40.0	-110.4	-23.8	-25.2	5.2	180.0
29	Net Income (Loss)(in Millions \$)	-31.9	35.9	-80.4	-12.6	-19.0	-11.8	130.0
30	RPMs (Sch. Svc.) (%)	6.3	16.0	10.4	12.9	13.2	15.5	16.4
31	ASMs (Sch. Svc.) (%)	5.3	13.8	8.0	10.1	11.4	13.0	13.0
32	Operating Revenues per RTM (%)	-0.6	-1.4	-0.1	-0.3	-1.5	-2.0	-3.4
33	Operating Expense per RTM (%)	2.6	-1.7	2.1	1.0	-0.2	-0.9	-4.9
34	Passenger Revenue per RPM (Sch. Svc)	-2.3	-1.5	-3.5	-3.3	-3.2	-1.9	-1.9

QUARTERLY FINANCIAL & TRAFFIC REVIEW

SYSTEM OPERATIONS

DELTA AIR LINES



QUARTERLY RESULTS

- Delta reported the highest quarterly operating and net profit in its history.
- Both operating revenues and operating expenses grew 2.9 percent, resulting in operating profit gaining \$18.8 million to \$612.5 million, a major group high.
- Total fuel expense rose a slight \$0.9 million (0.2 percent) as unit fuel prices dipped 0.1 percent and fuel climbed 0.3 percent.
- Net income rose \$2.6 million to \$364.4 million.
- The domestic and Latin entities reported gains in both operating and net income, while the Atlantic and Pacific entities were down from a year ago and Pacific operations fell into the red.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	468.9	542.0	73.1	282.9	320.8	37.9	20.6	20.8	1.3	27.3	28.1	3.0	74.1%
Int'l	125.2	70.8	-54.4	78.9	43.6	-35.3	6.5	6.1	-5.0	8.2	7.9	-3.7	77.9%
Atlantic	108.3	64.4	-43.9	68.0	39.7	-28.3	5.3	4.6	-11.7	6.3	5.6	-11.9	83.6%
Latin	8.0	24.1	16.1	5.1	14.9	9.7	0.5	0.7	34.1	0.9	1.0	13.8	64.4%
Pacific	8.9	-17.7	-26.6	5.7	-11.0	-16.7	0.7	0.8	17.5	1.0	1.3	33.3	64.3%
System	594.0	612.8	18.7	361.8	364.4	2.6	27.0	27.0	-0.2	35.5	36.0	1.4	74.9%

- RPM traffic dipped 0.2 percent as ASM capacity rose 1.4 percent, producing a 1.2 percentage point decline in the passenger load factor to 74.9 percent.
- Passenger (RPM) yield climbed 0.2 percent to 12.86 cents.
- Interest expense jumped \$13.2 million to \$54.9 million.

12-MONTH RESULTS

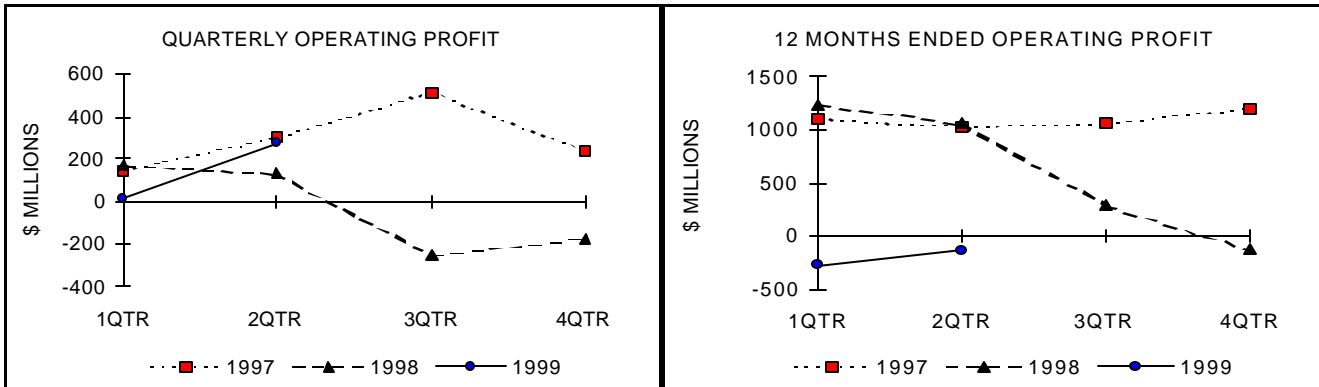
- Operating profit improved \$141 million to \$1.83 billion, a major group high, as operating revenue growth, up 3.8 percent, grew faster operating expenses, up 3.2 percent.
- Net income gained \$100.6 million to \$1.1 billion.
- Faster growth in RPM traffic, up 3.1 percent, than in ASM capacity, up 2.3 percent, resulted in the passenger load factor rising 0.5 percentage points to 72.7 percent.
- Passenger (RPM) yield was down 0.5 percent to 12.74 cents, the third consecutive period of decline.
- Total debt increased \$662.4 million to \$2.68 billion, more than offsetting strong equity growth, leading to a 4.5 percentage point increase in the debt-to-investment ratio to 37.4 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
DELTA AIR LINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	3,919.5	3,808.7	14,875.6	14,764.9	14,629.8	14,584.9	14,328.3
2	Operating Expenses	3,306.7	3,214.6	13,044.4	12,952.4	12,836.7	12,777.6	12,638.1
3	Operating Profit (Loss)	612.8	594.0	1,831.2	1,812.5	1,793.1	1,807.3	1,690.2
4	Net Income (Loss)	364.4	361.8	1,101.1	1,098.5	1,077.6	1,073.5	1,000.5
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	26.97	27.02	104.15	104.20	103.24	102.58	101.06
6	ASMs - Scheduled Rev. Svc.	35.99	35.48	143.26	142.75	141.96	140.97	140.00
7	Overall RTMs (All Svc.)	3.13	3.14	12.12	12.13	12.05	12.01	11.86
8	Overall ATMs (All Svc.)	5.20	5.09	20.56	20.45	20.31	20.12	19.89
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	125.4	121.4	122.8	121.8	121.4	121.4	120.8
10	Operating Expense per RTM	105.8	102.5	107.7	106.8	106.5	106.4	106.6
11	Operating Profit (Loss) per RTM	19.6	18.9	15.1	14.9	14.9	15.0	14.3
12	Operating Expense per ATM	63.6	63.2	63.4	63.3	63.2	63.5	63.5
13	Passenger Revenue per RPM	12.86	12.83	12.74	12.73	12.76	12.84	12.81
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	2.30	2.40	2.48	2.52	2.54
15	Times Interest Earned	*	*	12.01	13.05	13.05	12.34	11.55
16	Current Assets to Current Liabilities	*	*	0.50	0.53	0.60	0.69	0.78
17	No. of Days Cash Coverage of Cash Exp	*	*	28.1	24.6	23.9	34.3	49.5
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	15.6	15.6	12.3	12.3	12.3	12.4	11.8
19	Net Income to Stockholders Equity	*	*	26.1	26.9	27.5	28.6	28.1
20	Corporate Return on Investment	*	*	19.6	20.3	20.7	21.2	20.5
21	Debt to Total Investment	*	*	37.4	37.6	31.4	32.9	32.9
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	74.9	76.1	72.7	73.0	72.7	72.8	72.2
23	Breakeven	63.9	63.5	64.2	64.1	63.7	63.7	63.7
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	63,918	62,166	63,378	62,940	62,071	60,762	59,334
25	Overall RTM's per Employee (000)	48.9	50.5	191.2	192.7	194.2	197.7	199.9

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	2.9	5.2	3.8	4.4	3.0	4.1	2.8
27	Operating Expenses (%)	2.9	3.6	3.2	3.4	2.0	2.2	1.8
28	Operating Profit (Loss) (in Millions \$)	18.8	78.0	141.0	200.4	171.8	294.2	165.4
29	Net Income (Loss)(in Millions \$)	2.6	60.6	100.6	158.6	143.6	203.6	146.2
30	RPMs (Sch. Svc.) (%)	-0.2	4.9	3.1	4.4	3.6	3.7	3.4
31	ASMs (Sch. Svc.) (%)	1.4	2.8	2.3	2.7	2.4	2.2	2.4
32	Operating Revenues per RTM (%)	3.3	0.0	1.7	0.8	-0.5	-0.3	-2.0
33	Operating Expense per RTM (%)	3.2	-1.5	1.0	-0.2	-1.5	-2.0	-2.9
34	Passenger Revenue per RPM (Sch. Svc)	0.2	1.8	-0.5	-0.2	-0.5	1.0	0.2

QUARTERLY FINANCIAL & TRAFFIC REVIEW SYSTEM OPERATIONS NORTHWEST AIRLINES



QUARTERLY RESULTS

- Operating revenues rose 4.4 percent while operating expenses declined 1.7 percent, resulting in a major group high improvement of \$142.3 million in operating profit to \$273.7 million.
- Net income also improved, rising \$64.7 million to a profit of \$118.8 million.
- The operating profit margin doubled from a year ago to 11 percent.
- With operating and net results reported by the Atlantic entity virtually unchanged, the overall system improvements arose as both the domestic and Pacific entities had strong gains.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	185.9	273.2	87.3	91.4	132.2	40.9	10.2	10.9	6.5	13.7	15.2	11.0	71.9%
Int'l	-54.4	0.5	55.0	-37.2	-13.4	23.8	8.1	8.3	2.4	10.1	10.0	-1.2	82.8%
Atlantic	62.9	62.7	-0.2	35.0	35.2	0.2	2.3	2.7	18.1	2.7	3.1	16.4	86.5%
Latin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Pacific	-117.3	-62.2	55.2	-72.2	-48.6	23.6	5.8	5.6	-3.9	7.5	6.9	-7.6	81.1%
System	131.4	273.7	142.3	54.1	118.8	64.7	18.3	19.2	4.7	23.8	25.2	5.8	76.2%

- Total fuel expense declined \$7.3 million (2.9 percent), as fuel consumption rose 4.7 percent and unit fuel prices fell 7.2 percent.
- Interest expense increased a major group high \$23.3 million to \$81.2 million, also a major group high.
- RPM traffic rose 4.7 percent, but ASM capacity increased a faster 5.8 percent, causing the passenger load factor to decline 0.8 percentage points to 76.2 percent.
- Passenger (RPM) yield dipped 0.1 percent to 11.44 cents.

12-MONTH RESULTS

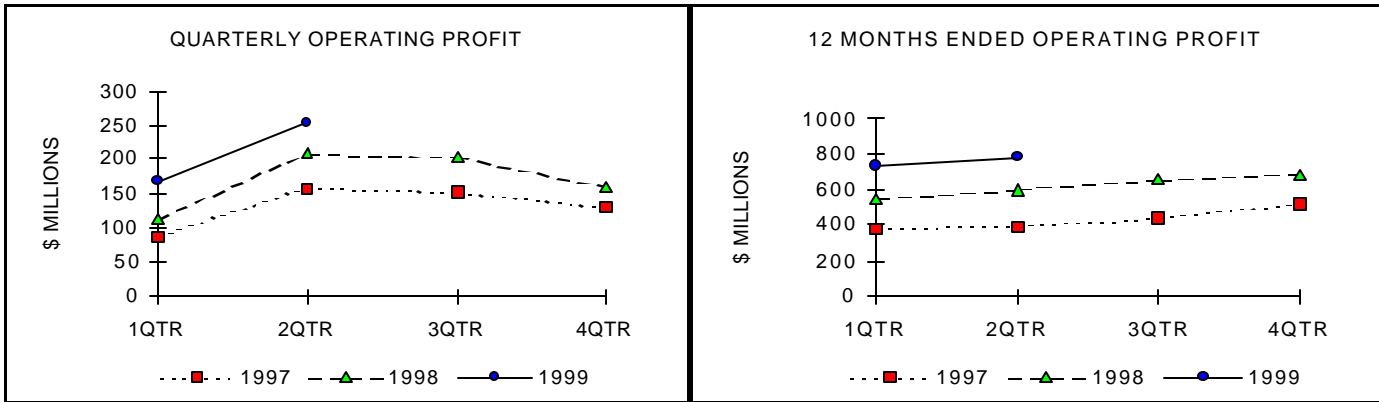
- Northwest experienced the largest deteriorations among all majors in both operating and net results, and it also reported the largest operating and net losses. These results continue to reflect the impact of the August/September 1998 pilots strike against the airline.
- Still reflecting the residual effects of the strike, operating revenues dropped 12.5 percent, while operating expenses dipped 0.5 percent, resulting in operating profit tumbling \$1.2 billion to a loss of \$140.4 million.
- Net income dropped \$811.7 million to a loss of \$275.3 million.
- The passenger load factor slid 1.5 percentage points to 73 percent.
- Passenger (RPM) yield was down 6.6 percent to 11.10 cents, the ninth consecutive 12-month period of decline.
- Interest expense jumped \$119.6 million, the largest increase among the passenger majors, to \$319.5 million, a major group high.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
NORTHWEST AIRLINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	2,499.3	2,394.2	8,643.5	8,538.4	8,706.7	8,996.3	9,881.7
2	Operating Expenses	2,225.6	2,262.8	8,784.0	8,821.2	8,836.1	8,705.6	8,825.0
3	Operating Profit (Loss)	273.7	131.4	-140.4	-282.7	-129.4	290.7	1,056.8
4	Net Income (Loss)	118.8	54.1	-275.3	-339.9	-241.3	33.9	536.4
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	19.20	18.34	67.09	66.24	66.71	67.48	72.41
6	ASMs - Scheduled Rev. Svc.	25.18	23.80	91.90	90.52	91.27	91.58	97.22
7	Overall RTMs (All Svc.)	2.48	2.33	8.74	8.59	8.64	8.79	9.49
8	Overall ATMs (All Svc.)	3.96	3.79	14.56	14.39	14.53	14.61	15.53
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	100.7	102.9	98.8	99.4	100.8	102.4	104.2
10	Operating Expense per RTM	89.7	97.2	100.5	102.7	102.3	99.1	93.0
11	Operating Profit (Loss) per RTM	11.0	5.6	-1.6	-3.3	-1.5	3.3	11.1
12	Operating Expense per ATM	56.2	59.7	60.3	61.3	60.8	59.6	56.8
13	Passenger Revenue per RPM	11.44	11.45	11.10	11.09	11.26	11.54	11.89
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.00	1.02	1.09	1.17	1.31
15	Times Interest Earned	*	*	-0.19	-0.59	-0.27	1.34	5.20
16	Current Assets to Current Liabilities	*	*	0.49	0.55	0.44	0.44	0.59
17	No. of Days Cash Coverage of Cash Exp	*	*	26.7	35.1	19.9	22.4	40.8
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	11.0	5.5	-1.6	-3.3	-1.5	3.2	10.7
19	Net Income to Stockholders Equity	*	*	-6.0	-7.2	-5.0	0.7	10.9
20	Corporate Return on Investment	*	*	0.9	-0.1	0.6	3.7	9.9
21	Debt to Total Investment	*	*	49.1	52.4	49.5	42.2	40.6
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	76.2	77.0	73.0	73.2	73.1	73.7	74.5
23	Breakeven	67.2	74.8	77.9	80.2	78.1	73.9	66.9
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	48,527	48,357	47,793	47,751	47,326	46,867	46,689
25	Overall RTM's per Employee (000)	51.1	48.1	183.0	179.9	182.6	187.4	203.2

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	4.4	-4.0	-12.5	-14.5	-12.8	-8.9	0.4
27	Operating Expenses (%)	-1.7	3.1	-0.5	0.7	0.6	-1.3	0.0
28	Operating Profit (Loss) (in Millions \$)	142.3	-168.3	-1,197.2	-1,507.7	-1,332.6	-761.1	33.5
29	Net Income (Loss)(in Millions \$)	64.7	-81.1	-811.7	-957.4	-844.8	-489.1	36.7
30	RPMs (Sch. Svc.) (%)	4.7	1.1	-7.4	-8.3	-7.4	-4.9	3.1
31	ASMs (Sch. Svc.) (%)	5.8	-1.7	-5.5	-7.3	-5.8	-4.8	1.8
32	Operating Revenues per RTM (%)	-2.1	-2.2	-5.2	-5.1	-4.0	-3.0	-2.0
33	Operating Expense per RTM (%)	-7.7	5.1	8.1	11.8	10.7	5.0	-2.4
34	Passenger Revenue per RPM (Sch. Svc)	-0.1	-5.3	-6.6	-8.0	-7.0	-5.5	-3.6

QUARTERLY FINANCIAL & TRAFFIC REVIEW **SYSTEM OPERATIONS** **SOUTHWEST AIRLINES**



QUARTERLY RESULTS

- Southwest has reported a quarterly operating and net profit in every quarter since March 1991, a period exceeding eight years. Operating and net results for the quarter ended June 1999 were the highest for any quarter in the carrier's history.
- Strong growth in operating revenues, up 13.1 percent, outpaced the 11 percent jump in operating expenses, producing a \$45.8 million improvement in operating profit to \$254.1 million.
- Total fuel expense rose \$7 million (7.3 percent), due solely to rising fuel consumption, up 8.8 percent, as unit fuel prices declined 1.3 percent.
- Net income advanced \$24.4 million to \$157.8 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	208.3	254.1	45.8	133.4	157.8	24.4	8.2	9.5	15.1	11.7	13.0	10.9	72.9%
Int'l	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Atlantic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Latin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
System	208.3	254.1	45.8	133.4	157.8	24.4	8.2	9.5	15.1	11.7	13.0	10.9	72.9%

- Interest expense dipped \$0.3 million to \$13.2 million.
- The operating profit margin was up 1.5 percentage points to 20.8 percent, a major group high. This compares with an average of 11.3 percent for the passenger group as a whole.
- The passenger load factor rose a major group high 2.7 percentage points to 72.9 percent, as RPM traffic increased 15.1 percent while ASM capacity was up a lesser 10.9 percent.
- Passenger (RPM) yield slid 2.2 percent to 12.25 cents.

12-MONTH RESULTS

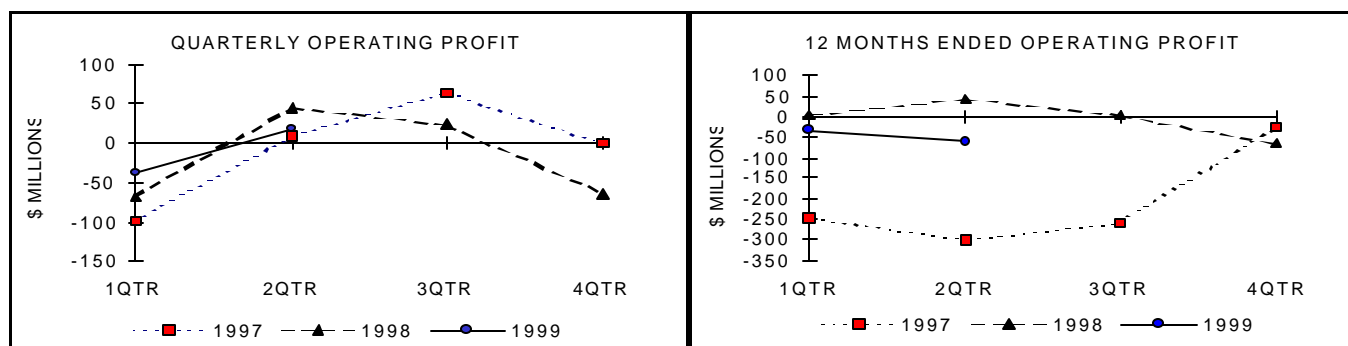
- Operating and net results for the 12-months ended June 1999 again set new all-time highs for any quarter-ended 12-month period in carrier history.
- For the last two periods, operating revenues have advanced at an increasing rate of growth, rising 11.1 percent, while operating expenses grew 7.7 percent. As a result, operating profit jumped \$183.2 million to \$784.1 million.
- Net income gained \$107.1 million to \$483.6 million.
- The passenger load factor rose a major group high 2.6 percentage points to 67.4 percent, but was still well below the average for the passenger majors of 71.3 percent.
- Passenger (RPM) yield declined 1.9 percent to 12.47 cents.
- Although RTM yield was down 1.2 percent, RTM unit costs declined a larger 4.2 percent, boosting profitability.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
SOUTHWEST AIRLINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	1,220.4	1,078.9	4,438.6	4,297.0	4,164.0	4,092.0	3,994.4
2	Operating Expenses	966.4	870.6	3,654.4	3,558.6	3,480.3	3,438.8	3,393.5
3	Operating Profit (Loss)	254.1	208.3	784.1	738.4	683.7	653.2	600.9
4	Net Income (Loss)	157.8	133.4	483.6	459.3	433.4	413.6	376.5
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	9.47	8.23	33.82	32.57	31.42	30.83	29.94
6	ASMs - Scheduled Rev. Svc.	12.99	11.71	49.95	48.67	47.55	46.77	45.98
7	Overall RTMs (All Svc.)	0.98	0.86	3.52	3.40	3.28	3.22	3.14
8	Overall ATMs (All Svc.)	1.64	1.49	6.33	6.18	6.04	5.95	5.86
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	124.5	126.0	126.1	126.5	126.9	126.9	127.4
10	Operating Expense per RTM	98.6	101.7	103.8	104.8	106.1	106.6	108.2
11	Operating Profit (Loss) per RTM	25.9	24.3	22.3	21.7	20.8	20.3	19.2
12	Operating Expense per ATM	59.0	58.5	57.8	57.6	57.6	57.8	58.0
13	Passenger Revenue per RPM	12.25	12.52	12.47	12.55	12.61	12.64	12.71
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.46	1.46	1.46	1.47	1.47
15	Times Interest Earned	*	*	32.84	28.06	23.98	20.64	17.27
16	Current Assets to Current Liabilities	*	*	0.64	0.60	0.66	0.73	0.83
17	No. of Days Cash Coverage of Cash Exp	*	*	51.8	44.4	41.9	50.9	65.0
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	20.8	19.3	17.7	17.2	16.4	16.0	15.0
19	Net Income to Stockholders Equity	*	*	20.0	20.0	19.7	19.7	18.7
20	Corporate Return on Investment	*	*	16.7	16.6	16.2	16.1	15.2
21	Debt to Total Investment	*	*	18.9	20.0	20.9	21.8	22.2
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	72.9	70.2	67.7	66.9	66.1	65.9	65.1
23	Breakeven	55.0	54.3	53.6	53.4	53.3	53.5	53.6
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	26,191	23,868	25,460	24,879	24,297	23,877	23,586
25	Overall RTM's per Employee (000)	37.4	35.9	138.2	136.5	135.1	135.0	132.9

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	13.1	12.7	11.1	11.0	9.1	11.4	11.9
27	Operating Expenses (%)	11.0	8.8	7.7	7.1	5.7	6.5	7.0
28	Operating Profit (Loss) (in Millions \$)	45.8	51.9	183.2	189.4	159.4	209.2	205.7
29	Net Income (Loss)(in Millions \$)	24.4	39.6	107.1	122.4	115.6	148.2	142.8
30	RPMs (Sch. Svc.) (%)	15.1	17.3	13.0	13.4	10.8	9.3	7.0
31	ASMs (Sch. Svc.) (%)	10.9	6.7	8.6	7.6	6.9	7.7	8.4
32	Operating Revenues per RTM (%)	-1.2	-3.4	-1.0	-1.6	-1.3	1.8	4.1
33	Operating Expense per RTM (%)	-3.1	-6.8	-4.1	-5.0	-4.3	-2.7	-0.7
34	Passenger Revenue per RPM (Sch. Svc)	-2.2	-3.7	-1.9	-2.2	-1.7	1.7	4.3

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
TRANS WORLD AIRLINES



QUARTERLY RESULTS

- Trans World reported the smallest operating profit and the largest net loss among all majors.
- Operating revenues declined 2 percent, while operating expenses rose 1.1 percent, resulting in operating profit dropping \$27.1 million to \$18.4 million.
- Total fuel expense rose \$2.7 million (3.1 percent). Unit fuel prices rose 3.2 percent, while fuel consumption inched upward 0.1 percent.
- Net results fell into the red, down \$25.7 million to a loss of \$6.2 million.
- The domestic entity experienced large declines in both operating and net results, but remained positive. The Atlantic division, however, continued to report losses in both operating and net losses. TWA has produced nearly continuous operating and net losses in its Atlantic entity since 1990, reporting an operating profit in only one quarter (September 1994), and a net profit in only four quarters.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	66.4	43.8	-22.5	56.8	28.7	-28.0	5.4	5.8	7.8	7.2	7.6	4.5	77.1%
Int'l	-20.8	-25.5	-4.6	-37.3	-35.0	2.3	1.3	1.1	-16.3	1.5	1.3	-15.9	82.9%
Atlantic	-20.8	-25.5	-4.6	-37.3	-35.0	2.3	1.3	1.1	-16.4	1.5	1.3	-15.9	82.9%
Latin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
System	45.5	18.4	-27.2	19.5	-6.2	-25.7	6.7	6.9	3.2	8.8	8.9	0.9	78.0%

- The passenger load factor was up 1.7 percentage points to a group high 78 percent, as RPM traffic growth, up 3.2 percent, more than tripled ASM capacity growth, up 0.9 percent.
- To generate this passenger traffic growth, passenger (RPM) yield fell 4.2 percent to a group low 11.29 cents.

12-MONTH RESULTS

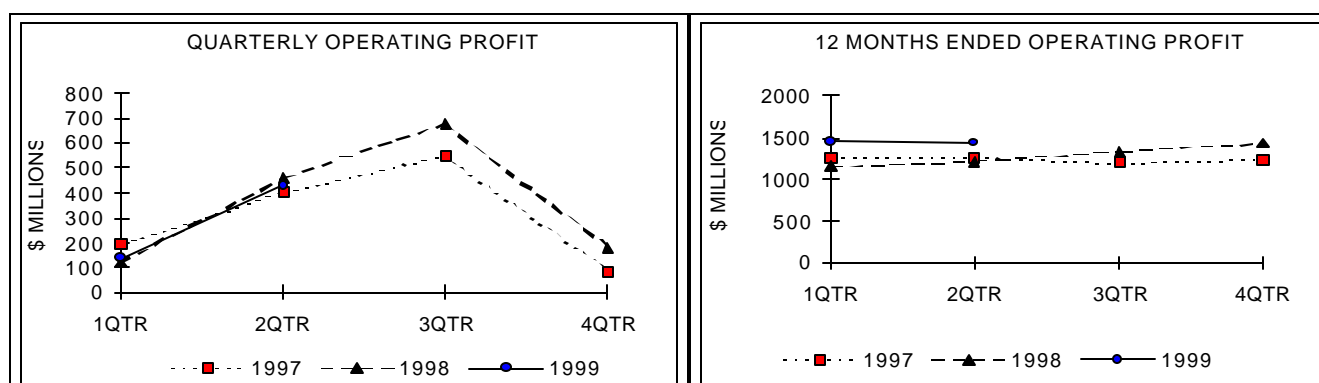
- Operating expenses declined 0.8 percent, but operating revenues dropped much faster, down 3.8 percent, causing operating results to drop into the red, down \$102.3 million to a loss of \$61.2 million.
- Net results were also down, falling \$51.3 million to a \$112.2 million loss.
- Passenger (RPM) yield rose a slight 0.8 percent to 11.76 cents.
- ASM capacity fell 4.6 percent, offsetting the 3.6 percent decline in RPM traffic, causing the passenger load factor to rise 0.8 percentage points to 71.6 percent.
- The company's cash position worsened from a year ago, with days cash coverage declining from 43.1 to 33.4, but was improved from the 12 months ended March 1999.
- Despite a \$256.4 million reduction in total debt, falling equity resulted in the debt-to-investment ratio rising 0.5 percentage points to 83.7 percent, the highest among the majors.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
TRANS WORLD AIRLINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	866.0	883.5	3,240.8	3,258.3	3,259.1	3,324.9	3,370.1
2	Operating Expenses	847.6	838.0	3,302.0	3,292.4	3,324.3	3,323.8	3,329.0
3	Operating Profit (Loss)	18.4	45.5	-61.2	-34.0	-65.2	1.1	41.1
4	Net Income (Loss)	-6.2	19.5	-112.2	-86.5	-120.5	-72.5	-60.9
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	6.92	6.70	24.59	24.38	24.42	24.94	25.51
6	ASMs - Scheduled Rev. Svc.	8.87	8.79	34.36	34.28	34.45	35.01	36.03
7	Overall RTMs (All Svc.)	0.75	0.74	2.78	2.76	2.71	2.78	2.87
8	Overall ATMs (All Svc.)	1.24	1.23	4.83	4.82	4.80	4.86	4.99
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	114.8	119.9	116.6	118.0	120.1	119.4	117.5
10	Operating Expense per RTM	112.3	113.7	118.8	119.2	122.5	119.4	116.1
11	Operating Profit (Loss) per RTM	2.4	6.2	-2.2	-1.2	-2.4	0.0	1.4
12	Operating Expense per ATM	68.6	68.1	68.4	68.3	69.3	68.4	66.7
7	Passenger Revenue per RPM	11.29	11.78	11.76	11.90	11.85	11.83	11.67
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	2.89	2.74	2.64	2.68	2.74
15	Times Interest Earned	*	*	0.00	0.52	0.08	0.64	0.97
16	Current Assets to Current Liabilities	*	*	0.63	0.60	0.61	0.74	0.76
17	No. of Days Cash Coverage of Cash Exp	*	*	33.4	24.5	29.1	36.2	43.1
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	2.1	5.2	-1.9	-1.0	-2.0	0.0	1.2
19	Net Income to Stockholders Equity	*	*	-55.5	-41.0	-52.3	-30.6	-27.6
20	Corporate Return on Investment	*	*	-0.7	2.1	-0.3	3.8	4.7
21	Debt to Total Investment	*	*	83.7	83.5	82.7	77.3	83.2
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	78.0	76.3	71.6	71.1	70.9	71.2	70.8
23	Breakeven	77.5	73.4	74.9	73.8	74.5	73.2	71.8
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	19,453	20,382	19,767	19,999	20,186	20,303	20,414
25	Overall RTM's per Employee (000)	38.8	36.2	140.6	138.1	134.4	137.1	140.5

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-2.0	4.3	-3.8	-2.3	-2.1	0.1	-1.3
27	Operating Expenses (%)	1.1	-0.1	-0.8	-1.1	-1.0	-7.2	-10.4
28	Operating Profit (Loss) (in Millions \$)	-27.1	37.2	-102.3	-37.9	-38.3	261.9	339.6
29	Net Income (Loss)(in Millions \$)	-25.7	31.6	-51.3	6.0	-12.0	263.5	295.7
30	RPMs (Sch. Svc.) (%)	3.2	5.0	-3.6	-3.2	-2.7	-1.7	-3.0
31	ASMs (Sch. Svc.) (%)	0.9	-4.0	-4.6	-5.8	-5.6	-6.6	-7.8
32	Operating Revenues per RTM (%)	-4.3	2.9	-0.8	1.1	3.2	5.1	4.6
33	Operating Expense per RTM (%)	-1.2	-1.5	2.3	2.3	4.4	-2.6	-4.9
34	Passenger Revenue per RPM (Sch. Svc)	-4.2	1.6	0.8	2.3	1.7	3.6	3.2

QUARTERLY FINANCIAL & TRAFFIC REVIEW **SYSTEM OPERATIONS** **UNITED AIR LINES**



QUARTERLY RESULTS

- Operating revenues rose 2.2 percent, but operating expenses grew faster, up 3.2 percent, resulting in operating profit declining \$29.8 million to \$430.4 million.
- This decline could have been larger, if not for the \$20.8 million (5.3 percent) decrease in total fuel expense. Unit fuel prices fell 8 percent offsetting the 2.9 percent increase in fuel consumption.
- Net income, however, surged upward \$386 million, the largest improvement among all majors, to \$663.5 million, a major group high. Net results include an extraordinary item associated with early debt retirement and an after-tax gain of \$428 million associated with the sale of a portion of the company's stake in Galileo International.
- The only loss reported among any of the entities was in Latin operating results. It, however, reported a small gain in operating results, and Pacific operations moved into the black. Due largely to the non-operating gains, all entities reported large increases in net income.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	407.4	354.2	-53.2	258.5	453.3	194.8	19.9	20.0	0.5	27.1	28.8	6.0	69.6%
Int'l	52.7	76.2	23.5	19.0	210.2	191.2	11.2	11.2	-0.7	15.8	15.7	-0.6	71.0%
Atlantic	75.9	63.1	-12.8	39.3	101.1	61.8	4.0	4.7	17.4	4.9	5.8	19.8	80.5%
Latin	-0.8	-0.5	0.3	-3.1	19.5	22.7	1.3	1.3	-1.6	2.3	2.2	-6.4	58.4%
Pacific	-22.4	13.6	36.0	-17.2	89.5	106.7	5.9	5.2	-12.6	8.6	7.7	-10.5	67.5%
System	460.2	430.4	-29.8	277.5	663.5	386.0	31.2	31.2	0.1	42.9	44.5	3.6	70.1%

- Interest expense increased \$2 million to a major group high \$79.3 million.
- Passenger (RPM) yield climbed 0.9 percent to 12.52 cents.
- RPM traffic was relatively unchanged, up 0.1 percent, but ASM capacity jumped 3.6 percent, causing the passenger load factor to fall 2.5 percentage points, the largest decline among the majors to a 70.1 percent.

12-MONTH RESULTS

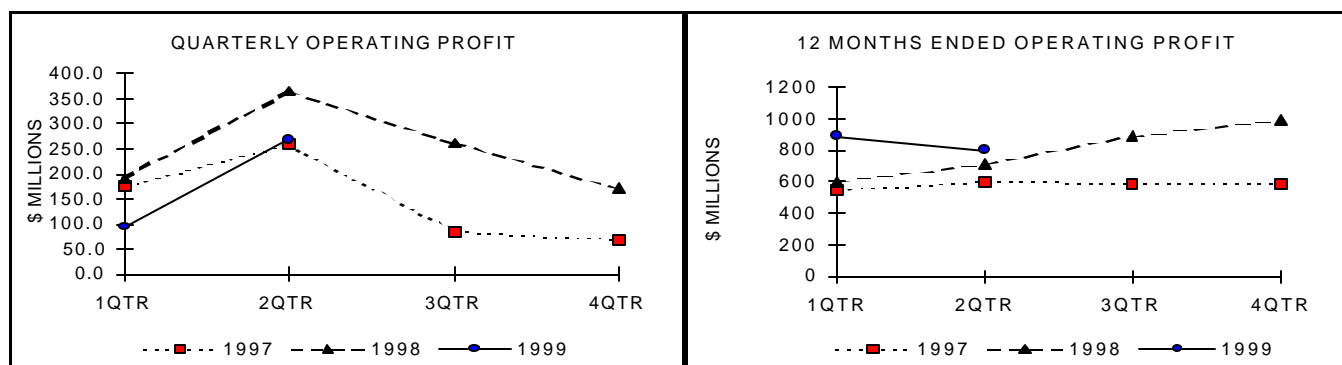
- United reported the largest gains among all majors in both operating and net results.
- Operating revenue growth, up 2.3 percent, outpaced operating expense growth, up a lesser 1.1 percent, producing a \$218.8 million gain in operating profit to \$1.43 billion.
- Net income, however, improved \$281.1 million to \$1.26 billion. Although year-ago results still reflect the positive impact of the third quarter 1997 non-recurring capital gain of \$180 million from the sale of United's stake in Apollo Travel Services to Galileo International, current results reflect the large non-operating gain from the sale of an additional ownership share in Apollo during the second quarter 1999.
- Passenger (RPM) yield declined from a year ago for the fourth consecutive period, down 1.7 percent to 12.18 cents.
- RPM traffic, up 3.5 percent, grew faster than ASM capacity, up 3.2 percent, causing the passenger load to rise 0.2 percentage point to 71.4 percent.
- Interest expense rose \$26.1 million to a major group high \$316.9 million.
- Total debt rose \$279.2 million to a major group high \$5.49 billion.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
UNITED AIR LINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	4,530.4	4,431.3	17,722.2	17,623.1	17,517.5	17,472.1	17,329.6
2	Operating Expenses	4,100.0	3,971.1	16,294.7	16,165.8	16,082.4	16,131.3	16,120.9
3	Operating Profit (Loss)	430.4	460.2	1,427.5	1,457.3	1,435.2	1,340.8	1,208.7
4	Net Income (Loss)	663.5	277.5	1,206.0	820.0	802.6	774.1	924.9
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	31.18	31.15	125.98	125.95	124.54	123.26	121.68
6	ASMs - Scheduled Rev. Svc.	44.45	42.92	176.41	174.87	173.89	172.49	170.94
7	Overall RTMs (All Svc.)	3.89	3.85	15.60	15.56	15.42	15.33	15.15
8	Overall ATMs (All Svc.)	6.80	6.50	26.93	26.62	26.39	26.08	25.65
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	116.5	115.0	113.6	113.2	113.6	114.0	114.4
10	Operating Expense per RTM	105.4	103.0	104.5	103.9	104.3	105.3	106.4
11	Operating Profit (Loss) per RTM	11.1	11.9	9.2	9.4	9.3	8.7	8.0
12	Operating Expense per ATM	60.3	61.1	60.5	60.7	60.9	61.9	62.9
13	Passenger Revenue per RPM	12.52	12.41	12.18	12.15	12.21	12.32	12.39
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.89	2.00	2.12	2.27	2.47
15	Times Interest Earned	*	*	7.49	5.51	5.76	6.11	7.78
16	Current Assets to Current Liabilities	*	*	0.61	0.48	0.49	0.53	0.57
17	No. of Days Cash Coverage of Cash Exp	*	*	30.9	13.9	16.4	18.9	23.0
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	9.5	10.4	8.1	8.3	8.2	7.7	7.0
19	Net Income to Stockholders Equity	*	*	30.1	23.3	24.6	25.4	34.0
20	Corporate Return on Investment	*	*	15.9	12.5	12.8	13.1	16.2
21	Debt to Total Investment	*	*	50.6	58.4	59.7	58.6	60.8
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	70.1	72.6	71.4	72.0	71.6	71.5	71.2
23	Breakeven	65.2	66.1	67.3	67.5	67.3	67.5	67.7
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	86,166	82,363	84,358	83,408	82,535	81,578	80,565
25	Overall RTM's per Employee (000)	45.1	46.8	184.9	186.6	186.9	187.9	188.0

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	2.2	1.4	2.3	2.0	1.1	2.3	2.4
27	Operating Expenses (%)	3.2	0.1	1.1	0.3	-0.2	1.6	2.9
28	Operating Profit (Loss) (in Millions \$)	-29.8	56.0	218.8	304.6	209.7	145.6	-51.0
29	Net Income (Loss)(in Millions \$)	386.0	38.6	281.1	-66.3	-129.3	-158.6	221.8
30	RPMs (Sch. Svc.) (%)	0.1	2.5	3.5	4.2	2.6	2.5	2.3
31	ASMs (Sch. Svc.) (%)	3.6	2.4	3.2	2.9	2.9	3.0	3.2
32	Operating Revenues per RTM (%)	1.3	-1.4	-0.7	-1.4	-1.7	-1.6	-2.1
33	Operating Expense per RTM (%)	2.3	-2.7	-1.8	-3.0	-2.9	-2.2	-1.6
34	Passenger Revenue per RPM (Sch. Svc)	0.9	-0.4	-1.7	-2.0	-1.7	-0.3	0.0

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
US AIRWAYS



QUARTERLY RESULTS

- Operating revenues dipped 0.6 percent while operating expenses jumped 4.5 percent, resulting in a \$98.2 million deterioration in operating profit to \$267.5 million.
- Total fuel expense rose \$3.2 million (2.5 percent) due solely to rising fuel consumption, up 16.2 percent, as unit fuel prices fell 11.8 percent.
- Net income, however, improved \$143.6 million to \$339.3 million. This improvement was primarily the result of a nonrecurring gain of \$274 million related to the sale of its interest in Galileo International, Inc.
- The only improvement among the entities occurred in domestic net results, which was the primary recipient of the proceeds from the sale to Galileo. All entity results, despite the year-to-year declines, remained positive.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	341.3	256.5	-84.8	183.5	329.1	145.6	9.6	9.4	-1.9	12.6	13.1	3.8	71.9%
Int'l	24.4	10.9	-13.4	12.2	10.2	-2.0	1.3	1.4	14.4	1.5	1.7	12.6	86.1%
Atlantic	19.9	4.5	-15.3	9.9	6.1	-3.8	1.1	1.2	17.5	1.2	1.4	14.9	87.5%
Latin	4.5	6.4	1.9	2.3	4.1	1.8	0.2	0.2	-1.0	0.3	0.3	2.0	78.7%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
System	365.7	267.5	-98.2	195.7	339.3	143.6	10.9	10.9	0.0	14.1	14.8	4.8	73.5%

- Passenger (RPM) yield was still the highest among the majors, although down 1.7 percent to 16.89 cents.
- The operating profit margin fell 4.3 percentage points to 11.9 percent.
- RPM traffic was unchanged, but ASM capacity rose 4.8 percent, causing the passenger load factor to fall 3.5 percentage points to 73.5 percent.
- Rising equity, coupled with a major group high decline in total debt of \$517.8 million to \$1.94 billion, caused the debt-to-investment ratio to drop 12.2 percentage points, the largest decline among all majors, to 50.2 percent.
- Interest expenses declined \$13.4 million, the largest decline among the majors, to \$46.8 million.

12-MONTH RESULTS

- US Airways reported its fifteenth consecutive quarter-ended 12-month operating and net profit, following six consecutive years of losses.
- Operating revenues climbed a slow 0.7 percent, but operating expenses dipped 0.4 percent, leading to a \$87.1 million gain in operating profit to \$795.3 million.
- Despite the positive impact of the second quarter 1999 non-recurring gain on the sale of its interests in Galileo, year ago net income still reflects the 1997 non-recurring positive \$477 million tax credit. As a result, net income still was down \$334.3 million to \$668.9 million.
- For the eighth time in the last nine quarter-ended 12-month periods, passenger (RPM) yield was down from a year ago, declining 1.8 percent to 16.86 cents, but nevertheless remained a major group high.
- The passenger load factor rose 0.8 percentage points to 71.5 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
US AIRWAYS**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	2,247.6	2,260.9	8,551.8	8,565.1	8,555.7	8,556.0	8,494.5
2	Operating Expenses	1,980.1	1,895.2	7,756.6	7,671.7	7,565.6	7,669.4	7,786.3
3	Operating Profit (Loss)	267.5	365.7	795.3	893.5	990.0	886.6	708.2
4	Net Income (Loss)	339.3	195.7	668.9	525.3	559.1	965.2	1,003.2
	TRAFFIC: (Billions)							
5	RPMs - Scheduled Rev. Svc.	10.88	10.88	41.36	41.36	41.25	41.05	41.05
6	ASMs - Scheduled Rev. Svc.	14.81	14.14	57.81	57.13	56.72	56.30	56.77
7	Overall RTMs (All Svc.)	1.17	1.18	4.48	4.48	4.48	4.47	4.48
8	Overall ATMs (All Svc.)	2.01	1.93	7.85	7.78	7.73	7.66	7.71
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	191.9	191.9	191.0	191.0	190.8	191.3	189.4
10	Operating Expense per RTM	169.1	160.9	173.2	171.1	168.7	171.5	173.6
11	Operating Profit (Loss) per RTM	22.8	31.0	17.8	19.9	22.1	19.8	15.8
12	Operating Expense per ATM	98.7	98.1	98.8	98.6	97.9	100.1	100.9
13	Passenger Revenue per RPM	16.89	17.18	16.86	16.94	17.02	17.21	17.17
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	2.26	2.28	2.28	2.35	2.43
15	Times Interest Earned	*	*	6.99	4.90	4.89	4.05	3.88
16	Current Assets to Current Liabilities	*	*	0.93	0.98	1.11	1.02	1.17
17	No. of Days Cash Coverage of Cash Exp	*	*	56.4	64.5	60.4	71.3	104.6
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	11.9	16.2	9.3	10.4	11.6	10.4	8.3
19	Net Income to Stockholders Equity	*	*	39.3	33.5	39.1	79.8	106.6
20	Corporate Return on Investment	*	*	22.5	20.0	21.3	33.6	36.4
21	Debt to Total Investment	*	*	50.2	52.2	54.4	56.0	62.4
	PASSENGER LOAD FACTOR: (Sch. Svc. %)							
22	Actual	73.5	77.0	71.5	72.4	72.7	72.9	72.3
23	Breakeven	67.7	66.3	68.1	67.8	66.8	67.9	69.1
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	36,964	36,157	36,374	36,172	36,142	36,315	36,702
25	Overall RTM's per Employee (000)	31.7	32.6	123.1	124.0	124.1	123.1	122.2

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-0.6	2.4	0.7	1.5	0.6	1.1	2.7
27	Operating Expenses (%)	4.5	-2.8	-0.4	-2.2	-4.4	-2.5	1.6
28	Operating Profit (Loss) (in Millions \$)	-98.2	106.8	87.1	292.0	403.8	294.2	104.1
29	Net Income (Loss)(in Millions \$)	143.6	-6.1	-334.3	-484.0	-493.1	383.3	580.2
30	RPMs (Sch. Svc.) (%)	0.0	-0.7	0.8	0.6	-0.8	-1.8	0.0
31	ASMs (Sch. Svc.) (%)	4.8	-4.9	1.8	-0.6	-2.7	-4.4	-3.2
32	Operating Revenues per RTM (%)	0.0	3.2	0.8	1.6	1.8	2.8	2.5
33	Operating Expense per RTM (%)	5.1	-2.0	-0.2	-2.0	-3.4	-0.9	1.4
34	Passenger Revenue per RPM (Sch. Svc)	-1.7	1.4	-1.8	-1.0	-0.5	1.5	-0.1

QUARTERLY FINANCIAL & TRAFFIC REVIEW

SYSTEM OPERATIONS

TOTAL ALL-CARGO MAJORS 1/

QUARTERLY RESULTS

- All three major all-cargo carriers reported an operating profit for the quarter ended June. UPS reported the only declines from a year ago in operating or net results, and reported the only net loss among the group.
- For the all-cargo group, operating revenues rose 4.9 percent while operating expenses were up 5 percent, resulting in a \$10.7 million improvement in operating profit to \$285.7 million.
- Net income gained \$18.4 million to \$141.8 million.

Quarter Ended	\$ Millions					
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	LAST YEAR 1998	THIS YEAR 1999	\$ Change	LAST YEAR 1998	THIS YEAR 1999	\$ Change
March	171.0	213.6	42.6	71.6	74.0	2.4
June	275.0	285.7	10.7	123.4	141.8	18.5
Sept.	268.0	0.0	-	133.8	0.0	-
Dec.	347.8	0.0	-	109.4	0.0	-

- Total fuel expense rose \$8.2 million (4.9 percent) as unit fuel prices rose 1.3 percent and fuel consumption increased 3.5 percent.
- Except for Pacific net results, all entities reported an operating and net profit. Domestic operations experienced a deterioration in just operating results, while Latin and Pacific operations had a decline in net results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	214.8	183.1	-31.7	13.2	91.5	78.3	1.8	1.8	3.3	3.1	3.2	4.7	56.7%
Int'l	60.2	102.7	42.4	110.2	50.4	-59.8	1.0	1.0	6.3	1.6	1.7	4.7	61.9%
Atlantic	77.5	77.9	0.4	129.0	54.6	-74.5	0.3	0.3	6.7	0.5	0.5	6.7	66.0%
Latin	-1.2	20.1	21.3	-7.9	15.2	23.1	0.1	0.1	-11.6	0.2	0.2	-10.2	50.9%
Pacific	-16.1	4.6	20.7	-10.9	-19.4	-8.4	0.6	0.6	8.7	1.0	1.0	6.3	61.5%
System	275.0	285.7	10.7	123.4	141.8	18.5	2.7	2.9	4.4	4.7	4.9	4.7	58.5%

- ATM capacity, up 4.8 percent, grew faster than RTM traffic, up 3.7 percent, causing the ton load factor to dip 0.6 percentage points to 58.1 percent.
- The small change in profits arose as both RTM yield and RTM unit cost growth rose 1.2 percent.

12-MONTH RESULTS

- Except for a small net loss reported by UPS, the three all-cargo carriers reported an operating and net profit for the period, and all three reported improvements in both operating and net results.
- Operating profit for the group increased \$154.3 million to \$1.1 billion, strengthening the improving trend begun during the fourth quarter 1998.
- Net income advanced \$72.4 million to \$458.1 million.
- Interest on debt climbed only \$1.9 million to \$152.3 million.
- The ton load factor slid 1.3 percentage points to 57.9 percent. ATM capacity rose 6.9 percent while RTM traffic was up a lesser 4.6 percent.
- Total debt was up \$168.2 million to \$4.4 billion, but a larger gain in equity causing the debt-to-investment ratio to dip 0.5 percentage to 48 percent.

1/ On January 1, 1997, DHL Airways became a major airline with annual operating revenues exceeding \$1 billion.

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
TOTAL ALL-CARGO MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	4,435.1	4,226.8	17,430.5	17,222.1	17,012.0	16,673.5	16,542.1
2	Operating Expenses	4,149.4	3,951.8	16,315.3	16,117.7	15,950.1	15,757.5	15,581.2
3	Operating Profit (Loss)	285.7	275.0	1,115.2	1,104.5	1,061.9	915.9	960.9
4	Net Income (Loss)	141.8	123.4	459.1	440.6	438.2	418.0	386.7
	TRAFFIC: (Billions)							
5	RTMs - Scheduled Rev. Svc.	2.09	1.97	8.15	8.03	8.00	7.91	7.74
6	ATMs - Scheduled Rev. Svc.	3.51	3.24	13.65	13.38	13.23	12.96	12.45
7	Overall RTMs (All Services)	2.86	2.74	11.21	11.09	11.07	10.97	10.70
8	Overall ATMs (All Services)	4.89	4.67	19.32	19.10	18.99	18.68	18.07
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	155.0	154.1	155.5	155.3	153.6	151.9	154.7
10	Operating Expense per RTM	145.0	144.1	145.6	145.4	144.0	143.6	145.7
11	Operating Profit (Loss) per RTM	10.0	10.0	10.0	10.0	9.6	8.3	9.0
12	Operating Expense per ATM	84.8	84.6	84.4	84.4	84.0	84.4	86.2
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	1.92	1.91	1.91	1.90	1.92
15	Times Interest Earned	*	*	5.47	4.73	4.70	5.14	5.44
16	Current Assets to Current Liabilities	*	*	1.06	1.09	1.07	1.15	1.07
17	No. of Days Cash Coverage of Cash Exp	*	*	4.8	3.8	4.2	4.8	5.4
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	6.4	6.5	6.4	6.4	6.2	5.5	5.8
19	Net Income to Stockholders Equity	*	*	9.7	9.5	9.6	9.3	8.8
20	Corporate Return on Investment	*	*	7.1	7.2	7.4	6.8	6.6
21	Debt to Total Investment	*	*	48.0	47.6	47.8	48.3	48.5
	TON LOAD FACTOR: (Sch. Svc. %)							
22	Actual	58.5	58.7	58.0	58.0	58.3	58.8	59.2
23	Breakeven	++	++	++	++	++	++	++
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	104,339	99,955	102,911	101,816	100,513	98,799	96,368
25	Overall RTM's per Employee (000)	27.4	27.4	108.9	108.9	110.2	111.1	111.0

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	4.9	9.6	5.4	6.5	7.5	8.0	12.3
27	Operating Expenses (%)	5.0	11.4	4.7	6.2	7.9	9.9	13.0
28	Operating Profit (Loss) (in Millions \$)	10.7	-34.6	154.3	109.0	28.1	-182.6	21.2
29	Net Income (Loss)(in Millions \$)	18.4	-41.8	72.4	12.1	-22.6	-86.2	-99.0
30	RTMs (All Svc.) (%)	4.4	8.6	4.8	5.8	9.1	10.3	9.5
31	ATMs (All Svc.) (%)	4.7	11.0	6.9	8.5	11.3	12.2	10.7
32	Operating Revenues per RTM (%)	0.6	0.9	0.5	0.6	-1.4	-2.1	2.6
33	Operating Expense per RTM (%)	0.6	2.6	-0.1	0.4	-1.1	-0.3	3.2
34	Passenger Revenue per RPM (Sch. Svc)	++	++	++	++	++	++	++

QUARTERLY FINANCIAL & TRAFFIC REVIEW
DOMESTIC OPERATIONS
TOTAL ALL-CARGO MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	3,346.6	3,223.7	13,267.7	13,144.8	13,016.4	12,667.6	12,629.6
2	Operating Expenses	3,163.5	3,008.9	12,507.6	12,353.1	12,214.6	12,014.6	11,893.8
3	Operating Profit (Loss)	183.1	214.8	760.1	791.8	801.8	653.0	735.8
4	Net Income (Loss)	91.5	13.2	256.9	178.6	258.1	212.7	350.5
	TRAFFIC: (Billions)							
5	RTMs - Scheduled Rev. Svc.	1.08	1.05	4.32	4.29	4.27	4.21	4.20
6	ATMs - Scheduled Rev. Svc.	1.87	1.75	7.40	7.28	7.18	7.01	6.92
7	Overall RTMs (All Services)	1.82	1.76	7.24	7.19	7.16	7.08	6.93
8	Overall ATMs (All Services)	3.21	3.06	12.85	12.71	12.59	12.38	12.04
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	183.9	183.0	183.2	182.9	181.7	178.8	182.2
10	Operating Expense per RTM	173.9	170.8	172.7	171.9	170.5	169.6	171.5
11	Operating Profit (Loss) per RTM	10.1	12.2	10.5	11.0	11.2	9.2	10.6
12	Operating Expense per ATM	98.6	98.2	97.3	97.2	97.0	97.0	98.8
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp	*	*	**	**	**	**	**
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	5.5	6.7	5.7	6.0	6.2	5.2	5.8
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	5.5	4.5	5.8	4.9	7.1
21	Debt to Total Investment	*	*	**	**	**	**	**
	TON LOAD FACTOR: (Sch. Svc. %)							
22	Actual	56.7	57.5	56.4	56.6	56.9	57.2	57.6
23	Breakeven	++	++	++	++	++	++	++
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

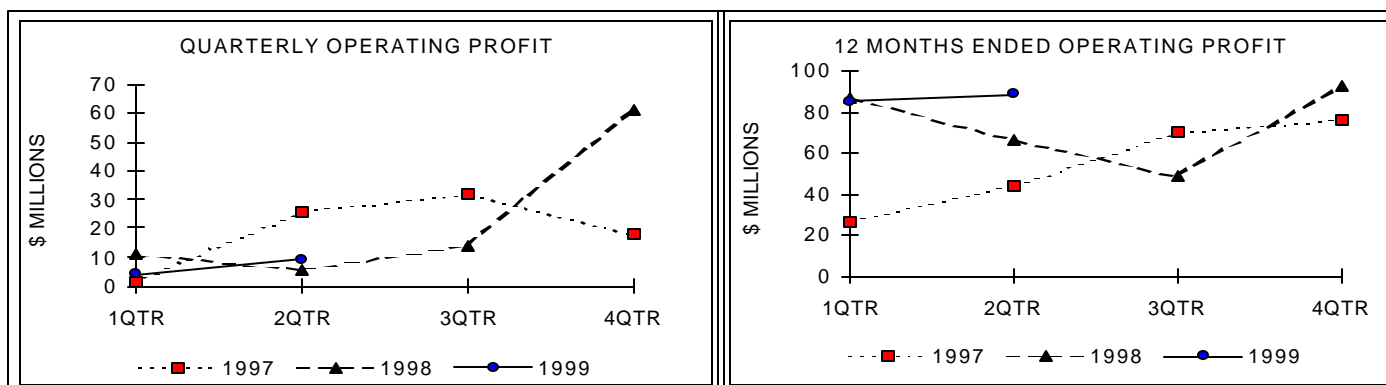
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	3.8	9.4	5.1	6.4	7.4	6.2	10.7
27	Operating Expenses (%)	5.1	11.4	5.2	6.6	8.0	9.1	12.1
28	Operating Profit (Loss) (in Millions \$)	-31.7	-31.0	24.3	25.0	-15.2	-266.2	-62.4
29	Net Income (Loss)(in Millions \$)	78.3	-115.8	-93.6	-287.6	-185.0	-304.2	-10.2
30	RTMs (All Svc.) (%)	3.3	6.1	4.5	5.2	8.4	8.7	7.9
31	ATMs (All Svc.) (%)	4.7	6.9	6.8	7.3	9.1	9.3	8.0
32	Operating Revenues per RTM (%)	0.5	3.0	0.5	1.2	-0.9	-2.3	2.6
33	Operating Expense per RTM (%)	1.8	5.0	0.7	1.4	-0.3	0.4	3.9
34	Passenger Revenue per RPM (Sch. Svc)	++	++	++	++	++	++	++

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
INTERNATIONAL OPERATIONS
TOTAL ALL-CARGO MAJORS**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	1,088.6	1,003.1	4,162.8	4,077.3	3,995.7	4,005.8	3,912.6
2	Operating Expenses	985.9	942.9	3,807.7	3,764.6	3,735.6	3,742.9	3,687.4
3	Operating Profit (Loss)	102.7	60.2	355.1	312.7	260.1	262.9	225.2
4	Net Income (Loss)	50.4	110.2	202.2	262.0	180.1	205.2	36.3
	TRAFFIC: (Billions)							
5	RTMs - Scheduled Rev. Svc.	1.01	0.92	3.83	3.74	3.73	3.70	3.54
6	ATMs - Scheduled Rev. Svc.	1.63	1.50	6.24	6.11	6.06	5.95	5.53
7	Overall RTMs (All Services)	1.04	0.98	3.96	3.90	3.91	3.89	3.76
8	Overall ATMs (All Services)	1.68	1.61	6.47	6.39	6.39	6.30	6.04
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	104.5	102.3	105.1	104.5	102.2	103.0	104.0
10	Operating Expense per RTM	94.6	96.2	96.1	96.5	95.6	96.2	98.0
11	Operating Profit (Loss) per RTM	9.8	6.1	9.0	8.0	6.7	6.8	6.0
12	Operating Expense per ATM	58.5	58.6	58.9	58.9	58.4	59.4	61.1
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp	*	*	**	**	**	**	**
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Rev	9.4	6.0	8.5	7.7	6.5	6.6	5.8
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	12.8	16.9	13.0	13.5	4.8
21	Debt to Total Investment	*	*	**	**	**	**	**
	TON LOAD FACTOR: (Sch. Svc. %)							
22	Actual	61.9	61.0	61.2	61.0	61.1	61.8	62.3
23	Breakeven	++	++	++	++	++	++	++
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	8.5	10.2	6.4	6.7	8.1	14.2	18.1
27	Operating Expenses (%)	4.6	11.4	3.3	4.8	7.3	12.5	16.2
28	Operating Profit (Loss) (in Millions \$)	42.5	-3.6	129.9	84.0	43.2	83.6	83.7
29	Net Income (Loss)(in Millions \$)	-59.8	74.0	165.9	299.7	162.3	217.9	-88.7
30	RTMs (All Svc.) (%)	6.3	13.3	5.3	6.9	10.3	13.2	12.7
31	ATMs (All Svc.) (%)	4.7	19.7	7.2	10.8	15.7	18.4	16.6
32	Operating Revenues per RTM (%)	2.2	-2.7	1.1	-0.2	-2.0	0.9	4.8
33	Operating Expense per RTM (%)	-1.7	-1.6	-1.9	-1.9	-2.7	-0.6	3.2
34	Passenger Revenue per RPM (Sch. Svc)	++	++	++	++	++	++	++

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
DHL AIRWAYS



QUARTERLY RESULTS

- With operating revenues, up 3.9 percent, growing faster than operating expenses, up 2.9 percent, operating profit improved \$3.4 million to \$9.4 million.
- Net results jumped \$14.7 million to a \$3.4 million profit.
- Both entities reported small gains in operating results, but in net results the Atlantic entity reported a large deterioration while the domestic entity had a strong gain.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	-52.2	-51.3	0.9	-122.6	-40.9	81.7	0.1	0.1	11.9	0.1	0.1	8.7	54.1%
Int'l	58.2	60.7	2.5	111.3	44.3	-67.0	0.6	0.7	9.4	1.0	1.1	6.7	62.0%
Atlantic	61.6	63.6	2.0	121.4	47.1	-74.3	0.0	0.1	20.0	0.1	0.1	16.3	71.9%
Latin	-3.4	-2.9	0.5	-10.1	-2.8	7.3	0.0	0.0	6.7	0.0	0.0	-2.9	56.9%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	8.7	1.0	1.0	6.3	61.5%
System	6.0	9.4	3.4	-11.3	3.4	14.7	0.7	0.8	9.5	1.1	1.2	6.8	61.3%

- Total fuel expenses rose \$0.7 million (6.8 percent), due to the combined increases of 2.3 percent in unit fuel prices and 4.4 percent in fuel consumption.
- The ton load factor tumbled 7.6 percentage points to 50.4 percent, as ATM capacity jumped 10.3 percent while RTM traffic fell 4.3 percent.
- RTM yield was up 8.6 percent, exceeding the 7.5 percent increase in RTM yield, enhancing profitability.
- Interest expense fell \$22.4 million to \$5 million, the largest decline among all majors.

12-MONTH RESULTS

- Operating revenues, up 6.4 percent, grew faster than operating expenses, up 5 percent, resulting in operating profit improving \$22.1 million to \$88.8 million.
- Net income moved into the black, gaining \$36 million to a positive \$3 million.
- ATM capacity growth, up 10.5 percent, tripled RTM traffic growth, up 3.4 percent, causing the ton load factor to fall 3.8 percentage points to 56.5 percent.
- Interest expense nearly doubled from a year ago, rising \$31.9 million to \$65.2 million.
- Total debt remained the lowest among all majors, declining \$35.8 million to \$18.8 million. This, combined with rising equity, caused the debt-to-investment ratio to drop 12.3 percentage points, the largest decline among the majors, to 12.4 percent, a group low.

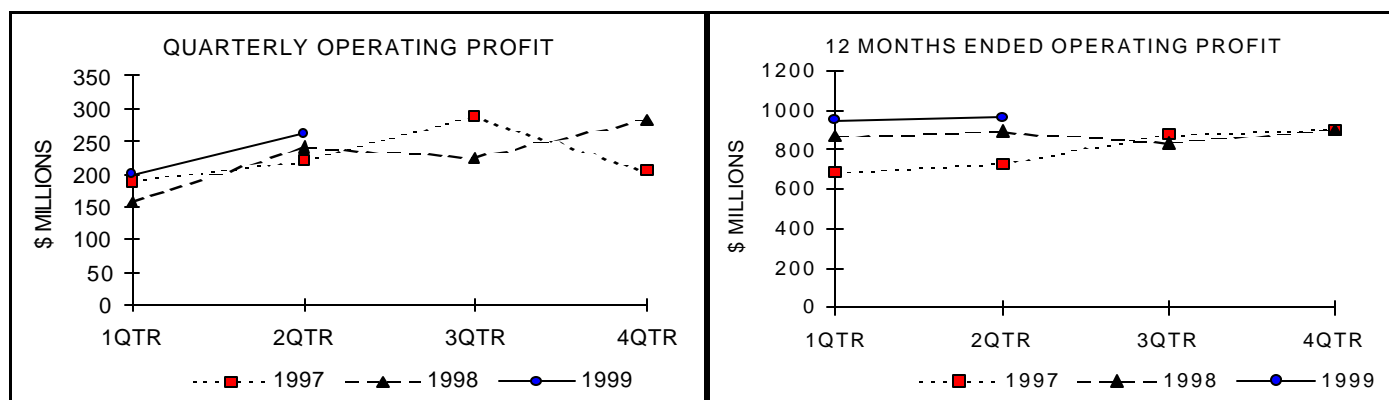
Note : Beginning with the first quarter 1998, The Airline Quarterly Financial Review of the Majors includes DHL Airways, which achieved major airline status (*i.e.*, annual operating revenues exceeding \$1 billion), effective January 1, 1997.

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
DHL AIRWAYS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	337.7	325.1	1,367.3	1,354.7	1,348.5	1,285.9	1,284.8
2	Operating Expenses	328.3	319.1	1,278.6	1,269.4	1,255.9	1,236.9	1,218.1
3	Operating Profit (Loss)	9.4	6.0	88.8	85.4	92.6	49.0	66.7
4	Net Income (Loss)	3.4	-11.3	3.0	-11.8	-5.2	18.2	-33.0
	TRAFFIC: (Billions)							
5	RTMs - Scheduled Rev. Svc.	0.09	0.09	0.38	0.38	0.37	0.36	0.36
6	ATMs - Scheduled Rev. Svc.	0.18	0.15	0.68	0.65	0.63	0.61	0.59
7	Overall RTMs (All Services)	0.11	0.10	0.43	0.41	0.40	0.39	0.39
8	Overall ATMs (All Services)	0.19	0.17	0.72	0.70	0.68	0.66	0.65
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	300.8	331.7	321.7	329.8	336.9	330.5	326.7
10	Operating Expense per RTM	292.4	325.6	300.8	309.0	313.8	317.9	309.7
11	Operating Profit (Loss) per RTM	8.4	6.1	20.9	20.8	23.1	12.6	17.0
12	Operating Expense per ATM	176.6	189.0	177.6	180.6	183.8	186.4	186.9
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	7.58	6.55	5.85	5.31	4.93
15	Times Interest Earned	*	*	1.50	1.09	1.22	1.60	2.27
16	Current Assets to Current Liabilities	*	*	0.85	0.77	1.32	1.39	1.46
17	No. of Days Cash Coverage of Cash Exp	*	*	25.0	13.4	21.1	20.8	32.0
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	2.8	1.8	6.5	6.3	6.9	3.8	5.2
19	Net Income to Stockholders Equity	*	*	2.0	-6.8	-2.6	8.8	-14.5
20	Corporate Return on Investment	*	*	37.8	36.7	34.7	22.1	0.1
21	Debt to Total Investment	*	*	12.4	12.8	11.6	22.7	24.7
	TON LOAD FACTOR: (Sch. Svc. %)							
22	Actual	60.4	58.0	59.1	58.5	58.6	58.6	60.3
23	Breakeven	++	++	++	++	++	++	++
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	8,195	7,680	7,969	7,841	7,749	7,638	7,520
25	Overall RTM's per Employee (000)	13.7	12.8	53.3	52.4	51.7	50.9	52.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	3.9	9.0	6.4	7.7	10.0	8.0	13.1
27	Operating Expenses (%)	2.9	17.2	5.0	8.4	9.3	10.4	11.5
28	Operating Profit (Loss) (in Millions \$)	3.4	-19.9	22.1	-1.2	16.0	-21.0	23.1
29	Net Income (Loss)(in Millions \$)	14.7	-27.1	36.0	-6.0	7.5	33.5	-65.4
30	RTMs (Sch. Svc.) (%)	14.6	4.4	8.1	5.6	3.7	0.8	1.3
31	ATMs (Sch. Svc.) (%)	10.1	13.8	10.4	11.3	10.8	9.3	7.4
32	Operating Revenues per RTM (%)	-9.3	4.4	-1.5	2.0	6.0	7.2	11.6
33	Operating Expense per RTM (%)	-10.2	12.2	-2.9	2.7	5.4	9.5	10.0
34	Passenger Revenue per RPM (Sch. Svc)	++	++	++	++	++	++	++

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
FEDERAL EXPRESS**



QUARTERLY RESULTS

- Both operating and net profit were the highest for any second quarter in the carrier's history.
- Operating revenues, up 5.7 percent, grew slightly faster than operating expenses, up 5.5 percent, resulting in a \$20.2 million gain in operating profit to \$261.2 million.
- Net income improved \$17.9 million to \$138.9 million.
- Total fuel expense rose \$5 million (5.2 percent), as consumption rose 1.5 percent and unit fuel prices rose 3.5 percent.
- Only domestic operations reported a decline in either operating or net results, while only the Pacific entity reported an operating or net loss.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	
Domestic	261.4	244.0	-17.4	137.6	133.3	-4.3	1.0	1.1	2.8	1.7	1.8	6.3	58.7%
Int'l	-20.4	17.2	37.5	-15.6	6.5	22.1	0.7	0.7	1.0	1.1	1.1	0.0	65.0%
Atlantic	12.0	14.2	2.2	5.6	7.2	1.6	0.2	0.2	1.6	0.3	0.3	-0.5	67.3%
Latin	5.7	19.4	13.7	2.8	11.1	8.3	0.1	0.1	-26.2	0.1	0.1	-22.5	51.8%
Pacific	-38.1	-16.5	21.6	-23.9	-11.7	12.3	0.4	0.5	4.8	0.7	0.7	4.2	65.8%
System	241.0	261.2	20.2	122.0	139.9	17.8	1.7	1.7	2.1	2.8	2.9	3.8	61.1%

- The ton load factor was down 1 percentage point to 61.1 percent, as ATM capacity, up 3.8 percent, grew at a faster rate than RTM traffic, up 2.1 percent.
- RTM yield rose, up 3.6 percent, exceeding the 3.4 percent increase ATM unit costs, enhancing profitability.
- Interest expense was down \$4.9 million to \$20.6 million.

12-MONTH RESULTS

- Operating profit advanced \$76.8 million to \$968.9 million, as operating revenues rose 4.7 percent while operating expenses were up a lesser 4.4 percent.
- Net income was up \$18.4 million to \$460.3 million.
- ATM capacity growth, up 4.4 percent, more than tripled RTM traffic growth, up 1.4 percent, causing the ton load factor to decline 1.8 percentage points to 60.9 percent.
- Total debt was reduced \$162.7 million to \$1.27 billion. This, combined with an increase in total equity, pushed the debt-to-investment ratio down 4.2 percentage points to 25.3 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
FEDERAL EXPRESS CORP.**

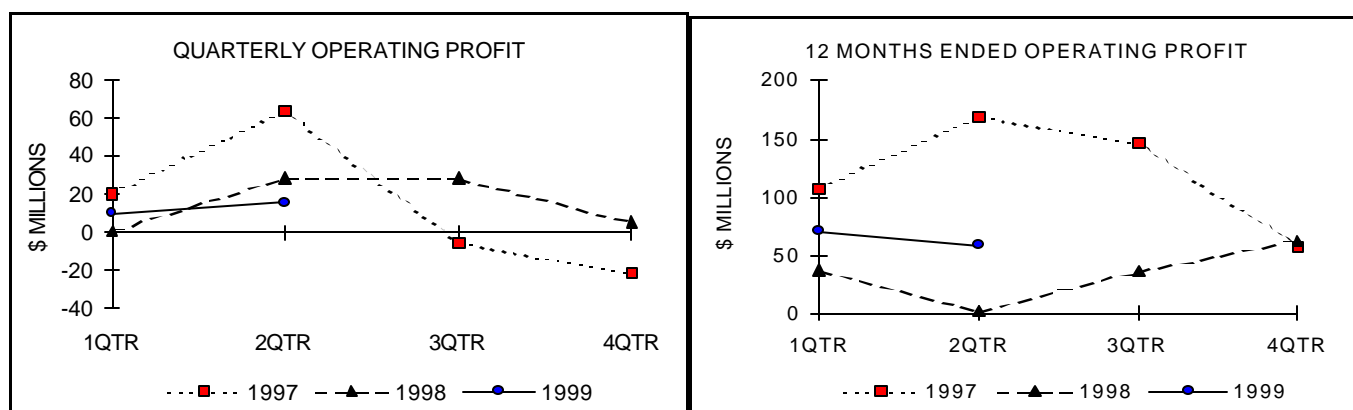
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	3,598.7	3,403.1	14,048.9	13,853.2	13,666.3	13,446.9	13,414.8
2	Operating Expenses	3,337.5	3,162.1	13,080.0	12,904.5	12,759.0	12,615.7	12,522.8
3	Operating Profit (Loss)	261.2	241.0	968.9	948.7	907.3	831.2	892.1
4	Net Income (Loss)	139.9	122.0	460.3	442.5	435.4	404.6	441.9
	TRAFFIC: (Billions)							
5	RTMs - Scheduled Rev. Svc.	1.72	1.65	6.68	6.61	6.63	6.59	6.52
6	ATMs - Scheduled Rev. Svc.	2.81	2.66	10.96	10.81	10.77	10.59	10.39
7	Overall RTMs (All Services)	1.74	1.71	6.82	6.79	6.84	6.81	6.73
8	Overall ATMs (All Services)	2.86	2.75	11.21	11.10	11.11	10.94	10.74
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	206.4	199.1	205.9	204.1	199.7	197.5	199.3
10	Operating Expense per RTM	191.4	185.0	191.7	190.1	186.5	185.3	186.1
11	Operating Profit (Loss) per RTM	15.0	14.1	14.2	14.0	13.3	12.2	13.3
12	Operating Expense per ATM	116.9	114.9	116.7	116.2	114.8	115.3	116.6
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	2.84	2.81	2.80	2.79	2.82
15	Times Interest Earned	*	*	9.59	8.89	8.31	7.26	7.48
16	Current Assets to Current Liabilities	*	*	1.09	1.09	1.05	1.08	0.99
17	No. of Days Cash Coverage of Cash Exp	*	*	2.8	2.9	2.7	3.7	3.3
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	7.3	7.1	6.9	6.8	6.6	6.2	6.6
19	Net Income to Stockholders Equity	*	*	12.6	12.4	12.6	12.1	13.7
20	Corporate Return on Investment	*	*	11.1	10.9	11.1	10.7	11.8
21	Debt to Total Investment	*	*	25.3	25.3	25.7	26.6	29.5
	TON LOAD FACTOR: (Sch. Svc. %)							
22	Actual	61.1	62.1	60.9	61.1	61.6	62.2	62.7
23	Breakeven	++	++	++	++	++	++	++
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	91,399	87,683	90,215	89,286	88,143	86,639	84,419
25	Overall RTM's per Employee (000)	19.1	19.5	75.6	76.0	77.6	78.6	79.7

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	5.7	11.4	4.7	6.0	7.4	9.1	15.2
27	Operating Expenses (%)	5.5	11.6	4.4	5.8	7.9	10.3	14.7
28	Operating Profit (Loss) (in Millions \$)	20.2	20.3	76.8	77.0	6.2	-50.8	165.3
29	Net Income (Loss)(in Millions \$)	17.9	8.8	18.4	9.5	-22.8	-46.1	73.0
30	RTMs (Sch. Svc.) (%)	2.0	11.0	1.4	3.5	6.5	8.0	11.4
31	ATMs (Sch. Svc.) (%)	3.8	12.9	4.4	6.5	9.6	10.4	12.4
32	Operating Revenues per RTM (%)	3.7	0.4	3.3	2.5	0.8	1.0	3.4
33	Operating Expense per RTM (%)	3.5	0.5	3.0	2.3	1.2	2.1	3.0
34	Passenger Revenue per RPM (Sch. Svc)	++	++	++	++	++	++	++

QUARTERLY FINANCIAL & TRAFFIC REVIEW

SYSTEM OPERATIONS

UNITED PARCEL SERVICE



QUARTERLY RESULTS

- Operating revenues, were unchanged from a year ago, but operating expenses rise 2.7 percent, resulting in a \$12.8 million decline in operating profit to \$15.2 million.
- Net results, however, fell into the red, down \$14 million to a loss of \$1.4 million.
- Only the domestic entity reported an operating and/or net loss, while the Pacific division had an operating profit but net loss. Only the Latin entity reported an improvement in operating and net results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1998	1999	\$ Change	1998	1999	\$ Change	1998	1999	Change %	1998	1999	Change %	L.F.
Domestic	5.6	-9.7	-15.2	-1.8	-1.0	0.9	0.7	0.7	3.4	1.3	1.3	2.4	54.2%
Int'l	22.4	24.8	2.4	14.5	-0.5	-15.0	0.2	0.3	19.4	0.5	0.5	14.7	54.6%
Atlantic	3.9	0.1	-3.8	2.1	0.3	-1.8	0.1	0.1	14.2	0.1	0.1	21.6	60.6%
Latin	-3.5	3.6	7.1	-0.6	6.9	7.5	0.0	0.0	44.2	0.0	0.0	29.6	46.8%
Pacific	22.0	21.1	-0.9	13.0	-7.7	-20.7	0.2	0.2	19.7	0.3	0.4	10.7	53.1%
System	28.0	15.2	-12.9	12.6	-1.4	-14.1	0.9	1.0	7.5	1.8	1.9	5.6	54.3%

- RTM traffic, up 7.6 percent, grew faster than ATM traffic, up 5.7 percent, causing the ton load factor to increase 0.9 percent to 54.3 percent.
- RTM unit costs declined 4.4 percent, but the sharp drop in RTM yield, down 7 percent, eroded profits.
- Total fuel expense rose \$2.4 million (4.1 percent) despite a 2.5 percent decline in unit fuel prices as fuel consumption jumped 6.8 percent.
- UPS continues to report the highest productivity (RTMs per employee) among all the majors at 211.9.

12-MONTH RESULTS

- Operating revenues, up 9.3 percent, grew faster than operating expense, up 6.3 percent, resulting in operating profit rising \$55.4 million to \$57.6 million.
- Net income improved \$18 million but remained in the red with a \$4.2 million loss.
- RTMs rose 10.8 percent, while ATM capacity slightly less, up 10.6 percent, causing the ton load factor to inch upward 0.1 percentage points to 53.5 percent.
- Productivity (RTMs per employee) continued to be very high when compared with all other majors, rising from 806.4 a year ago to 837.2.
- The debt-to-investment ratio rose 1.7 percentage points to 76.9 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
UNITED PARCEL SERVICE**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		1999/06	1998/06	1999/06	1999/03	1998/12	1998/09	1998/06
	FINANCIAL RESULTS: (\$Millions)							
1	Operating Revenues	498.7	498.6	2,014.3	2,014.2	1,997.2	1,940.6	1,842.5
2	Operating Expenses	483.6	470.6	1,956.7	1,943.8	1,935.2	1,904.9	1,840.3
3	Operating Profit (Loss)	15.2	28.0	57.6	70.4	62.0	35.7	2.2
4	Net Income (Loss)	-1.4	12.6	-4.2	9.9	7.9	-4.7	-22.2
	TRAFFIC: (Billions)							
5	RTMs - Scheduled Rev. Svc.	0.28	0.23	1.09	1.04	1.00	0.96	0.86
6	ATMs - Scheduled Rev. Svc.	0.52	0.44	2.00	1.92	1.84	1.76	1.46
7	Overall RTMs (All Services)	1.01	0.94	3.96	3.89	3.83	3.78	3.57
8	Overall ATMs (All Services)	1.85	1.75	7.39	7.30	7.19	7.07	6.69
	YIELD & UNIT COST & PROFITS: (Cents)							
9	Operating Revenue per RTM	49.6	53.3	50.9	51.8	52.1	51.4	51.6
10	Operating Expense per RTM	48.1	50.3	49.4	50.0	50.5	50.4	51.5
11	Operating Profit (Loss) per RTM	1.5	3.0	1.5	1.8	1.6	0.9	0.1
12	Operating Expense per ATM	26.1	26.9	26.5	26.6	26.9	26.9	27.5
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	FINANCIAL RATIOS:							
14	Operating Revenues to Total Investment	*	*	0.51	0.52	0.52	0.52	0.51
15	Times Interest Earned	*	*	1.73	2.27	2.15	1.35	0.16
16	Current Assets to Current Liabilities	*	*	1.05	1.65	1.11	1.72	1.64
17	No. of Days Cash Coverage of Cash Exp	*	*	4.0	3.1	3.1	1.0	1.8
	FINANCIAL PERCENTAGES:							
18	Operating Profit (Loss) to Operating Revenue	3.0	5.6	2.9	3.5	3.1	1.8	0.1
19	Net Income to Stockholders Equity	*	*	-0.4	1.1	0.9	-0.5	-2.4
20	Corporate Return on Investment	*	*	0.6	1.0	1.0	0.7	0.1
21	Debt to Total Investment	*	*	77.2	76.9	76.8	76.1	74.9
	TON LOAD FACTOR: (Sch. Svc. %)							
22	Actual	54.3	53.4	53.5	53.3	53.3	53.4	53.4
23	Breakeven	++	++	++	++	++	++	++
	Employment & Productivity:							
24	Employment, Total Weighted Avg CY	4,745	4,592	4,727	4,689	4,621	4,522	4,429
25	Overall RTM's per Employee (000)	211.9	203.6	837.2	829.0	829.1	835.3	806.4

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	0.0	-1.3	9.3	8.9	7.2	0.9	-5.2
27	Operating Expenses (%)	2.7	6.4	6.3	7.3	7.1	7.3	3.8
28	Operating Profit (Loss) (in Millions \$)	-12.8	-35.0	55.4	33.2	5.9	-110.7	-167.1
29	Net Income (Loss)(in Millions \$)	-14.0	-23.6	18.0	8.6	-7.4	-73.5	-106.6
30	RTMs (Sch. Svc.) (%)	7.5	4.8	10.8	10.2	14.5	15.7	7.1
31	ATMs (Sch. Svc.) (%)	5.6	7.8	10.6	11.3	13.9	15.5	8.5
32	Operating Revenues per RTM (%)	-7.0	-5.8	-1.4	-1.2	-6.5	-12.7	-11.5
33	Operating Expense per RTM (%)	-4.4	1.4	-4.1	-2.5	-6.5	-7.4	-3.2
34	Passenger Revenue per RPM (Sch. Svc)	++	++	++	++	++	++	++

FOOTNOTES

- * Not calculated on a quarterly basis.
- ** Cannot be calculated because balance sheet data not presented on an entity basis.
Data presented only on a system basis.
- ++ Not calculated for all-cargo carriers.
- # Meaningful calculation cannot be made because of negative data.
- & Over +/- 500 percent.

EXPLANATION OF LINE ITEMS

LINE #	DESCRIPTION OF LINE ITEM	DERIVATION OF LINE ITEM
1	Operating Revenues	Operating Revenues (Account 4999)
2	Operating Expenses	Operating Expenses (Account 7199)
3	Operating Profit or Loss	Operating Profit (Account 7999)
4	Net Income or Loss	Net Income (Account 9899)
5	Overall Revenue Ton-miles	Overall Revenue Ton-miles (Item Z-240)
6	Overall Available Ton-miles	Overall Available Ton-miles (Item Z-280)
7	Revenue Passenger-Miles (Scheduled Service)	Total scheduled revenue passenger-miles (Item K-140)
8	Available Seat-Miles (Scheduled Service)	Total scheduled available seat-miles (Item K-280)
9	Operating revenue per revenue ton-mile	<u>Operating revenues (Account 4999)</u> Overall revenue ton-miles (Item Z-240)
10	Operating expense per revenue ton-mile	<u>Operating expenses (Account 7199)</u> Overall revenue ton-miles (Item Z-240)
11	Operating profit per revenue ton-mile	<u>Operating profit (Account 7999)</u> Overall revenue ton-miles (Item Z-240)
12	Operating expense per available ton-mile	<u>Operating expenses (Account 7199)</u> Overall available ton-miles (Item Z-280)
13	Passenger revenue per revenue passenger-mile (scheduled service)	<u>Passenger revenues (scheduled service) (Account 3901)</u> Total revenue passenger-miles (scheduled service (Item K-140)
14	Operating revenues to total investment	<u>Operating revenue (Account 4999)</u> Total investment (See line 20)
15	Times interest earned	<u>Income Before income taxes (Account 8999) + interest on long-term debt and capital leases (Account 8181) + Other interest expense (Account 8182)</u> Interest on long-term debt and capital leases (Account 8181) + Other interest expense (Account 8182)
16	Current assets to current liabilities	<u>Current assets (Account 1499)</u> Current liabilities (Account 2199)
17	Number of days coverage of cash operating expenses	<u>Cash (Account 1010) + short-term investments (Account 1100)</u> [Total operating expenses (Account 7199) less depreciation and amortization (Account 7000)]/365
18	Operating Profit to operating revenues	<u>Operating profit (Account 7999)</u> Operating revenues (Account 4999)
19	Net income to stockholders' equity	<u>Net income (Account 9999)</u> Stockholders' equity (Account 2995) (5 Quarter average)

EXPLANATION OF LINE ITEMS

LINE #	DESCRIPTION OF LINE ITEM	DERIVATION OF LINE ITEM
20	Overall corporate rate of return	<p>Net income plus interest expense</p> <hr/> <p>Total investment</p> <p>Net income plus interest expense is: Net income (Account 9899) + interest on long-term debt and capital leases (Account 8181) + other interest expense (Account 8182) + amortization of debt discount, premium and expense (Account 8184).</p> <p>Total investment is: Current maturities of long-term debt (Account 2000) + current obligations under capital leases (Account 2080) + long-term debt (Account 2210) + advances from associated companies (Account 2240) + noncurrent obligations under capital leases (Account 2280) + stockholders' equity (Account 2995) - unamortized debt expense (Account 1840). (A five-quarter average is used).</p>
21	Debt to total investment (end of period)	<p>Current maturities of long-term debt (Account 2000) + current obligations under capital leases (Account 2080) + long-term debt (Account 2210) + advances from associated companies (Account 2240) + noncurrent obligations under capital leases (Account 2280) - unamortized debt expense (Account 1840)</p> <hr/> <p>Total investment (See line 20)</p>
22	Actual passenger load factor (scheduled service)	<p>Revenue passenger-miles (scheduled service (Item K-140)</p> <hr/> <p>Available seat-miles (scheduled service (Item K-280)</p>
23	Operating breakeven load factor (scheduled service)	<p>Capacity operating expense, scheduled service (passenger)</p> <hr/> <p>[Scheduled passenger revenue (Account 3901) - Traffic operating expense, passenger scheduled service] / Actual passenger load factor, scheduled service</p>
24	Difference, actual-breakeven load factor	<p>Actual (Line 22) - Breakeven (Line 23)</p>
25	Employees	<p>Number of full time employees (Average for 12-month ended period)</p>
26	Overall revenue ton-miles per employee	<p>Overall revenue ton-miles (Item Z-240)</p> <hr/> <p>Average # of employees (See Line 25)</p>