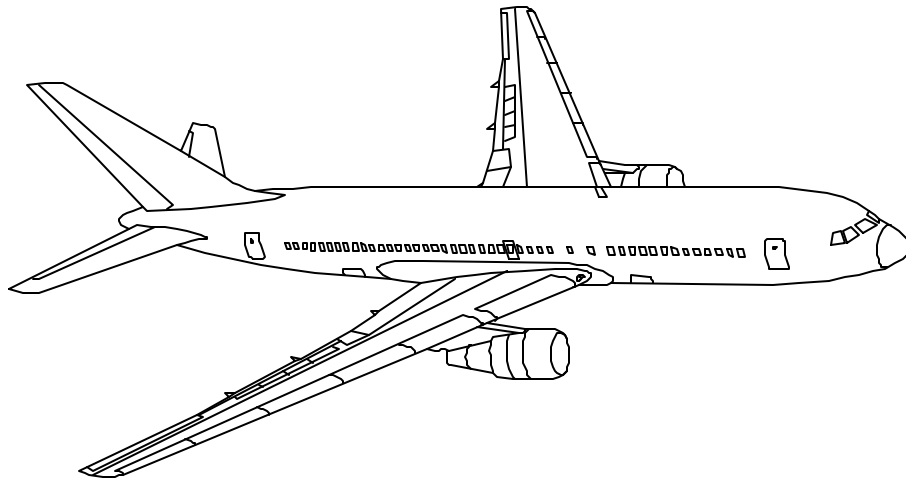


# AIRLINE QUARTERLY FINANCIAL REVIEW

SECOND QUARTER 2000



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 only. Alaska Airlines, with revenues exceeding \$1 billion in calendar year 1995, became a major airline effective January 1, 1996, and is included in this review for the first time. All financial and traffic results have been retroactively restated to include the operations of Alaska. Certain data in this review is 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.

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

## QUARTERLY FINANCIAL & TRAFFIC REVIEW

### TOTAL SYSTEM PASSENGER & ALL-CARGO MAJORS

#### QUARTERLY RESULTS

- American Eagle and American Trans Air achieved major airline status effective January 1, 2000. Beginning with the first quarter 2000, this report will include the results of these carriers. For comparison purposes, all prior period results have been adjusted to include these carriers as well.
- For the second quarter 2000, operating expenses, up 10.9 percent, grew slightly faster than operating revenues, up 10.6 percent, but operating profit still gained \$228.4 million to \$3.1 billion. The passenger major group gained \$231.5 million to \$2.8 billion, and the all-cargo major group rose \$14.9 million to \$300.6 million.
- Despite a 2.5 percent decline in total fuel consumption, total fuel expenses soared 56 percent (1.18 billion) as unit fuel prices jumped 59.9 percent to an average of 72.23 cents per gallon.
- Net income tumbled \$397.2 million to \$1.82 billion. The passenger majors fell \$423.3 million to \$1.66 billion, but the all-cargo group climbed \$26.1 million to \$167.9 million.

OPERATING PROFIT (LOSS) AND NET INCOME (LOSS) 1/ (\$MILLIONS)						
CARRIER	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	2Q 1999	2Q 2000	\$CHANGE	2Q 1999	2Q 2000	\$CHANGE
TOTAL ALL MAJORS	2876.1	3115.5	239.4	2221.5	1832.0	-389.5
TOTAL PASSENGER MAJORS	2590.4	2803.9	213.5	2079.7	1656.4	-423.3
ALASKA	55.9	8.6	-47.3	36.7	-0.8	-37.5
AMERICA WEST	74.1	49.3	-24.8	41.5	28.3	-13.2
AMERICAN	350.8	469.9	119.1	213.9	323.6	109.7
AMERICAN EAGLE	19.6	27.3	7.7	8.6	4.7	-3.9
AMERICAN TRANS AIR	29.7	23.2	-6.5	10.8	16.9	6.1
CONTINENTAL	203.7	230.0	26.3	124.5	133.4	8.9
DELTA	612.8	577.4	-35.4	364.4	434.5	70.1
NORTHWEST	273.7	275.9	2.2	118.8	126.8	8.0
SOUTHWEST	254.1	314.6	60.5	157.8	190.6	32.8
TRANS WORLD	18.4	15.3	-3.1	-6.2	-4.2	2.0
UNITED	430.4	651.5	221.1	663.5	330.8	-332.7
US AIRWAYS	267.5	161.0	-106.5	339.3	77.9	-261.4
TOTAL ALL-CARGO MAJORS	285.7	311.5	25.8	141.8	175.6	33.8
DHL AIRWAYS	9.4	-10.9	-20.3	3.4	-7.7	-11.1
FEDERAL EXPRESS	261.2	297.7	36.5	139.9	176.3	36.4
UNITED PARCEL SERVICE	15.2	13.8	-1.4	-1.4	-0.8	0.6

- The passenger load factor jumped 3.3 percentage points to 76.4 percent, as RPM traffic, up 8.6 percent, grew much faster than ASM capacity, up 3.8 percent.
- Passenger (RPM) yield rose 4.8 percent to 13.41 cents.
- Interest expense jumped \$122.5 million to \$548.3 million.
- Total debt soared upward \$5.23 billion to \$33.34 billion, resulting in an increase of 2.7 percentage point in the debt-to-investment ratio to 47.8 percent.

#### 12-MONTH RESULTS

- Operating results declined from a year ago for the seventh consecutive period, while net results again turned down.
- Operating profit dropped \$1.09 billion to \$6.99 billion. The passenger group declined \$1.02 billion to \$5.94 billion, and the all-cargo group declined \$63.8 million to \$1.05 billion. American, Northwest, Southwest, United and UPS were the only majors to report a year-to-year improvement
- Net results fell \$770.1 million to \$4.14 billion. The passenger group declined \$875.8 million to \$3.58 billion, and the all-cargo group rose \$105.7 million to \$564.8 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. Beginning January 1, 2000, American Eagle and American Trans Air achieved major airline status and are included.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	30,326.5	27,422.7	112,886.7	109,982.9	107,636.3	105,903.8	104,549.2
2	Operating Expenses	27,221.9	24,546.5	105,897.1	103,221.7	100,576.4	98,165.2	96,471.3
3	Operating Profit (Loss)	3,104.5	2,876.1	6,989.6	6,761.2	7,059.9	7,738.6	8,078.0
4	Net Income (Loss)	1,824.3	2,221.5	4,143.5	4,540.7	5,075.2	4,876.6	4,913.6
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	171.04	157.51	637.85	624.32	616.78	609.40	599.68
6	ASMs - Scheduled Rev. Svc.	223.73	215.48	883.55	875.30	863.70	855.29	840.76
7	Overall RTMs (All Svc.)	23.36	21.42	89.53	87.59	85.07	83.61	82.09
8	Overall ATMs (All Svc.)	38.47	36.24	151.26	149.02	146.30	144.31	141.53
<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	129.8	128.0	126.1	125.6	126.5	126.7	127.4
10	Operating Expense per RTM	116.5	114.6	118.3	117.8	118.2	117.4	117.5
11	Operating Profit (Loss) per RTM	13.3	13.4	7.8	7.7	8.3	9.3	9.8
12	Operating Expense per ATM	70.8	67.7	70.0	69.3	68.7	68.0	68.2
13	Passenger Revenue per RPM	13.41	12.79	12.98	12.82	12.71	12.68	12.73
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.69	1.69	1.73	1.78	1.82
15	Times Interest Earned	*	*	5.25	5.88	6.46	6.36	6.43
16	Current Assets to Current Liabilities	*	*	0.70	0.71	0.77	0.74	0.71
17	No. of Days Cash Coverage of Cash Exp.	*	*	35.6	34.2	33.0	34.0	32.9
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Reven	10.2	10.5	6.2	6.1	6.6	7.3	7.7
19	Net Income to Stockholders Equity	*	*	11.7	13.1	15.1	15.0	15.7
20	Corporate Return on Investment	*	*	8.8	9.5	10.6	10.7	11.2
21	Debt to Total Investment	*	*	47.8	48.7	47.2	45.0	45.1
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	76.4	73.1	72.2	71.3	71.4	71.3	71.3
23	Breakeven	67.1	65.6	68.3	68.0	67.9	67.3	66.9
<u>Employment &amp; Productivity:</u>								
24	Employment, Total Weighted Avg CY	574,904	522,200	549,027	533,965	525,514	519,273	513,153
25	Overall RTM's per Employee (000)	40.6	41.0	163.1	164.0	161.9	161.0	160.0

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	10.6	2.6	8.0	5.9	4.1	2.8	1.9
27	Operating Expenses (%)	10.9	3.8	9.8	8.0	6.2	4.3	3.2
28	Operating Profit (Loss) (in Millions \$)	228.4	-197.1	-1,088.4	-1,513.8	-1,666.7	-1,167.4	-1,107.8
29	Net Income (Loss)(in Millions \$)	-397.2	454.9	-770.1	82.1	394.9	-460.1	-941.7
30	RPMs (Sch. Svc.) (%)	8.6	2.7	6.4	4.8	4.4	3.9	2.6
31	ASMs (Sch. Svc.) (%)	3.8	3.8	5.1	5.1	4.2	4.0	2.2
32	Operating Revenues per RTM (%)	1.4	-0.2	-1.0	-1.4	-0.8	-0.7	0.0
33	Operating Expense per RTM (%)	1.7	1.0	0.7	0.4	1.2	0.7	1.3
34	Passenger Revenue per RPM (Sch. Svc.)(	4.8	-1.4	2.0	0.4	-1.1	-2.2	-1.9

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	23,183.7	21,245.6	86,164.2	84,226.0	82,611.7	81,475.8	80,521.5
2	Operating Expenses	20,582.5	18,725.0	80,800.1	78,942.6	76,916.3	74,859.5	73,297.6
3	Operating Profit (Loss)	2,601.3	2,520.6	5,364.1	5,283.4	5,695.4	6,616.3	7,223.9
4	Net Income (Loss)	1,504.0	1,873.8	3,498.9	3,868.7	4,338.9	4,376.8	4,373.2
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	123.44	114.91	463.56	455.03	449.11	443.42	437.23
6	ASMs - Scheduled Rev. Svc.	163.68	159.27	653.16	648.74	639.03	631.26	619.26
7	Overall RTMs (All Svc.)	15.41	14.36	59.81	58.77	56.88	56.07	55.25
8	Overall ATMs (All Svc.)	25.61	24.40	102.02	100.80	98.80	97.25	95.37
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	150.5	148.0	144.1	143.3	145.2	145.3	145.7
10	Operating Expense per RTM	133.6	130.4	135.1	134.3	135.2	133.5	132.7
11	Operating Profit (Loss) per RTM	16.9	17.6	9.0	9.0	10.0	11.8	13.1
12	Operating Expense per ATM	80.4	76.7	79.2	78.3	77.9	77.0	76.9
13	Passenger Revenue per RPM	14.56	13.88	13.99	13.80	13.70	13.66	13.70
<b>FINANCIAL RATIOS:</b>								
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.	*	*	**	**	**	**	**
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	11.2	11.9	6.2	6.3	6.9	8.1	9.0
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	9.6	10.4	11.6	12.2	12.7
21	Debt to Total Investment	*	*	**	**	**	**	**
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	75.4	72.1	71.0	70.1	70.3	70.2	70.6
23	Breakeven	65.4	63.7	67.2	66.8	66.6	65.7	65.3
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

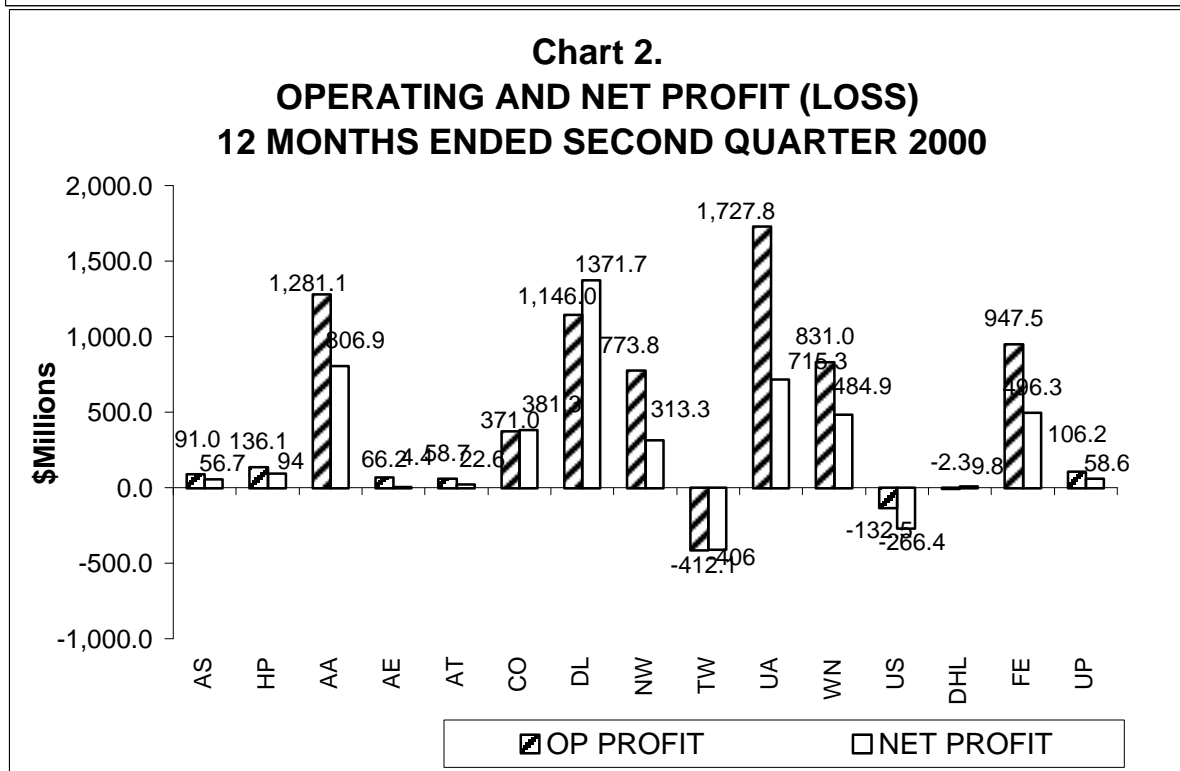
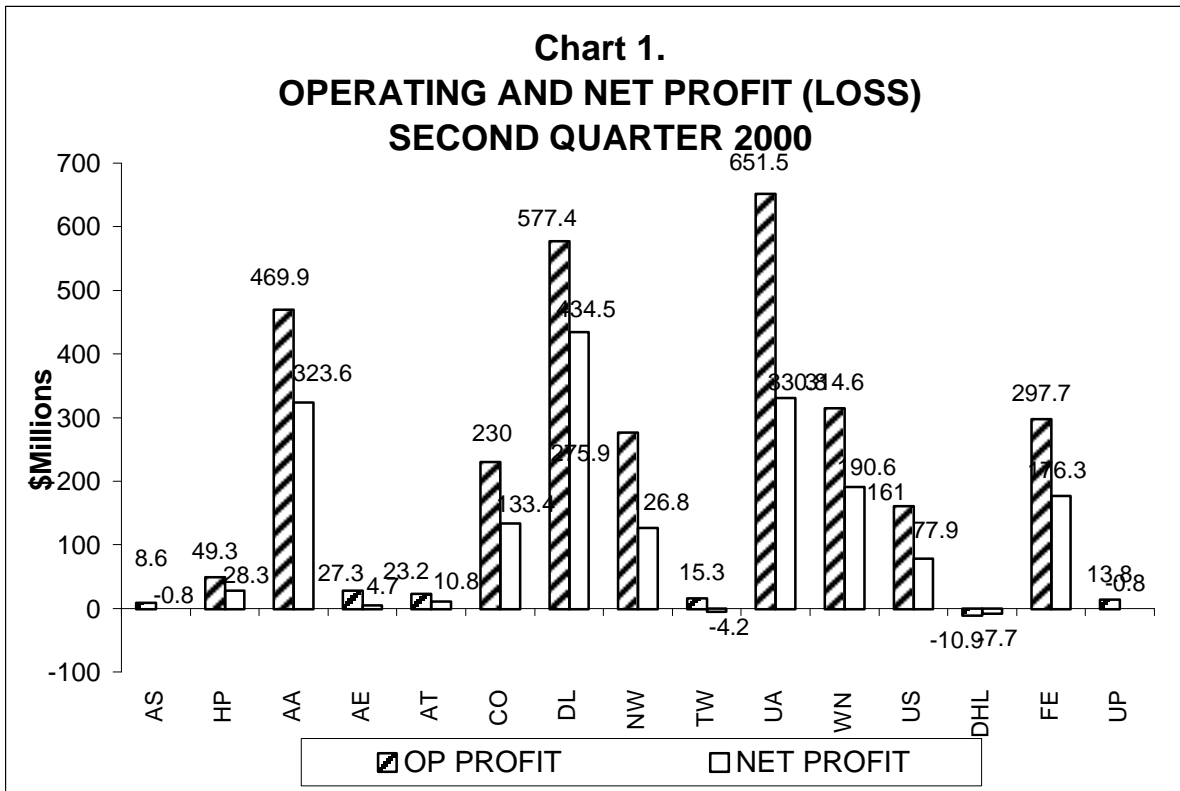
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.1	3.7	7.0	5.6	4.3	3.6	3.4
27	Operating Expenses (%)	9.9	5.2	10.2	9.1	7.6	5.4	4.2
28	Operating Profit (Loss) (in Millions \$)	80.7	-170.5	-1,859.8	-2,111.0	-2,040.7	-1,032.5	-280.5
29	Net Income (Loss)(in Millions \$)	-369.8	398.6	-874.3	-105.8	155.0	-210.6	-540.2
30	RPMs (Sch. Svc.) (%)	7.4	3.2	6.0	4.9	4.6	4.2	3.3
31	ASMs (Sch. Svc.) (%)	2.8	5.3	5.5	6.1	5.2	4.8	2.6
32	Operating Revenues per RTM (%)	1.7	1.3	-1.1	-1.4	-0.1	0.1	0.9
33	Operating Expense per RTM (%)	2.5	2.8	1.8	1.9	3.1	1.8	1.7
34	Passenger Revenue per RPM (Sch. Svc.)(	4.9	-0.4	2.1	0.7	-0.7	-1.7	-0.9

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	7,142.7	6,177.1	26,722.5	25,756.9	25,024.6	24,428.0	24,027.7
2	Operating Expenses	6,639.5	5,821.5	25,097.0	24,279.1	23,660.1	23,305.7	23,173.7
3	Operating Profit (Loss)	503.3	355.6	1,625.5	1,477.8	1,364.5	1,122.3	854.1
4	Net Income (Loss)	320.4	347.8	644.6	672.0	736.3	499.8	540.4
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	47.60	42.61	174.29	169.30	167.67	165.98	162.45
6	ASMs - Scheduled Rev. Svc.	60.05	56.21	230.39	226.55	224.67	224.03	221.50
7	Overall RTMs (All Svc.)	7.95	7.06	29.72	28.83	28.18	27.54	26.84
8	Overall ATMs (All Svc.)	12.86	11.83	49.24	48.22	47.50	47.06	46.16
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	89.8	87.4	89.9	89.3	88.8	88.7	89.5
10	Operating Expense per RTM	83.5	82.4	84.4	84.2	83.9	84.6	86.3
11	Operating Profit (Loss) per RTM	6.3	5.0	5.5	5.1	4.8	4.1	3.2
12	Operating Expense per ATM	51.6	49.2	51.0	50.4	49.8	49.5	50.2
13	Passenger Revenue per RPM	10.41	9.84	10.32	10.17	10.07	10.04	10.11
<b>FINANCIAL RATIOS:</b>								
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.	*	*	**	**	**	**	**
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	7.0	5.8	6.1	5.7	5.5	4.6	3.6
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	6.4	6.8	7.4	6.1	6.6
21	Debt to Total Investment	*	*	**	**	**	**	**
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	79.3	75.8	75.7	74.7	74.6	74.1	73.3
23	Breakeven	72.7	72.2	71.7	71.5	71.8	72.2	72.7
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

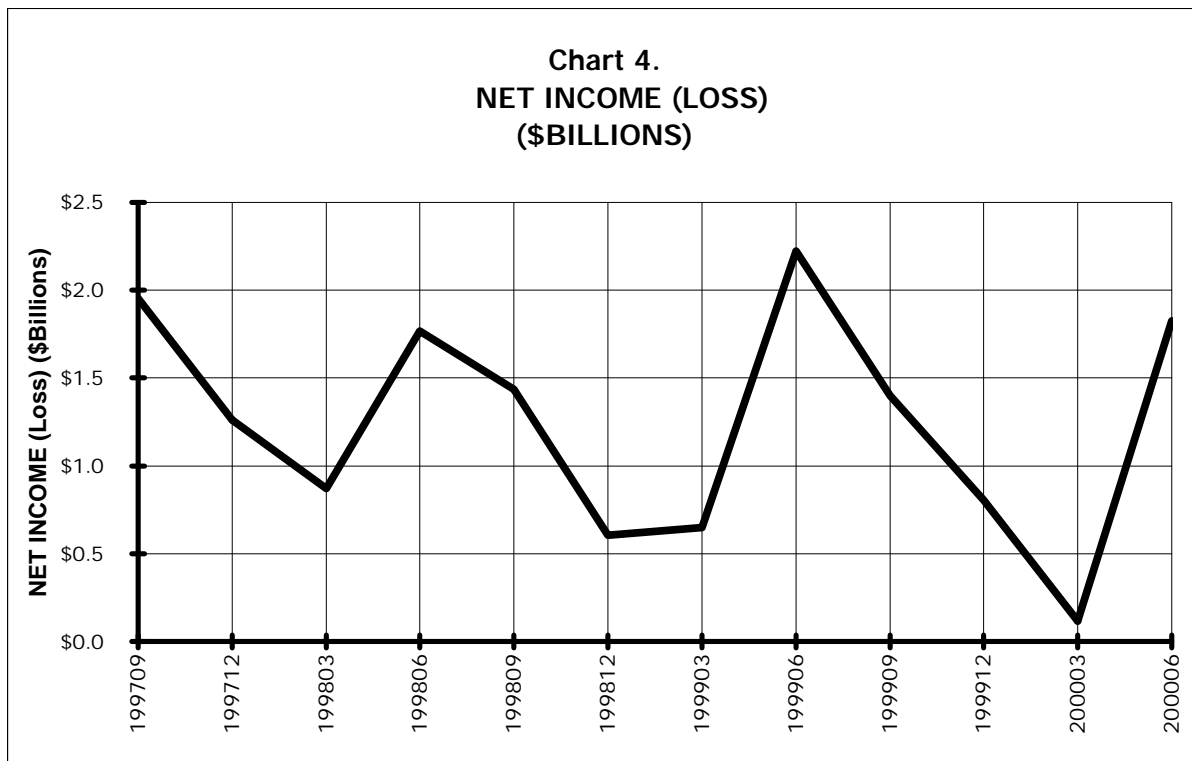
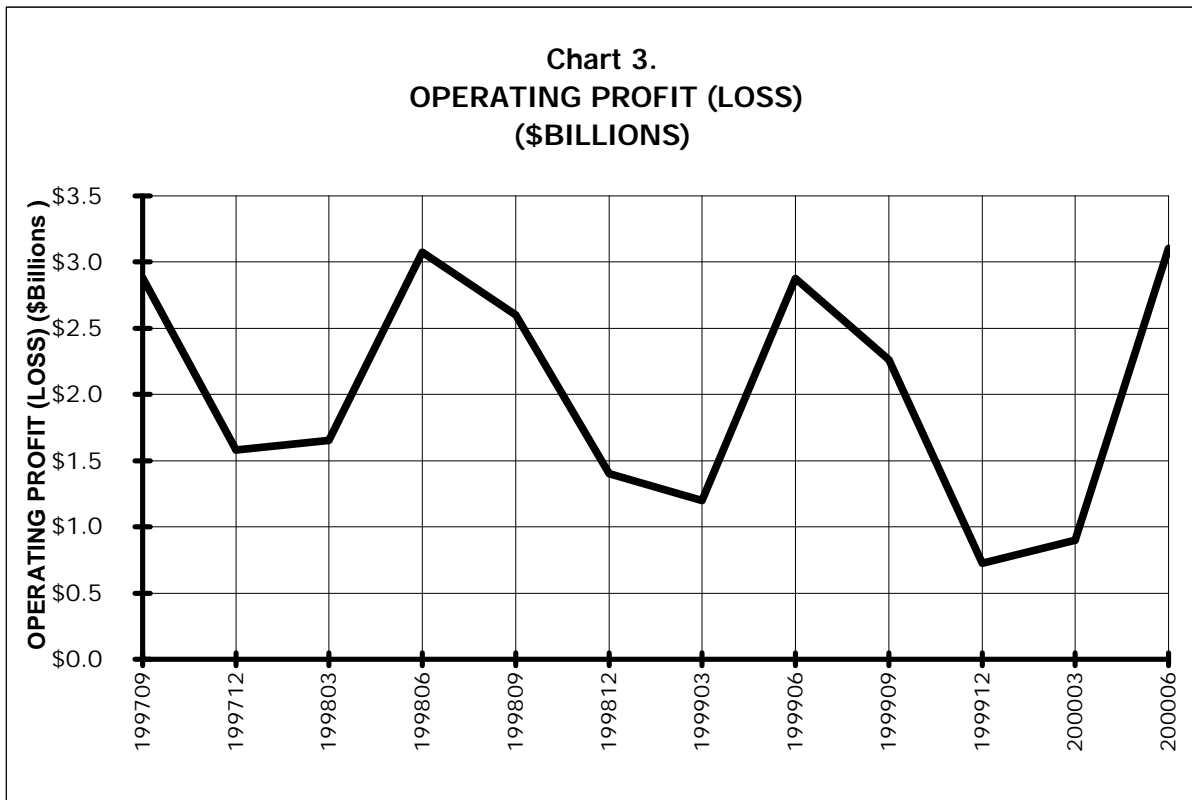
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	15.6	-0.9	11.2	6.9	3.5	0.1	-3.1
27	Operating Expenses (%)	14.1	-0.5	8.3	4.6	2.1	0.7	0.2
28	Operating Profit (Loss) (in Millions \$)	147.7	-26.5	771.4	597.1	374.0	-134.9	-827.3
29	Net Income (Loss)(in Millions \$)	-27.4	56.4	104.2	187.9	239.9	-249.5	-401.5
30	RPMs (Sch. Svc.) (%)	11.7	1.5	7.3	4.6	4.1	3.2	0.7
31	ASMs (Sch. Svc.) (%)	6.8	-0.2	4.0	2.2	1.6	1.9	1.0
32	Operating Revenues per RTM (%)	2.7	-4.5	0.4	-1.4	-2.4	-3.3	-3.9
33	Operating Expense per RTM (%)	1.3	-4.1	-2.2	-3.6	-3.9	-2.8	-0.6
34	Passenger Revenue per RPM (Sch. Svc.)(	5.8	-5.4	2.1	-0.8	-2.9	-4.5	-6.1

# COMPARISONS AMONG MAJOR GROUP AIRLINES





## TOTAL ALL MAJORS (SYSTEM) BY QUARTER



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

Chart 5.  
OPERATING PROFIT (LOSS)  
(\$BILLIONS)

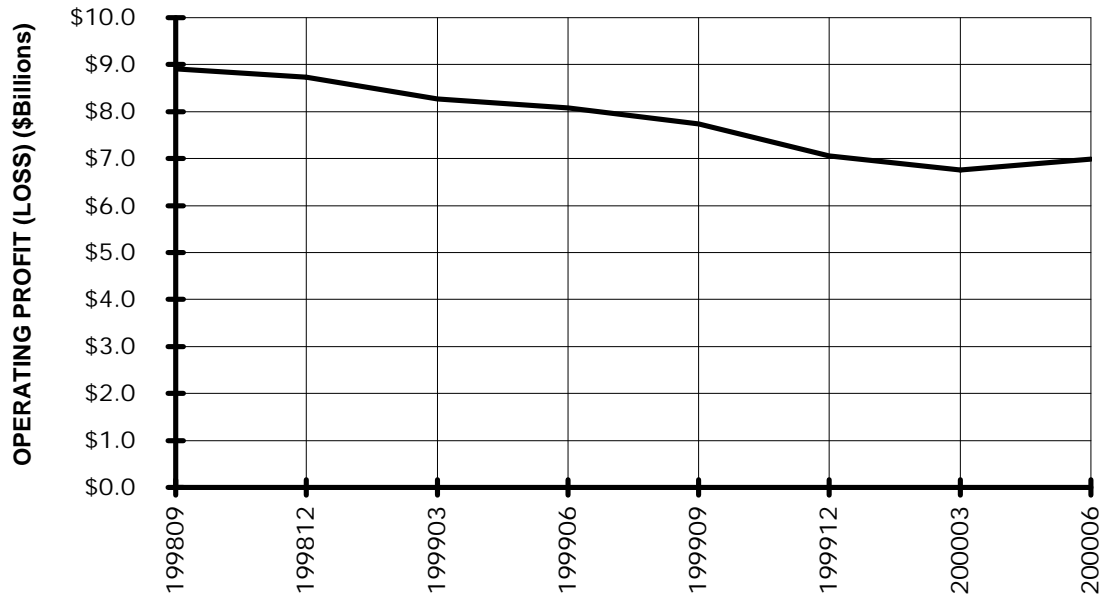
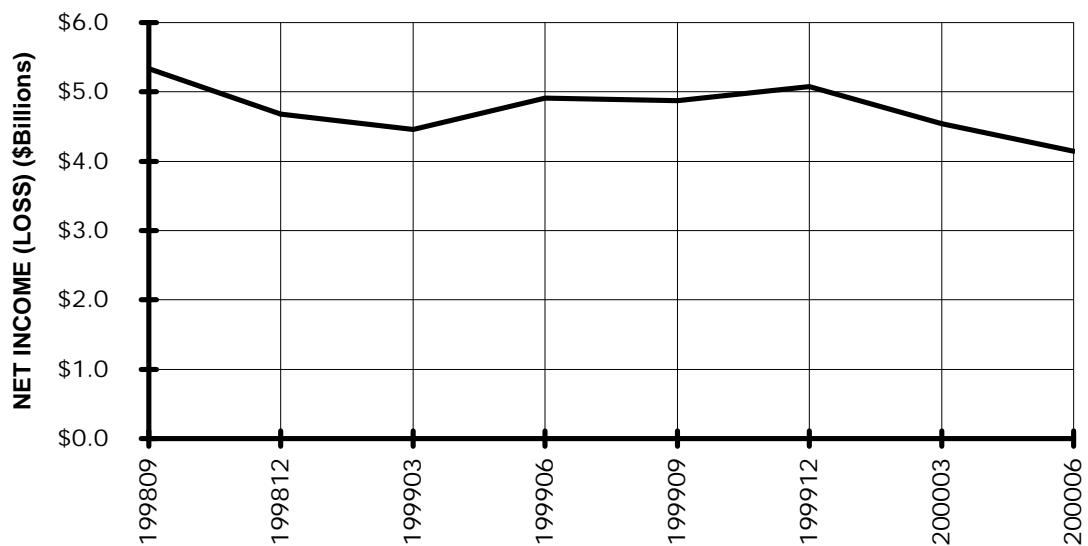
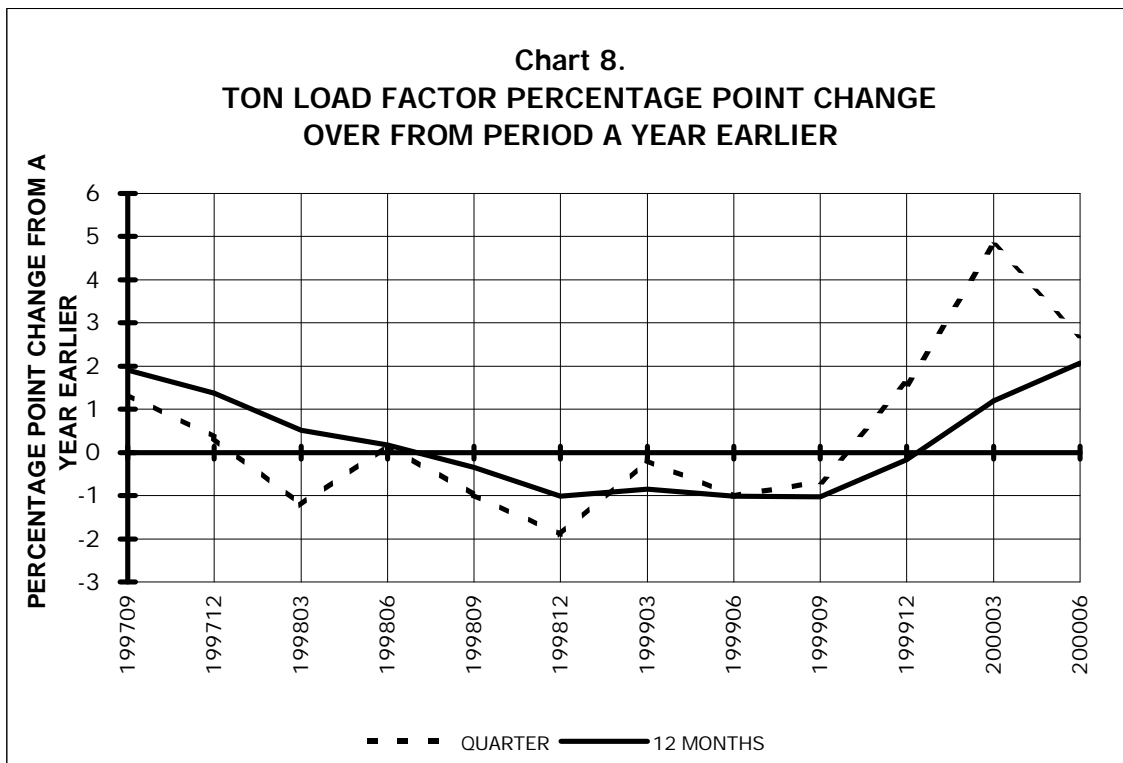
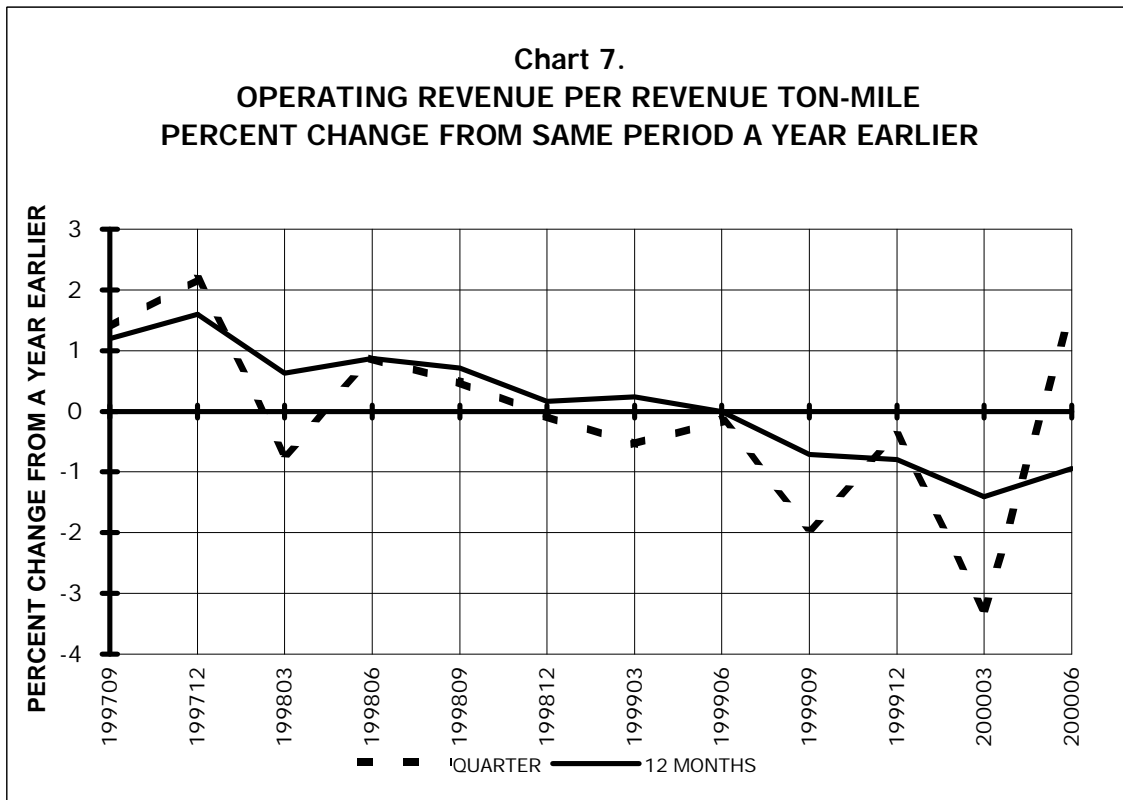


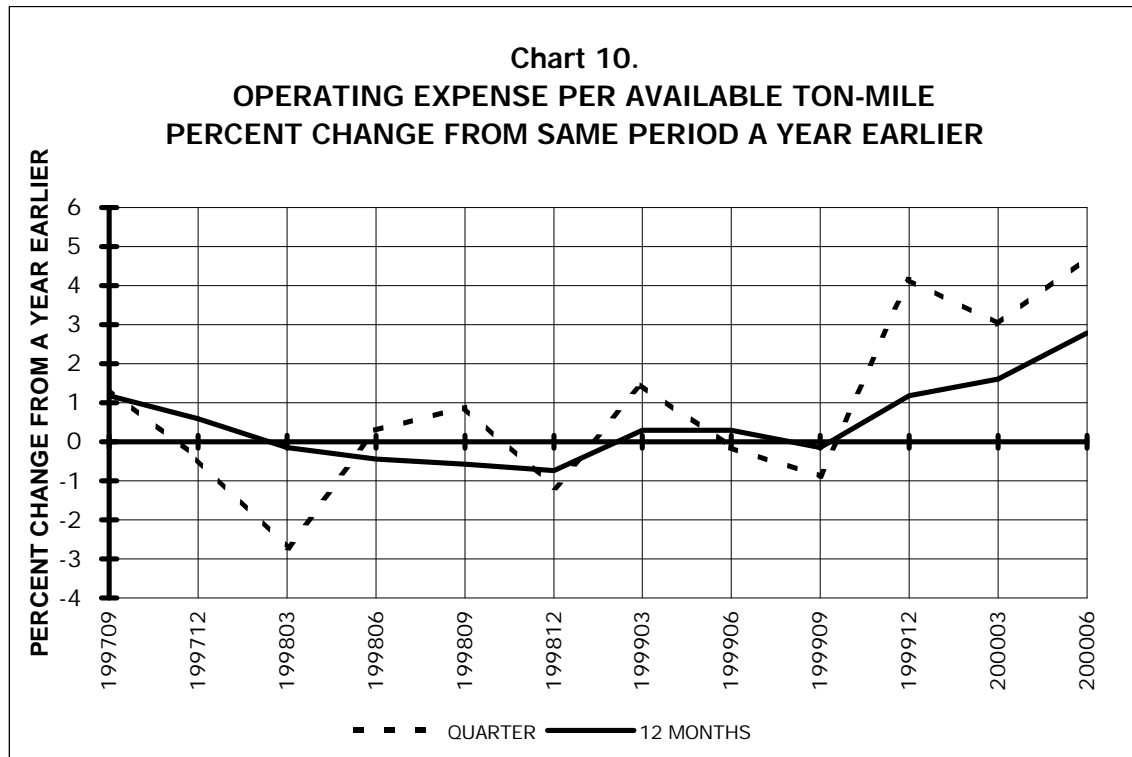
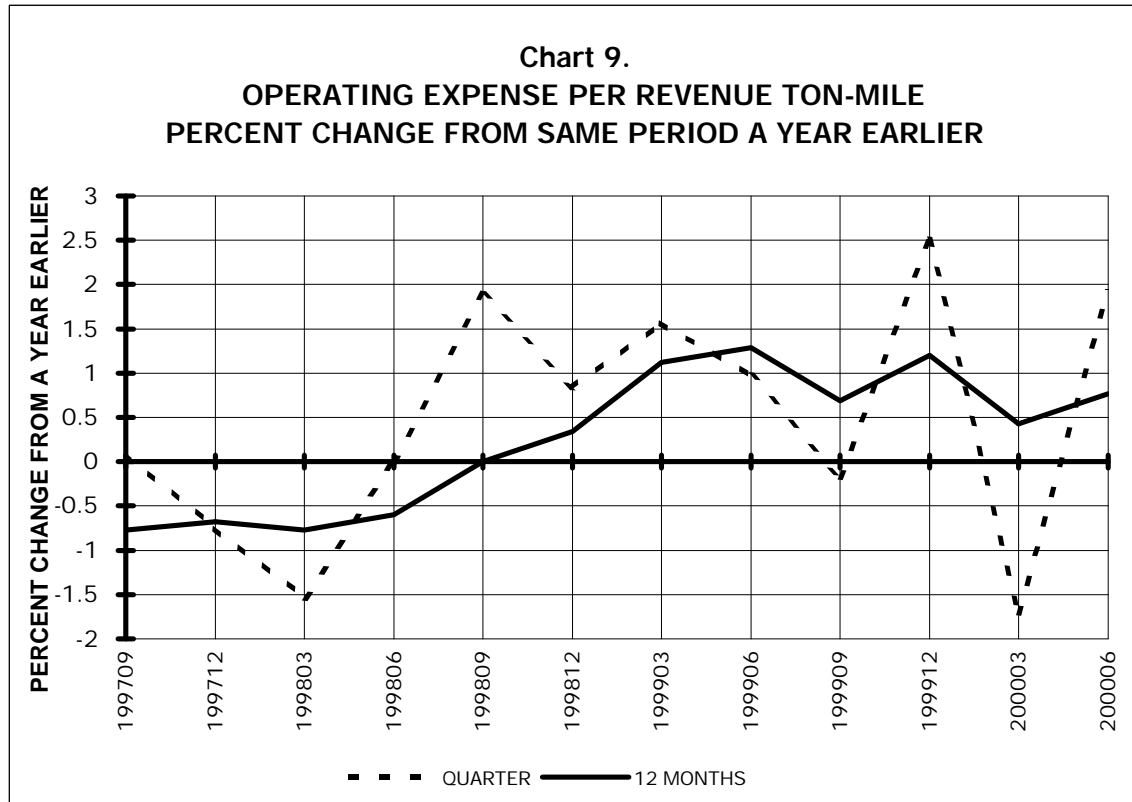
Chart 6.  
NET INCOME (LOSS)  
(\$BILLIONS)



# 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 1/

#### QUARTERLY RESULTS

- For the quarter ended June 2000, all twelve passenger majors reported an operating profit. All passenger majors, except for Alaska and Trans World, reported a net profit.
- Despite the largely positive results, individual carrier results were mixed. Five carriers -- American, Continental, Delta, Northwest, and United -- experienced a year-to-year improvement in operating results and six carriers -- American, Continental, Delta, Northwest, TWA, and Southwest -- experienced a year-to-year improvement in net results.
- For the group, operating profit gained \$213.5 million to \$2.8 billion, even though operating expenses, up 11 percent, grew slightly faster than operating revenues, up 10.7 percent.
- Rapid increases in total fuel expense, which soared \$1.05 billion (54.5 percent) from a year ago, continues to play a major role in the rise in total operating expenses, thus reducing profitability.
- Net income dropped \$423.3 million to \$1.66 billion.

Quarter Ended	\$ Millions					
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	LAST YEAR 1999	THIS YEAR 2000	\$ Change	LAST YEAR 1999	THIS YEAR 2000	\$ Change
March	986.5	714.9	-271.6	576.1	33.3	-542.8
June	2,590.4	2,803.9	213.6	2,079.7	1,656.4	-423.3
Sept.	2,045.6	1,943.8	-101.7	1,312.7	743.2	-569.5
Dec.	373.9	0.0	-	576.3	0.0	-

- RPM traffic rose a strong 8.6 percent, far outpacing the 3.8 percent increase in ASM capacity, boosting the passenger load factor 3.3 percentage points to 76.4 percent. Every major passenger carrier experienced a load factor of at least 72 percent.
- Passenger (RPM) yield rose 5.2 percent to 13.45 cents. Southwest and US Airways reported the only declines from a year ago.
- The Latin entity reported the only decline in operating results, down \$12.8 million to \$55.4 million, but all entities contributed to the decline in overall system net results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	2,337.5	2,434.4	96.9	1,782.3	1,455.2	-327.1	114.9	123.4	7.4	159.3	163.7	2.8	75.4%
Int'l	252.9	369.5	116.6	297.4	201.2	-96.2	42.6	47.6	11.7	56.2	60.0	6.8	79.3%
Atlantic	248.2	295.3	47.1	205.9	173.7	-32.2	21.3	24.4	14.8	25.6	28.5	11.4	85.6%
Latin	68.2	55.4	-12.8	62.3	36.2	-26.1	8.0	8.7	8.4	12.4	12.7	2.0	68.7%
Pacific	-63.5	18.8	82.3	29.2	-8.8	-37.9	13.3	14.5	8.8	18.1	18.8	3.7	76.8%
System	2,590.4	2,803.9	213.6	2,079.7	1,656.4	-423.3	157.5	171.0	8.6	215.5	223.7	3.8	76.4%

- Interest expense jumped \$125.3 million to \$525.6 million.
- The operating profit margin dipped 0.3 percentage points to 11 percent. Only American, Southwest and United were up from last year, with Alaska alone falling 11.1 percentage points.

#### 12-MONTH RESULTS

- All majors, except for Trans World and US Airways, reported an operating and net profit for 12-months ended June 2000.
- Operating expenses, up 9.7 percent, continued to grow at a faster rate than operating revenues, up 7.8 percent, resulting in a deterioration of \$1.02 billion in operating profit, but it was still a strong \$5.9 billion. US Airways alone was down \$927.8 million, and Delta fell \$685.2 million, but Northwest improved \$914.2 million over its strike impacted period a year earlier.
- Net income fell \$875.8 million to \$3.58 billion.
- The passenger load factor climbed 0.9 percentage points to 72.2 percent as RPM traffic grew 6.4 percent, and ASM capacity rose a lesser 5.1 percent.
- For the second consecutive period, passenger (RPM) yield was up from the same period a year earlier, rising 2.1 percent to 13.00 cents.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW**  
**SYSTEM OPERATIONS**  
**TOTAL PASSENGER MAJORS**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	25,446.9	22,987.5	93,892.5	91,433.1	89,605.2	88,274.6	87,118.8
2	Operating Expenses	22,642.9	20,397.1	87,954.2	85,708.4	83,609.0	81,597.9	80,156.0
3	Operating Profit (Loss)	2,803.9	2,590.4	5,938.3	5,724.7	5,996.3	6,676.6	6,962.8
4	Net Income (Loss)	1,656.4	2,079.7	3,578.7	4,002.0	4,544.8	4,464.6	4,454.5
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	171.04	157.51	637.85	624.32	616.78	609.40	599.68
6	ASMs - Scheduled Rev. Svc.	223.73	215.48	883.55	875.30	863.70	855.29	840.76
7	Overall RTMs (All Svc.)	20.21	18.56	77.17	75.52	73.39	72.27	70.88
8	Overall ATMs (All Svc.)	33.41	31.34	130.89	128.81	126.51	124.80	122.21
<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	125.9	123.9	121.7	121.1	122.1	122.1	122.9
10	Operating Expense per RTM	112.0	109.9	114.0	113.5	113.9	112.9	113.1
11	Operating Profit (Loss) per RTM	13.9	14.0	7.7	7.6	8.2	9.2	9.8
12	Operating Expense per ATM	67.8	65.1	67.2	66.5	66.1	65.4	65.6
13	Passenger Revenue per RPM	13.41	12.79	12.98	12.82	12.71	12.68	12.73
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.63	1.65	1.69	1.75	1.80
15	Times Interest Earned	*	*	5.00	5.70	6.33	6.50	6.57
16	Current Assets to Current Liabilities	*	*	0.66	0.67	0.73	0.71	0.68
17	No. of Days Cash Coverage of Cash Exp.	*	*	42.5	40.7	39.2	40.3	38.6
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	11.0	11.3	6.3	6.3	6.7	7.6	8.0
19	Net Income to Stockholders Equity	*	*	11.7	13.5	15.9	16.2	16.8
20	Corporate Return on Investment	*	*	9.1	10.0	11.2	11.5	11.9
21	Debt to Total Investment	*	*	48.1	49.5	47.6	44.7	44.6
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	76.4	73.1	72.2	71.3	71.4	71.3	71.3
23	Breakeven	67.1	65.9	68.7	68.4	68.3	67.5	67.1
<u>Employment &amp; Productivity:</u>								
24	Employment, Total Weighted Avg CY	467,682	417,861	442,501	428,159	420,723	415,443	410,242
25	Overall RTM's per Employee (000)	43.2	44.4	174.4	176.4	174.4	174.0	172.8

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	10.7	2.2	7.8	5.6	3.7	2.2	1.2
27	Operating Expenses (%)	11.0	3.6	9.7	7.9	6.2	4.1	2.9
28	Operating Profit (Loss) (in Millions \$)	213.5	-207.8	-1,024.5	-1,445.9	-1,668.4	-1,313.5	-1,262.0
29	Net Income (Loss)(in Millions \$)	-423.3	436.5	-875.8	-16.0	302.8	-454.1	-1,014.1
30	RPMs (Sch. Svc.) (%)	8.6	2.7	6.4	4.8	4.4	3.9	2.6
31	ASMs (Sch. Svc.) (%)	3.8	3.8	5.1	5.1	4.2	4.0	2.2
32	Operating Revenues per RTM (%)	1.6	-0.3	-1.0	-1.6	-1.1	-1.3	-0.3
33	Operating Expense per RTM (%)	1.9	0.9	0.8	0.6	1.2	0.5	1.4
34	Passenger Revenue per RPM (Sch. Svc.)(%)	4.8	-1.4	2.0	0.4	-1.1	-2.2	-1.9

**QUARTERLY FINANCIAL & TRAFFIC REVIEW**  
**DOMESTIC OPERATIONS**  
**TOTAL PASSENGER MAJORS**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	19,628.2	17,899.0	72,268.8	70,539.6	69,165.6	68,119.8	67,253.8
2	Operating Expenses	17,193.8	15,561.6	67,343.5	65,711.3	64,008.9	62,160.2	60,790.0
3	Operating Profit (Loss)	2,434.4	2,337.5	4,925.3	4,828.3	5,156.7	5,959.6	6,463.8
4	Net Income (Loss)	1,455.2	1,782.3	3,145.4	3,472.5	3,966.5	4,024.7	4,116.3
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	123.44	114.91	463.56	455.03	449.11	443.42	437.23
6	ASMs - Scheduled Rev. Svc.	163.68	159.27	653.16	648.74	639.03	631.26	619.26
7	Overall RTMs (All Svc.)	13.47	12.54	52.04	51.12	49.40	48.75	48.01
8	Overall ATMs (All Svc.)	22.40	21.19	88.75	87.54	85.70	84.30	82.52
<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	145.8	142.8	138.9	138.0	140.0	139.7	140.1
10	Operating Expense per RTM	127.7	124.1	129.4	128.6	129.6	127.5	126.6
11	Operating Profit (Loss) per RTM	18.1	18.6	9.5	9.4	10.4	12.2	13.5
12	Operating Expense per ATM	76.7	73.4	75.9	75.1	74.7	73.7	73.7
13	Passenger Revenue per RPM	14.56	13.88	13.99	13.80	13.70	13.66	13.70
<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 Revenue	12.4	13.1	6.8	6.8	7.5	8.7	9.6
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	10.1	11.0	12.6	13.3	14.1
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	75.4	72.1	71.0	70.1	70.3	70.2	70.6
23	Breakeven	64.9	63.4	67.0	66.6	66.5	65.4	65.0
<u>Employment &amp; 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 (%)	9.7	3.7	7.5	5.9	4.4	3.2	3.1
27	Operating Expenses (%)	10.5	5.2	10.8	9.5	8.0	5.4	4.0
28	Operating Profit (Loss) (in Millions \$)	96.9	-138.7	-1,538.5	-1,774.3	-1,777.6	-1,036.2	-304.8
29	Net Income (Loss)(in Millions \$)	-327.1	320.3	-970.9	-323.4	40.7	-350.0	-446.7
30	RPMs (Sch. Svc.) (%)	7.4	3.2	6.0	4.9	4.6	4.2	3.3
31	ASMs (Sch. Svc.) (%)	2.8	5.3	5.5	6.1	5.2	4.8	2.6
32	Operating Revenues per RTM (%)	2.1	1.4	-0.9	-1.2	0.1	-0.3	0.9
33	Operating Expense per RTM (%)	2.9	2.9	2.2	2.3	3.5	1.8	1.8
34	Passenger Revenue per RPM (Sch. Svc.)(%)	4.9	-0.4	2.1	0.7	-0.7	-1.7	-0.9

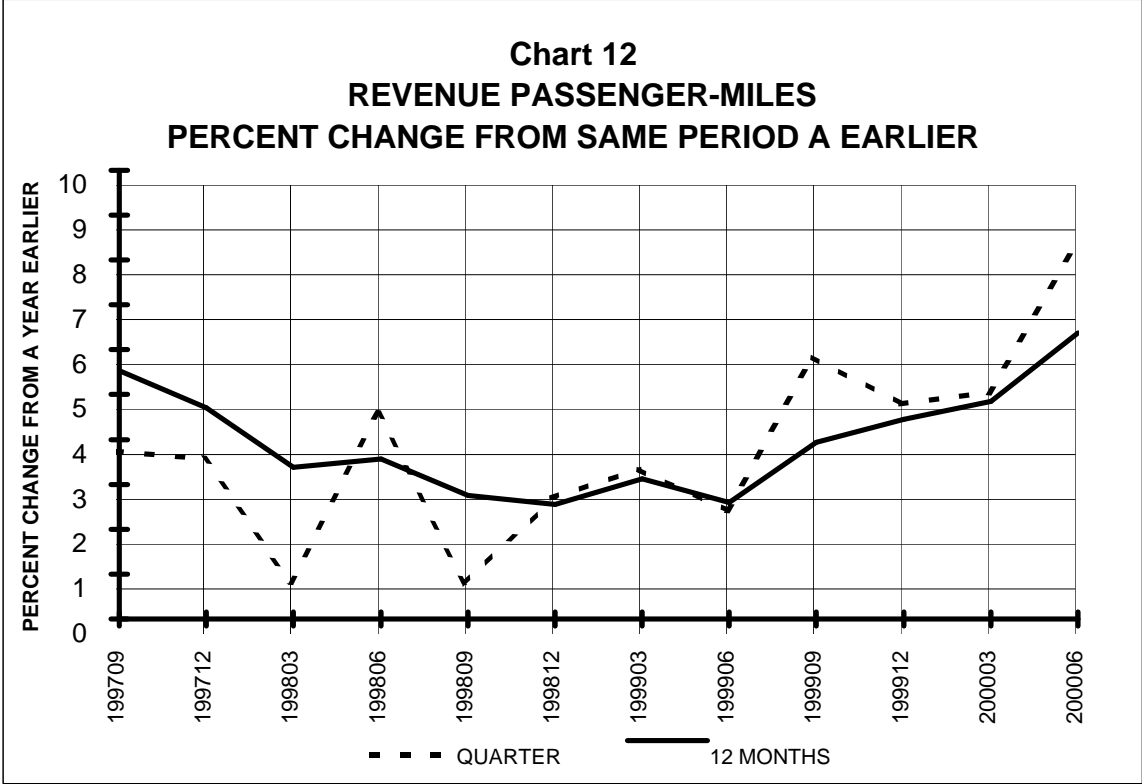
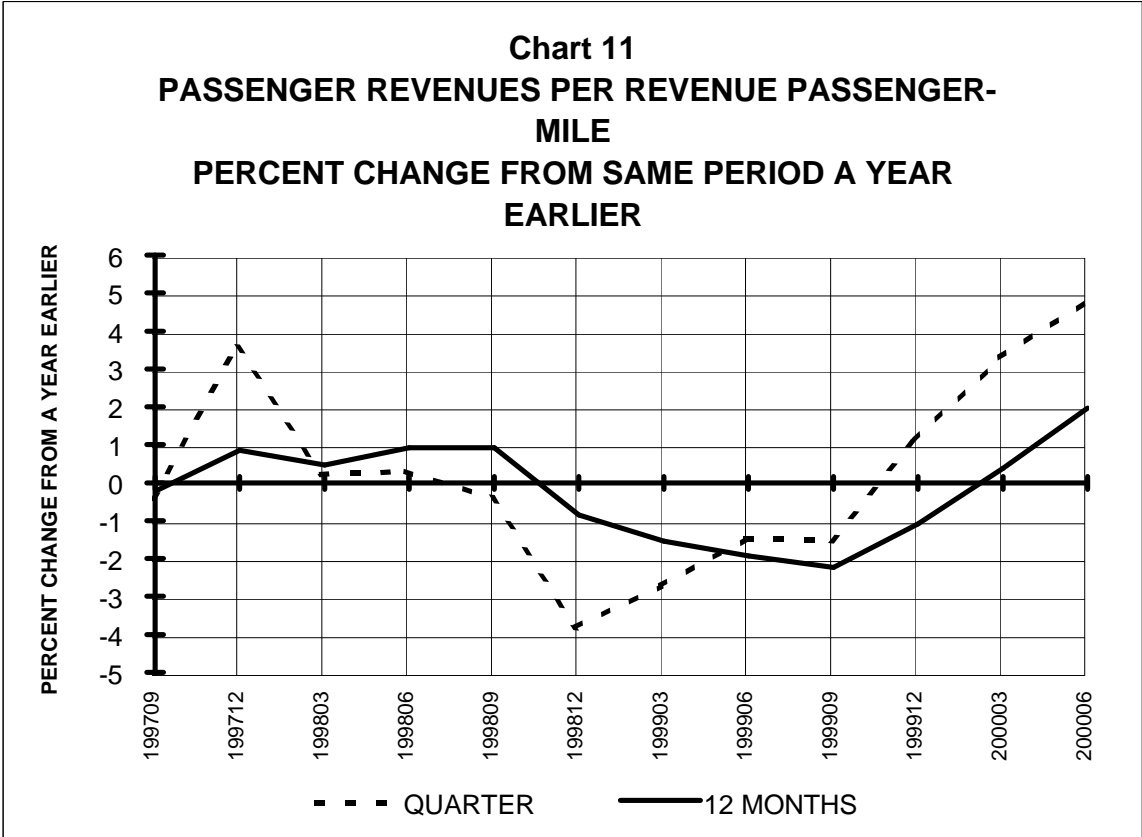
**QUARTERLY FINANCIAL & TRAFFIC REVIEW**  
**INTERNATIONAL OPERATIONS**  
**TOTAL PASSENGER MAJORS**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	5,818.6	5,088.5	21,623.7	20,893.5	20,439.7	20,154.8	19,864.9
2	Operating Expenses	5,449.1	4,835.6	20,610.7	19,997.1	19,600.1	19,437.8	19,366.0
3	Operating Profit (Loss)	369.5	252.9	1,013.0	896.4	839.6	717.0	499.0
4	Net Income (Loss)	201.2	297.4	433.3	529.5	578.3	439.9	338.2
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	47.60	42.61	174.29	169.30	167.67	165.98	162.45
6	ASMs - Scheduled Rev. Svc.	60.05	56.21	230.39	226.55	224.67	224.03	221.50
7	Overall RTMs (All Svc.)	6.74	6.02	25.12	24.40	23.99	23.52	22.88
8	Overall ATMs (All Svc.)	11.01	10.15	42.13	41.27	40.82	40.51	39.69
<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	86.3	84.5	86.1	85.6	85.2	85.7	86.8
10	Operating Expense per RTM	80.8	80.3	82.0	81.9	81.7	82.6	84.7
11	Operating Profit (Loss) per RTM	5.5	4.2	4.0	3.7	3.5	3.0	2.2
12	Operating Expense per ATM	49.5	47.6	48.9	48.5	48.0	48.0	48.8
13	Passenger Revenue per RPM	10.41	9.84	10.32	10.17	10.07	10.04	10.11
<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 Revenue	6.4	5.0	4.7	4.3	4.1	3.6	2.5
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	5.7	6.6	7.2	6.2	5.5
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	79.3	75.8	75.7	74.7	74.6	74.1	73.3
23	Breakeven	74.5	74.5	74.2	74.2	74.2	74.3	74.4
<u>Employment &amp; Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

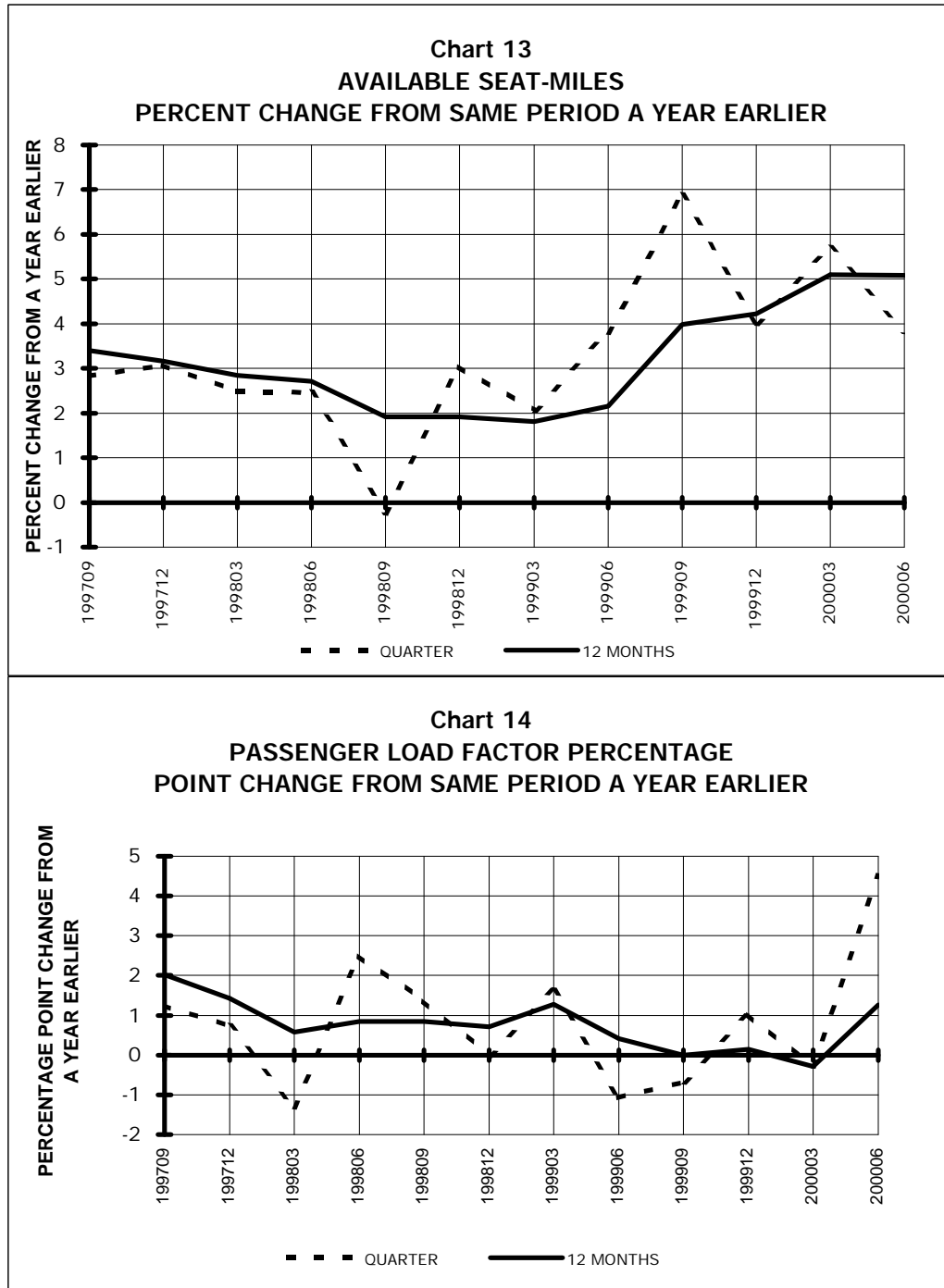
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	14.3	-2.7	8.9	4.4	1.3	-1.2	-4.9
27	Operating Expenses (%)	12.7	-1.5	6.4	2.9	0.8	0.2	-0.3
28	Operating Profit (Loss) (in Millions \$)	116.6	-69.0	514.0	328.4	109.2	-277.3	-957.2
29	Net Income (Loss)(in Millions \$)	-96.2	116.1	95.1	307.4	262.1	-104.1	-567.4
30	RPMs (Sch. Svc.) (%)	11.7	1.5	7.3	4.6	4.1	3.2	0.7
31	ASMs (Sch. Svc.) (%)	6.8	-0.2	4.0	2.2	1.6	1.9	1.0
32	Operating Revenues per RTM (%)	2.1	-5.7	-0.8	-3.0	-4.4	-4.6	-4.9
33	Operating Expense per RTM (%)	0.6	-4.5	-3.2	-4.4	-4.9	-3.3	-0.2
34	Passenger Revenue per RPM (Sch. Svc.)(%)	5.8	-5.4	2.1	-0.8	-2.9	-4.5	-6.1



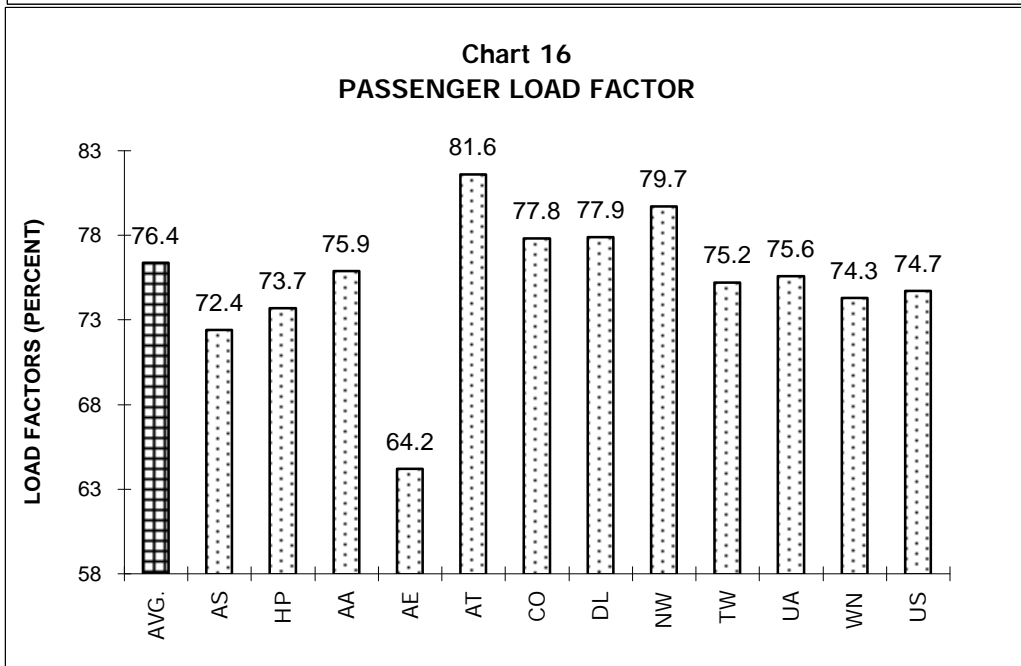
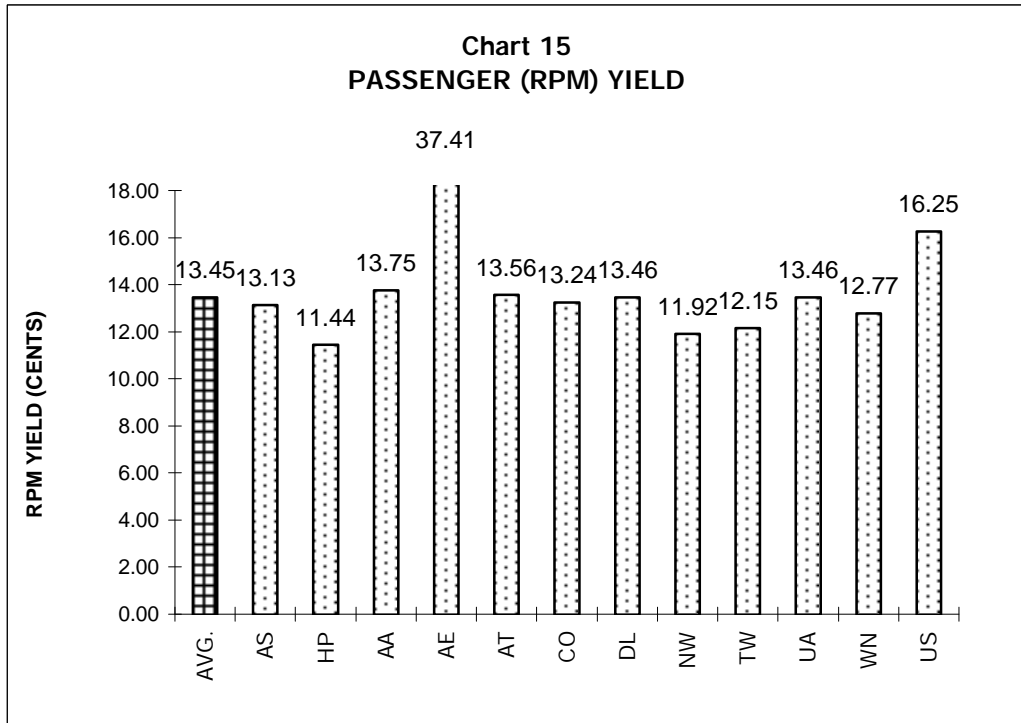
# **TOTAL PASSENGER MAJORS (SYSTEM)** **QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)**



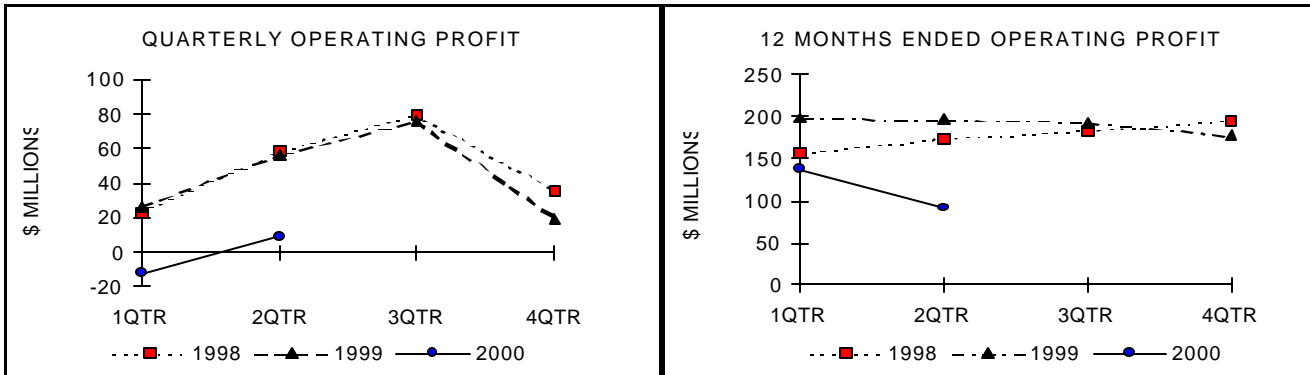
## TOTAL PASSENGER MAJORS (SYSTEM) QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)



# **TOTAL PASSENGER MAJORS (SYSTEM) SECOND QUARTER 2000 (SCH. SVC.)**



## QUARTERLY FINANCIAL & TRAFFIC REVIEW SYSTEM OPERATIONS ALASKA AIRLINES



### QUARTERLY RESULTS

- Operating expenses, up 16.7 percent, grew at more than five times the rate of operating revenues, up 3.6 percent, resulting in a \$47.3 million drop in operating results to \$8.6 million, the lowest profit among the passenger majors.
- Rapid increases in total fuel expenses, up 42.7 percent (\$18.1 million) as unit fuel prices jumped 57 percent, continued to put downward pressure on operating results.
- Net results fell into the red, declining \$37.5 million to a loss of \$0.8 million. Alaska and TWA were the only majors to report a net loss for the quarter.
- Both entities reported operating ant net deteriorations and losses with domestic operations leading the way. Domestic operating profit fell \$40.2 million to \$10 million and domestic net results were down \$33.1 million to zero.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	50.2	10.0	-40.2	33.1	0.0	-33.1	2.7	2.7	1.0	3.9	3.8	-3.4	71.9%
Int'l	5.7	-1.4	-7.1	3.6	-0.8	-4.4	0.3	0.3	16.4	0.3	0.4	24.8	77.0%
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	5.7	-1.4	-7.1	3.6	-0.8	-4.4	0.3	0.3	16.4	0.3	0.4	24.8	77.0%
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	55.9	8.6	-47.3	36.7	-0.8	-37.5	3.0	3.0	2.4	4.3	4.2	-1.3	72.4%

- RPM traffic rose 2.4 percent while ASM capacity slid 1.3 percent, causing the passenger load factor to rise 2.6 percentage points to 72.4 percent.
- The operating profit margin tumbled 11.1 percentage points from a year ago, the largest decline among the majors, but still remained positive at 1.9 percent.
- RTM unit cost growth, up 14.7 percent, far exceeded RTM yield growth, up 1.8 percent, causing the erosion in profits.
- Interest expense rose \$7.6 million to \$7.8 million.
- Passenger (RPM) yield rose 3.5 percent to 13.13 cents.

### 12-MONTH RESULTS

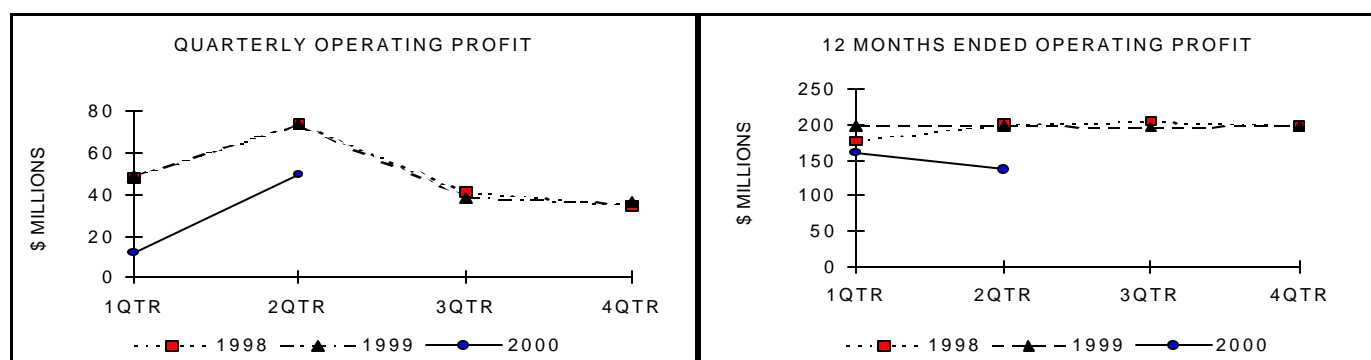
- Operating expense growth continued to accelerate, up 14 percent, while operating revenue growth again slowed, up 5.8 percent, resulting in a \$105.6 million drop in operating profit to \$91 million.
- Net income was down \$64 million to \$56.7 million.
- The passenger load factor rose 1.3 percentage points to 68.8 percent, as RPM traffic, up 2.9 percent, grew faster than ASM capacity, up 1 percent.
- Passenger (RPM) yield increased 4.1 percent to 12.75 cents.
- Interest expense was still the lowest among the passenger majors, despite rising \$12.2 million to \$24.3 million.
- Total debt more than doubled, jumping \$201.7 million to \$389 million, but was still the lowest among the majors. This increase more than offset rising equity causing the debt-to-investment ratio to jumped 15.3 percentage points to 38.9 percent.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	446.4	430.9	1,732.4	1,716.9	1,695.6	1,666.2	1,636.7
2	Operating Expenses	437.9	375.1	1,641.4	1,578.6	1,518.9	1,473.1	1,440.1
3	Operating Profit (Loss)	8.6	55.9	91.0	138.3	176.7	193.1	196.6
4	Net Income (Loss)	-0.8	36.7	56.7	94.2	119.4	128.9	120.7
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	3.05	2.98	11.95	11.88	11.77	11.68	11.61
6	ASMs - Scheduled Rev. Svc.	4.21	4.26	17.37	17.43	17.31	17.20	17.19
7	Overall RTMs (All Svc.)	0.32	0.32	1.27	1.26	1.25	1.24	1.24
8	Overall ATMs (All Svc.)	0.55	0.56	2.28	2.29	2.27	2.26	2.25
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	138.1	135.7	136.6	136.0	135.5	134.1	132.4
10	Operating Expense per RTM	135.5	118.1	129.5	125.1	121.4	118.5	116.5
11	Operating Profit (Loss) per RTM	2.6	17.6	7.2	11.0	14.1	15.5	15.9
12	Operating Expense per ATM	79.2	67.2	71.9	69.0	66.9	65.3	63.9
13	Passenger Revenue per RPM	13.13	12.69	12.75	12.64	12.58	12.43	12.25
<b>FINANCIAL RATIOS:</b>								
14	Operating Revenues to Total Investment	*	*	1.82	1.90	2.01	2.11	2.15
15	Times Interest Earned	*	*	8.11	12.83	20.44	22.33	17.80
16	Current Assets to Current Liabilities	*	*	0.75	0.77	0.83	0.69	0.81
17	No. of Days Cash Coverage of Cash Exp.	*	*	65.1	66.0	82.7	63.9	85.1
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	1.9	13.0	5.3	8.1	10.4	11.6	12.0
19	Net Income to Stockholders Equity	*	*	8.9	14.9	19.6	22.2	22.1
20	Corporate Return on Investment	*	*	7.5	11.9	15.4	17.6	17.4
21	Debt to Total Investment	*	*	38.9	37.5	37.6	21.7	23.6
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	72.4	69.8	68.8	68.2	68.0	67.9	67.5
23	Breakeven	73.4	62.7	68.0	65.4	63.1	61.9	61.1
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	8,582	8,357	8,455	8,399	8,312	8,199	8,073
25	Overall RTM's per Employee (000)	37.7	38.0	149.9	150.3	150.5	151.6	153.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	3.6	6.3	5.8	6.6	7.2	7.3	7.2
27	Operating Expenses (%)	16.7	8.0	14.0	11.8	9.6	7.5	6.3
28	Operating Profit (Loss) (in Millions \$)	-47.3	-2.0	-105.6	-60.4	-18.3	9.8	23.9
29	Net Income (Loss)(in Millions \$)	-37.5	0.1	-64.0	-26.4	2.9	22.7	14.9
30	RPMs (Sch. Svc.) (%)	2.4	3.5	2.9	3.2	4.4	6.2	8.2
31	ASMs (Sch. Svc.) (%)	-1.3	2.4	1.0	2.0	3.2	4.9	7.8
32	Operating Revenues per RTM (%)	1.8	3.7	3.2	3.7	3.3	2.0	0.0
33	Operating Expense per RTM (%)	14.7	5.4	11.2	8.8	5.6	2.2	-0.8
34	Passenger Revenue per RPM (Sch. Svc.)(	3.5	3.8	4.1	4.2	3.4	1.4	-0.6

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



## **QUARTERLY RESULTS**

- Operating expenses jumped 15.8 percent, outpacing the 9.2 percent increase in operating revenues, resulting in a \$24.8 million decline in operating profit to \$49.3 million.
- This decline in large part arose as total fuel expenses rose \$34.5 million (64.2 percent). Total fuel expense comprised 15.7 percent of total operating expense, up from 11 percent a year ago.
- Net income slid \$13.2 million to \$28.3 million.
- Both the domestic and Latin entities reported declines in operating and net results, but only Latin operation fell into the red as domestic operations remained positive.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	73.0	53.6	-19.3	40.6	32.7	-7.9	4.4	4.9	12.3	6.4	6.7	5.3	73.7%
Int'l	1.1	-4.4	-5.4	0.9	-4.4	-5.4	0.1	0.1	15.7	0.1	0.1	-3.0	73.8%
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	1.1	-4.4	-5.4	0.9	-4.4	-5.4	0.1	0.1	15.7	0.1	0.1	-3.0	73.8%
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	74.1	49.3	-24.8	41.5	28.3	-13.3	4.5	5.0	12.4	6.5	6.8	5.1	73.7%

- RPM traffic, up 12.4 percent, grew more than twice as fast as ASM capacity, up 5.1 percent, producing a 4.7 percentage point increase in the passenger load factor to 72.4 percent.
- Passenger (RPM) yield declined 2.3 percent to 11.44 cents.
- Interest expense declined \$1.8 million to a major group low \$7.4 million.

## **12-MONTH RESULTS**

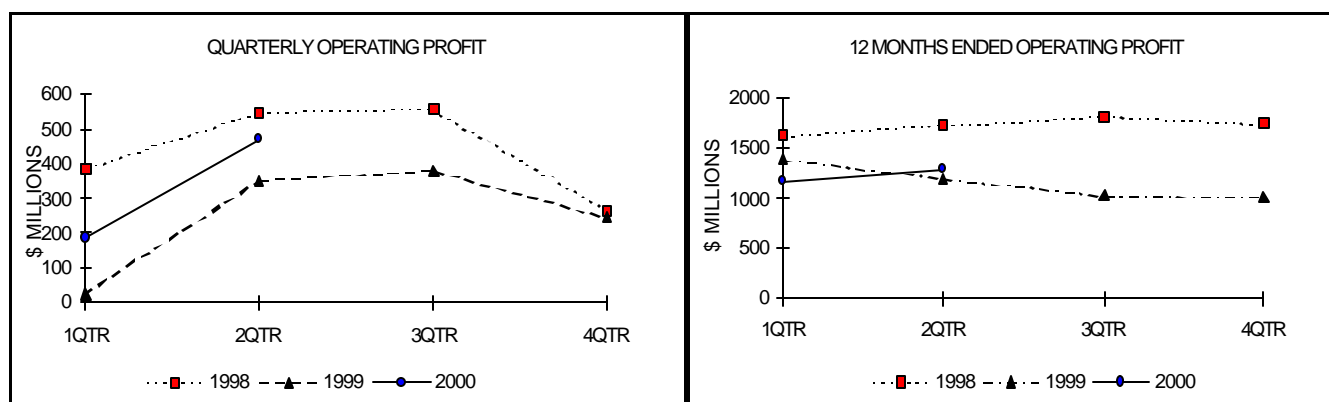
- For the fifth consecutive period, operating expenses, up 14.2 percent, grew faster than operating revenues, up 9.8 percent, resulting in a \$63.1 million decline in operating profit to \$136.1 million.
- Net income was down \$10.9 million to \$94 million.
- Interest expense declined \$5.8 million to \$31.8 million.
- RPM traffic rose 9.5 percent, while ASM capacity increased a lesser 5.5 percent, causing the passenger load factor to increase 2.9 percentage points to 70.3 percent.
- Passenger (RPM) yield climbed 0.4 percent to 11.39 cents.
- Total debt increased \$201.7 million to \$389 million, still the lowest level among the passenger majors. This, coupled with rising equity, caused the debt-to-investment ratio to decline 4.7 percentage points to 20.2 percent, the lowest among all passenger majors.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	609.8	558.3	2,255.0	2,203.4	2,164.0	2,103.5	2,054.6
2	Operating Expenses	560.5	484.2	2,118.9	2,042.5	1,966.1	1,906.9	1,855.4
3	Operating Profit (Loss)	49.3	74.1	136.1	160.9	197.9	196.6	199.2
4	Net Income (Loss)	28.3	41.5	94.0	107.2	116.6	106.9	104.9
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	5.03	4.47	18.55	17.99	17.69	17.19	16.94
6	ASMs - Scheduled Rev. Svc.	6.82	6.49	26.40	26.07	25.87	25.53	25.12
7	Overall RTMs (All Svc.)	0.52	0.47	1.94	1.89	1.87	1.81	1.79
8	Overall ATMs (All Svc.)	0.88	0.82	3.38	3.32	3.28	3.23	3.17
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	116.4	118.4	116.0	116.4	116.0	115.9	114.8
10	Operating Expense per RTM	107.0	102.7	109.0	107.9	105.4	105.1	103.6
11	Operating Profit (Loss) per RTM	9.4	15.7	7.0	8.5	10.6	10.8	11.1
12	Operating Expense per ATM	64.0	59.2	62.8	61.6	59.9	59.1	58.6
13	Passenger Revenue per RPM	11.44	11.71	11.39	11.45	11.44	11.45	11.35
<b>FINANCIAL RATIOS:</b>								
14	Operating Revenues to Total Investment	*	*	2.02	1.97	1.95	1.91	1.91
15	Times Interest Earned	*	*	7.37	7.76	7.85	6.97	6.95
16	Current Assets to Current Liabilities	*	*	1.10	1.14	1.12	1.04	0.88
17	No. of Days Cash Coverage of Cash Exp.	*	*	34.3	22.3	23.3	48.8	36.3
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	8.1	13.3	6.0	7.3	9.1	9.3	9.7
19	Net Income to Stockholders Equity	*	*	10.7	12.6	14.1	13.4	13.5
20	Corporate Return on Investment	*	*	10.7	12.0	13.2	12.6	12.7
21	Debt to Total Investment	*	*	20.2	18.4	18.5	23.7	24.9
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	73.7	69.0	70.3	69.0	68.4	67.3	67.4
23	Breakeven	68.4	60.0	67.1	64.9	62.9	61.7	61.5
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	10,321	9,606	10,100	9,922	9,749	9,530	9,248
25	Overall RTM's per Employee (000)	50.8	49.1	192.5	190.7	191.3	190.4	193.6

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.2	6.8	9.8	9.1	9.1	7.2	6.0
27	Operating Expenses (%)	15.8	7.8	14.2	12.2	10.1	8.5	6.7
28	Operating Profit (Loss) (in Millions \$)	-24.8	0.3	-63.1	-38.0	0.1	-8.0	-0.9
29	Net Income (Loss)(in Millions \$)	-13.2	1.3	-10.9	3.7	13.6	2.6	1.9
30	RPMs (Sch. Svc.) (%)	12.4	4.5	9.5	7.4	8.2	6.2	6.1
31	ASMs (Sch. Svc.) (%)	5.1	6.9	5.1	5.5	6.6	6.5	5.7
32	Operating Revenues per RTM (%)	-1.7	3.1	1.0	2.3	1.8	2.0	1.5
33	Operating Expense per RTM (%)	4.2	4.2	5.2	5.2	2.6	3.3	2.2
34	Passenger Revenue per RPM (Sch. Svc.)(	-2.3	2.4	0.4	1.6	1.0	1.1	0.5

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



## **QUARTERLY RESULTS**

- Operating profit improved \$119.1 million to \$469.9 million as operating revenues, up 12.9 percent, grew faster than operating expenses, up 10.9 percent.
- This improvement occurred despite a \$152.9 million (44 percent) jump in total fuel expense. Unit fuel prices rose 44.6 percent, one of the smallest percentage increases among the majors, while consumption dipped 1.3 percent.
- Net income advanced \$109.7 million to \$323.6 million.
- Except for a small decline in Latin operating results, all entities reported improvements and profits in both operating and net results. Domestic operations experienced a gain in operating profit of \$35.4 million to \$329.5 million, and net income rose \$47.5 million to \$226.5 million

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	294.1	329.5	35.4	179.0	226.5	47.5	19.1	20.6	8.0	26.8	27.1	1.2	75.9%
Int'l	56.7	140.4	83.7	35.0	97.1	62.1	9.1	9.8	7.7	12.5	13.0	3.5	76.0%
Atlantic	35.8	102.0	66.2	21.9	67.5	45.6	4.2	4.7	10.1	5.1	5.4	6.4	86.2%
Latin	23.1	19.1	-4.0	14.3	16.6	2.3	4.0	4.2	4.8	6.2	6.3	1.7	66.8%
Pacific	-2.2	19.3	21.5	-1.3	13.0	14.2	0.9	1.0	9.7	1.2	1.2	0.9	78.6%
System	350.8	469.9	119.2	213.9	323.6	109.7	28.2	30.4	7.9	39.3	40.1	1.9	75.9%

- For the fourth consecutive quarter, passenger (RPM) yield rose from the same quarter a year ago, up 6 percent to 13.75 cents.
- The passenger load factor rose a strong 4.2 percentage points to 75.9 percent as RPM traffic, up 7.9 percent, grew much faster than ASM capacity, up 1.9 percent.
- Interest expense dipped \$0.8 million to \$35.7 million.

## **12-MONTH RESULTS**

- After five consecutive year-over-year declines, both operating and net profit for the 12 months ended June 2000 was up from a year ago.
- Operating profit improved \$85.3 million to \$1.28 billion.
- Net income rose \$48.4 million to \$806.9 million.
- RPM traffic rose 5.9 percent, exceeding the 5.1 percent increase in ASM capacity, causing the passenger load factor to decline 0.5 percentage points to 70.7 percent.
- Passenger (RPM) yield increased 3.1 percent to 13.52 cents.
- Interest expense rose \$24.9 million to \$136.4 million.
- Total debt was up \$719.3 million to \$3.88 billion, outpacing equity growth, causing the debt-to-investment ratio to rise 1.7 percentage points to 33.8 percent.



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

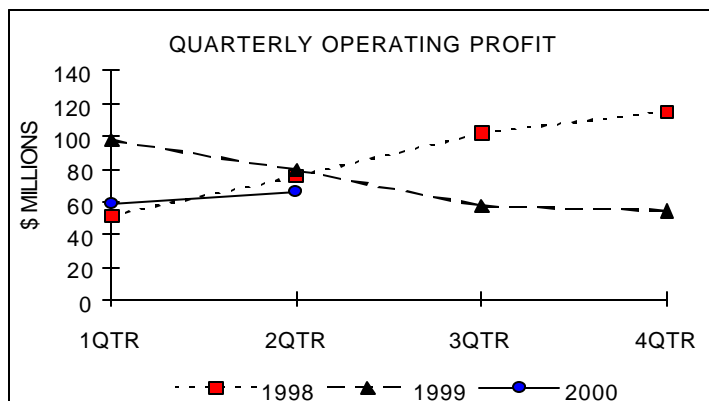
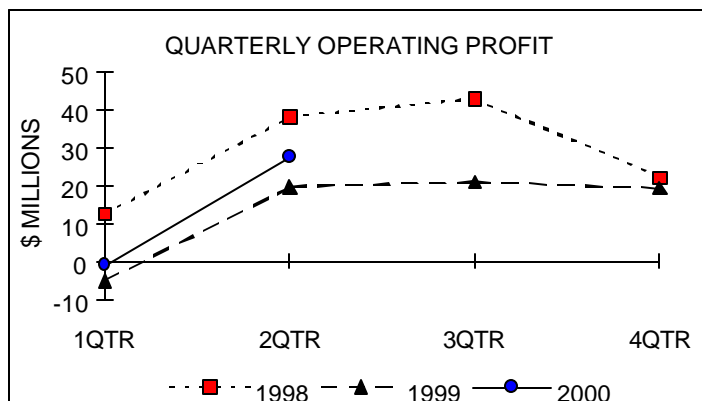
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<b>FINANCIAL RESULTS: (\$Millions)</b>							
1	Operating Revenues	4,610.2	4,083.1	17,198.6	16,671.5	16,085.5	15,824.1	15,845.1
2	Operating Expenses	4,140.2	3,732.3	15,917.5	15,509.5	15,082.6	14,802.4	14,649.4
3	Operating Profit (Loss)	469.9	350.8	1,281.1	1,162.0	1,002.9	1,021.7	1,195.8
4	Net Income (Loss)	323.6	213.9	806.9	697.2	625.8	635.4	758.5
	<b>TRAFFIC: (Billions)</b>							
5	RPMs - Scheduled Rev. Svc.	30.43	28.19	114.76	112.53	110.15	109.12	108.42
6	ASMs - Scheduled Rev. Svc.	40.07	39.31	162.35	161.60	158.22	156.19	154.48
7	Overall RTMs (All Svc.)	3.62	3.33	13.89	13.61	13.26	13.03	12.77
8	Overall ATMs (All Svc.)	6.43	6.07	25.75	25.38	24.76	24.28	23.66
	<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>							
9	Operating Revenue per RTM	127.4	122.5	123.8	122.5	121.3	121.4	124.0
10	Operating Expense per RTM	114.4	111.9	114.6	114.0	113.8	113.6	114.7
11	Operating Profit (Loss) per RTM	13.0	10.5	9.2	8.5	7.6	7.8	9.4
12	Operating Expense per ATM	64.4	61.5	61.8	61.1	60.9	61.0	61.9
13	Passenger Revenue per RPM	13.75	12.97	13.52	13.32	13.12	12.99	13.11
	<b>FINANCIAL RATIOS:</b>							
14	Operating Revenues to Total Investment	*	*	1.60	1.62	1.63	1.68	1.77
15	Times Interest Earned	*	*	-84.99	-72.81	-42.47	-56.63	-41.39
16	Current Assets to Current Liabilities	*	*	0.85	0.89	0.92	0.85	0.79
17	No. of Days Cash Coverage of Cash Exp.	*	*	57.1	48.0	44.4	39.1	31.2
	<b>FINANCIAL PERCENTAGES:</b>							
18	Operating Profit (Loss) to Operating Reven	10.2	8.6	7.4	7.0	6.2	6.5	7.5
19	Net Income to Stockholders Equity	*	*	11.3	10.1	9.3	9.7	12.0
20	Corporate Return on Investment	*	*	7.4	6.6	6.1	6.6	8.1
21	Debt to Total Investment	*	*	33.8	34.5	35.4	33.6	32.1
	<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>							
22	Actual	75.9	71.7	70.7	69.6	69.6	69.9	70.2
23	Breakeven	69.4	67.0	67.0	66.3	66.8	67.2	66.5
	<b>Employment &amp; Productivity:</b>							
24	Employment, Total Weighted Avg CY	83,123	77,629	81,612	80,238	78,757	77,296	76,008
25	Overall RTM's per Employee (000)	43.5	42.9	170.3	169.6	168.3	168.6	168.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	12.9	-2.6	8.5	4.5	-1.3	-3.5	-2.4
27	Operating Expenses (%)	10.9	2.3	8.7	6.5	3.7	1.6	1.1
28	Operating Profit (Loss) (in Millions \$)	119.1	-195.1	85.3	-228.9	-745.5	-798.6	-538.3
29	Net Income (Loss)(in Millions \$)	109.7	-117.0	48.4	-178.3	-437.1	-461.9	-259.5
30	RPMs (Sch. Svc.) (%)	7.9	1.0	5.9	4.1	1.2	0.8	0.7
31	ASMs (Sch. Svc.) (%)	1.9	1.0	5.1	4.9	2.0	1.0	0.2
32	Operating Revenues per RTM (%)	4.0	-3.5	-0.2	-2.2	-4.1	-4.8	-2.1
33	Operating Expense per RTM (%)	2.2	1.4	-0.1	-0.3	0.8	0.3	1.5
34	Passenger Revenue per RPM (Sch. Svc.)(	6.0	-4.4	3.1	0.5	-2.7	-5.0	-3.6

# QUARTERLY FINANCIAL & TRAFFIC REVIEW

## SYSTEM OPERATIONS

### AMERICAN EAGLE 1/



### **QUARTERLY RESULTS**

- Operating revenue growth, up 19 percent, slightly outpaced operating expense growth, up 17.4 percent, resulting in operating profit rising \$7.7 million to \$27.3 million.
- This gain occurred even though total fuel expense more than doubled from the prior year, up 70.5 percent (\$9.4 million). Fuel consumption increased 14.3 percent and unit fuel prices jumped 49.1 percent.
- Net income climbed \$8.9 million to \$133.4 million.
- RPM traffic advanced 16.4 percent, but ASM capacity grew faster, up 18.5 percent, causing the passenger load factor to slide 1.1 percentage points to a major group low 64.2 percent.
- Passenger (RPM) yield rose 2.8 percent to a major group high 37.41 cents.
- Interest expense rose \$29.9 million to \$37.9 million.
- Profitability was enhanced as RTM yield rose 2.2 percent and RTM unit costs were up a lower 0.8 percent.

### **12-MONTH RESULTS**

- Although the declining growth rate in operating revenues reversed, rising 11.4 percent, operating revenues still grew faster, up 13.7 percent, resulting in the fourth consecutive period of decline in operating profit, down \$13 million to \$66.2 million.
- Net income fell \$31 million but remained in the black at a positive \$4.4 million.
- RPM traffic growth, up 12.7 percent, was less than ASM capacity growth, up 15.3 percent, leading to a 1.4 percentage point in the passenger load factor to 61.6 percent, a major group low.
- Although passenger (RPM) yield was down from a year ago, slipping 0.8 percent to 37.05 cents, the rate of decline has slowed substantially during the last year.
- Rising equity was overshadowed by increasing debt, up \$1.6 billion to \$2.22 billion, causing the debt-to-investment ratio to jump a major group high 19.4 percentage points to 89.4 percent. Only TWA was higher at 150.9 percent.

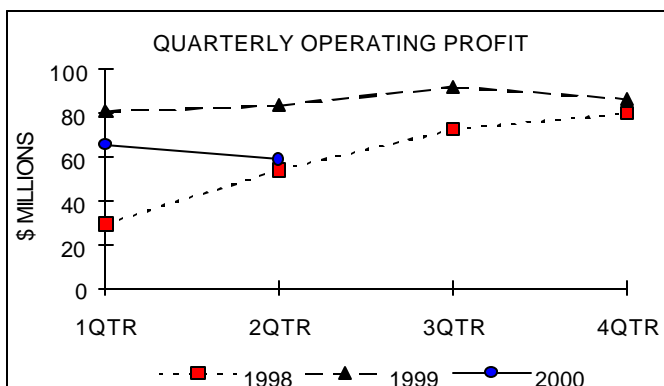
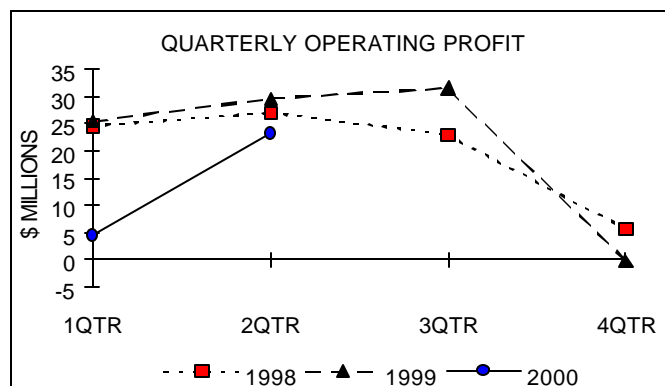
1/ American Eagle became a major group air carrier effective January 1, 2000.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	314.4	264.1	1,135.2	1,084.9	1,036.5	1,017.8	1,019.4
2	Operating Expenses	287.1	244.5	1,068.9	1,026.3	982.1	960.5	940.2
3	Operating Profit (Loss)	27.3	19.6	66.2	58.5	54.4	57.3	79.2
4	Net Income (Loss)	4.7	8.6	4.4	8.2	18.4	21.3	35.4
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	0.81	0.69	2.94	2.83	2.70	2.66	2.61
6	ASMs - Scheduled Rev. Svc.	1.26	1.06	4.78	4.58	4.37	4.27	4.15
7	Overall RTMs (All Svc.)	0.08	0.07	0.30	0.28	0.27	0.27	0.26
8	Overall ATMs (All Svc.)	0.14	0.12	0.54	0.52	0.49	0.48	0.47
	<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	387.1	378.8	384.0	381.8	381.5	381.8	388.8
10	Operating Expense per RTM	353.5	350.7	361.6	361.2	361.5	360.3	358.6
11	Operating Profit (Loss) per RTM	33.6	28.1	22.4	20.6	20.0	21.5	30.2
12	Operating Expense per ATM	199.1	203.7	196.5	197.4	198.7	199.7	201.9
13	Passenger Revenue per RPM	37.41	36.40	37.05	36.79	36.70	36.68	37.36
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	0.65	0.82	1.18	1.31	1.48
15	Times Interest Earned	*	*	1.57	1.80	2.53	2.89	4.05
16	Current Assets to Current Liabilities	*	*	1.30	1.38	1.34	1.17	1.27
17	No. of Days Cash Coverage of Cash Exp.	*	*	76.8	75.4	78.8	79.5	78.2
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Reven	8.7	7.4	5.8	5.4	5.2	5.6	7.8
19	Net Income to Stockholders Equity	*	*	1.6	3.1	7.1	8.5	14.6
20	Corporate Return on Investment	*	*	2.2	2.7	4.6	5.3	8.0
21	Debt to Total Investment	*	*	89.4	89.2	75.1	72.6	70.0
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	64.2	65.3	61.6	61.7	61.9	62.2	63.0
23	Breakeven	58.1	59.7	57.7	57.8	58.1	58.1	57.3
	<u>Employment &amp; Productivity:</u>							
24	Employment, Total Weighted Avg CY	31,578	6,855	17,873	9,626	7,013	6,852	6,735
25	Overall RTM's per Employee (000)	2.6	10.2	16.5	29.5	38.7	38.9	38.9

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	19.0	1.1	11.4	6.7	13.6	28.7	58.0
27	Operating Expenses (%)	17.4	9.6	13.7	11.7	23.1	39.4	65.1
28	Operating Profit (Loss) (in Millions \$)	7.7	-18.4	-13.0	-39.2	-60.8	-44.6	3.7
29	Net Income (Loss)(in Millions \$)	-3.9	-12.1	-31.0	-39.3	-41.0	-22.0	2.2
30	RPMs (Sch. Svc.) (%)	16.4	40.2	12.7	17.2	26.9	48.0	76.7
31	ASMs (Sch. Svc.) (%)	18.5	39.1	15.3	19.1	28.4	48.1	71.0
32	Operating Revenues per RTM (%)	2.2	-9.2	-1.2	-4.2	-5.2	-6.8	-2.8
33	Operating Expense per RTM (%)	0.8	-1.6	0.8	0.3	2.8	1.0	1.6
34	Passenger Revenue per RPM (Sch. Svc.)(	2.8	-28.0	-0.8	-8.8	-10.5	-13.1	-10.4

# **QUARTERLY FINANCIAL & TRAFFIC REVIEW** **SYSTEM OPERATIONS** **AMERICAN TRANS AIR 1/**



## **QUARTERLY RESULTS**

- Despite rapid growth in operating revenues, up 21.7 percent, operating expenses jumped 27.5 percent resulting in a \$6.5 million decline in operating profit to \$23.2 million.
- Much of this decline can be attributed to rapid rises in total fuel expense, which jumped \$24.7 million (65.5 percent) from the same period a year ago.
- Net income slid \$6.1 million to \$10.8 million.
- Domestic operating profit fell \$13.8 million to \$19 million and domestic net income was down \$13.2 million to \$9.3 million, offsetting the gains in Atlantic operations producing the systemwide deteriorations.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	32.8	19.0	-13.8	22.5	9.3	-13.2	1.7	2.0	15.7	2.1	2.4	13.7	81.7%
Int'l	-3.1	4.2	7.3	-5.6	1.5	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Atlantic	-3.1	4.2	7.3	-5.6	1.5	7.0	0.0	0.0	-50.0	0.0	0.0	-53.7	72.5%
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	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	29.7	23.2	-6.5	16.9	10.8	-6.2	1.8	2.0	14.4	2.2	2.5	12.2	81.6%

- RPM traffic gained 14.4 percent outpacing the 12.2 percent increase in ASM capacity causing the passenger load factor to rise 0.5 percentage points to a major group high 81.8 percent.
- Passenger (RPM) yield soared a major group high 44.1 percent to 13.24 cents, the strongest increase among the majors.
- Interest expense rose \$10 million to \$26.5 million.

## **12-MONTH RESULTS**

- Operating profit was down from a year ago for the second consecutive period, declining \$24.9 million to \$58.7 million, as operating expenses, up 22.7 percent, grew faster than operating revenues, up 18 percent.
- Net income dropped \$21.4 million to \$22.6 million.
- RPM traffic growth, up 23.9 percent, exceeded ASM capacity growth, up 21.5 percent, causing the passenger load factor to climb 1.5 percentage points to a group high 77.9 percent.
- Passenger (RPM) yield dipped 0.1 percent to 10.52 cents.
- Rising equity was overshadowed by increasing debt, up \$103.8 million (40 percent) to \$358.3 billion, causing the debt-to-investment ratio to go up 0.9 percentage points to 76.2 percent.

**QUARTERLY FINANCIAL & TRAFFIC REVIEW  
SYSTEM OPERATIONS  
AMERICAN TRANS AIR**

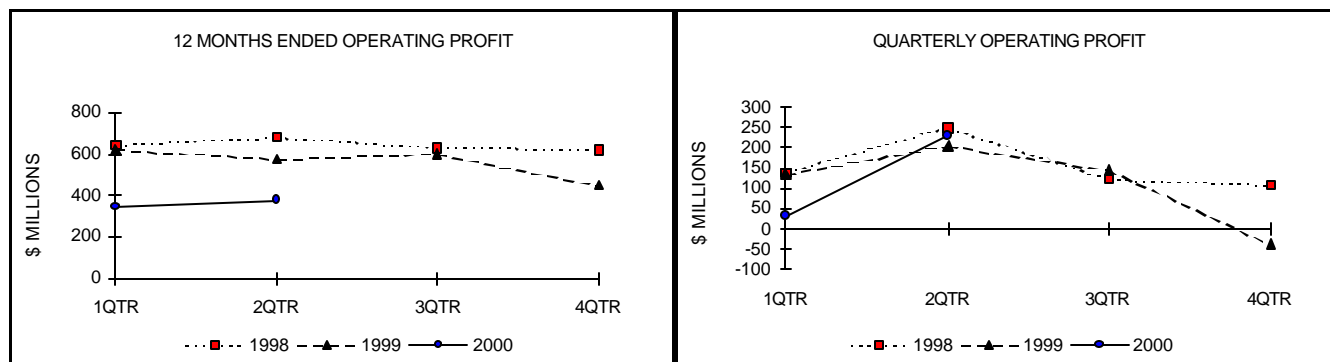
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	307.1	252.3	1,096.5	1,041.7	1,001.3	973.6	929.3
2	Operating Expenses	284.0	222.7	1,037.7	976.5	915.0	881.5	845.7
3	Operating Profit (Loss)	23.2	29.7	58.7	65.2	86.3	92.1	83.6
4	Net Income (Loss)	10.8	16.9	22.6	28.8	43.3	50.0	44.0
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	2.00	1.75	7.29	7.04	6.81	6.63	5.89
6	ASMs - Scheduled Rev. Svc.	2.45	2.19	9.36	9.09	8.78	8.64	7.70
7	Overall RTMs (All Svc.)	0.26	0.26	1.07	1.07	1.05	1.04	1.00
8	Overall ATMs (All Svc.)	0.32	0.35	1.43	1.46	1.42	1.43	1.39
	<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	120.0	96.5	102.7	97.1	95.4	93.7	93.1
10	Operating Expense per RTM	111.0	85.1	97.2	91.0	87.2	84.8	84.8
11	Operating Profit (Loss) per RTM	9.0	11.3	5.5	6.1	8.2	8.9	8.4
12	Operating Expense per ATM	87.9	63.2	72.4	66.7	64.3	61.6	60.7
13	Passenger Revenue per RPM	13.56	9.41	10.52	9.38	9.91	9.96	10.53
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	2.60	2.67	2.81	3.11	3.34
15	Times Interest Earned	*	*	2.96	3.74	5.86	7.42	7.84
16	Current Assets to Current Liabilities	*	*	0.92	0.90	0.89	0.85	0.86
17	No. of Days Cash Coverage of Cash Exp.	*	*	48.9	54.7	54.3	50.0	57.5
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Reven	7.5	11.8	5.4	6.3	8.6	9.5	9.0
19	Net Income to Stockholders Equity	*	*	22.6	31.6	53.5	71.1	76.8
20	Corporate Return on Investment	*	*	10.3	12.1	16.5	20.1	19.8
21	Debt to Total Investment	*	*	76.2	78.0	77.3	73.6	75.3
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	81.6	80.1	77.9	77.4	77.6	76.7	76.4
23	Breakeven	72.0	65.4	71.4	70.1	67.9	65.9	66.1
	<u>Employment &amp; Productivity:</u>							
24	Employment, Total Weighted Avg CY	0	0	0	0	0	0	0
25	Overall RTM's per Employee (000)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	21.7	10.0	18.0	14.9	14.0	13.8	12.7
27	Operating Expenses (%)	27.5	10.0	22.7	18.3	14.6	12.6	9.7
28	Operating Profit (Loss) (in Millions \$)	-6.5	2.7	-24.9	-15.7	6.2	19.4	29.5
29	Net Income (Loss)(in Millions \$)	-6.1	0.5	-21.4	-14.7	-0.1	9.4	15.3
30	RPMs (Sch. Svc.) (%)	14.4	17.3	23.9	25.1	26.0	29.2	12.1
31	ASMs (Sch. Svc.) (%)	12.2	14.2	21.5	22.3	22.4	26.0	7.7
32	Operating Revenues per RTM (%)	24.4	5.1	10.3	5.7	4.4	3.5	6.8
33	Operating Expense per RTM (%)	30.4	5.1	14.6	8.7	4.9	2.4	4.0
34	Passenger Revenue per RPM (Sch. Svc.)(	44.1	7.3	-0.1	-10.0	5.0	5.7	23.2

# QUARTERLY FINANCIAL & TRAFFIC REVIEW

## SYSTEM OPERATIONS

### CONTINENTAL AIR LINES 1/



## QUARTERLY RESULTS

- Operating expense growth, up 16.1 percent, slightly outpaced operating revenue growth, up 15.8 percent, but operating profit still rose \$26.3 million to \$230 million.
- This gain occurred even though total fuel expense more than doubled from the prior year, up 101.2 percent (\$147.9 million). Fuel consumption dipped 0.2 percent, but unit fuel prices soared 101.5 percent.
- Net income climbed \$8.9 million to \$133.4 million.
- All entities reported an operating and net profit for the quarter, and except for declines reported in Latin operating profit and domestic net income, all entities experienced year-to-year improvement in both operating and net results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	144.1	153.9	9.8	76.7	60.9	-15.8	9.8	10.4	6.2	13.2	13.6	2.5	76.9%
Int'l	59.6	76.1	16.5	47.8	72.5	24.7	5.0	6.0	19.6	6.6	7.5	13.3	79.4%
Atlantic	46.2	60.4	14.2	42.3	60.2	17.9	2.7	3.5	32.1	3.3	4.2	26.2	84.9%
Latin	8.4	8.0	-0.4	5.0	9.5	4.5	1.5	1.7	12.9	2.3	2.5	6.4	70.2%
Pacific 1/	4.9	7.7	2.7	0.5	2.8	2.3	0.8	0.7	-9.9	1.0	0.9	-13.0	79.1%
System	203.7	230.0	26.3	124.5	133.4	8.9	14.8	16.4	10.8	19.9	21.1	6.1	77.8%

- RPM traffic, up 10.8 percent, grew faster than ASM capacity, up 6.1 percent, causing the passenger load factor to increase 3.3 percentage points at 77.8 percent.
- Passenger (RPM) yield jumped 7.6 percent to 13.24 cents, the strongest increase (along with TWA) among the majors.
- Interest expense rose \$16.4 million to \$57.7 million.

## 12-MONTH RESULTS

- Operating profit was down from a year ago for the seventh consecutive period, declining \$201 million to \$371 million, as operating expenses, up 12.3 percent, continued to grow faster than operating revenues, up 9 percent.
- Reflecting in part the fourth quarter 1999 capital gain of \$182 million arising from the sale of the company's interest in Amadeus Global Travel, net income advanced \$62.4 million to \$381.3 million.
- RPM traffic growth, up 8.6 percent, exceeded ASM capacity growth, up 6.7 percent, causing the passenger load factor to climb 1.3 percentage points to 74.3 percent.
- After twelve consecutive quarter ended 12-month periods of decline, passenger (RPM) yield rose 1.6 percent to 12.49 cents.
- Rising equity was overshadowed by increasing debt, up \$208.9 million to \$3.35 billion, causing the debt-to-investment ratio to go up 2.1 percentage points to 66.5 percent.

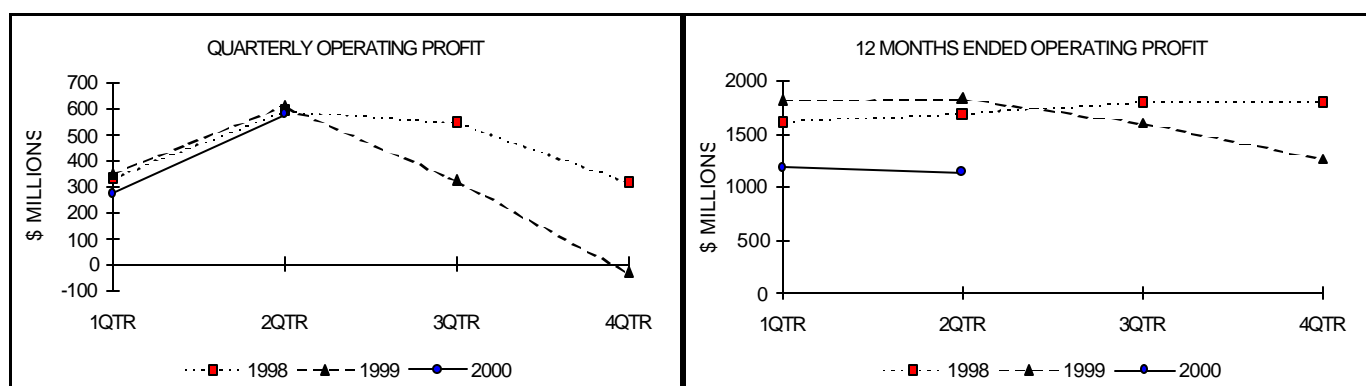
- 1/ Beginning in 1993, all of Continental's Pacific operations are reported by Air Micronesia which now reports its results separately. To be consistent for internal and analytical purposes, all of Continental's financial and traffic results for all quarterly and 12-month ended periods have been retroactively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

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<b>FINANCIAL RESULTS: (\$Millions)</b>							
1	Operating Revenues	2,449.6	2,115.6	8,892.3	8,558.2	8,381.5	8,248.1	8,161.2
2	Operating Expenses	2,219.6	1,911.9	8,521.2	8,213.5	7,932.5	7,651.4	7,589.2
3	Operating Profit (Loss)	230.0	203.7	371.0	344.7	449.1	596.7	572.0
4	Net Income (Loss)	133.4	124.5	381.3	372.4	449.6	362.0	318.9
	<b>TRAFFIC: (Billions)</b>							
5	RPMs - Scheduled Rev. Svc.	16.40	14.81	62.17	60.57	59.49	58.11	57.22
6	ASMs - Scheduled Rev. Svc.	21.09	19.87	83.67	82.46	80.95	79.59	78.43
7	Overall RTMs (All Svc.)	1.92	1.70	7.26	7.05	6.90	6.71	6.59
8	Overall ATMs (All Svc.)	2.80	2.58	10.99	10.77	10.56	10.34	10.21
	<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>							
9	Operating Revenue per RTM	127.7	124.2	122.4	121.4	121.5	123.0	123.9
10	Operating Expense per RTM	115.7	112.3	117.3	116.5	115.0	114.1	115.2
11	Operating Profit (Loss) per RTM	12.0	12.0	5.1	4.9	6.5	8.9	8.7
12	Operating Expense per ATM	79.1	74.1	77.5	76.3	75.1	74.0	74.3
13	Passenger Revenue per RPM	13.24	12.31	12.49	12.25	12.16	12.20	12.29
	<b>FINANCIAL RATIOS:</b>							
14	Operating Revenues to Total Investment	*	*	1.75	1.71	1.75	1.84	1.93
15	Times Interest Earned	*	*	3.24	3.33	4.23	4.44	4.35
16	Current Assets to Current Liabilities	*	*	0.69	0.72	0.79	0.90	0.89
17	No. of Days Cash Coverage of Cash Exp.	*	*	59.0	65.5	76.5	64.9	63.1
	<b>FINANCIAL PERCENTAGES:</b>							
18	Operating Profit (Loss) to Operating Reven	9.4	9.6	4.2	4.0	5.4	7.2	7.0
19	Net Income to Stockholders Equity	*	*	22.6	22.5	28.2	24.3	22.8
20	Corporate Return on Investment	*	*	12.0	11.7	13.4	11.8	11.3
21	Debt to Total Investment	*	*	66.5	68.7	67.2	66.6	64.4
	<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>							
22	Actual	77.8	74.5	74.3	73.5	73.5	73.0	73.0
23	Breakeven	71.1	70.0	73.2	73.1	72.3	70.4	70.4
	<b>Employment &amp; Productivity:</b>							
24	Employment, Total Weighted Avg CY	35,491	34,195	35,248	34,924	34,438	33,756	33,048
25	Overall RTM's per Employee (000)	54.1	49.8	206.1	201.8	200.2	198.7	199.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	15.8	4.5	9.0	6.0	6.0	5.8	8.2
27	Operating Expenses (%)	16.1	7.8	12.3	10.2	8.9	6.8	10.7
28	Operating Profit (Loss) (in Millions \$)	26.3	-46.7	-201.0	-274.0	-171.6	-30.8	-110.4
29	Net Income (Loss)(in Millions \$)	8.9	-31.9	62.4	21.6	103.8	22.9	-80.4
30	RPMs (Sch. Svc.) (%)	10.8	6.3	8.6	7.5	8.4	8.1	10.4
31	ASMs (Sch. Svc.) (%)	6.1	5.3	6.7	6.5	6.3	6.6	8.0
32	Operating Revenues per RTM (%)	2.8	-0.6	-1.2	-2.1	-1.9	-0.8	-0.1
33	Operating Expense per RTM (%)	3.0	2.6	1.8	1.7	0.8	0.1	2.1
34	Passenger Revenue per RPM (Sch. Svc.)(	7.6	-2.3	1.6	-0.9	-2.3	-3.2	-3.5

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



## **QUARTERLY RESULTS**

- Although operating expenses rose only 2.7 percent, operating revenues grew a slower 1.4 percent, resulting in a \$35.4 million decline in operating profit to \$577.4 million.
- Like all majors, rapidly rising fuel expenses adversely impacted Delta's profitability for the second quarter 2000. For Delta, however, the impact was far less as total fuel expenses were up a group low 20.3 percent (\$70.9 million).
- Net income, however, jumped \$70.1 million to \$434.5 million.
- Only the domestic entity reported a gain in either operating or net results, rising \$4.6 million to \$546.6 million and \$106.2 million to \$427 million, respectively. Despite the declines in the international entities, only Pacific operations reported an operating and/or net loss.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	542.0	546.6	4.6	320.8	427.0	106.2	20.8	21.8	4.6	28.1	28.5	1.3	76.5%
Int'l	70.8	30.9	-40.0	43.6	7.5	-36.1	6.1	7.1	15.7	7.9	8.6	9.4	82.4%
Atlantic	64.4	34.8	-29.6	39.7	13.3	-26.4	4.6	5.6	19.8	5.6	6.4	15.1	87.0%
Latin	24.1	12.0	-12.0	14.9	5.6	-9.3	0.7	0.8	20.8	1.0	1.2	15.3	67.5%
Pacific	-17.7	-16.0	1.7	-11.0	-11.4	-0.4	0.8	0.7	-11.0	1.3	1.0	-19.7	71.3%
System	612.8	577.4	-35.3	364.4	434.5	70.1	27.0	28.9	7.1	36.0	37.1	3.1	77.9%

- RPM traffic growth, up 7.1 percent, more than doubled ASM capacity growth, up 3.1 percent, causing the passenger load factor to rise 3 percentage points to 77.9 percent.
- Passenger (RPM) yield jumped 4.7 percent to 13.46 cents.
- Interest expense soared \$58.2 million, the largest increase among the majors, to \$113.1 million, also a major group high.

## **12-MONTH RESULTS**

- After five consecutive years of growth, operating profit declined from a year ago for the fourth consecutive period, dropping \$685.2 million to \$1.15 billion. Operating expenses, up 6.1 percent, far exceeded to small 0.7 percent increase in operating revenues.
- Net income, however, jumped \$270.6 million to \$1.37 billion, largely reflecting the fourth quarter 1999 capital gain of \$596 million from the sale of a portion of its investment in Priceline.com.
- The rate of growth in RPM traffic reversed the slowing trend of recent periods, rising 2.5 percent, but the same occurred with ASM capacity, up a lesser 2.2 percent, leading to a 0.2 percentage point increase in the passenger load factor to 72.9 percent.
- After six consecutive 12-month ended periods of decline, passenger (RPM) yield rose 0.5 percent to 12.80 cents.
- Total debt soared a major group high \$2.84 billion to \$5.52 billion, more than offsetting growth in total equity, causing the debt-to-investment ratio to jump 15.2 percentage points to 52.6 percent.

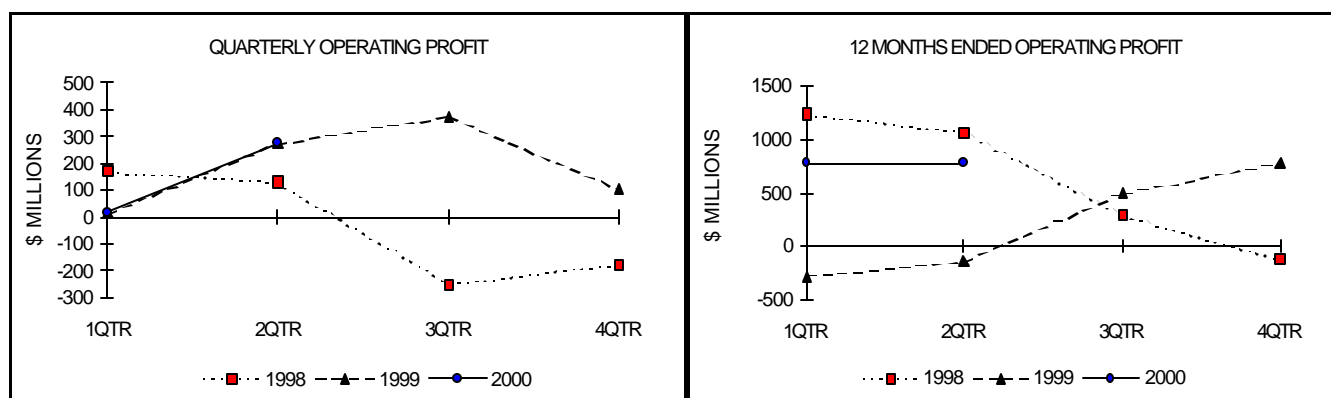


**QUARTERLY FINANCIAL & TRAFFIC REVIEW  
SYSTEM OPERATIONS  
DELTA AIR LINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<b>FINANCIAL RESULTS: (\$Millions)</b>							
1	Operating Revenues	3,973.5	3,919.5	14,983.6	14,929.6	14,901.4	14,849.7	14,875.6
2	Operating Expenses	3,396.0	3,306.7	13,837.7	13,748.3	13,640.3	13,243.1	13,044.4
3	Operating Profit (Loss)	577.4	612.8	1,146.0	1,181.3	1,261.1	1,606.5	1,831.2
4	Net Income (Loss)	434.5	364.4	1,371.7	1,301.6	1,285.6	1,126.7	1,101.1
	<b>TRAFFIC: (Billions)</b>							
5	RPMs - Scheduled Rev. Svc.	28.89	26.97	106.79	104.87	104.70	104.34	104.15
6	ASMs - Scheduled Rev. Svc.	37.10	35.99	146.42	145.31	144.65	144.34	143.26
7	Overall RTMs (All Svc.)	3.35	3.13	12.50	12.28	12.23	12.15	12.12
8	Overall ATMs (All Svc.)	5.59	5.20	21.75	21.36	21.03	20.83	20.56
	<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>							
9	Operating Revenue per RTM	118.5	125.4	119.8	121.6	121.9	122.2	122.8
10	Operating Expense per RTM	101.3	105.8	110.7	112.0	111.6	109.0	107.7
11	Operating Profit (Loss) per RTM	17.2	19.6	9.2	9.6	10.3	13.2	15.1
12	Operating Expense per ATM	60.8	63.6	63.6	64.4	64.9	63.6	63.4
13	Passenger Revenue per RPM	13.46	12.86	12.80	12.63	12.61	12.63	12.74
	<b>FINANCIAL RATIOS:</b>							
14	Operating Revenues to Total Investment	*	*	1.61	1.74	1.93	2.18	2.30
15	Times Interest Earned	*	*	7.29	8.19	10.37	11.34	12.01
16	Current Assets to Current Liabilities	*	*	0.44	0.51	0.70	0.60	0.50
17	No. of Days Cash Coverage of Cash Exp.	*	*	33.5	38.8	48.5	40.3	28.1
	<b>FINANCIAL PERCENTAGES:</b>							
18	Operating Profit (Loss) to Operating Reven	14.5	15.6	7.6	7.9	8.5	10.8	12.3
19	Net Income to Stockholders Equity	*	*	28.3	27.6	28.3	26.0	26.1
20	Corporate Return on Investment	*	*	18.5	18.6	19.6	19.2	19.6
21	Debt to Total Investment	*	*	52.6	52.2	51.2	40.9	37.4
	<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>							
22	Actual	77.9	74.9	72.9	72.2	72.4	72.3	72.7
23	Breakeven	60.3	63.9	66.7	67.9	67.8	65.4	64.2
	<b>Employment &amp; Productivity:</b>							
24	Employment, Total Weighted Avg CY	66,086	63,918	64,592	64,050	63,799	63,631	63,378
25	Overall RTM's per Employee (000)	50.7	48.9	193.6	191.7	191.7	191.0	191.2

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	1.4	2.9	0.7	1.1	1.9	1.8	3.8
27	Operating Expenses (%)	2.7	2.9	6.1	6.1	6.3	3.6	3.2
28	Operating Profit (Loss) (in Millions \$)	-35.4	18.8	-685.2	-631.2	-532.0	-200.8	141.0
29	Net Income (Loss)(in Millions \$)	70.1	2.6	270.6	203.1	208.0	53.2	100.6
30	RPMs (Sch. Svc.) (%)	7.1	-0.2	2.5	0.6	1.4	1.7	3.1
31	ASMs (Sch. Svc.) (%)	3.1	1.4	2.2	1.8	1.9	2.4	2.3
32	Operating Revenues per RTM (%)	-5.5	3.3	-2.5	-0.2	0.4	0.7	1.7
33	Operating Expense per RTM (%)	-4.3	3.2	2.8	4.9	4.8	2.4	1.0
34	Passenger Revenue per RPM (Sch. Svc.)(	4.7	0.2	0.5	-0.8	-1.2	-1.6	-0.5

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



## **QUARTERLY RESULTS**

- Operating expenses, up 14.5 percent, grew slightly faster than operating revenues, up 13 percent, but operating profit still rose \$2.2 million to \$275.9 million.
- Total fuel expense, which comprises 16.6 percent of total operating expenses, jumped \$171.3 million (67.3 percent), adversely affecting operating results. Unit fuel prices jumped 61.3 percent as consumption was rising 3.6 percent.
- Net income rose \$8 million to \$126.8 million.
- All but the Pacific entity reported an operating and next profit for the second quarter, while the only decline among the entities in both operating and net income was experienced by the Atlantic entity. Domestic operations reported a decline of \$6.5 million in operating profit to \$266.7 million, but a gain in net income of \$1.2 million to \$133.4 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	273.2	266.7	-6.5	132.2	133.4	1.2	10.9	11.6	6.8	15.2	15.3	1.0	76.0%
Int'l	0.5	9.2	8.7	-13.4	-6.6	6.8	8.3	9.2	10.8	10.0	10.8	8.0	85.0%
Atlantic	62.7	40.6	-22.1	35.2	20.9	-14.3	2.7	3.3	21.0	3.1	3.7	18.2	88.6%
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	-62.2	-31.4	30.8	-48.6	-27.5	21.1	5.6	5.9	5.9	6.9	7.1	3.3	83.1%
System	273.7	275.9	2.1	118.8	126.8	8.0	19.2	20.8	8.5	25.2	26.1	3.7	79.7%

- Interest expense fell \$6.7 million, the largest decline among the majors, to \$74.5 million.
- RPM traffic growth, up 8.5 percent, was much stronger than ASM capacity growth, up 3.7 percent, causing the passenger load factor to rise 3.5 percentage points to 79.7 percent.
- Passenger (RPM) yield was up 4.2 percent but was still a major group low 11.92 cents.

## **12-MONTH RESULTS**

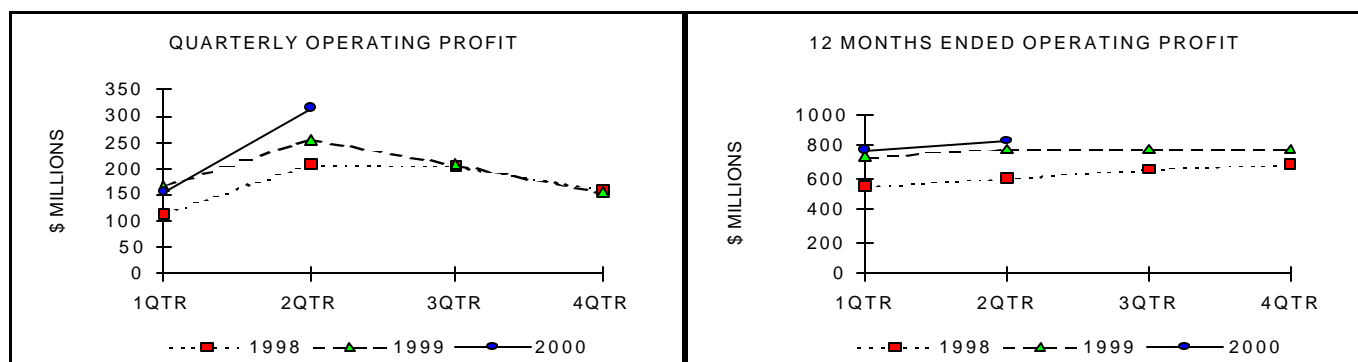
- Northwest experienced the largest improvements among all majors in both operating and net results, as the impact of the August/September 1998 strike is still reflected in year ago results.
- Operating profit gained \$914.2 million to a positive \$773.8 million as operating revenue growth, up a group high 21.1 percent, more than doubled operating expenses growth, up 10.3 percent.
- Net income jumped \$588.6 million to a positive \$313.3 million.
- The passenger load factor rose 2.8 percentage points to 75.8 percent as RPM traffic growth, up 15.1 percent, outpaced ASM capacity growth, up 10.5 percent.
- Passenger (RPM) yield rose 6.4 percent to 11.81 cents.
- Interest expense declined \$8.3 million to a major group high \$311.2 million.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	2,823.3	2,499.3	10,466.1	10,142.1	9,868.1	9,531.1	8,643.5
2	Operating Expenses	2,547.5	2,225.6	9,692.2	9,370.4	9,099.2	9,042.8	8,784.0
3	Operating Profit (Loss)	275.9	273.7	773.8	771.7	768.8	488.3	-140.4
4	Net Income (Loss)	126.8	118.8	313.3	305.3	287.8	108.2	-275.3
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	20.83	19.20	77.23	75.60	74.14	72.85	67.09
6	ASMs - Scheduled Rev. Svc.	26.13	25.18	101.87	100.92	99.41	98.62	91.90
7	Overall RTMs (All Svc.)	2.72	2.48	10.21	9.98	9.76	9.53	8.74
8	Overall ATMs (All Svc.)	4.17	3.96	16.27	16.07	15.81	15.64	14.56
<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	103.9	100.7	102.5	101.7	101.1	100.0	98.8
10	Operating Expense per RTM	93.8	89.7	94.9	93.9	93.2	94.9	100.5
11	Operating Profit (Loss) per RTM	10.2	11.0	7.6	7.7	7.9	5.1	-1.6
12	Operating Expense per ATM	61.1	56.2	59.6	58.3	57.5	57.8	60.3
13	Passenger Revenue per RPM	11.92	11.44	11.81	11.69	11.58	11.37	11.10
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.19	1.14	1.10	1.08	1.00
15	Times Interest Earned	*	*	2.53	2.46	2.37	1.54	-0.19
16	Current Assets to Current Liabilities	*	*	0.60	0.56	0.54	0.54	0.49
17	No. of Days Cash Coverage of Cash Exp.	*	*	41.5	35.1	31.8	30.7	26.7
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Reven	9.8	11.0	7.4	7.6	7.8	5.1	-1.6
19	Net Income to Stockholders Equity	*	*	6.6	6.6	6.3	2.4	-6.0
20	Corporate Return on Investment	*	*	7.4	7.3	7.1	5.2	0.9
21	Debt to Total Investment	*	*	42.6	44.5	45.4	46.8	49.1
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	79.7	76.2	75.8	74.9	74.6	73.9	73.0
23	Breakeven	71.8	67.2	71.0	69.9	69.6	71.8	77.9
<u>Employment &amp; Productivity:</u>								
24	Employment, Total Weighted Avg CY	49,310	48,527	48,768	48,573	48,483	48,329	47,793
25	Overall RTM's per Employee (000)	55.1	51.1	209.4	205.4	201.4	197.2	183.0

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	13.0	4.4	21.1	18.8	13.3	5.9	-12.5
27	Operating Expenses (%)	14.5	-1.7	10.3	6.2	3.0	3.9	-0.5
28	Operating Profit (Loss) (in Millions \$)	2.2	142.3	914.2	1,054.4	898.2	197.6	-1,197.2
29	Net Income (Loss)(in Millions \$)	8.0	64.7	588.6	645.2	529.1	74.3	-811.7
30	RPMs (Sch. Svc.) (%)	8.5	4.7	15.1	14.1	11.1	8.0	-7.4
31	ASMs (Sch. Svc.) (%)	3.7	5.8	10.8	11.5	8.9	7.7	-5.5
32	Operating Revenues per RTM (%)	3.2	-2.1	3.7	2.3	0.3	-2.4	-5.2
33	Operating Expense per RTM (%)	4.6	-7.7	-5.6	-8.6	-8.9	-4.2	8.1
34	Passenger Revenue per RPM (Sch. Svc.)(	4.2	-0.1	6.4	5.4	2.8	-1.5	-6.6

# **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 nine years.
- Operating revenues growth, up 19.7 percent, slightly outpaced operating expense growth, up 18.6 percent, resulting in a \$60.5 million improvement in operating profit to \$314.6 million.
- This gain would have been much stronger, but total fuel expenses jumped \$94.2 million (91.6 percent) as consumption rose a major group high 9.3 percent and unit fuel prices were up 75.3 percent.
- Net income increased \$32.8 million to \$190.6 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	19.6	27.3	7.7	8.6	4.7	-3.9	0.7	0.8	16.4	1.1	1.3	18.5	64.2%
Int'l	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	19.6	27.3	7.7	8.6	4.7	-3.9	0.7	0.8	16.4	1.1	1.3	18.5	64.2%

- Interest expense rose \$4.1 million to \$17.3 million.
- The operating profit margin rose 0.7 percentage points to 21.5 percent, still the highest among all majors exceeding the next closest major (Delta) by 7 percentage points.
- Southwest reported the largest increases in both RPM traffic, up 15.7 percent, and ASM capacity, up 13.6 percent, leading to a 1.4 percentage point increase in the passenger load to 74.3 percent.
- Passenger (RPM) yield rose 4.2 percent to 12.77 cents.

## **12-MONTH RESULTS**

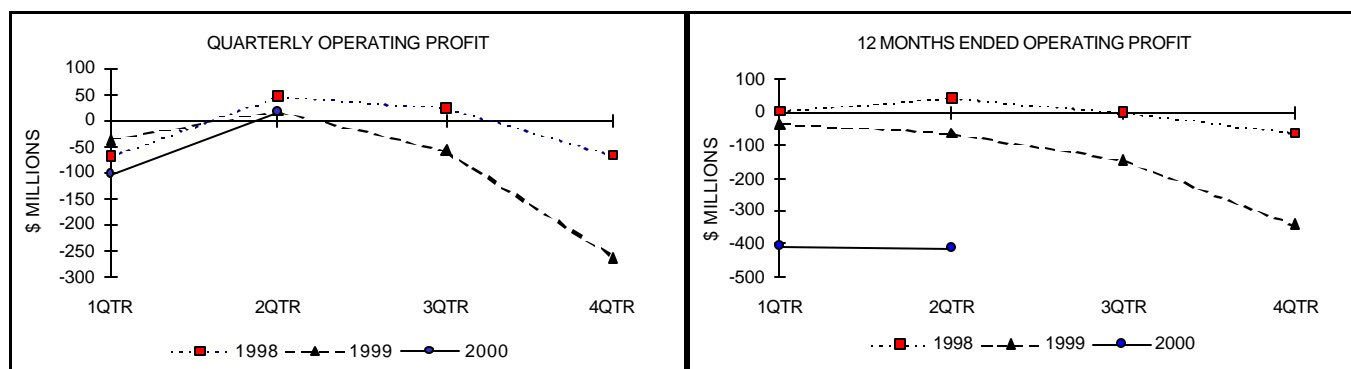
- For the second consecutive 12-month ended period, operating expense, up 18 percent, grew faster than operating revenues, up 15.9 percent, but operating profit still rose \$46.9 million to \$831 million.
- Net income climbed \$1.3 million to \$484.9 million.
- The passenger load factor rose 2.1 percentage points to 69.8 percent as RPM traffic rose 16.4 percent, and ASM capacity was up a lesser 13 percent.
- Passenger (RPM) yield dipped 0.2 percent to 12.45 cents.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	1,460.7	1,220.4	5,143.0	4,902.7	4,735.6	4,578.9	4,438.6
2	Operating Expenses	1,146.1	966.4	4,311.9	4,132.2	3,954.1	3,792.2	3,654.4
3	Operating Profit (Loss)	314.6	254.1	831.0	770.5	781.5	786.7	784.1
4	Net Income (Loss)	190.6	157.8	484.9	452.0	474.4	481.0	483.6
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	10.96	9.47	39.38	37.89	36.48	34.96	33.82
6	ASMs - Scheduled Rev. Svc.	14.75	12.99	56.43	54.66	52.90	51.29	49.95
7	Overall RTMs (All Svc.)	1.13	0.98	4.08	3.92	3.78	3.63	3.52
8	Overall ATMs (All Svc.)	1.86	1.64	7.12	6.90	6.68	6.48	6.33
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	129.0	124.5	126.2	124.9	125.2	126.1	126.1
10	Operating Expense per RTM	101.2	98.6	105.8	105.3	104.5	104.5	103.8
11	Operating Profit (Loss) per RTM	27.8	25.9	20.4	19.6	20.7	21.7	22.3
12	Operating Expense per ATM	61.6	59.0	60.6	59.9	59.2	58.5	57.8
13	Passenger Revenue per RPM	12.77	12.25	12.45	12.31	12.33	12.44	12.47
<b>FINANCIAL RATIOS:</b>								
14	Operating Revenues to Total Investment	*	*	1.43	1.42	1.43	1.45	1.46
15	Times Interest Earned	*	*	26.04	29.97	34.81	36.20	32.84
16	Current Assets to Current Liabilities	*	*	0.68	0.62	0.66	0.48	0.64
17	No. of Days Cash Coverage of Cash Exp.	*	*	57.4	51.4	41.3	27.2	51.8
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	21.5	20.8	16.2	15.7	16.5	17.2	17.7
19	Net Income to Stockholders Equity	*	*	17.2	16.6	17.9	19.0	20.0
20	Corporate Return on Investment	*	*	14.4	13.9	15.0	15.9	16.7
21	Debt to Total Investment	*	*	22.5	23.7	23.7	18.2	18.9
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	74.3	72.9	69.8	69.3	69.0	68.2	67.7
23	Breakeven	55.5	55.0	56.5	56.5	55.6	54.4	53.6
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	27,506	26,191	27,209	26,880	26,506	26,008	25,460
25	Overall RTM's per Employee (000)	41.2	37.4	149.8	146.0	142.7	139.6	138.2

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	19.7	13.1	15.9	14.1	13.7	11.9	11.1
27	Operating Expenses (%)	18.6	11.0	18.0	16.1	13.6	10.3	7.7
28	Operating Profit (Loss) (in Millions \$)	60.5	45.8	46.9	32.1	97.8	133.5	183.2
29	Net Income (Loss)(in Millions \$)	32.8	24.4	1.3	-7.3	41.0	67.4	107.1
30	RPMs (Sch. Svc.) (%)	15.7	15.1	16.4	16.3	16.1	13.4	13.0
31	ASMs (Sch. Svc.) (%)	13.6	10.9	13.0	12.3	11.3	9.7	8.6
32	Operating Revenues per RTM (%)	3.6	-1.2	0.1	-1.3	-1.3	-0.6	-1.0
33	Operating Expense per RTM (%)	2.6	-3.1	1.9	0.5	-1.5	-2.0	-4.1
34	Passenger Revenue per RPM (Sch. Svc.)(	4.2	-2.2	-0.2	-1.9	-2.2	-1.6	-1.9

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



## QUARTERLY RESULTS

- Operating expenses, up 10.9 percent, grew slightly faster than operating revenues, up 10.3 percent, resulting in a \$3.1 million decline in operating results to \$15.3 million.
- Trans World, like all airlines, has felt the impact of sharply rising fuel expenses cutting into profitability. During the quarter, unit fuel prices jumped 66.9 percent from a year ago, causing total fuel expense to increase \$52.9 million (67.3 percent). Consumption was down 3.4 percent.
- The year ago net loss was cut from \$6.2 million to a loss of \$4.2 million, a gain of \$2 million.
- The domestic entity reported a gain in operating profit of \$8.4 million to \$52.2 million, but also a decline in net income of \$1.6 million to \$27.2 million. The Atlantic entity has produced nearly continuous operating and net losses 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. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	43.8	52.2	8.4	28.7	27.2	-1.6	5.8	6.3	8.3	7.6	8.5	11.6	74.9%
Int'l	-25.5	-36.9	-11.5	-35.0	-31.4	3.6	1.1	0.9	-19.5	1.3	1.1	-14.4	78.0%
Atlantic	-25.5	-36.9	-11.5	-35.0	-31.4	3.6	1.1	0.9	-19.5	1.3	1.1	-14.5	78.0%
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	18.4	15.3	-3.1	-6.2	-4.2	2.0	6.9	7.2	4.0	8.9	9.6	7.8	75.2%

- ASM capacity, up 7.8 percent, grew nearly twice as fast as RPM traffic, up 4 percent, causing the passenger load factor to decline 2.8 percentage points to 75.2 percent.
- The operating profit margin dipped 0.5 percentage points to a major group low 1.6 percent.
- Trans World (along with Continental) reported the largest increase in passenger (RPM) yield, up 7.6 percent to 12.15 cents.
- Interest on debt slid \$4 million to \$20.7 million.

## 12-MONTH RESULTS

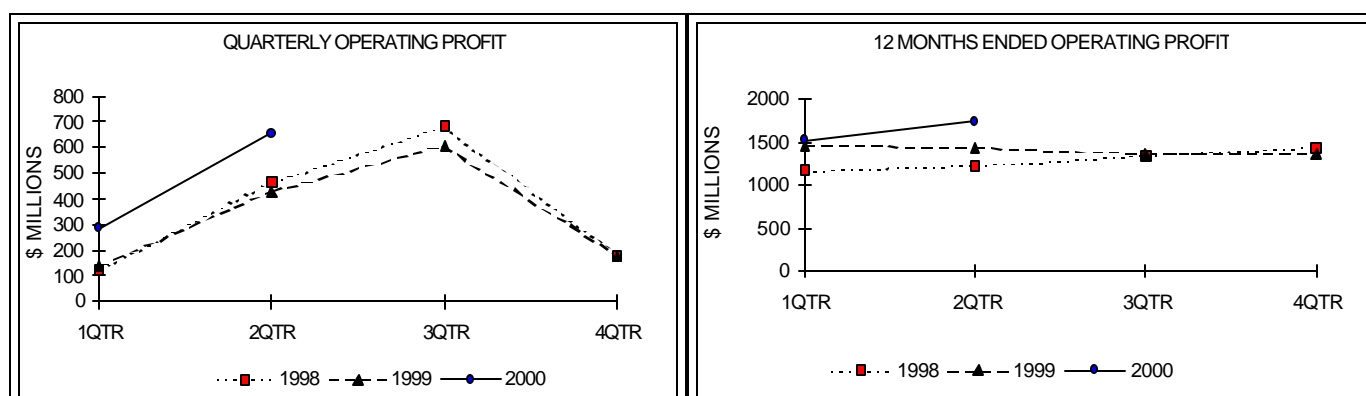
- Operating expenses, up 16.7 percent, grew more than twice as fast as operating revenues, up 6.2 percent resulting in a sharp \$350.9 million deterioration in operating results to a \$412.1 million loss.
- Net results dropped \$293.8 million to a \$406 million loss.
- Passenger (RPM) yield declined from a year ago for the fourth consecutive period, down 0.7 percent to 11.68 cents.
- The passenger load factor inched upward 0.3 percentage points to 71.9 percent as RPM traffic rose 8.1 percent and ASM capacity rose 7.7 percent.
- The company's cash position worsened significantly from a year ago, with number of days cash coverage declining from 33.4 to 19.1 days. This compares with an average of 41.9 days for all passengers majors combined.
- Total debt was cut \$93.3 million, but falling equity caused the debt-to-investment ratio to soar a major group high 67.2 percentage points to 150.9 percent, the highest among the majors. Trans World is the only major with a negative equity position.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	954.9	866.0	3,442.0	3,353.1	3,308.7	3,254.1	3,240.8
2	Operating Expenses	939.6	847.6	3,854.1	3,762.1	3,651.4	3,397.9	3,302.0
3	Operating Profit (Loss)	15.3	18.4	-412.1	-409.0	-342.7	-143.8	-61.2
4	Net Income (Loss)	-4.2	-6.2	-406.0	-408.0	-353.4	-160.6	-112.2
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	7.19	6.92	26.59	26.31	26.01	25.20	24.59
6	ASMs - Scheduled Rev. Svc.	9.56	8.87	37.00	36.30	35.59	34.88	34.36
7	Overall RTMs (All Svc.)	0.78	0.75	4.04	4.01	2.93	2.84	2.78
8	Overall ATMs (All Svc.)	1.37	1.24	5.38	5.24	5.02	4.90	4.83
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	122.1	114.8	85.3	83.6	113.0	114.6	116.6
10	Operating Expense per RTM	120.1	112.3	95.5	93.8	124.8	119.6	118.8
11	Operating Profit (Loss) per RTM	2.0	2.4	-10.2	-10.2	-11.7	-5.1	-2.2
12	Operating Expense per ATM	68.5	68.6	71.6	71.7	72.7	69.3	68.4
7	Passenger Revenue per RPM	12.15	11.29	11.68	11.45	11.39	11.54	11.76
<b>FINANCIAL RATIOS:</b>								
14	Operating Revenues to Total Investment	*	*	4.80	4.05	3.52	3.12	2.89
15	Times Interest Earned	*	*	-3.42	-3.34	-2.62	-0.70	0.00
16	Current Assets to Current Liabilities	*	*	0.51	0.49	0.51	0.60	0.63
17	No. of Days Cash Coverage of Cash Exp.	*	*	19.1	16.6	18.8	26.9	33.4
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	1.6	2.1	-12.0	-12.2	-10.4	-4.4	-1.9
19	Net Income to Stockholders Equity	*	*	508.0	0.0	-387.9	-89.7	-55.5
20	Corporate Return on Investment	*	*	-43.5	-37.6	-27.3	-6.0	-0.7
21	Debt to Total Investment	*	*	150.9	148.4	125.8	88.5	83.7
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	75.2	78.0	71.9	72.5	73.1	72.2	71.6
23	Breakeven	74.8	77.5	84.0	85.1	84.3	77.9	74.9
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	19,125	19,453	19,311	19,393	19,466	19,548	19,767
25	Overall RTM's per Employee (000)	40.9	38.8	209.1	206.8	150.4	145.3	140.6

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	10.3	-2.0	6.2	2.9	1.5	-2.1	-3.8
	Operating Expenses (%)	10.9	1.1	16.7	14.3	9.8	2.2	-0.8
28	Operating Profit (Loss) (in Millions \$)	-3.1	-27.1	-350.9	-375.0	-277.5	-144.9	-102.3
29	Net Income (Loss)(in Millions \$)	2.0	-25.7	-293.8	-321.5	-232.9	-88.1	-51.3
30	RPMs (Sch. Svc.) (%)	4.0	3.2	8.1	7.9	6.5	1.0	-3.6
31	ASMs (Sch. Svc.) (%)	7.8	0.9	7.7	5.9	3.3	-0.4	-4.6
32	Operating Revenues per RTM (%)	6.4	-4.3	-26.9	-29.2	-5.9	-4.0	-0.8
33	Operating Expense per RTM (%)	6.9	-1.2	-19.6	-21.3	1.9	0.2	2.3
34	Passenger Revenue per RPM (Sch. Svc.)(	7.6	-4.2	-0.7	-3.8	-3.9	-2.5	0.8

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



## **QUARTERLY RESULTS**

- United reported the largest gain among the majors for the second quarter in operating profit, but due to the year ago capital gain also reported the largest deterioration in net income. Excluding year ago net results, United reported its best second quarter operating and net results in carrier history.
- Operating revenues increased 12.5 percent while operating expenses rose a slower 8.4 percent boosting operating profit \$221.1 million to \$651.5 million.
- This gain occurred despite the current economic environment of rapidly rising fuel costs, which for United jumped \$164.9 million (44.1 percent). Unit fuel prices rose 41.7 percent and consumption rose 1.6 percent.
- Net income, however, dropped \$332.7 million to \$330.8 million. Year ago net results reflect the large non-operating gain of \$428 million arising from the sale of its ownership share in the Apollo.
- All entities reported gains in operating results and declines in net results. Domestic operations led the way, with an improvement in operating profit of \$152.7 million to \$506.9 million, and a deterioration in net results of \$185 million to a loss of \$268.3 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	354.2	506.9	152.7	453.3	268.3	-185.0	20.0	20.9	4.4	28.8	27.6	-4.0	75.7%
Int'l	76.2	144.7	68.5	210.2	62.5	-147.7	11.2	12.4	11.3	15.7	16.4	4.7	75.5%
Atlantic	63.1	89.1	26.0	101.1	41.4	-59.7	4.7	5.0	5.9	5.8	6.0	3.2	82.7%
Latin	-0.5	16.3	16.9	19.5	6.8	-12.8	1.3	1.3	5.0	2.2	1.9	-12.4	69.9%
Pacific	13.6	39.2	25.6	89.5	14.3	-75.2	5.2	6.1	17.8	7.7	8.5	10.7	71.8%
System	430.4	651.5	221.2	663.5	330.8	-332.6	31.2	33.3	6.8	44.5	44.1	-0.9	75.6%

- Interest expense was up \$1.5 million to \$80.8 million.
- ASM capacity dipped 0.9 percent, while RPM traffic increase 6.8 percent, causing the passenger load factor to jump a major group high 5.5 percentage points to 75.6 percent.
- Passenger (RPM) yield jumped a strong 7.5 percent to 13.46 cents.

## **12-MONTH RESULTS**

- Operating revenues, up 6.7 percent, grew at a faster rate than operating expenses, up 5.5 percent, resulting in a \$300.3 million improvement in operating profit to a major group high \$1.73 billion.
- Net income, however, fell \$490.7 million to \$715.3 million. As with the quarterly results, year ago 12 month ended results were favorably impacted by the large non-operating capital gain during the second quarter 1999.
- Passenger (RPM) yield growth again accelerated, rising 5.1 percent to 12.80 cents.
- ASM capacity was unchanged as RPM traffic climbed 1.1 percent, causing the passenger load to rise 0.8 percentage points to 72.2 percent.
- Interest expense rose \$1.8 million to \$318.9 million.
- Total debt was reduced \$249.8 million to \$5.24 billion. This, combined with soaring equity, caused the debt-to-investment ratio to decline 3.8 percentage points to 46.8 percent.

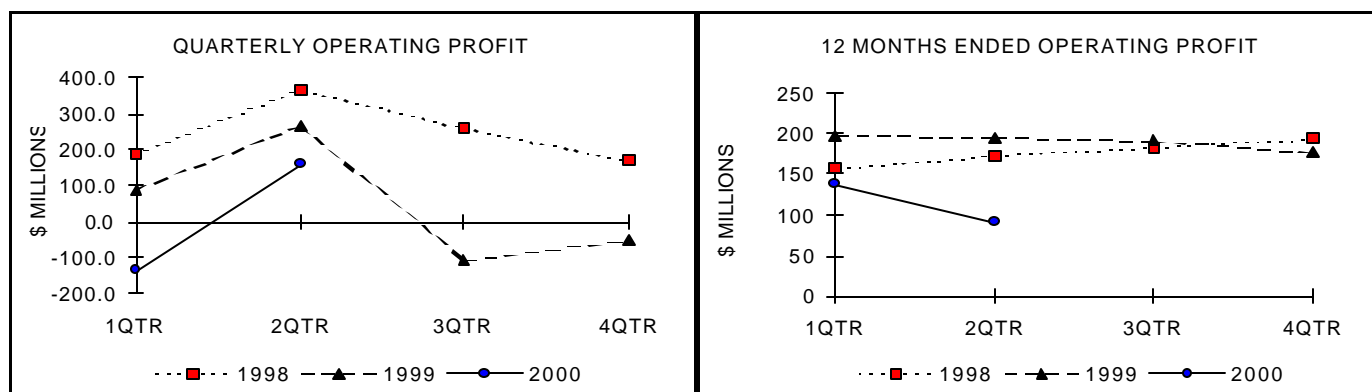


**QUARTERLY FINANCIAL & TRAFFIC REVIEW  
SYSTEM OPERATIONS  
UNITED AIR LINES**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	5,097.9	4,530.4	18,917.7	18,350.2	17,966.7	17,783.6	17,722.2
2	Operating Expenses	4,446.4	4,100.0	17,189.9	16,843.5	16,608.8	16,427.1	16,294.7
3	Operating Profit (Loss)	651.5	430.4	1,727.8	1,506.6	1,357.9	1,356.5	1,427.5
4	Net Income (Loss)	330.8	663.5	715.3	1,048.0	1,203.8	1,140.2	1,206.0
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	33.31	31.18	127.39	125.25	125.37	125.58	125.98
6	ASMs - Scheduled Rev. Svc.	44.06	44.45	176.43	176.82	176.54	176.50	176.41
7	Overall RTMs (All Svc.)	4.14	3.89	15.91	15.66	15.61	15.56	15.60
8	Overall ATMs (All Svc.)	6.96	6.80	27.46	27.31	27.13	27.01	26.93
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	123.2	116.5	118.9	117.2	115.1	114.3	113.6
10	Operating Expense per RTM	107.5	105.4	108.1	107.6	106.4	105.6	104.5
11	Operating Profit (Loss) per RTM	15.7	11.1	10.9	9.6	8.7	8.7	9.2
12	Operating Expense per ATM	63.9	60.3	62.6	61.7	61.2	60.8	60.5
13	Passenger Revenue per RPM	13.46	12.52	12.80	12.56	12.32	12.23	12.18
<b>FINANCIAL RATIOS:</b>								
14	Operating Revenues to Total Investment	*	*	1.71	1.70	1.74	1.79	1.89
15	Times Interest Earned	*	*	5.80	7.51	7.35	7.09	7.49
16	Current Assets to Current Liabilities	*	*	0.58	0.54	0.55	0.64	0.61
17	No. of Days Cash Coverage of Cash Exp.	*	*	25.5	16.6	12.2	31.2	30.9
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	12.8	9.5	9.1	8.2	7.6	7.6	8.1
19	Net Income to Stockholders Equity	*	*	12.7	19.9	24.8	25.5	30.1
20	Corporate Return on Investment	*	*	9.2	12.5	14.5	14.5	15.9
21	Debt to Total Investment	*	*	46.8	49.4	49.3	49.0	50.6
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	75.6	70.1	72.2	70.8	71.0	71.1	71.4
23	Breakeven	65.3	65.2	66.4	66.4	67.5	67.5	67.3
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	89,112	86,166	88,409	87,673	86,611	85,434	84,358
25	Overall RTM's per Employee (000)	46.4	45.1	179.9	178.6	180.3	182.1	184.9

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	12.5	2.2	6.7	4.1	2.6	1.8	2.3
27	Operating Expenses (%)	8.4	3.2	5.5	4.2	3.3	1.8	1.1
28	Operating Profit (Loss) (in Millions \$)	221.1	-29.8	300.3	49.3	-77.3	15.7	218.8
29	Net Income (Loss)(in Millions \$)	-332.7	386.0	-490.7	228.0	401.2	366.1	281.1
30	RPMs (Sch. Svc.) (%)	6.8	0.1	1.1	-0.6	0.7	1.9	3.5
31	ASMs (Sch. Svc.) (%)	-0.9	3.6	0.0	1.1	1.5	2.3	3.2
32	Operating Revenues per RTM (%)	5.8	1.3	4.7	3.5	1.3	0.3	-0.7
33	Operating Expense per RTM (%)	2.0	2.3	3.4	3.6	2.0	0.3	-1.8
34	Passenger Revenue per RPM (Sch. Svc.)(	7.5	0.9	5.1	3.4	0.9	-0.7	-1.7

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



## **QUARTERLY RESULTS**

- For the second quarter 2000, US Airways reported the largest operating and net deteriorations among all majors, and its lowest second quarter operating and net results in five years.
- Operating profit fell \$106.5 million to \$161 million as operating expense growth, up 13 percent, doubled operating revenue growth, up 6.7 percent.
- This decline can be mostly attributed to soaring fuel expenses, which jumped \$112 million (84.8 percent) from a year ago. Consumption increased a group high 17.1 percent and unit fuel prices rose 57.8 percent.
- Net income dropped \$261.4 million to a loss of \$77.9 million
- All entities participated in the overall system operating and net declines. The domestic entity, however, was the leading cause of the sharp deterioration, as operating results were down \$102.4 million to a \$154.2 million, and net results tumbled \$254.5 million to a \$74.6 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	256.5	154.2	-102.4	329.1	74.6	-254.5	9.4	10.3	9.5	13.1	14.2	8.0	72.8%
Int'l	10.9	6.8	-4.2	10.2	3.3	-6.9	1.4	1.8	24.7	1.7	2.1	22.6	87.5%
Atlantic	4.5	1.1	-3.4	6.1	0.3	-5.8	1.2	1.6	26.7	1.4	1.8	24.3	89.2%
Latin	6.4	5.7	-0.7	4.1	3.0	-1.0	0.2	0.2	12.6	0.3	0.3	13.7	77.9%
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	267.5	161.0	-106.5	339.3	77.9	-261.4	10.9	12.1	11.5	14.8	16.2	9.7	74.7%

- Passenger (RPM) yield was still the highest among the majors, although declining 3.8 percent to 16.25 cents, the largest decline among the majors.
- RPM traffic advanced 11.5 percent as ASM capacity increased a lesser 9.7 percent, causing the passenger load factor to rise 1.2 percentage points to 74.7 percent.
- Interest expense rose \$17.9 million to \$64.7 million.
- US Airways had the lowest productivity among all majors, although rising from 31.7 RTM's per employee a year ago to 32.4 RTM's per employee in the current quarter. The passenger major average is 46.2 RTM's per employee.

## **12-MONTH RESULTS**

- For the 12 months ended June 2000, US Airways reported its second consecutive operating and net loss after a period of profitability exceeding four years. It also reported the largest deterioration among all majors in both operating and net results.
- Operating results tumbled \$927.8 million to a loss of \$132.5 million, as operating revenues rose a slight 0.9 percent and operating expenses jumped 13 percent.
- Net income dropped \$935.3 million to a loss of \$266.4 million.
- For the twelfth time in the past thirteen quarter-ended 12-month periods, passenger (RPM) yield was down from a year ago, declining 3 percent to 16.36 cents, but nevertheless remained a major group high.
- The passenger load factor was down 1.8 percentage points, the only decline among the majors, to 69.7 percent.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	2,399.0	2,247.6	8,630.2	8,478.8	8,460.4	8,444.0	8,551.8
2	Operating Expenses	2,238.0	1,980.1	8,762.7	8,504.8	8,258.0	8,019.0	7,756.6
3	Operating Profit (Loss)	161.0	267.5	-132.5	-26.0	202.3	424.9	795.3
4	Net Income (Loss)	77.9	339.3	-266.4	-5.0	273.5	464.7	668.9
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	12.14	10.88	42.83	41.57	41.47	41.09	41.36
6	ASMs - Scheduled Rev. Svc.	16.24	14.81	61.48	60.05	59.12	58.26	57.81
7	Overall RTMs (All Svc.)	1.31	1.17	4.64	4.50	4.49	4.45	4.48
8	Overall ATMs (All Svc.)	2.25	2.01	8.44	8.20	8.04	7.92	7.85
	<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	183.3	191.9	186.0	188.3	188.6	189.9	191.0
10	Operating Expense per RTM	171.0	169.1	188.8	188.8	184.1	180.4	173.2
11	Operating Profit (Loss) per RTM	12.3	22.8	-2.9	-0.6	4.5	9.6	17.8
12	Operating Expense per ATM	99.5	98.7	103.8	103.8	102.7	101.3	98.8
13	Passenger Revenue per RPM	16.25	16.89	16.36	16.53	16.51	16.67	16.86
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	2.09	2.12	2.20	2.24	2.26
15	Times Interest Earned	*	*	-0.19	1.99	3.59	5.45	6.99
16	Current Assets to Current Liabilities	*	*	0.81	0.79	0.93	0.80	0.93
17	No. of Days Cash Coverage of Cash Exp.	*	*	43.6	60.0	39.3	48.2	56.4
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Reven	6.7	11.9	-1.5	-0.3	2.4	5.0	9.3
19	Net Income to Stockholders Equity	*	*	-14.9	-0.3	15.0	26.1	39.3
20	Corporate Return on Investment	*	*	-1.5	4.5	11.7	17.0	22.5
21	Debt to Total Investment	*	*	61.6	63.9	54.8	51.1	50.2
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	74.7	73.5	69.7	69.2	70.1	70.5	71.5
23	Breakeven	72.1	67.7	75.7	74.5	73.5	71.4	68.1
	<u>Employment &amp; Productivity:</u>							
24	Employment, Total Weighted Avg CY	41,057	36,964	39,505	38,481	37,589	36,860	36,374
25	Overall RTM's per Employee (000)	31.9	31.7	117.5	117.0	119.3	120.6	123.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.7	-0.6	0.9	-1.0	-1.1	-1.3	0.7
27	Operating Expenses (%)	13.0	4.5	13.0	10.9	9.2	4.6	-0.4
28	Operating Profit (Loss) (in Millions \$)	-106.5	-98.2	-927.8	-919.5	-787.7	-461.7	87.1
29	Net Income (Loss)(in Millions \$)	-261.4	143.6	-935.3	-530.3	-285.6	-500.5	-334.3
30	RPMs (Sch. Svc.) (%)	11.5	0.0	3.5	0.5	0.5	0.1	0.8
31	ASMs (Sch. Svc.) (%)	9.7	4.8	6.4	5.1	4.2	3.5	1.8
32	Operating Revenues per RTM (%)	-4.5	0.0	-2.6	-1.4	-1.2	-0.7	0.8
33	Operating Expense per RTM (%)	1.1	5.1	9.0	10.3	9.1	5.2	-0.2
34	Passenger Revenue per RPM (Sch. Svc.)(	-3.8	-1.7	-3.0	-2.4	-3.0	-3.1	-1.8

**QUARTERLY FINANCIAL & TRAFFIC REVIEW**  
**SYSTEM OPERATIONS**  
**TOTAL ALL-CARGO MAJORS 1/**

**QUARTERLY RESULTS**

- All major cargo carriers except for DHL Airways reported an operating and net profit for the second quarter 2000. DHL was also the only all-cargo carrier to report a decline in both operating and net results.
- For the all-cargo group, operating revenues rose 10 percent, but operating expenses grew slightly faster, up 10.4 percent, resulting in a \$14.9 million gain in operating profit to \$300.6 million.
- Net income gained \$26.1 million to \$167.9 million.

Quarter Ended	\$ Millions					
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	LAST YEAR 1999	THIS YEAR 2000	\$ Change	LAST YEAR 1999	THIS YEAR 2000	\$ Change
March	213.6	186.5	-27.1	74.0	82.3	8.3
June	285.7	300.6	14.9	141.8	167.9	26.1
Sept.	214.8	334.0	119.2	86.8	176.8	90.0
Dec.	349.5	0.0	-	227.8	0.0	-

- The domestic entity reported the only decline in operating profit, down \$16.2 million to \$166.9 million, while both the domestic and Latin entities experienced declines in net results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	183.1	166.9	-16.2	91.5	48.7	-42.7	1.8	1.9	6.6	3.2	3.2	0.0	60.4%
Int'l	102.7	133.8	31.1	50.4	119.2	68.8	1.0	1.2	16.3	1.7	1.9	9.6	65.7%
Atlantic	77.9	81.8	3.9	54.6	79.7	25.1	0.3	0.4	6.1	0.5	0.6	9.1	64.2%
Latin	20.1	37.4	17.3	15.2	-118.1	-133.3	0.1	0.1	63.3	0.2	0.2	55.5	53.4%
Pacific	4.6	14.6	9.9	-19.4	157.6	176.9	0.6	0.7	15.9	1.0	1.1	3.2	69.1%
System	285.7	300.6	14.9	141.8	167.9	26.1	2.9	3.2	10.1	4.9	5.1	3.3	62.3%

- RTM traffic growth, up 10.1 percent, nearly tripled ATM capacity growth, up 3.3 percent, causing the ton load factor to increase 3.8 percentage points to 62.3 percent.
- Profitability was relatively unchanged despite a 0.1 percent dip in RTM yield as RTM unit costs rose only 0.2 percent.

**12-MONTH RESULTS**

- For the twelve months ended June 2000, all three all-cargo carriers experienced a net profit, and all but had an operating profit. The operating loss reported by DHL was its first 12-month ended operating loss in recent carrier history.
- Operating expense growth, up 10 percent, slightly exceeded operating revenue growth, up 9 percent, resulting in a \$63.8 million decline in operating profit to \$1.05 billion.
- Net income jumped \$105.7 million to \$564.8 million.
- Interest on debt dropped \$58.2 million to \$94.1 million.
- The ton load factor rose 2.7 percentage points to 60.7 percent as RTM traffic growth, up 10.3 percent, doubled ATM capacity growth, up 5.4 percent.
- A small decline in total debt, down \$263.7 million, combined with rising equity caused the debt-to-investment ratio to decline 1.8 percentage points to 46.2 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				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	4,879.6	4,435.1	18,994.3	18,549.8	18,031.0	17,629.2	17,430.5
2	Operating Expenses	4,579.0	4,149.4	17,942.9	17,513.3	16,967.4	16,567.3	16,315.3
3	Operating Profit (Loss)	300.6	285.7	1,051.4	1,036.5	1,063.6	1,061.9	1,115.2
4	Net Income (Loss)	167.9	141.8	564.8	538.7	530.4	412.0	459.1
<u>TRAFFIC: (Billions)</u>								
5	RTMs - Scheduled Rev. Svc.	2.29	2.09	9.03	8.83	8.53	8.29	8.15
6	ATMs - Scheduled Rev. Svc.	3.63	3.51	14.47	14.35	14.04	13.87	13.65
7	Overall RTMs (All Services)	3.15	2.86	12.37	12.08	11.68	11.34	11.21
8	Overall ATMs (All Services)	5.06	4.89	20.37	20.21	19.78	19.51	19.32
<u>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	154.8	155.0	153.6	153.6	154.4	155.5	155.5
10	Operating Expense per RTM	145.3	145.0	145.1	145.0	145.3	146.1	145.6
11	Operating Profit (Loss) per RTM	9.5	10.0	8.5	8.6	9.1	9.4	10.0
12	Operating Expense per ATM	90.6	84.8	88.1	86.7	85.8	84.9	84.4
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	2.02	1.96	1.92	1.91	1.92
15	Times Interest Earned	*	*	8.59	8.11	7.78	5.34	5.47
16	Current Assets to Current Liabilities	*	*	1.15	1.21	1.14	1.15	1.06
17	No. of Days Cash Coverage of Cash Exp.	*	*	1.9	2.0	2.5	2.7	4.8
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Reven	6.2	6.4	5.5	5.6	5.9	6.0	6.4
19	Net Income to Stockholders Equity	*	*	11.1	10.6	10.7	8.5	9.7
20	Corporate Return on Investment	*	*	7.3	7.0	7.1	6.4	7.1
21	Debt to Total Investment	*	*	46.2	44.0	45.0	46.6	48.0
<u>TON LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	62.3	58.5	60.7	59.8	59.0	58.1	58.0
23	Breakeven	++	++	++	++	++	++	++
<u>Employment &amp; Productivity:</u>								
24	Employment, Total Weighted Avg CY	107,222	104,339	106,526	105,806	104,791	103,830	102,911
25	Overall RTM's per Employee (000)	29.4	27.4	116.1	114.1	111.5	109.2	108.9

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	10.0	4.9	9.0	7.7	6.0	5.7	5.4
27	Operating Expenses (%)	10.4	5.0	10.0	8.7	6.4	5.1	4.7
28	Operating Profit (Loss) (in Millions \$)	14.9	10.7	-63.8	-68.0	1.7	146.0	154.3
29	Net Income (Loss)(in Millions \$)	26.1	18.4	105.7	98.1	92.2	-6.0	72.4
30	RTMs (All Svc.) (%)	10.1	4.4	10.3	8.9	5.5	3.3	4.8
31	ATMs (All Svc.) (%)	3.3	4.7	5.4	5.8	4.2	4.4	6.9
32	Operating Revenues per RTM (%)	-0.1	0.6	-1.2	-1.1	0.5	2.4	0.5
33	Operating Expense per RTM (%)	0.2	0.6	-0.4	-0.3	0.9	1.7	-0.1
34	Passenger Revenue per RPM (Sch. Svc.)(	++	++	++	++	++	++	++

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	23,183.7	21,245.6	86,164.2	84,226.0	82,611.7	81,475.8	80,521.5
2	Operating Expenses	20,582.5	18,725.0	80,800.1	78,942.6	76,916.3	74,859.5	73,297.6
3	Operating Profit (Loss)	2,601.3	2,520.6	5,364.1	5,283.4	5,695.4	6,616.3	7,223.9
4	Net Income (Loss)	1,504.0	1,873.8	3,498.9	3,868.7	4,338.9	4,376.8	4,373.2
<b>TRAFFIC: (Billions)</b>								
5	RPMs - Scheduled Rev. Svc.	123.44	114.91	463.56	455.03	449.11	443.42	437.23
6	ASMs - Scheduled Rev. Svc.	163.68	159.27	653.16	648.74	639.03	631.26	619.26
7	Overall RTMs (All Svc.)	15.41	14.36	59.81	58.77	56.88	56.07	55.25
8	Overall ATMs (All Svc.)	25.61	24.40	102.02	100.80	98.80	97.25	95.37
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	150.5	148.0	144.1	143.3	145.2	145.3	145.7
10	Operating Expense per RTM	133.6	130.4	135.1	134.3	135.2	133.5	132.7
11	Operating Profit (Loss) per RTM	16.9	17.6	9.0	9.0	10.0	11.8	13.1
12	Operating Expense per ATM	80.4	76.7	79.2	78.3	77.9	77.0	76.9
13	Passenger Revenue per RPM	14.56	13.88	13.99	13.80	13.70	13.66	13.70
<b>FINANCIAL RATIOS:</b>								
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.	*	*	**	**	**	**	**
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	11.2	11.9	6.2	6.3	6.9	8.1	9.0
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	9.6	10.4	11.6	12.2	12.7
21	Debt to Total Investment	*	*	**	**	**	**	**
<b>PASSENGER LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	75.4	72.1	71.0	70.1	70.3	70.2	70.6
23	Breakeven	65.4	63.7	67.2	66.8	66.6	65.7	65.3
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

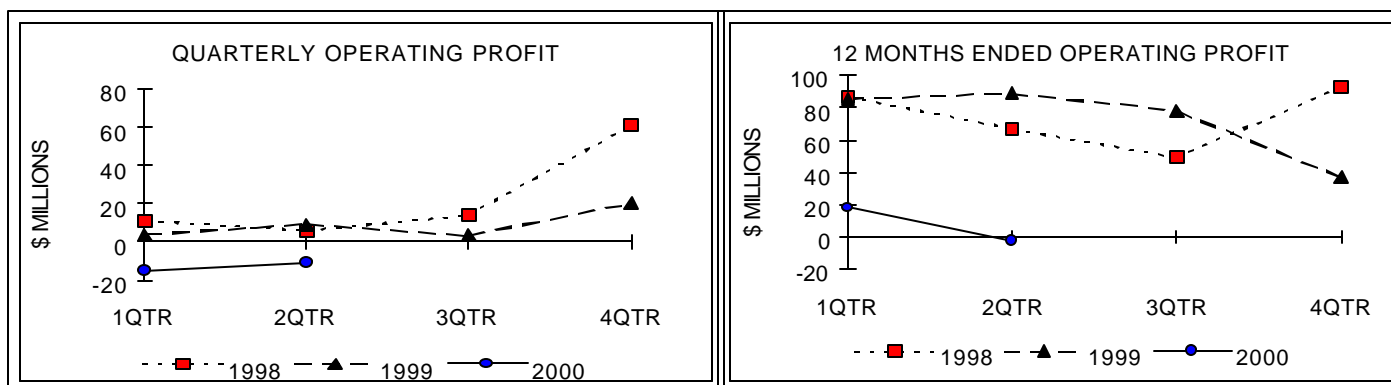
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.1	3.7	7.0	5.6	4.3	3.6	3.4
27	Operating Expenses (%)	9.9	5.2	10.2	9.1	7.6	5.4	4.2
28	Operating Profit (Loss) (in Millions \$)	80.7	-170.5	-1,859.8	-2,111.0	-2,040.7	-1,032.5	-280.5
29	Net Income (Loss)(in Millions \$)	-369.8	398.6	-874.3	-105.8	155.0	-210.6	-540.2
30	RPMs (Sch. Svc.) (%)	7.4	3.2	6.0	4.9	4.6	4.2	3.3
31	ASMs (Sch. Svc.) (%)	2.8	5.3	5.5	6.1	5.2	4.8	2.6
32	Operating Revenues per RTM (%)	1.7	1.3	-1.1	-1.4	-0.1	0.1	0.9
33	Operating Expense per RTM (%)	2.5	2.8	1.8	1.9	3.1	1.8	1.7
34	Passenger Revenue per RPM (Sch. Svc.)(	4.9	-0.4	2.1	0.7	-0.7	-1.7	-0.9

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
<b>FINANCIAL RESULTS: (\$Millions)</b>								
1	Operating Revenues	1,324.1	1,088.6	5,098.9	4,863.3	4,584.9	4,273.2	4,162.8
2	Operating Expenses	1,190.4	985.9	4,486.3	4,281.9	4,060.0	3,868.0	3,807.7
3	Operating Profit (Loss)	133.8	102.7	612.5	581.4	524.9	405.3	355.1
4	Net Income (Loss)	119.2	50.4	211.2	142.4	158.0	59.9	202.2
<b>TRAFFIC: (Billions)</b>								
5	RTMs - Scheduled Rev. Svc.	1.14	1.01	4.38	4.26	4.06	3.92	3.83
6	ATMs - Scheduled Rev. Svc.	1.72	1.63	6.73	6.64	6.45	6.38	6.24
7	Overall RTMs (All Services)	1.21	1.04	4.60	4.43	4.20	4.02	3.96
8	Overall ATMs (All Services)	1.85	1.68	7.11	6.94	6.69	6.55	6.47
<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>								
9	Operating Revenue per RTM	109.3	104.5	111.0	109.9	109.3	106.3	105.1
10	Operating Expense per RTM	98.2	94.6	97.6	96.7	96.8	96.2	96.1
11	Operating Profit (Loss) per RTM	11.0	9.8	13.3	13.1	12.5	10.1	9.0
12	Operating Expense per ATM	64.5	58.5	63.1	61.7	60.7	59.0	58.9
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
<b>FINANCIAL RATIOS:</b>								
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.	*	*	**	**	**	**	**
<b>FINANCIAL PERCENTAGES:</b>								
18	Operating Profit (Loss) to Operating Reven	10.1	9.4	12.0	12.0	11.4	9.5	8.5
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	10.6	7.9	9.0	5.6	12.8
21	Debt to Total Investment	*	*	**	**	**	**	**
<b>TON LOAD FACTOR: (Sch. Svc. %)</b>								
22	Actual	65.7	61.9	64.7	63.7	62.8	61.3	61.2
23	Breakeven	++	++	++	++	++	++	++
<b>Employment &amp; Productivity:</b>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	21.6	8.5	22.5	19.3	14.7	6.7	6.4
27	Operating Expenses (%)	20.7	4.6	17.8	13.7	8.7	3.3	3.3
28	Operating Profit (Loss) (in Millions \$)	31.1	42.5	257.4	268.7	264.8	142.4	129.9
29	Net Income (Loss)(in Millions \$)	68.8	-59.8	9.0	-119.6	-22.1	-145.3	165.9
30	RTMs (All Svc.) (%)	16.3	6.3	16.0	13.5	7.3	3.4	5.3
31	ATMs (All Svc.) (%)	9.6	4.7	9.8	8.6	4.6	4.1	7.2
32	Operating Revenues per RTM (%)	4.6	2.2	5.6	5.2	6.9	3.2	1.1
33	Operating Expense per RTM (%)	3.8	-1.7	1.6	0.2	1.3	0.0	-1.9
34	Passenger Revenue per RPM (Sch. Svc.)(	++	++	++	++	++	++	++

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



### QUARTERLY RESULTS

- Operating revenues were up 8.3 percent from a year ago, but operating expenses jumped 16.2 percent, resulting in a \$20.3 million drop in operating results to a loss of \$10.9 million.
- Net results also fell to the red, down \$7.7 million to a loss of \$7.7 million.
- The domestic entity was primarily responsible for the declines and losses in both operating and net results, although Atlantic net results slid \$5 million but remained positive at \$42 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	-51.3	-98.9	-47.7	-40.9	-56.0	-15.1	0.1	0.1	8.0	0.1	0.1	16.7	50.1%
Int'l	60.7	88.0	27.4	44.3	48.4	4.1	0.7	0.8	15.0	1.1	1.2	4.3	68.4%
Atlantic	63.6	76.4	12.8	47.1	42.0	-5.0	0.1	0.1	3.1	0.1	0.1	11.0	66.8%
Latin	-2.9	11.7	14.6	-2.8	6.3	9.1	0.0	0.0	13.7	0.0	0.0	51.5	42.7%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.7	15.9	1.0	1.1	3.2	69.1%
System	9.4	-10.9	-20.3	3.4	-7.7	-11.1	0.8	0.9	14.5	1.2	1.3	5.4	66.6%

- Total fuel expenses soared 89.3 percent (\$10.2 million), as consumption rose 12.5 percent and unit prices jumped 68.1 percent.
- ATM capacity, up 17.9 percent, grew nearly three times faster than RTM traffic, up 6.6 percent, causing the ton load factor to drop 5.8 percentage points to 54.6 percent.
- Even though RTM yield was up 3 percent, profitability was eroded as RTM unit costs were up 9 percent.
- Interest expense dipped \$2 million to a very low \$3 million.

### 12-MONTH RESULTS

- Operating expense growth, up 13.9 percent, grew much faster than operating revenues, up 6.3 percent, resulting in operating profit declining \$81.1 million to a loss of \$2.3 million, the first 12-month ended loss in recent carrier history.
- Net income, however, rose \$6.8 million to \$9.8 million.
- The ton load factor declined 1.9 percentage points to 57.2 percent as RTM traffic growth, up 9 percent, was outpaced by ATM capacity growth, up 12.6 percent.
- Interest expense fell \$51.3 million to \$13.9 million.
- Total debt declined \$89.6 million to a major group low \$108.4 million. Despite this decline, falling equity led to the debt-to-investment ratio jumping 34.1 percentage points to 46.5 percent.

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.

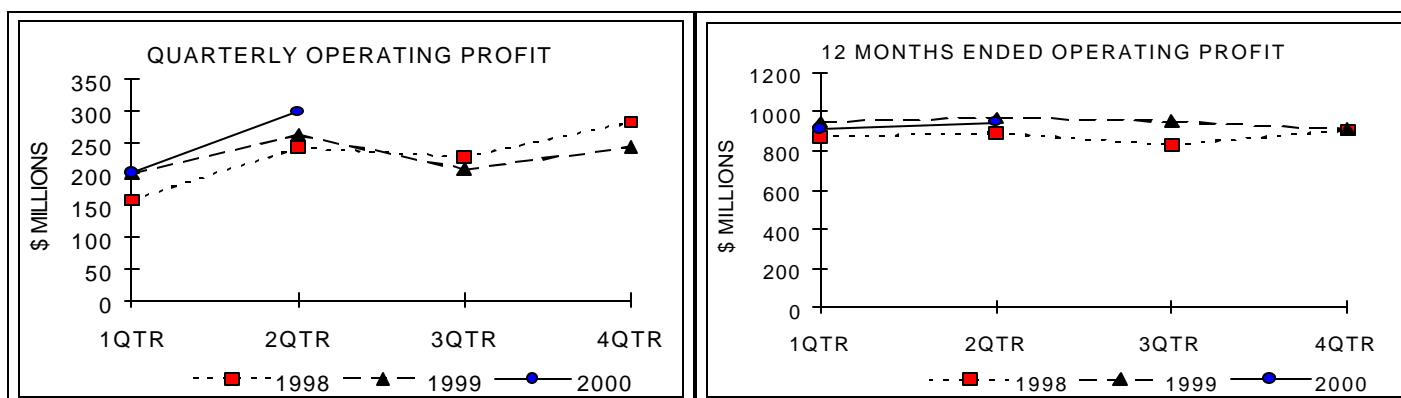


**QUARTERLY FINANCIAL & TRAFFIC REVIEW  
SYSTEM OPERATIONS  
DHL AIRWAYS**

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<b>FINANCIAL RESULTS: (\$Millions)</b>							
1	Operating Revenues	370.6	337.7	1,453.8	1,420.9	1,369.8	1,384.1	1,367.3
2	Operating Expenses	381.5	328.3	1,456.1	1,402.9	1,333.0	1,306.1	1,278.6
3	Operating Profit (Loss)	-10.9	9.4	-2.3	18.0	36.8	78.0	88.8
4	Net Income (Loss)	-7.7	3.4	9.8	20.9	31.8	11.2	3.0
	<b>TRAFFIC: (Billions)</b>							
5	RTMs - Scheduled Rev. Svc.	0.10	0.09	0.43	0.42	0.41	0.40	0.38
6	ATMs - Scheduled Rev. Svc.	0.21	0.18	0.79	0.76	0.72	0.70	0.68
7	Overall RTMs (All Services)	0.12	0.11	0.46	0.46	0.45	0.44	0.43
8	Overall ATMs (All Services)	0.22	0.19	0.81	0.78	0.75	0.73	0.72
	<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>							
9	Operating Revenue per RTM	309.7	300.8	313.8	311.7	305.7	315.2	321.7
10	Operating Expense per RTM	318.8	292.4	314.3	307.7	297.5	297.4	300.8
11	Operating Profit (Loss) per RTM	-9.1	8.4	-0.5	3.9	8.2	17.8	20.9
12	Operating Expense per ATM	174.1	176.6	179.7	180.5	177.6	178.2	177.6
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<b>FINANCIAL RATIOS:</b>							
14	Operating Revenues to Total Investment	*	*	7.00	7.46	7.50	7.82	7.58
15	Times Interest Earned	*	*	1.97	2.99	3.80	1.69	1.50
16	Current Assets to Current Liabilities	*	*	1.03	1.04	1.04	0.97	0.85
17	No. of Days Cash Coverage of Cash Exp.	*	*	0.3	0.6	1.3	1.8	25.0
	<b>FINANCIAL PERCENTAGES:</b>							
18	Operating Profit (Loss) to Operating Reven	-2.9	2.8	-0.2	1.3	2.7	5.6	6.5
19	Net Income to Stockholders Equity	*	*	7.3	15.5	22.6	7.9	2.0
20	Corporate Return on Investment	*	*	11.4	19.3	27.1	43.9	37.8
21	Debt to Total Investment	*	*	46.5	40.8	36.4	33.7	12.4
	<b>TON LOAD FACTOR: (Sch. Svc. %)</b>							
22	Actual	54.6	60.4	57.2	58.7	59.7	59.9	59.1
23	Breakeven	++	++	++	++	++	++	++
	<b>Employment &amp; Productivity:</b>							
24	Employment, Total Weighted Avg CY	8,556	8,195	8,347	8,257	8,163	8,085	7,969
25	Overall RTM's per Employee (000)	14.0	13.7	55.5	55.2	54.9	54.3	53.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.7	3.9	6.3	4.9	1.6	7.6	6.4
27	Operating Expenses (%)	16.2	2.9	13.9	10.5	6.1	5.6	5.0
28	Operating Profit (Loss) (in Millions \$)	-20.3	3.4	-91.1	-67.4	-55.8	29.0	22.1
29	Net Income (Loss)(in Millions \$)	-11.1	14.7	6.8	32.7	37.0	-7.0	36.0
30	RTMs (Sch. Svc.) (%)	6.6	14.6	9.0	11.0	12.0	12.9	8.1
31	ATMs (Sch. Svc.) (%)	17.9	10.1	12.6	10.6	9.9	10.4	10.4
32	Operating Revenues per RTM (%)	3.0	-9.3	-2.5	-5.5	-9.3	-4.6	-1.5
33	Operating Expense per RTM (%)	9.0	-10.2	4.5	-0.4	-5.2	-6.5	-2.9
34	Passenger Revenue per RPM (Sch. Svc.)(	++	++	++	++	++	++	++

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



## **QUARTERLY RESULTS**

- Federal Express reported all-time carrier records in both operating and net results for the quarter ended June 2000.
- Operating revenues, up 8.9 percent, grew slightly faster than operating expenses, up 8.5 percent, resulting in operating profit gaining \$36.5 million to \$297.7 million.
- The rise in profits occurred even though total fuel expense jumped \$73.6 million (72.7 percent) as unit fuel prices jumped 62.6 percent and fuel consumption rose 6.2 percent.
- Net results were up \$36.4 million to \$176.3 million.
- The entities except the Atlantic entity reported gains in both operating and net results. Atlantic operating and net results fell into the red while the Pacific operating and net losses narrowed.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	244.0	269.1	25.1	133.3	159.4	26.1	1.1	1.2	9.9	1.8	1.8	3.1	62.5%
Int'l	17.2	28.5	11.4	6.5	16.9	10.4	0.7	0.8	14.4	1.1	1.2	13.4	65.6%
Atlantic	14.2	-0.8	-15.0	7.2	-0.6	-7.8	0.2	0.2	5.0	0.3	0.4	16.8	60.5%
Latin	19.4	38.7	19.3	11.1	23.4	12.4	0.1	0.1	16.7	0.1	0.1	9.4	55.2%
Pacific	-16.5	-9.4	7.0	-11.7	-5.9	5.8	0.5	0.5	18.5	0.7	0.8	12.4	69.3%
System	261.2	297.7	36.5	139.9	176.3	36.5	1.7	2.0	11.7	2.9	3.1	7.0	63.8%

- RTM traffic advanced 11.7 percent, exceeding the 7 percent increase in ATM capacity, causing the ton load factor to climb 0.3 percentage points to 63.8 percent.
- Profitability was enhanced despite a 2.5 percent decline in RTM yield as RTM unit costs slid 2.9 percent.
- Interest expense dipped \$0.6 million to \$20 million.

## **12-MONTH RESULTS**

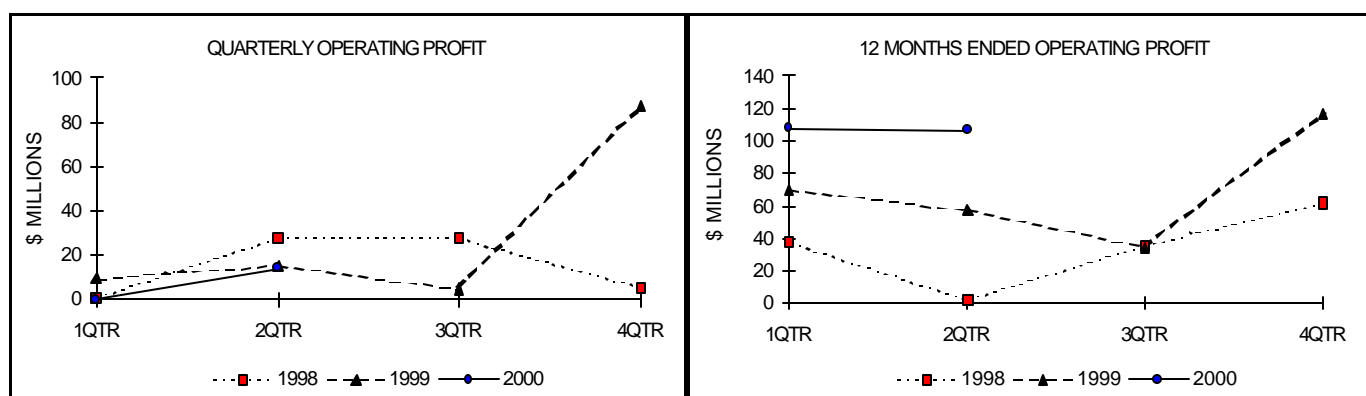
- Operating profit was down \$21.4 million to \$947.5 million as operating expenses, up 8.9 percent, rose faster than operating revenues, up 8.2 percent.
- Net income, however, increased \$36 million to \$496.3 million.
- Interest expense declined \$6.5 million to \$80.9 million.
- RTM traffic grew 11.2 percent outpacing the 7.7 percent increase in ATM capacity causing the ton load factor to rise 1.9 percentage points to 62.8 percent.
- Total debt was reduced \$213.2 million and equity rose causing the debt-to-investment ratio to decline 3.3 percentage points to 22 percent.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<b>FINANCIAL RESULTS: (\$Millions)</b>							
1	Operating Revenues	3,919.1	3,598.7	15,196.8	14,876.4	14,508.4	14,229.8	14,048.9
2	Operating Expenses	3,621.4	3,337.5	14,249.3	13,965.4	13,598.5	13,280.4	13,080.0
3	Operating Profit (Loss)	297.7	261.2	947.5	911.0	909.9	949.3	968.9
4	Net Income (Loss)	176.3	139.9	496.3	459.9	432.4	422.0	460.3
	<b>TRAFFIC: (Billions)</b>							
5	RTMs - Scheduled Rev. Svc.	1.84	1.72	7.29	7.16	6.93	6.76	6.68
6	ATMs - Scheduled Rev. Svc.	2.89	2.81	11.57	11.49	11.24	11.09	10.96
7	Overall RTMs (All Services)	1.95	1.74	7.59	7.38	7.09	6.87	6.82
8	Overall ATMs (All Services)	3.05	2.86	12.07	11.87	11.52	11.28	11.21
	<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>							
9	Operating Revenue per RTM	201.2	206.4	200.3	201.6	204.6	207.2	205.9
10	Operating Expense per RTM	185.9	191.4	187.9	189.2	191.7	193.4	191.7
11	Operating Profit (Loss) per RTM	15.3	15.0	12.5	12.3	12.8	13.8	14.2
12	Operating Expense per ATM	118.5	116.9	118.1	117.7	118.1	117.7	116.7
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<b>FINANCIAL RATIOS:</b>							
14	Operating Revenues to Total Investment	*	*	2.96	2.87	2.84	2.84	2.84
15	Times Interest Earned	*	*	11.51	10.72	9.94	9.58	9.59
16	Current Assets to Current Liabilities	*	*	1.11	1.18	1.12	1.15	1.09
17	No. of Days Cash Coverage of Cash Exp.	*	*	2.0	2.1	2.3	2.4	2.8
	<b>FINANCIAL PERCENTAGES:</b>							
18	Operating Profit (Loss) to Operating Reven	7.6	7.3	6.2	6.1	6.3	6.7	6.9
19	Net Income to Stockholders Equity	*	*	12.4	11.5	11.1	11.2	12.6
20	Corporate Return on Investment	*	*	11.3	10.5	10.1	10.2	11.1
21	Debt to Total Investment	*	*	22.0	19.9	21.8	22.4	25.3
	<b>TON LOAD FACTOR: (Sch. Svc. %)</b>							
22	Actual	63.8	61.1	62.8	62.2	61.6	60.9	60.9
23	Breakeven	++	++	++	++	++	++	++
	<b>Employment &amp; Productivity:</b>							
24	Employment, Total Weighted Avg CY	93,725	91,399	93,334	92,753	91,868	91,000	90,215
25	Overall RTM's per Employee (000)	20.8	19.1	81.3	79.6	77.2	75.5	75.6

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	8.9	5.7	8.2	7.4	6.2	5.8	4.7
27	Operating Expenses (%)	8.5	5.5	8.9	8.2	6.6	5.3	4.4
28	Operating Profit (Loss) (in Millions \$)	36.5	20.2	-21.4	-37.7	2.6	118.1	76.8
29	Net Income (Loss)(in Millions \$)	36.4	17.9	36.0	17.4	-3.0	17.4	18.4
30	RTMs (Sch. Svc.) (%)	11.7	2.0	11.2	8.7	3.7	0.9	1.4
31	ATMs (Sch. Svc.) (%)	7.0	3.8	7.7	6.9	3.6	3.1	4.4
32	Operating Revenues per RTM (%)	-2.5	3.7	-2.7	-1.2	2.5	4.9	3.3
33	Operating Expense per RTM (%)	-2.9	3.5	-2.0	-0.5	2.8	4.4	3.0
34	Passenger Revenue per RPM (Sch. Svc.)	++	++	++	++	++	++	++

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



### QUARTERLY RESULTS

- Despite a strong 18.3 percent jump in operating revenues, operating expenses grew by 19.1 percent, resulting in a \$1.4 million decline in operating profit to \$13.8 million.
- Much of this increase in operating expenses resulted from soaring total fuel expense, which rose 71.2 percent (\$43.9 million). Total fuel expense comprised 18.3 percent to total operating expenses, up 5.7 percentage points from 12.7 percent a year ago.
- Net results climbed \$0.6 million but remained in the red with a \$0.8 million loss.
- Entity results were mixed with the largest impact on overall system results arising from Latin operations, which experienced a \$16.6 million drop in operating results to a \$13 million loss, and Pacific operations, which experienced a \$171.2 million improvement in net results to \$163.5 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1999	2000	\$ Change	1999	2000	\$ Change	1999	2000	Change %	1999	2000	Change %	
Domestic	-9.7	-3.3	6.3	-1.0	-54.7	-53.7	0.7	0.7	1.7	1.3	1.3	-5.5	58.3%
Int'l	24.8	17.2	-7.6	-0.5	53.9	54.4	0.3	0.4	22.8	0.5	0.5	-0.1	67.1%
Atlantic	0.1	6.2	6.1	0.3	38.2	37.9	0.1	0.1	10.5	0.1	0.1	-8.2	73.0%
Latin	3.6	-13.0	-16.6	6.9	-147.8	-154.7	0.0	0.1	196.5	0.0	0.1	148.7	55.8%
Pacific	21.1	24.0	2.9	-7.7	163.5	171.2	0.2	0.2	9.8	0.4	0.3	-15.0	68.6%
System	15.2	13.8	-1.3	-1.4	-0.8	0.7	1.0	1.1	7.8	1.9	1.8	-3.9	60.9%

- The ton load factor jumped 6.6 percentage points to 60.9 percent as RTM traffic growth rose 7.8 percent and ATM capacity fell 3.9 percent.
- Profitability was eroded as RTM unit costs, up 10.6 percent, rose faster than RTM yield, up 9.7 percent.
- UPS continues to report the highest productivity (RTMs per employee) among all the majors at 219.3

### 12-MONTH RESULTS

- Operating revenues, up 16.4 percent, grew faster than operating expenses, up 14.4 percent, resulting in a \$48.6 million gain in operating profit to \$106.2 million.
- Net income moved into the black, gaining \$62.8 million to a positive \$58.6 million.
- RTM traffic growth, up 9.1 percent, was much stronger than ATM capacity growth, up 1.2 percent, causing the ton load factor to increase 4.2 percentage points to 57.7 percent.
- Rising equity coupled with declining total debt, down \$140.1 million, causing the debt-to-investment ratio to decline 1.9 percentage points to 75.3 percent.
- Productivity (RTMs per employee) continued to be very high when compared with all other majors, rising from 829 a year ago to 891.1.

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2000/06	1999/06	2000/06	2000/03	1999/12	1999/09	1999/06
	<b>FINANCIAL RESULTS: (\$Millions)</b>							
1	Operating Revenues	589.9	498.7	2,343.7	2,252.5	2,152.9	2,015.3	2,014.3
2	Operating Expenses	576.1	483.6	2,237.5	2,145.0	2,036.0	1,980.8	1,956.7
3	Operating Profit (Loss)	13.8	15.2	106.2	107.5	116.9	34.6	57.6
4	Net Income (Loss)	-0.8	-1.4	58.6	57.9	66.3	-21.2	-4.2
	<b>TRAFFIC: (Billions)</b>							
5	RTMs - Scheduled Rev. Svc.	0.35	0.28	1.31	1.24	1.18	1.13	1.09
6	ATMs - Scheduled Rev. Svc.	0.52	0.52	2.11	2.11	2.08	2.08	2.00
7	Overall RTMs (All Services)	1.08	1.01	4.32	4.24	4.14	4.03	3.96
8	Overall ATMs (All Services)	1.78	1.85	7.49	7.56	7.52	7.49	7.39
	<b>YIELD &amp; UNIT COST &amp; PROFITS: (Cents)</b>							
9	Operating Revenue per RTM	54.4	49.6	54.3	53.1	52.0	50.0	50.9
10	Operating Expense per RTM	53.2	48.1	51.8	50.6	49.2	49.1	49.4
11	Operating Profit (Loss) per RTM	1.3	1.5	2.5	2.5	2.8	0.9	1.5
12	Operating Expense per ATM	32.4	26.1	29.9	28.4	27.1	26.4	26.5
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<b>FINANCIAL RATIOS:</b>							
14	Operating Revenues to Total Investment	*	*	0.57	0.55	0.53	0.50	0.51
15	Times Interest Earned	*	*	3.18	3.17	3.62	0.73	1.73
16	Current Assets to Current Liabilities	*	*	2.64	2.22	1.56	1.45	1.05
17	No. of Days Cash Coverage of Cash Exp.	*	*	3.0	2.9	4.4	5.0	4.0
	<b>FINANCIAL PERCENTAGES:</b>							
18	Operating Profit (Loss) to Operating Reven	2.3	3.0	4.5	4.8	5.4	1.7	2.9
19	Net Income to Stockholders Equity	*	*	6.1	6.1	7.0	-2.3	-0.4
20	Corporate Return on Investment	*	*	2.1	2.1	2.3	0.2	0.6
21	Debt to Total Investment	*	*	75.3	75.6	75.7	77.6	77.2
	<b>TON LOAD FACTOR: (Sch. Svc. %)</b>							
22	Actual	60.9	54.3	57.7	56.1	55.1	53.8	53.5
23	Breakeven	++	++	++	++	++	++	++
	<b>Employment &amp; Productivity:</b>							
24	Employment, Total Weighted Avg CY	4,941	4,745	4,845	4,796	4,760	4,745	4,727
25	Overall RTM's per Employee (000)	219.3	211.9	891.1	883.9	869.6	849.6	837.2

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	18.3	0.0	16.4	11.8	7.8	3.8	9.3
27	Operating Expenses (%)	19.1	2.7	14.4	10.4	5.2	4.0	6.3
28	Operating Profit (Loss) (in Millions \$)	-1.4	-12.8	48.6	37.1	54.9	-1.1	55.4
29	Net Income (Loss)(in Millions \$)	0.6	-14.0	62.8	48.0	58.4	-16.5	18.0
30	RTMs (Sch. Svc.) (%)	7.8	7.5	9.1	9.1	8.0	6.7	10.8
31	ATMs (Sch. Svc.) (%)	-3.9	5.6	1.2	3.6	4.6	5.9	10.6
32	Operating Revenues per RTM (%)	9.7	-7.0	6.7	2.5	-0.2	-2.7	-1.4
33	Operating Expense per RTM (%)	10.6	-4.4	4.9	1.2	-2.6	-2.6	-4.1
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
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'</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>
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>