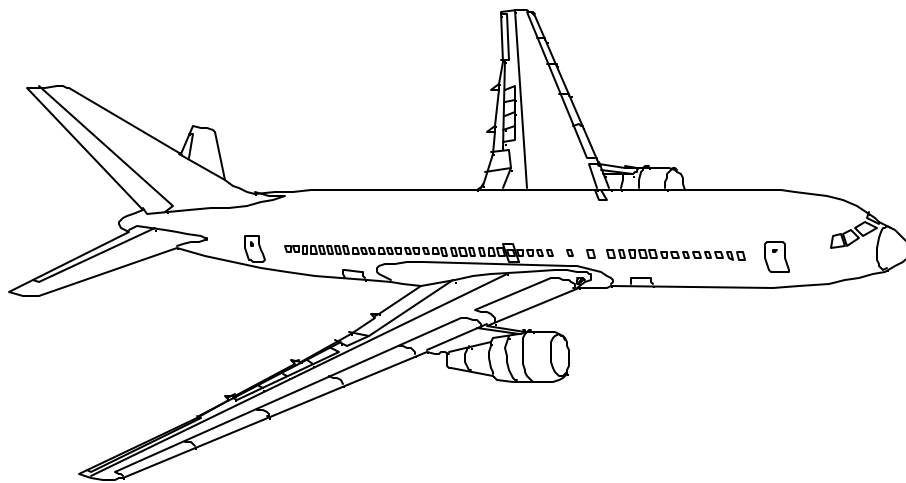


AIRLINE QUARTERLY FINANCIAL REVIEW

SECOND QUARTER 2003



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 now included in this review. 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
SYSTEM OPERATIONS
TOTAL PASSENGER & ALL-CARGO MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	24,962.0	27,568.7	97,492.6	105,940.4	104,640.0	102,643.2	104,294.6
2	Operating Expenses	25,419.0	28,959.6	105,622.8	114,782.4	113,175.6	113,073.4	116,720.9
3	Operating Profit (Loss)	-457.0	-1,391.0	-8,130.2	-8,842.1	-8,535.6	-10,430.2	-12,426.3
4	Net Income (Loss)	290.5	-1,448.2	-8,051.8	-9,836.8	-10,381.5	-9,836.9	-9,951.6
	<u>TRAFFIC: (Billions)</u>							
5	RPMS - Scheduled Rev. Svc.	137.28	165.15	569.75	627.48	625.53	611.86	615.89
6	ASMs - Scheduled Rev. Svc.	182.69	224.37	788.39	873.18	867.82	859.94	869.96
7	Overall RTMs (All Svc.)	19.65	24.14	80.94	93.82	93.01	90.11	89.03
8	Overall ATMs (All Svc.)	34.85	42.54	145.28	168.02	165.95	162.86	161.71
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	127.0	114.2	120.4	112.9	112.5	113.9	117.1
10	Operating Expense per RTM	129.3	120.0	130.5	122.3	121.7	125.5	131.1
11	Operating Profit (Loss) per RTM	-2.3	-5.8	-10.0	-9.4	-9.2	-11.6	-14.0
12	Operating Expense per ATM	72.9	68.1	72.7	68.3	68.2	69.4	72.2
13	Passenger Revenue per RPM	11.76	11.72	11.44	11.53	11.55	11.52	11.73
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	1.27	1.26	1.20	1.14	1.16
15	Times Interest Earned	*	*	-1.73	-2.42	-2.82	-3.02	-3.55
16	Current Assets to Current Liabilities	*	*	0.82	0.72	0.73	0.79	0.82
17	No. of Days Cash Coverage of Cash Exp.	*	*	59.3	44.6	47.5	49.4	53.7
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	-1.8	-5.0	-8.3	-8.3	-8.2	-10.2	-11.9
19	Net Income to Stockholders Equity	*	*	-43.5	-41.7	-38.2	-31.7	-30.1
20	Corporate Return on Investment	*	*	-6.3	-7.7	-8.2	-7.4	-7.8
21	Debt to Total Investment	*	*	82.5	80.7	79.8	69.0	66.7
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	75.1	73.6	72.3	71.9	72.1	71.2	70.8
23	Breakeven	0.0	79.5	0.0	83.1	81.6	82.9	84.4
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	501,058	600,657	530,348	582,773	586,406	596,755	628,201
25	Overall RTM's per Employee (000)	39.2	40.2	152.6	161.0	158.6	151.0	141.7

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-9.5	-12.8	-6.5	-2.1	-8.0	-16.3	-18.5
27	Operating Expenses (%)	-12.2	-10.5	-9.5	-4.4	-8.4	-11.4	-7.7
28	Operating Profit (Loss) (in Millions \$)	934.0	-643.7	4,296.1	2,942.4	1,267.7	-5,442.2	-13,898.1
29	Net Income (Loss)(in Millions \$)	1,738.7	-559.9	1,899.8	-446.7	-2,754.1	-5,339.7	-8,996.6
30	RPMS (Sch. Svc.) (%)	-16.9	-8.8	-7.5	-0.3	-2.9	-9.7	-11.0
31	ASMs (Sch. Svc.) (%)	-18.6	-8.8	-9.4	-2.1	-5.6	-10.0	-9.7
32	Operating Revenues per RTM (%)	11.2	-8.6	2.8	-6.3	-9.1	-9.5	-8.6
33	Operating Expense per RTM (%)	7.8	-6.2	-0.5	-8.4	-9.5	-4.2	3.5
34	Passenger Revenue per RPM (Sch. Svc.)(%)	0.4	-8.1	-2.4	-4.4	-7.4	-11.0	-11.9

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	18,971.5	18,709.4	72,699.6	72,437.4	71,837.4	70,500.7	71,254.6
2	Operating Expenses	19,271.3	19,947.4	79,317.5	79,993.6	79,339.4	79,415.4	81,137.7
3	Operating Profit (Loss)	-299.8	-1,238.0	-6,618.0	-7,556.2	-7,502.1	-8,914.7	-9,883.1
4	Net Income (Loss)	417.6	-1,253.4	-5,654.8	-7,325.8	-8,487.6	-8,360.0	-8,077.7
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	107.77	110.33	421.16	423.72	424.02	416.43	416.72
6	ASMs - Scheduled Rev. Svc.	143.03	152.32	590.09	599.38	600.49	595.14	598.66
7	Overall RTMs (All Svc.)	13.76	13.99	54.09	54.32	54.35	53.16	52.83
8	Overall ATMs (All Svc.)	23.84	25.22	98.24	99.62	99.79	98.52	98.12
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	137.9	133.7	134.4	133.3	132.2	132.6	134.9
10	Operating Expense per RTM	140.1	142.5	146.6	147.3	146.0	149.4	153.6
11	Operating Profit (Loss) per RTM	-2.2	-8.8	-12.2	-13.9	-13.8	-16.8	-18.7
12	Operating Expense per ATM	80.8	79.1	80.7	80.3	79.5	80.6	82.7
13	Passenger Revenue per RPM	11.79	12.28	11.89	12.01	12.08	12.07	12.28
	<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	-1.6	-6.6	-9.1	-10.4	-10.4	-12.6	-13.9
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	-5.6	-8.2	-9.9	-9.5	-9.4
21	Debt to Total Investment	*	*	**	**	**	**	**
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	75.3	72.4	71.4	70.7	70.6	70.0	69.6
23	Breakeven	0.0	79.8	0.0	83.4	82.1	83.8	84.6
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	1.4	-14.5	2.0	-2.7	-8.6	-16.4	-19.3
27	Operating Expenses (%)	-3.4	-11.5	-2.2	-4.5	-8.1	-10.3	-7.6
28	Operating Profit (Loss) (in Millions \$)	938.3	-564.5	3,265.2	1,762.5	186.1	-4,760.8	-10,375.7
29	Net Income (Loss)(in Millions \$)	1,671.0	-557.4	2,422.9	194.6	-2,195.5	-4,657.3	-6,962.1
30	RPMs (Sch. Svc.) (%)	-2.3	-9.1	1.1	-1.0	-3.4	-9.2	-11.1
31	ASMs (Sch. Svc.) (%)	-6.1	-9.3	-1.4	-2.4	-5.2	-9.3	-9.7
32	Operating Revenues per RTM (%)	3.1	-8.9	-0.3	-3.7	-7.9	-10.3	-10.7
33	Operating Expense per RTM (%)	-1.7	-5.7	-4.5	-5.5	-7.4	-3.7	2.2
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-4.0	-9.9	-3.2	-5.1	-8.3	-12.0	-13.3

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	5,990.5	6,274.3	24,793.1	25,076.8	24,638.6	23,789.4	24,069.2
2	Operating Expenses	6,147.8	6,375.7	26,305.3	26,533.2	25,792.6	25,118.2	26,161.9
3	Operating Profit (Loss)	-157.2	-101.4	-1,512.2	-1,456.4	-1,154.0	-1,328.9	-2,092.7
4	Net Income (Loss)	-127.1	-140.6	-2,397.1	-2,410.7	-1,742.6	-1,145.7	-1,227.9
<u>TRAFFIC: (Billions)</u>								
5	RPMS - Scheduled Rev. Svc.	29.51	41.87	148.59	160.95	162.41	155.68	158.08
6	ASMs - Scheduled Rev. Svc.	39.66	53.81	198.30	212.45	211.50	208.49	213.25
7	Overall RTMs (All Svc.)	5.89	7.13	26.86	28.10	28.01	26.87	27.02
8	Overall ATMs (All Svc.)	11.01	12.03	47.04	48.06	47.47	46.55	47.27
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	101.6	87.9	92.3	89.3	88.0	88.5	89.1
10	Operating Expense per RTM	104.3	89.4	97.9	94.4	92.1	93.5	96.8
11	Operating Profit (Loss) per RTM	-2.7	-1.4	-5.6	-5.2	-4.1	-4.9	-7.7
12	Operating Expense per ATM	55.8	53.0	55.9	55.2	54.3	54.0	55.3
13	Passenger Revenue per RPM	11.67	9.86	10.18	9.83	9.78	9.75	9.73
<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	-2.6	-1.6	-6.1	-5.8	-4.7	-5.6	-8.7
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	-8.6	-8.2	-4.9	-2.2	-2.8
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	74.4	77.8	74.9	75.8	76.8	74.7	74.1
23	Breakeven	0.0	79.9	0.0	86.5	83.0	81.9	85.3
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-4.5	-13.2	3.0	0.2	-6.4	-15.6	-17.4
27	Operating Expenses (%)	-3.6	-12.3	0.5	-1.9	-8.0	-13.3	-7.9
28	Operating Profit (Loss) (in Millions \$)	-55.8	-57.5	580.5	578.8	554.4	-529.2	-2,836.7
29	Net Income (Loss)(in Millions \$)	13.6	-40.7	-1,169.2	-1,223.5	-895.7	-720.1	-1,477.7
30	RPMS (Sch. Svc.) (%)	-29.5	-14.1	-6.0	-2.4	-4.5	-14.4	-15.2
31	ASMs (Sch. Svc.) (%)	-26.3	-15.6	-7.0	-4.8	-9.4	-14.6	-13.6
32	Operating Revenues per RTM (%)	15.6	-3.4	3.6	-0.8	-4.2	-4.2	-4.0
33	Operating Expense per RTM (%)	16.7	-2.5	1.1	-2.9	-5.9	-1.7	7.0
34	Passenger Revenue per RPM (Sch. Svc.)(%)	18.4	-1.5	4.6	0.4	-2.8	-5.5	-7.5

COMPARISONS AMONG MAJOR GROUP AIRLINES

Chart 1.
Operating and Net Profit (Loss)
For the Quarter Ended June 2003

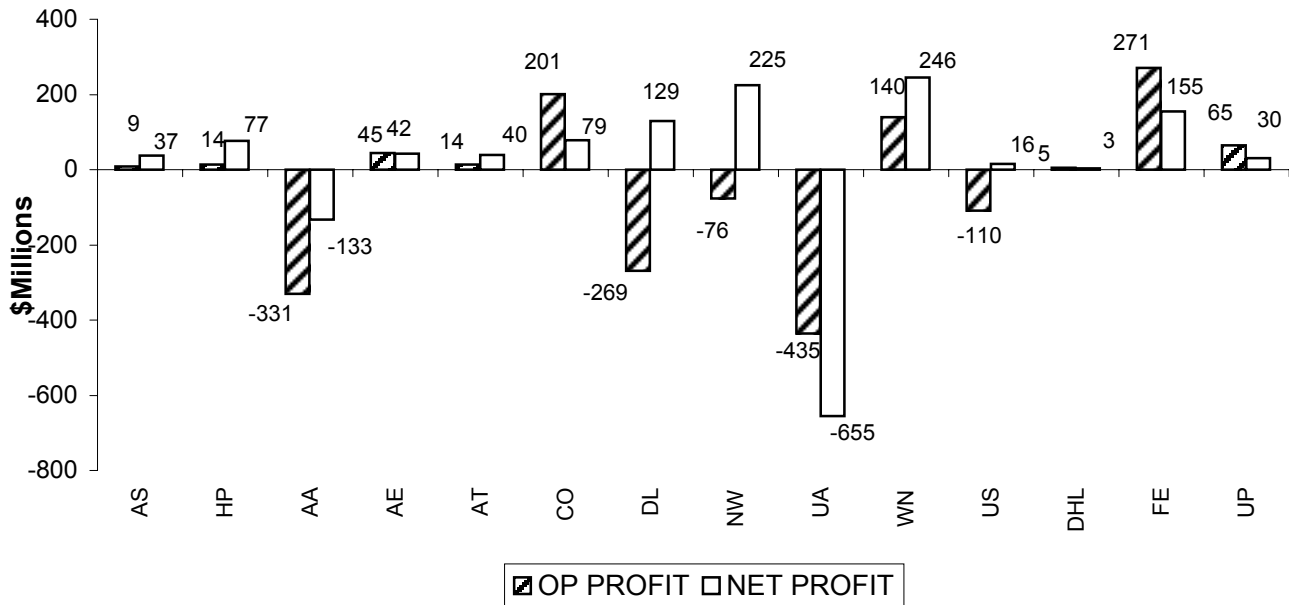
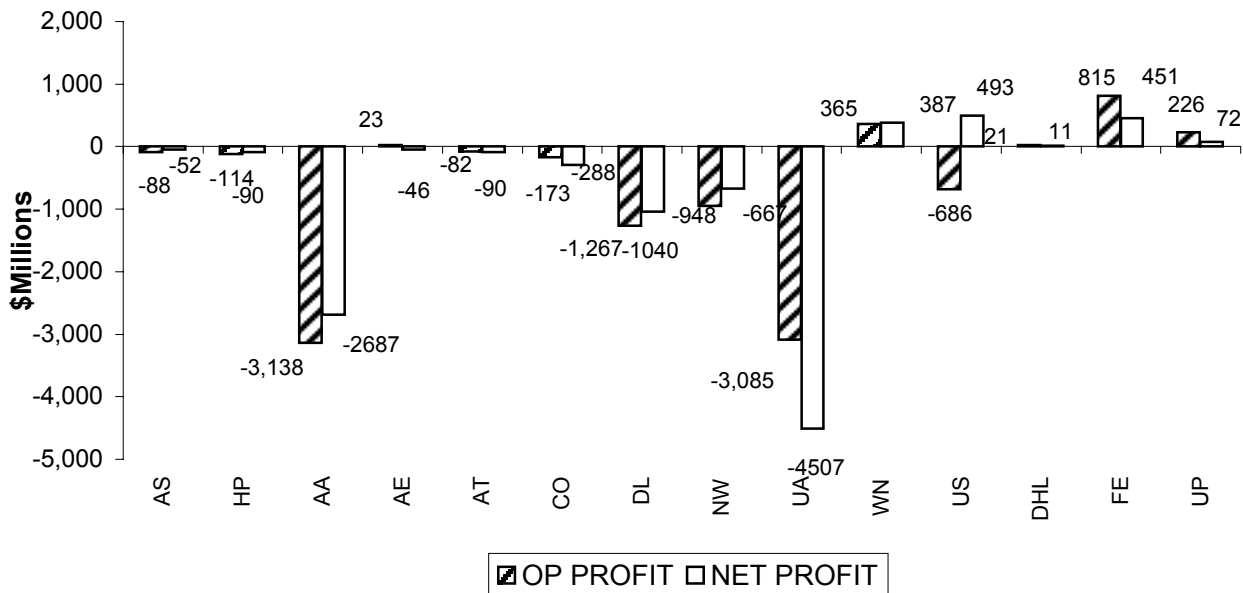
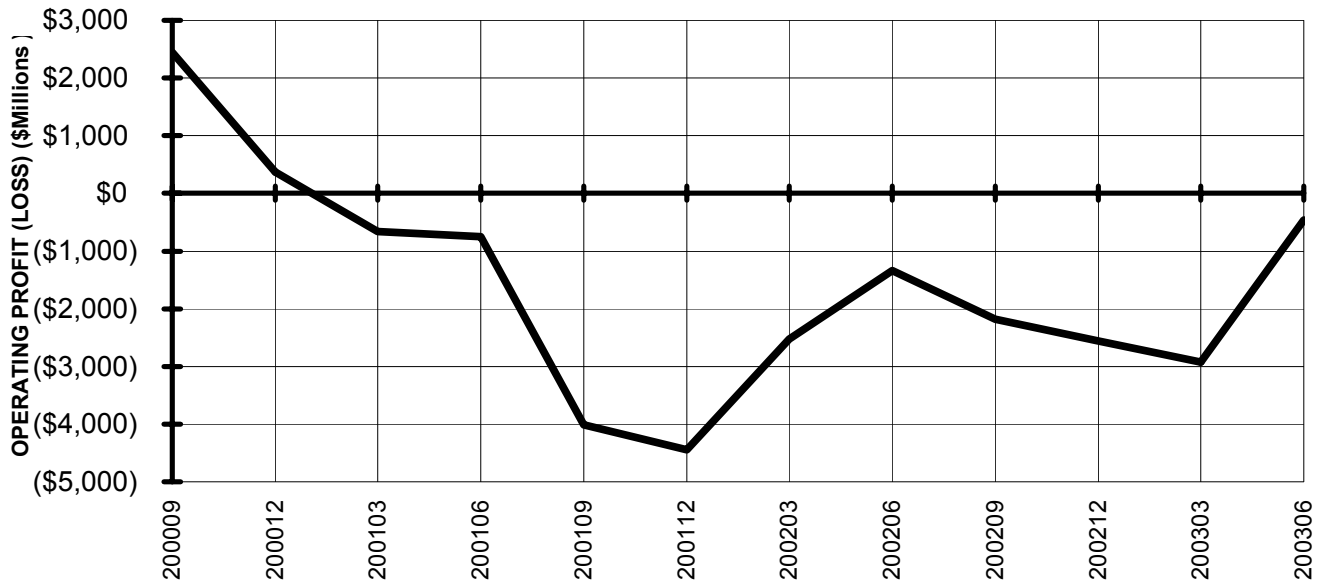


Chart 2
Operating and Net Profit (Loss)
For the 12 Months Ended June 2003

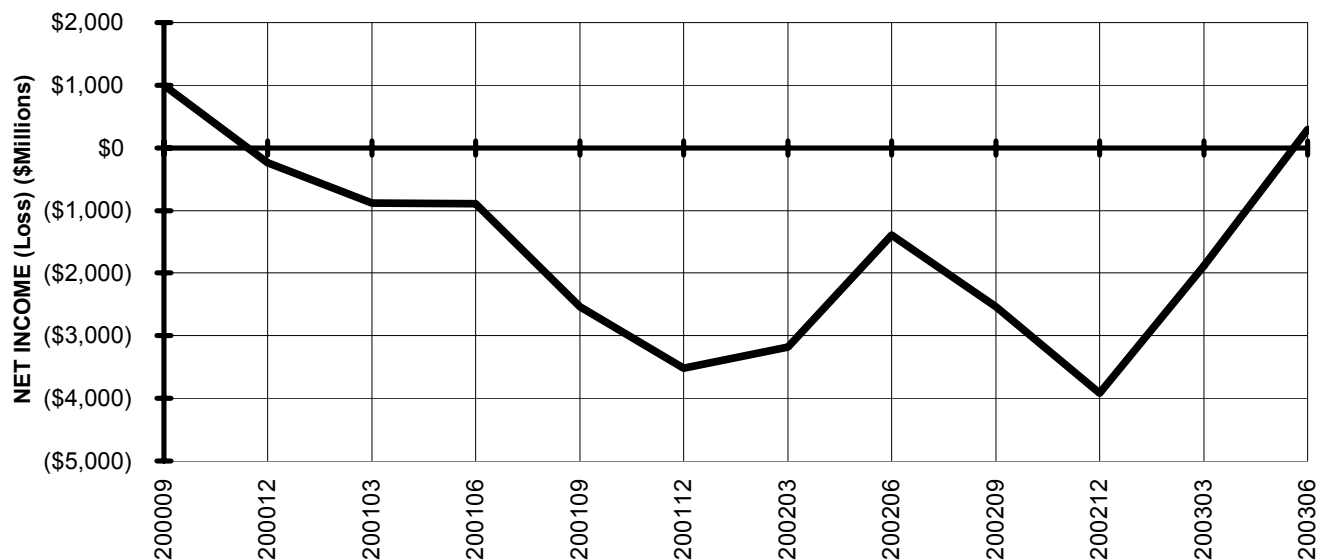


TOTAL ALL MAJORS (SYSTEM) BY QUARTER

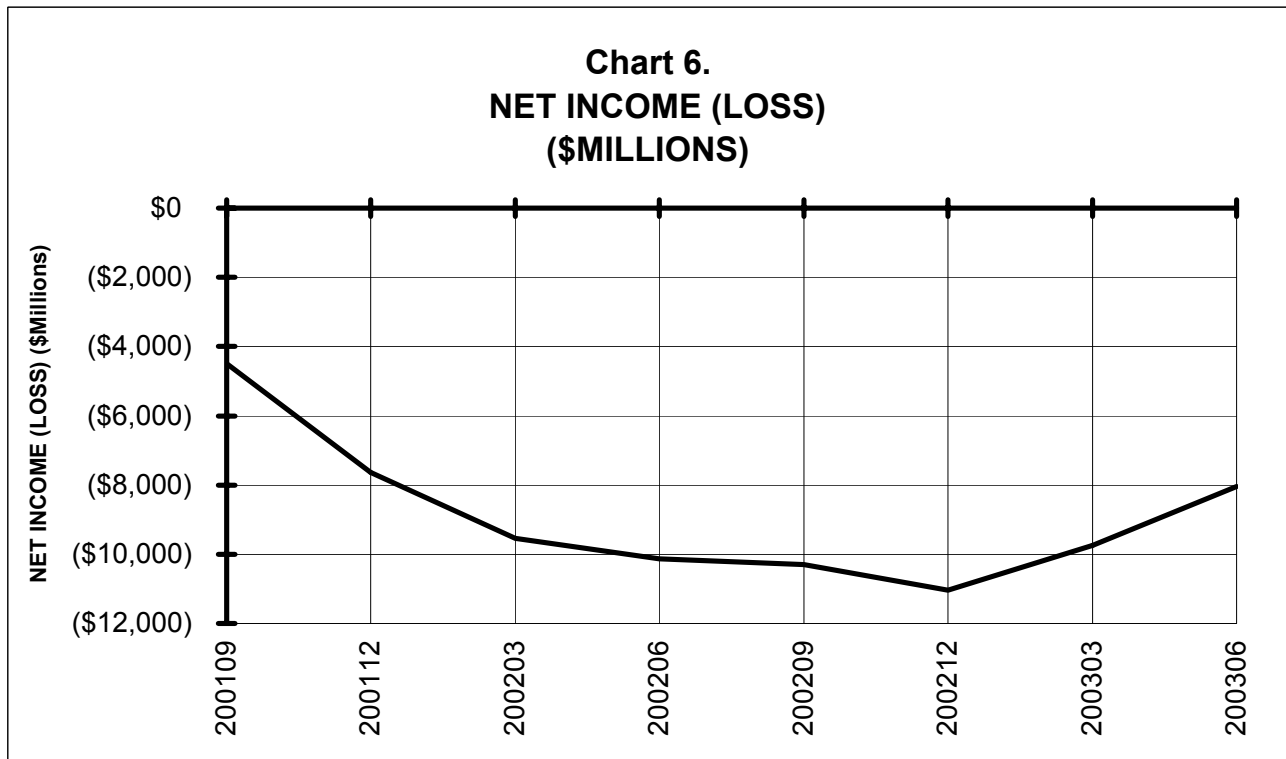
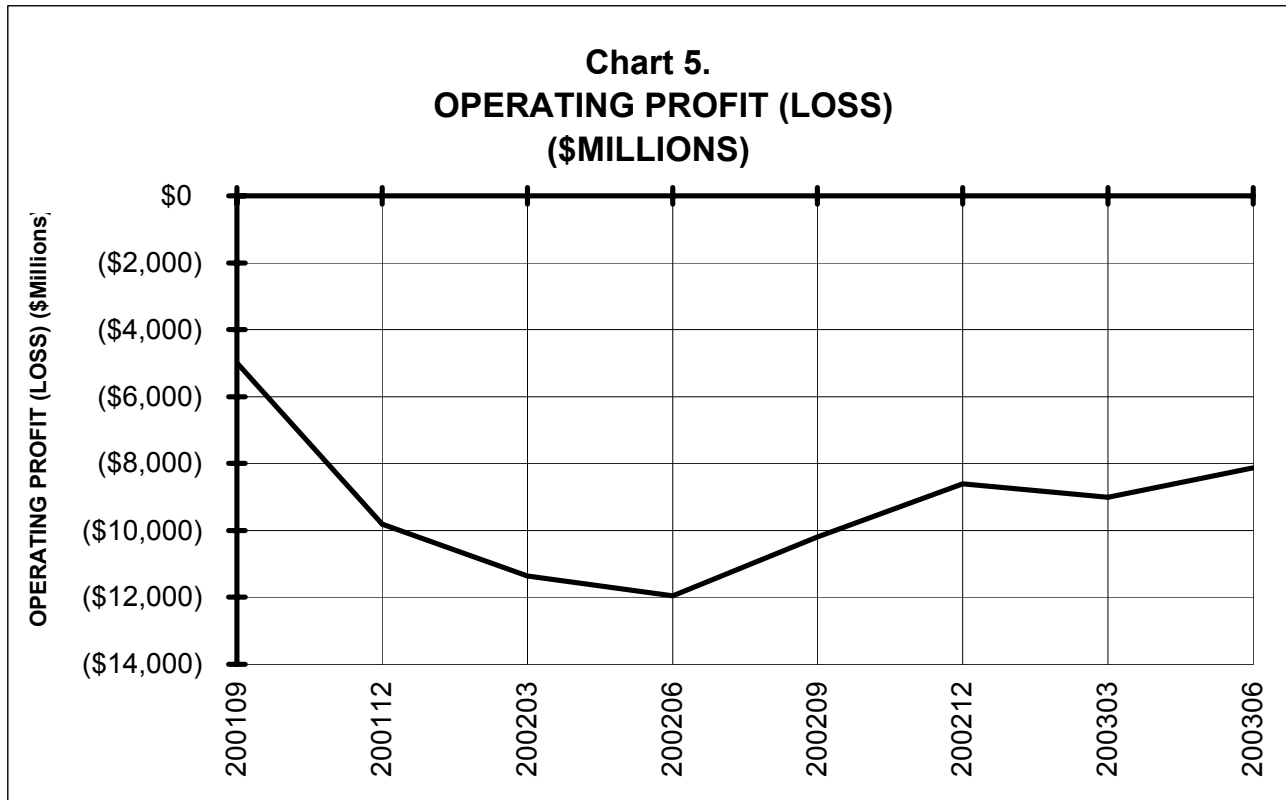
**Chart 3.
OPERATING PROFIT (LOSS)
(\$MILLIONS)**



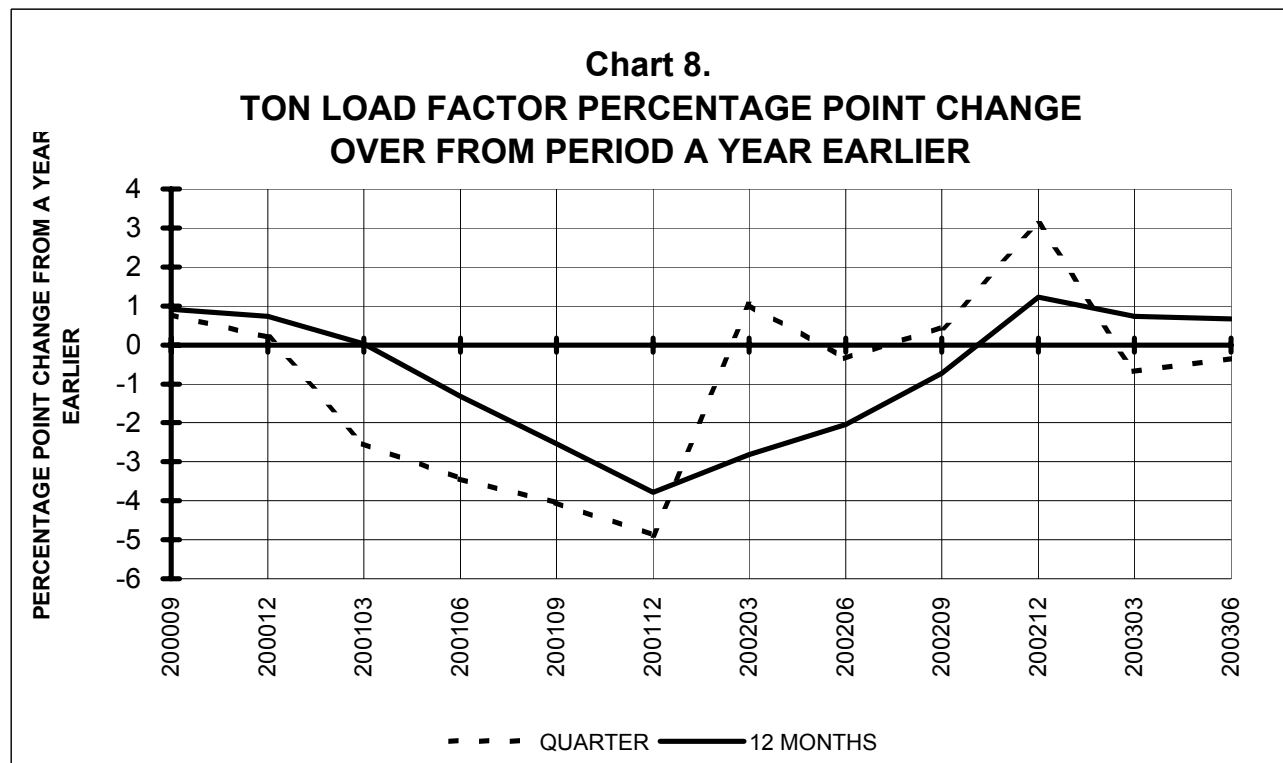
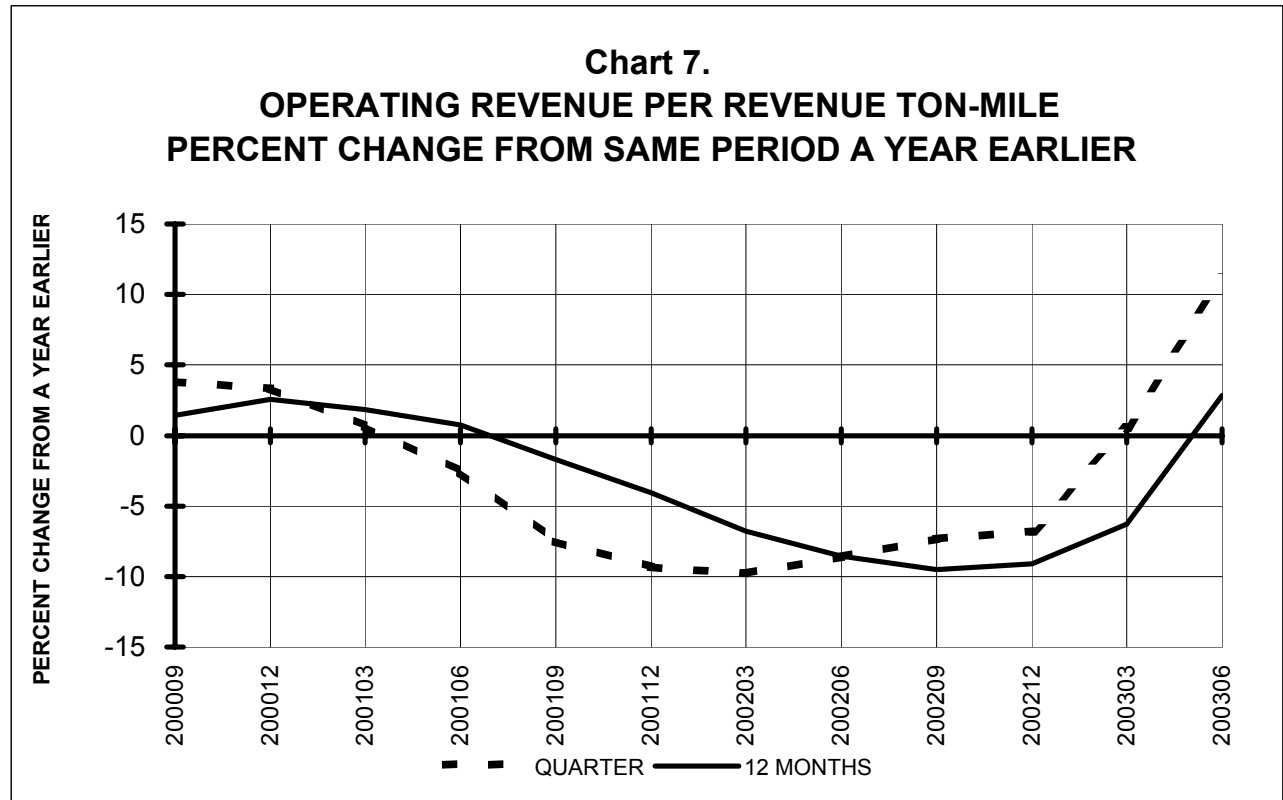
**Chart 4.
NET INCOME (LOSS)
(\$MILLIONS)**



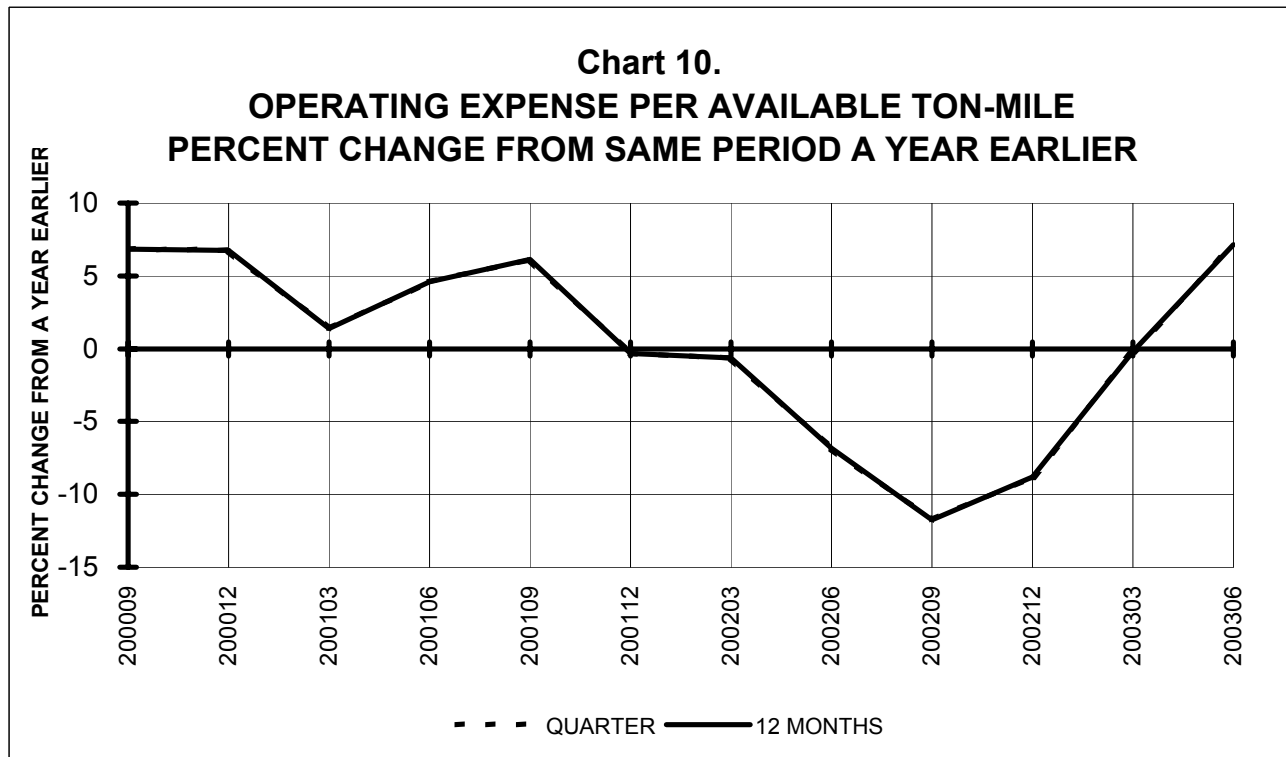
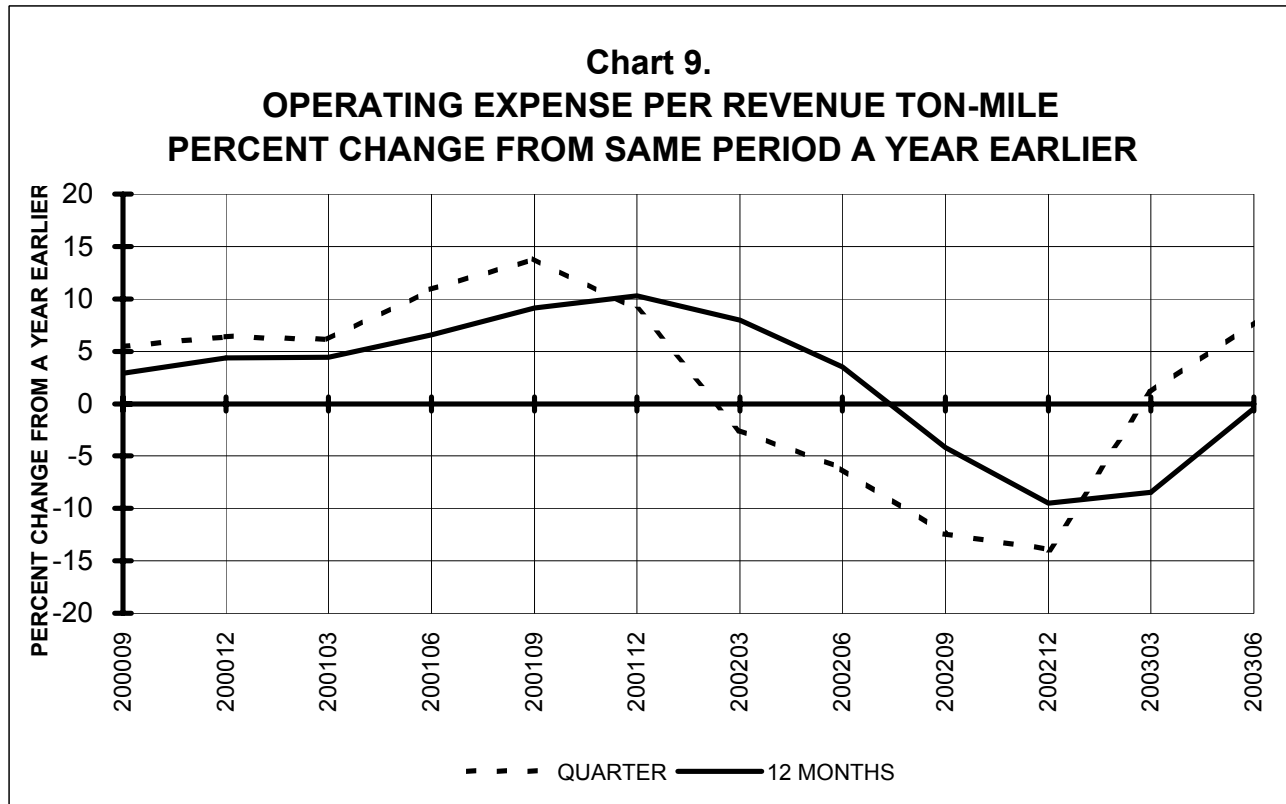
TOTAL ALL MAJORS (SYSTEM) BY 12-MONTH ENDING PERIODS



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



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



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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	19,933.3	20,280.5	77,787.5	78,134.8	77,428.9	75,270.4	76,417.2
2	Operating Expenses	20,731.3	21,825.2	86,979.0	88,073.0	87,041.5	86,520.6	89,201.5
3	Operating Profit (Loss)	-798.0	-1,544.6	-9,191.5	-9,938.2	-9,612.6	-11,250.2	-12,784.3
4	Net Income (Loss)	103.5	-1,496.2	-8,587.0	-10,186.7	-10,688.2	-9,939.1	-9,651.7
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	137.3	152.2	569.8	584.7	586.4	572.1	574.8
6	ASMs - Scheduled Rev. Svc.	182.7	206.1	788.4	811.8	812.0	803.6	811.9
7	Overall RTMs (All Svc.)	16.1	17.7	66.8	68.4	68.5	66.7	67.1
8	Overall ATMs (All Svc.)	28.9	31.5	121.7	124.3	124.1	122.7	123.8
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	124.0	114.3	116.5	114.2	113.0	112.8	114.0
10	Operating Expense per RTM	128.9	123.0	130.3	128.7	127.1	129.7	133.0
11	Operating Profit (Loss) per RTM	-5.0	-8.7	-13.8	-14.5	-14.0	-16.9	-19.1
12	Operating Expense per ATM	71.6	69.2	71.5	70.9	70.1	70.5	72.1
13	Passenger Revenue per RPM	11.76	11.61	11.44	11.41	11.44	11.44	11.58
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.18	1.13	1.07	1.01	1.03
15	Times Interest Earned	*	*	-2.11	-2.97	-3.44	-3.64	-4.04
16	Current Assets to Current Liabilities	*	*	0.80	0.68	0.69	0.77	0.81
17	No. of Days Cash Coverage of Cash Exp.	*	*	71.15	52.26	56.89	60.26	63.13
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	-4.0	-7.6	-11.8	-12.7	-12.4	-14.9	-16.7
19	Net Income to Stockholders Equity	*	*	-69.2	-64.1	-55.0	-42.3	-37.6
20	Corporate Return on Investment	*	*	-8.3	-10.3	-10.7	-9.5	-9.5
21	Debt to Total Investment	*	*	89.6	88.5	87.3	73.5	70.3
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	75.1	73.8	72.3	72.0	72.2	71.2	70.8
23	Breakeven	79.8	81.0	84.4	85.1	83.7	84.8	85.9
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	379,163	427,606	408,231	420,342	426,263	431,736	446,610
25	Overall RTM's per Employee (000)	42.4	41.5	163.5	162.8	160.7	154.6	150.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-1.7	-16.6	1.8	-2.9	-9.5	-19.2	-21.9
27	Operating Expenses (%)	-5.0	-12.8	-2.5	-4.7	-9.0	-12.3	-8.4
28	Operating Profit (Loss) (in Millions \$)	746.6	-830.6	3,592.7	2,015.5	426.0	-5,796.2	-13,240.2
29	Net Income (Loss)(in Millions \$)	1,599.7	-778.3	1,064.7	-1,313.3	-3,334.1	-5,632.6	-8,476.0
30	RPMs (Sch. Svc.) (%)	-9.8	-10.6	-0.9	-1.4	-3.7	-10.7	-12.3
31	ASMs (Sch. Svc.) (%)	-11.4	-11.0	-2.9	-3.1	-6.3	-10.7	-10.7
32	Operating Revenues per RTM (%)	8.5	-6.7	2.3	-1.8	-5.9	-8.8	-9.8
33	Operating Expense per RTM (%)	4.8	-2.4	-2.1	-3.7	-5.3	-1.0	5.7
34	Passenger Revenue per RPM (Sch. Svc.)(%)	1.3	-7.7	-1.2	-3.8	-7.0	-10.3	-11.8

QUARTERLY FINANCIAL & TRAFFIC REVIEW
DOMESTIC OPERATIONS
TOTAL PASSENGER MAJORS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	15,499.7	15,375.9	58,922.8	58,799.0	58,331.3	57,043.6	57,872.7
2	Operating Expenses	15,981.0	16,678.6	66,091.1	66,788.7	66,265.8	66,342.4	67,978.2
3	Operating Profit (Loss)	-481.3	-1,302.6	-7,168.3	-7,989.7	-7,934.5	-9,298.8	-10,105.5
4	Net Income (Loss)	326.6	-1,272.4	-5,923.6	-7,522.6	-8,672.2	-8,433.3	-8,115.4
<u>TRAFFIC: (Billions)</u>								
5	RPMS - Scheduled Rev. Svc.	107.77	110.33	421.16	423.72	424.02	416.43	416.72
6	ASMs - Scheduled Rev. Svc.	143.03	152.32	590.09	599.38	600.49	595.14	598.66
7	Overall RTMs (All Svc.)	11.56	11.86	45.19	45.49	45.56	44.70	44.81
8	Overall ATMs (All Svc.)	20.07	21.46	82.96	84.34	84.55	83.75	84.00
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	134.1	129.7	130.4	129.3	128.0	127.6	129.2
10	Operating Expense per RTM	138.3	140.7	146.2	146.8	145.4	148.4	151.7
11	Operating Profit (Loss) per RTM	-4.2	-11.0	-15.9	-17.6	-17.4	-20.8	-22.6
12	Operating Expense per ATM	79.6	77.7	79.7	79.2	78.4	79.2	80.9
13	Passenger Revenue per RPM	11.79	12.28	11.89	12.01	12.08	12.07	12.28
<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	-3.1	-8.5	-12.2	-13.6	-13.6	-16.3	-17.5
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	-7.0	-9.8	-11.7	-11.0	-10.8
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	75.3	72.4	71.4	70.7	70.6	70.0	69.6
23	Breakeven	78.3	80.2	83.1	83.8	82.8	84.4	84.9
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

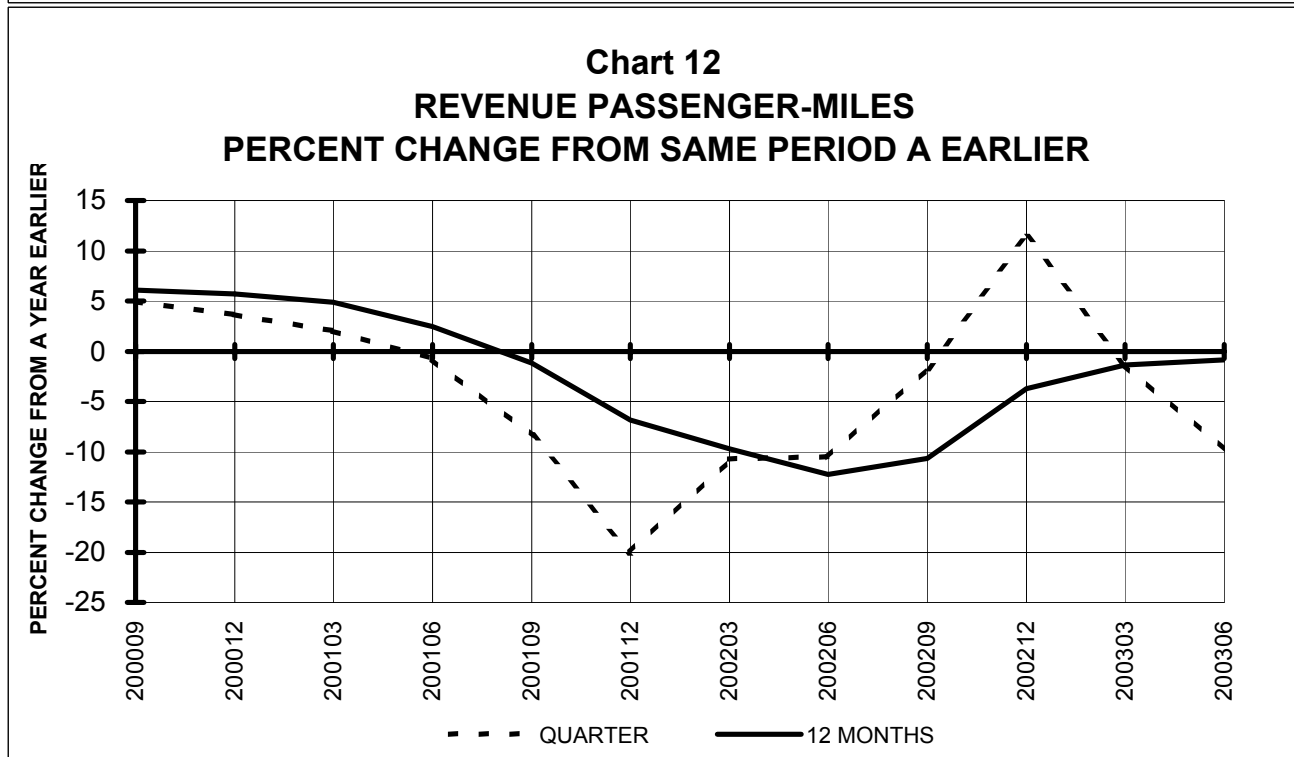
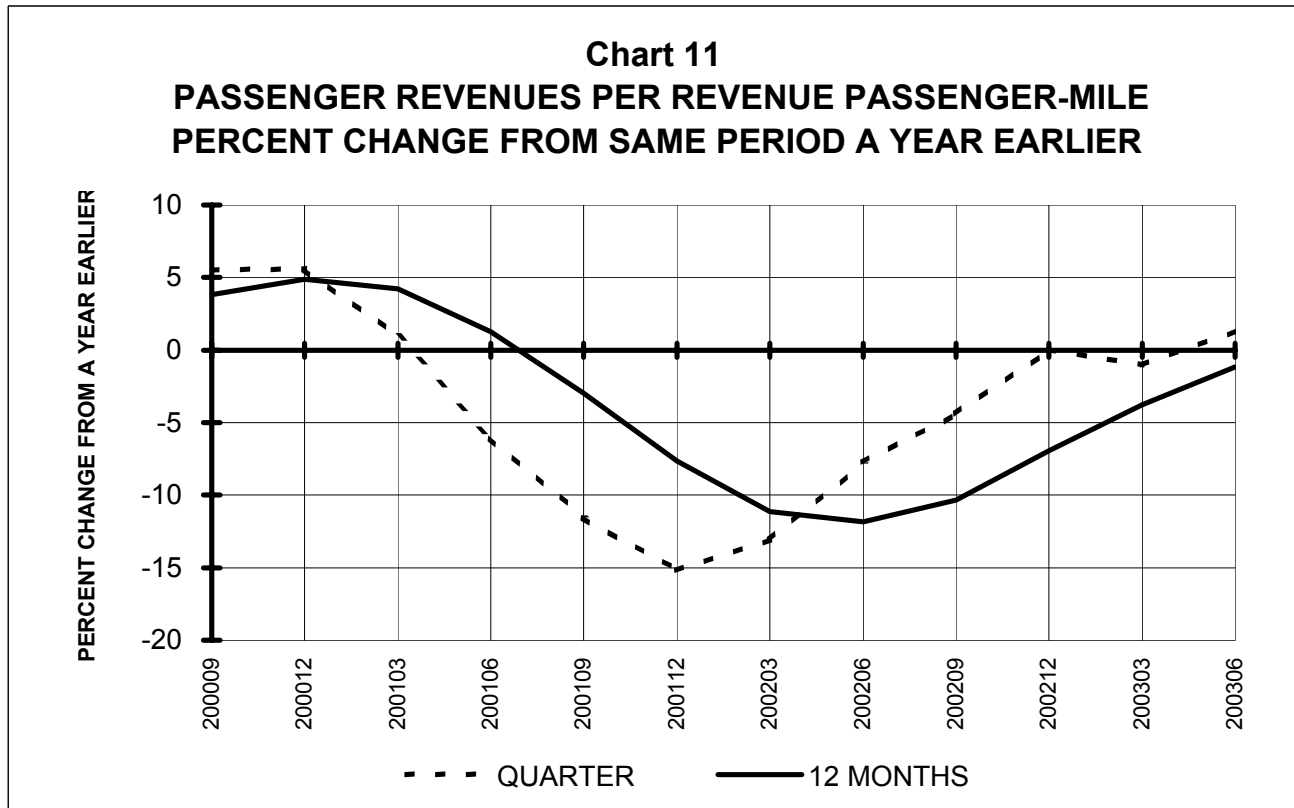
		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	0.8	-16.8	1.8	-3.6	-10.1	-19.1	-22.0
27	Operating Expenses (%)	-4.2	-12.7	-2.8	-5.1	-8.9	-11.3	-8.3
28	Operating Profit (Loss) (in Millions \$)	821.4	-681.9	2,937.2	1,433.9	-89.4	-5,004.9	-10,219.3
29	Net Income (Loss)(in Millions \$)	1,599.0	-718.1	2,191.8	-125.3	-2,506.3	-4,820.7	-7,005.2
30	RPMS (Sch. Svc.) (%)	-2.3	-9.1	1.1	-1.0	-3.4	-9.2	-11.1
31	ASMs (Sch. Svc.) (%)	-6.1	-9.3	-1.4	-2.4	-5.2	-9.3	-9.7
32	Operating Revenues per RTM (%)	3.4	-7.6	1.0	-2.2	-6.5	-9.9	-11.2
33	Operating Expense per RTM (%)	-1.7	-3.0	-3.6	-3.8	-5.2	-1.3	4.5
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-4.0	-9.9	-3.2	-5.1	-8.3	-12.0	-13.3

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

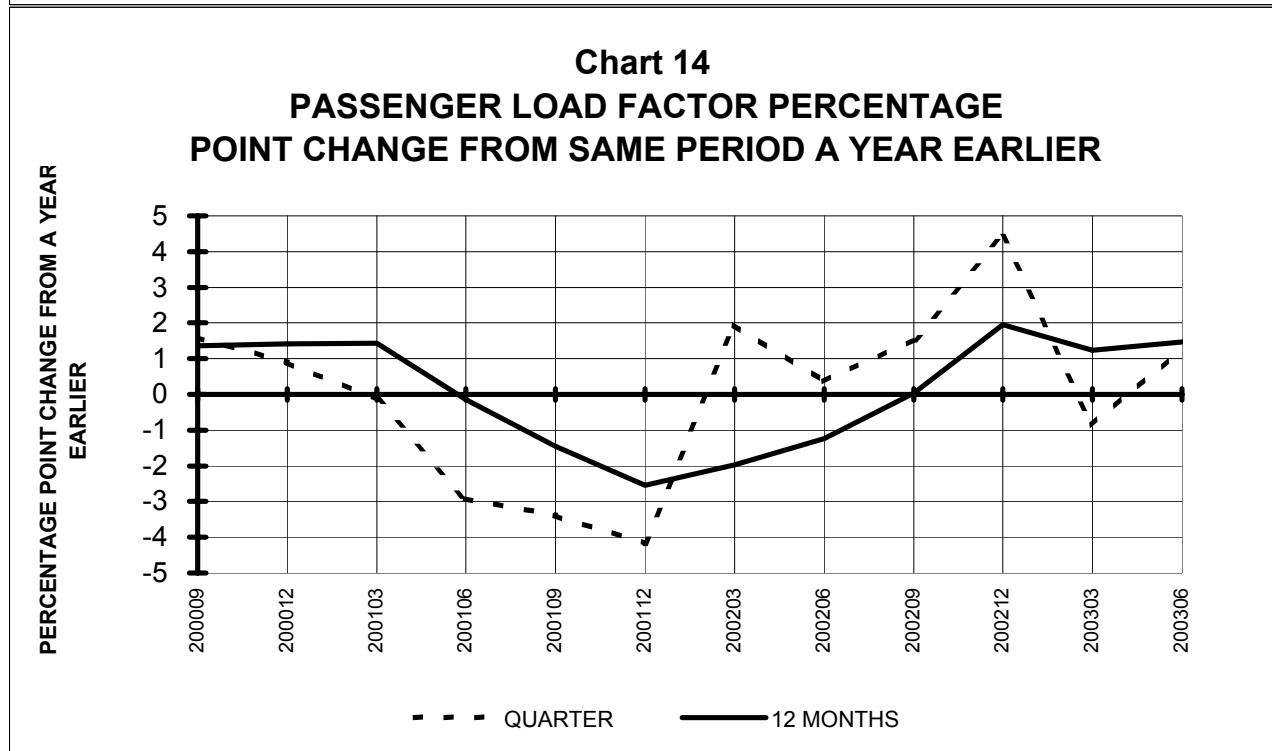
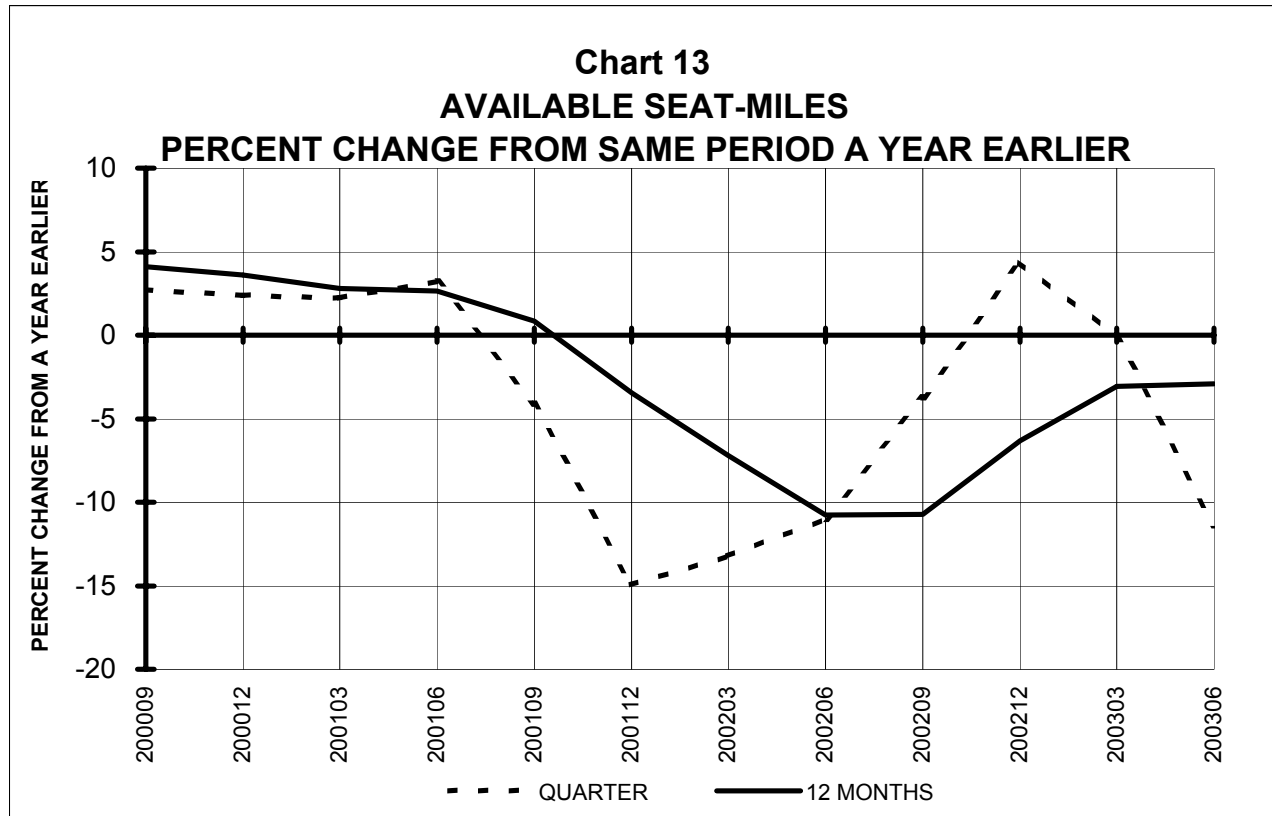
ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	4,433.5	4,904.6	18,864.7	19,335.8	19,097.6	18,226.8	18,544.5
2	Operating Expenses	4,750.3	5,146.6	20,887.9	21,284.3	20,775.7	20,178.2	21,223.3
3	Operating Profit (Loss)	-316.7	-242.0	-2,023.2	-1,948.5	-1,678.1	-1,951.4	-2,678.8
4	Net Income (Loss)	-223.0	-223.7	-2,663.4	-2,664.0	-2,016.0	-1,505.8	-1,536.2
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	29.51	41.87	148.59	160.95	162.41	155.68	158.08
6	ASMs - Scheduled Rev. Svc.	39.66	53.81	198.30	212.45	211.50	208.49	213.25
7	Overall RTMs (All Svc.)	4.52	5.89	21.56	22.92	22.94	22.04	22.24
8	Overall ATMs (All Svc.)	8.87	10.06	38.75	39.94	39.54	38.95	39.77
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	98.1	83.3	87.5	84.3	83.2	82.7	83.4
10	Operating Expense per RTM	105.1	87.4	96.9	92.8	90.6	91.6	95.4
11	Operating Profit (Loss) per RTM	-7.0	-4.1	-9.4	-8.5	-7.3	-8.9	-12.0
12	Operating Expense per ATM	53.6	51.1	53.9	53.3	52.5	51.8	53.4
13	Passenger Revenue per RPM	11.67	9.86	10.18	9.83	9.78	9.75	9.73
<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	-7.1	-4.9	-10.7	-10.1	-8.8	-10.7	-14.4
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	-12.5	-11.7	-7.6	-4.8	-5.3
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	74.4	77.8	74.9	75.8	76.8	74.7	74.1
23	Breakeven	85.4	82.9	88.4	88.4	85.8	85.3	88.5
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-9.6	-16.0	1.7	-0.7	-7.6	-19.4	-21.4
27	Operating Expenses (%)	-7.7	-13.3	-1.6	-3.3	-9.1	-15.1	-8.7
28	Operating Profit (Loss) (in Millions \$)	-74.7	-148.7	655.6	581.6	515.4	-791.3	-3,020.9
29	Net Income (Loss)(in Millions \$)	0.7	-60.1	-1,127.1	-1,187.9	-827.9	-811.9	-1,470.9
30	RPMs (Sch. Svc.) (%)	-29.5	-14.1	-6.0	-2.4	-4.5	-14.4	-15.2
31	ASMs (Sch. Svc.) (%)	-26.3	-15.6	-7.0	-4.8	-9.4	-14.6	-13.6
32	Operating Revenues per RTM (%)	17.7	-4.6	5.0	-0.2	-4.0	-6.7	-6.9
33	Operating Expense per RTM (%)	20.2	-1.5	1.5	-2.8	-5.6	-1.8	8.1
34	Passenger Revenue per RPM (Sch. Svc.)(%)	18.4	-1.5	4.6	0.4	-2.8	-5.5	-7.5

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

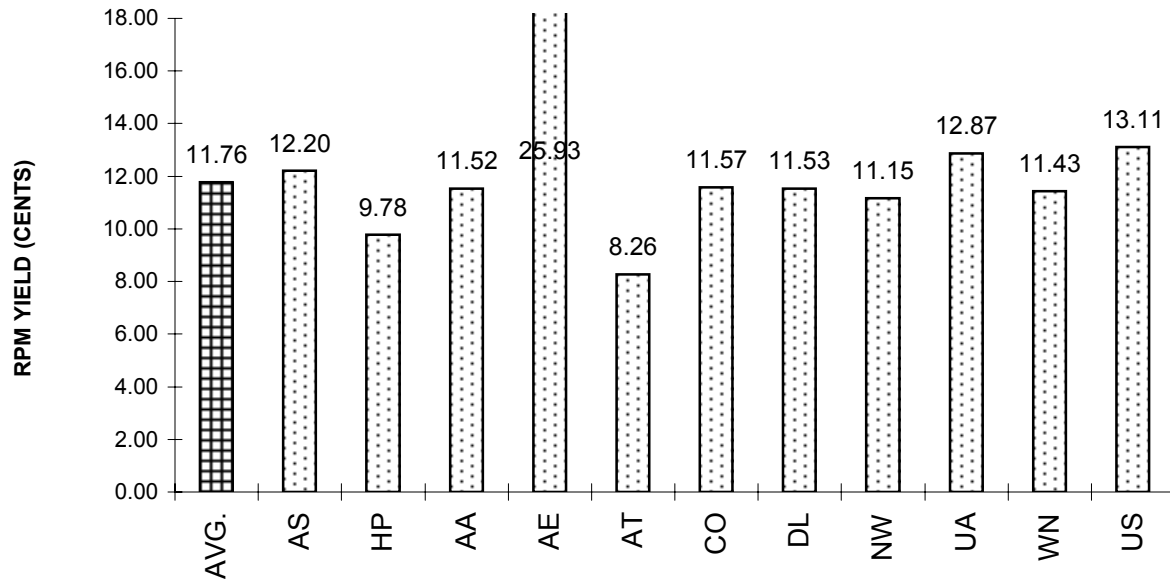


**TOTAL PASSENGER MAJORS (SYSTEM)
QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)**

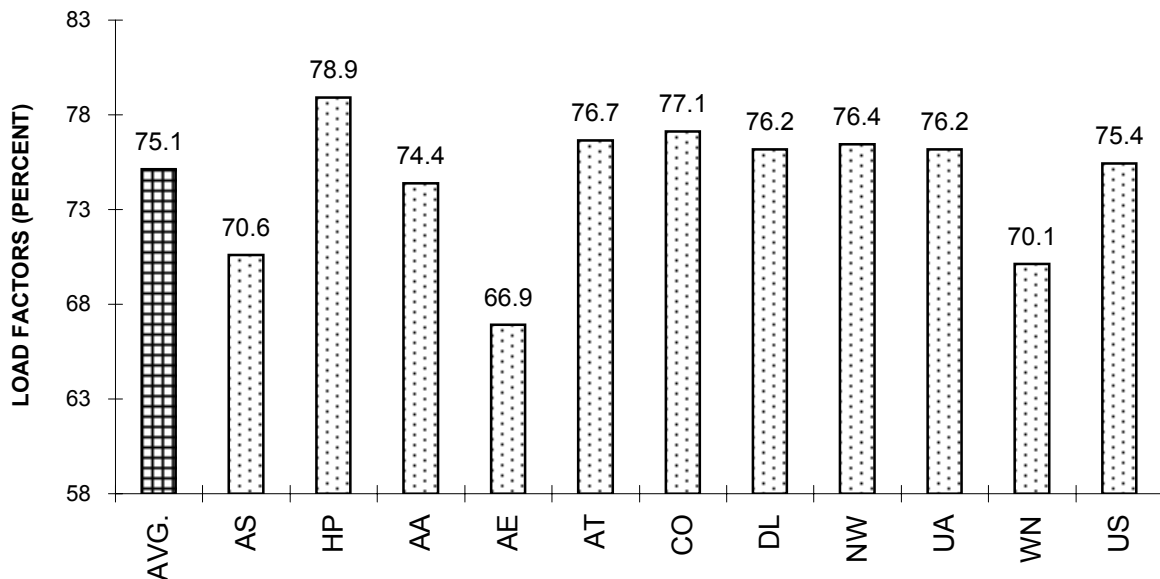


**TOTAL PASSENGER MAJORS (SYSTEM)
SECOND QUARTER 2003 SCH. SVC.**

**Chart 15
PASSENGER (RPM) YIELD**



**Chart 16
PASSENGER LOAD FACTOR**



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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	510.6	478.7	1,878.9	1,847.0	1,832.4	1,786.0	1,758.9
2	Operating Expenses	502.0	482.1	1,967.3	1,947.4	1,913.2	1,874.9	1,848.6
3	Operating Profit (Loss)	8.6	-3.4	-88.4	-100.4	-80.8	-88.9	-89.8
4	Net Income (Loss)	36.8	-3.3	-51.7	-91.9	-75.0	-38.8	-24.8
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	3.68	3.37	13.66	13.35	13.18	12.74	12.39
6	ASMs - Scheduled Rev. Svc.	5.21	4.93	19.88	19.60	19.35	18.69	18.17
7	Overall RTMs (All Svc.)	0.39	0.36	1.44	1.40	1.38	1.34	1.30
8	Overall ATMs (All Svc.)	0.68	0.64	2.58	2.55	2.52	2.44	2.37
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	131.3	134.7	130.8	131.6	132.6	133.5	135.2
10	Operating Expense per RTM	129.1	135.6	136.9	138.8	138.4	140.1	142.1
11	Operating Profit (Loss) per RTM	2.2	-1.0	-6.2	-7.2	-5.8	-6.6	-6.9
12	Operating Expense per ATM	74.3	74.9	76.1	76.3	76.0	76.9	77.9
13	Passenger Revenue per RPM	12.20	12.55	12.18	12.26	12.33	12.39	12.53
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	1.20	1.19	1.16	1.11	1.12
15	Times Interest Earned	*	*	-0.36	-1.81	-1.13	-0.22	0.23
16	Current Assets to Current Liabilities	*	*	1.32	1.30	1.32	1.34	1.34
17	No. of Days Cash Coverage of Cash Exp.	*	*	142.2	122.5	128.9	137.3	148.5
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	1.7	-0.7	-4.7	-5.4	-4.4	-5.0	-5.1
19	Net Income to Stockholders Equity	*	*	-8.2	-14.4	-11.3	-5.6	-3.6
20	Corporate Return on Investment	*	*	-0.5	-3.1	-1.9	0.5	1.4
21	Debt to Total Investment	*	*	61.5	61.4	61.4	55.7	58.5
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	70.6	68.4	68.7	68.1	68.1	68.2	68.2
23	Breakeven	74.5	73.8	77.4	77.2	76.2	76.7	76.5
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	8,173	10,178	9,701	10,202	10,124	10,062	10,048
25	Overall RTM's per Employee (000)	47.6	34.9	47.6	32.6	32.6	37.4	34.9

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.7	0.9	6.8	5.3	3.9	-1.4	-3.0
27	Operating Expenses (%)	4.1	4.1	6.4	6.4	4.7	1.1	0.5
28	Operating Profit (Loss) (in Millions \$)	12.0	-14.8	1.3	-25.5	-16.0	-45.5	-63.6
29	Net Income (Loss)(in Millions \$)	40.1	-8.1	-27.0	-75.2	-64.9	-20.6	-2.7
30	RPMs (Sch. Svc.) (%)	9.2	2.5	10.2	8.4	7.8	2.7	0.8
31	ASMs (Sch. Svc.) (%)	5.8	5.3	9.4	9.4	8.2	2.9	1.1
32	Operating Revenues per RTM (%)	-2.5	9.0	-3.3	-0.3	-0.4	-1.0	-0.6
33	Operating Expense per RTM (%)	-4.8	12.5	-3.6	0.9	0.4	1.5	3.0
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-2.7	-2.5	-2.8	-2.8	-3.7	-4.9	-5.1

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
AMERICA WEST AIRLINES

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	566.9	535.6	2,112.7	2,081.4	2,021.0	1,898.5	1,868.6
2	Operating Expenses	552.9	536.7	2,226.2	2,210.0	2,224.4	2,201.4	2,230.2
3	Operating Profit (Loss)	14.0	-1.1	-113.5	-128.6	-203.4	-302.9	-361.6
4	Net Income (Loss)	77.3	-15.5	-90.3	-183.1	-457.7	-465.6	-444.9
<u>TRAFFIC: (Billions)</u>								
5	RPMS - Scheduled Rev. Svc.	5.50	5.19	20.77	20.45	19.85	18.81	18.42
6	ASMs - Scheduled Rev. Svc.	6.97	6.84	27.85	27.72	26.96	25.92	25.48
7	Overall RTMs (All Svc.)	0.57	0.54	2.15	2.12	2.06	1.95	1.91
8	Overall ATMs (All Svc.)	0.93	0.91	3.70	3.68	3.57	3.43	3.36
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	99.5	99.7	98.3	98.3	98.2	97.3	97.7
10	Operating Expense per RTM	97.0	99.9	103.5	104.4	108.1	112.8	116.6
11	Operating Profit (Loss) per RTM	2.5	-0.2	-5.3	-6.1	-9.9	-15.5	-18.9
12	Operating Expense per ATM	59.2	59.3	60.1	60.1	62.3	64.2	66.3
13	Passenger Revenue per RPM	9.78	9.75	9.70	9.70	9.67	9.58	9.65
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.99	1.87	1.79	1.61	1.60
15	Times Interest Earned	*	*	-0.12	-1.27	-2.26	-3.35	-3.85
16	Current Assets to Current Liabilities	*	*	1.15	1.04	1.20	1.05	1.27
17	No. of Days Cash Coverage of Cash Exp.	*	*	64.2	51.4	59.6	71.1	81.3
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	2.5	-0.2	-5.4	-6.2	-10.1	-16.0	-19.4
19	Net Income to Stockholders Equity	*	*	-27.4	-52.2	-102.1	-85.1	-69.3
20	Corporate Return on Investment	*	*	-0.9	-9.2	-33.5	-33.7	-32.8
21	Debt to Total Investment	*	*	69.4	74.6	71.1	66.8	64.1
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	78.9	75.8	74.6	73.8	73.6	72.6	72.3
23	Breakeven	79.6	78.6	82.0	81.8	84.9	88.7	91.1
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	10,973	11,491	11,459	11,588	11,500	11,343	11,517
25	Overall RTM's per Employee (000)	51.9	46.8	51.9	43.8	45.1	47.1	46.8

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	5.8	-7.3	13.1	8.9	-0.7	-14.0	-19.1
27	Operating Expenses (%)	3.0	-15.3	-0.2	-5.0	-5.6	-10.6	-9.5
28	Operating Profit (Loss) (in Millions \$)	15.1	54.8	248.1	287.8	116.7	-48.0	-206.7
29	Net Income (Loss)(in Millions \$)	92.8	27.8	354.5	289.6	-309.3	-334.6	-344.2
30	RPMS (Sch. Svc.) (%)	6.0	-0.3	12.7	10.9	4.2	-4.8	-7.1
31	ASMs (Sch. Svc.) (%)	1.8	-0.7	9.3	8.6	1.7	-5.8	-8.1
32	Operating Revenues per RTM (%)	-0.2	-6.5	0.6	-1.3	-4.3	-9.3	-12.5
33	Operating Expense per RTM (%)	-2.9	-14.6	-11.2	-14.0	-9.0	-5.7	-2.2
34	Passenger Revenue per RPM (Sch. Svc.)(%)	0.3	-7.1	0.6	-1.6	-4.7	-9.7	-12.4

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
AMERICAN AIRLINES 1/

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	4,316.0	4,110.4	16,432.4	16,226.8	15,870.6	15,548.8	15,876.0
2	Operating Expenses	4,646.8	4,740.9	19,570.2	19,664.3	19,193.5	19,299.5	19,626.6
3	Operating Profit (Loss)	-330.8	-630.4	-3,137.8	-3,437.5	-3,322.9	-3,750.7	-3,750.6
4	Net Income (Loss)	-132.9	-485.7	-2,686.9	-3,039.7	-2,616.4	-2,665.9	-2,104.9
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	30.04	31.36	120.30	121.62	121.65	117.61	118.06
6	ASMs - Scheduled Rev. Svc.	40.38	43.93	168.63	172.18	172.06	169.58	170.54
7	Overall RTMs (All Svc.)	3.51	3.66	14.07	14.22	14.19	13.70	13.78
8	Overall ATMs (All Svc.)	6.65	7.26	27.88	28.49	28.42	27.97	28.10
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	122.9	112.4	116.8	114.1	111.9	113.5	115.2
10	Operating Expense per RTM	132.3	129.6	139.1	138.3	135.3	140.9	142.4
11	Operating Profit (Loss) per RTM	-9.4	-17.2	-22.3	-24.2	-23.4	-27.4	-27.2
12	Operating Expense per ATM	69.9	65.3	70.2	69.0	67.5	69.0	69.9
13	Passenger Revenue per RPM	11.52	11.93	11.70	11.81	11.85	12.01	12.19
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.32	1.21	1.11	1.04	1.07
15	Times Interest Earned	*	*	-6.67	-8.97	-9.41	-11.93	-10.75
16	Current Assets to Current Liabilities	*	*	0.68	0.59	0.77	0.98	0.91
17	No. of Days Cash Coverage of Cash Exp.	*	*	47.0	36.0	55.1	56.9	50.6
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	-7.7	-15.3	-19.1	-21.2	-20.9	-24.1	-23.6
19	Net Income to Stockholders Equity	*	*	-124.9	-93.0	-59.8	-49.0	-35.6
20	Corporate Return on Investment	*	*	-18.2	-19.8	-15.8	-15.7	-12.3
21	Debt to Total Investment	*	*	97.9	93.8	86.0	73.8	66.6
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	74.4	71.4	71.3	70.6	70.7	69.4	69.2
23	Breakeven	89.9	88.2	93.4	92.9	91.5	91.6	90.1
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	87,566	97,874	94,301	96,878	97,760	98,576	101,898
25	Overall RTM's per Employee (000)	40.1	37.4	40.1	35.1	35.8	38.4	37.4

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	5.0	-20.2	3.5	-4.1	-13.1	-22.6	-25.9
27	Operating Expenses (%)	-2.0	-18.8	-0.3	-5.1	-10.6	-13.1	-10.0
28	Operating Profit (Loss) (in Millions \$)	299.7	63.1	612.8	376.2	-120.6	-1,622.4	-3,379.0
29	Net Income (Loss)(in Millions \$)	352.8	-34.9	-582.0	-969.6	-887.0	-1,595.4	-1,605.6
30	RPMs (Sch. Svc.) (%)	-4.2	-12.4	1.9	-0.7	-4.1	-13.1	-16.3
31	ASMs (Sch. Svc.) (%)	-8.1	-11.9	-1.1	-2.4	-6.7	-12.3	-13.7
32	Operating Revenues per RTM (%)	9.3	-8.2	1.3	-3.3	-8.7	-9.8	-10.6
33	Operating Expense per RTM (%)	2.0	-6.7	-2.4	-4.4	-6.1	1.2	8.7
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-3.5	-7.9	-4.0	-5.4	-8.5	-10.0	-11.0

1/ For comparison purposes, all financial and traffic results have been retroactively adjusted to include the operations of Trans World.

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
AMERICAN EAGLE AIRLINES

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	277.2	317.3	1,158.9	1,199.0	1,199.2	1,159.7	1,145.0
2	Operating Expenses	232.3	299.6	1,135.8	1,203.2	1,249.4	1,301.8	1,315.3
3	Operating Profit (Loss)	44.9	17.7	23.1	-4.2	-50.2	-142.0	-170.3
4	Net Income (Loss)	41.8	-10.3	-45.6	-97.7	-118.5	-169.2	-186.5
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	1.06	0.96	3.85	3.75	3.67	3.52	3.39
6	ASMs - Scheduled Rev. Svc.	1.58	1.44	6.07	5.93	5.82	5.69	5.64
7	Overall RTMs (All Svc.)	0.11	0.10	0.39	0.38	0.37	0.35	0.34
8	Overall ATMs (All Svc.)	0.19	0.17	0.73	0.71	0.70	0.68	0.67
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	262.5	329.6	300.1	318.1	324.8	327.8	336.2
10	Operating Expense per RTM	219.9	311.2	294.1	319.3	338.4	367.9	386.2
11	Operating Profit (Loss) per RTM	42.6	18.4	6.0	-1.1	-13.6	-40.1	-50.0
12	Operating Expense per ATM	123.2	172.1	156.3	169.0	179.1	191.7	197.7
13	Passenger Revenue per RPM	25.93	31.86	29.21	30.81	31.26	31.52	32.41
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	0.40	0.42	0.42	0.41	0.41
15	Times Interest Earned	*	*	0.25	-0.31	-0.74	-1.80	-2.31
16	Current Assets to Current Liabilities	*	*	0.14	0.12	0.15	0.18	0.21
17	No. of Days Cash Coverage of Cash Exp.	*	*	0.0	0.0	0.7	0.7	0.7
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	16.2	5.6	2.0	-0.4	-4.2	-12.2	-14.9
19	Net Income to Stockholders Equity	*	*			-2,714.4	-680.1	-253.5
20	Corporate Return on Investment	*	*	2.1	0.2	-0.7	-2.7	-3.7
21	Debt to Total Investment	*	*	99.0	100.4	100.0	102.1	99.6
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	66.9	66.5	63.4	63.2	63.1	61.8	60.1
23	Breakeven	54.7	62.2	62.0	63.5	66.2	70.6	70.5
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	7,612	8,438	7,958	8,164	8,347	8,502	8,660
25	Overall RTM's per Employee (000)	13.9	11.4	13.9	11.4	11.9	11.4	11.4

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-12.6	-14.4	1.2	0.0	-3.6	-11.5	-14.8
27	Operating Expenses (%)	-22.5	-33.7	-13.6	-18.0	-16.7	-13.2	-5.7
28	Operating Profit (Loss) (in Millions \$)	27.3	98.9	193.3	265.0	205.8	48.3	-118.3
29	Net Income (Loss)(in Millions \$)	52.1	55.3	140.9	144.1	107.7	16.9	-93.0
30	RPMs (Sch. Svc.) (%)	10.3	5.0	13.6	12.2	11.9	6.9	3.1
31	ASMs (Sch. Svc.) (%)	9.6	-2.0	7.7	4.7	2.5	0.8	1.8
32	Operating Revenues per RTM (%)	-20.4	-18.7	-10.7	-10.9	-14.0	-17.3	-17.4
33	Operating Expense per RTM (%)	-29.3	-37.0	-23.8	-26.9	-25.6	-18.9	-8.7
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-18.6	-19.1	-9.9	-10.6	-14.2	-17.9	-17.8

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	359.5	289.0	1,270.4	1,200.0	1,150.0	1,095.8	1,103.4
2	Operating Expenses	345.9	345.6	1,352.3	1,352.1	1,290.7	1,304.2	1,254.5
3	Operating Profit (Loss)	13.6	-56.6	-81.9	-152.1	-140.8	-208.4	-151.1
4	Net Income (Loss)	40.0	-54.6	-90.0	-184.6	-169.4	-195.7	-131.4
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	3.12	2.38	10.67	9.93	9.42	8.85	8.50
6	ASMs - Scheduled Rev. Svc.	4.07	3.10	14.70	13.73	12.89	11.90	11.32
7	Overall RTMs (All Svc.)	0.38	0.30	1.32	1.24	1.22	1.16	1.17
8	Overall ATMs (All Svc.)	0.63	0.48	2.32	2.17	2.02	1.87	1.81
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	95.3	96.1	96.5	96.8	94.2	94.1	94.1
10	Operating Expense per RTM	91.7	114.9	102.8	109.1	105.8	112.0	106.9
11	Operating Profit (Loss) per RTM	3.6	-18.8	-6.2	-12.3	-11.5	-17.9	-12.9
12	Operating Expense per ATM	54.9	71.6	58.3	62.3	63.8	69.8	69.2
13	Passenger Revenue per RPM	8.26	8.78	8.43	8.56	8.71	8.71	8.86
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	3.47	2.95	2.76	2.21	2.00
15	Times Interest Earned	*	*	-1.75	-4.88	-4.92	-6.99	-4.98
16	Current Assets to Current Liabilities	*	*	0.90	0.86	1.10	0.76	0.86
17	No. of Days Cash Coverage of Cash Exp.	*	*	56.2	48.4	63.0	37.8	54.0
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	3.8	-19.6	-6.4	-12.7	-12.2	-19.0	-13.7
19	Net Income to Stockholders Equity	*	*					-363.2
20	Corporate Return on Investment	*	*	-14.3	-36.6	-32.8	-33.1	-18.2
21	Debt to Total Investment	*	*	130.9	145.8	140.1	130.9	110.7
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	76.7	76.7	72.6	72.3	73.0	74.4	75.1
23	Breakeven	72.3	99.8	80.0	86.7	87.0	96.8	91.8
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	7,344	7,074	6,929	6,862	6,825	6,804	6,934
25	Overall RTM's per Employee (000)	51.4	42.5	51.4	47.8	44.0	46.4	42.5

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	24.4	-11.6	15.1	5.1	-0.4	-8.3	-9.7
27	Operating Expenses (%)	0.1	11.9	7.8	11.0	4.2	9.2	3.5
28	Operating Profit (Loss) (in Millions \$)	70.2	-74.9	69.2	-75.8	-56.2	-208.5	-160.6
29	Net Income (Loss)(in Millions \$)	94.5	-61.5	41.4	-114.7	-91.4	-173.4	-115.9
30	RPMs (Sch. Svc.) (%)	31.0	5.7	25.5	18.6	13.1	6.1	6.0
31	ASMs (Sch. Svc.) (%)	31.2	10.6	29.8	24.6	19.1	9.3	7.5
32	Operating Revenues per RTM (%)	-0.9	-9.5	2.6	0.1	-5.8	-9.3	-10.1
33	Operating Expense per RTM (%)	-20.2	14.6	-3.9	5.7	-1.5	8.0	3.0
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-5.8	-12.1	-4.9	-6.9	-6.8	-8.9	-10.9

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
CONTINENTAL AIR LINES 2/

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	1,855.7	1,937.9	7,249.8	7,332.0	7,441.4	7,250.1	7,408.2
2	Operating Expenses	1,654.4	2,084.9	7,422.5	7,853.0	7,913.5	7,971.3	8,056.4
3	Operating Profit (Loss)	201.3	-147.0	-172.7	-521.0	-472.1	-721.3	-648.2
4	Net Income (Loss)	78.6	-139.0	-288.0	-505.7	-446.2	-488.4	-423.7
	<u>TRAFFIC: (Billions)</u>							
5	RPMS - Scheduled Rev. Svc.	14.17	14.89	55.62	56.35	57.63	56.97	57.95
6	ASMs - Scheduled Rev. Svc.	18.37	19.72	75.56	76.91	77.63	77.09	79.02
7	Overall RTMs (All Svc.)	1.66	1.71	6.51	6.56	6.66	6.56	6.65
8	Overall ATMs (All Svc.)	2.52	2.61	10.10	10.19	10.22	10.12	10.30
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	112.1	113.4	111.4	111.7	111.7	110.5	111.3
10	Operating Expense per RTM	99.9	122.0	114.0	119.6	118.8	121.5	121.1
11	Operating Profit (Loss) per RTM	12.2	-8.6	-2.7	-7.9	-7.1	-11.0	-9.7
12	Operating Expense per ATM	65.7	79.9	73.5	77.1	77.4	78.8	78.2
13	Passenger Revenue per RPM	11.57	11.68	11.60	11.63	11.56	11.44	11.55
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	1.12	1.12	1.14	1.12	1.17
15	Times Interest Earned	*	*	-0.30	-1.35	-1.20	-1.58	-1.44
16	Current Assets to Current Liabilities	*	*	0.89	0.70	0.77	0.75	0.74
17	No. of Days Cash Coverage of Cash Exp.	*	*	78.7	50.9	59.3	56.0	56.3
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	10.8	-7.6	-2.4	-7.1	-6.3	-9.9	-8.7
19	Net Income to Stockholders Equity	*	*	-34.1	-55.0	-41.2	-40.0	-33.0
20	Corporate Return on Investment	*	*	0.7	-2.6	-1.9	-2.8	-2.2
21	Debt to Total Investment	*	*	90.2	91.1	88.2	83.2	82.7
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	77.1	75.5	73.6	73.3	74.2	73.9	73.3
23	Breakeven	66.8	81.5	74.7	78.3	79.5	82.5	81.0
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	35,056	36,689	36,031	36,439	36,781	36,892	38,310
25	Overall RTM's per Employee (000)	47.2	46.6	47.2	42.4	43.5	47.5	46.6

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-4.2	-19.0	-2.1	-6.7	-11.7	-21.2	-23.5
27	Operating Expenses (%)	-20.6	-8.4	-7.9	-4.8	-6.6	-9.4	-11.4
28	Operating Profit (Loss) (in Millions \$)	348.3	-262.3	475.5	-135.2	-423.1	-1,123.7	-1,236.8
29	Net Income (Loss)(in Millions \$)	217.6	-187.7	135.7	-269.7	-397.8	-642.7	-700.6
30	RPMS (Sch. Svc.) (%)	-4.8	-13.0	-4.0	-6.4	-6.3	-11.4	-11.8
31	ASMs (Sch. Svc.) (%)	-6.9	-13.9	-4.4	-6.4	-8.6	-12.9	-11.3
32	Operating Revenues per RTM (%)	-1.1	-7.1	0.0	-1.9	-6.1	-10.6	-11.9
33	Operating Expense per RTM (%)	-18.1	5.0	-5.8	0.1	-0.8	2.8	2.0
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-0.9	-7.2	0.5	-1.5	-5.9	-10.2	-11.4

2/ Effective March 1994, Continental does not report data for the Pacific entity. These results are now reported under Continental Micro

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
DELTA AIR LINES

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	3,521.2	3,225.2	13,132.5	12,836.6	12,410.4	12,011.5	12,079.6
2	Operating Expenses	3,790.5	3,381.0	14,399.0	13,989.5	13,445.8	13,360.4	13,513.9
3	Operating Profit (Loss)	-269.3	-155.7	-1,266.5	-1,152.9	-1,035.4	-1,348.9	-1,434.3
4	Net Income (Loss)	129.3	-203.6	-1,040.1	-1,373.0	-1,295.0	-1,648.8	-1,544.4
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	21.72	24.63	90.37	93.28	94.26	92.56	92.83
6	ASMs - Scheduled Rev. Svc.	28.51	33.40	123.55	128.44	130.02	131.27	133.15
7	Overall RTMs (All Svc.)	2.50	2.84	10.45	10.79	10.88	10.69	10.74
8	Overall ATMs (All Svc.)	4.42	5.15	19.17	19.89	20.06	20.18	20.38
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	141.0	113.5	125.7	118.9	114.0	112.3	112.5
10	Operating Expense per RTM	151.8	118.9	137.8	129.6	123.6	125.0	125.9
11	Operating Profit (Loss) per RTM	-10.8	-5.5	-12.1	-10.7	-9.5	-12.6	-13.4
12	Operating Expense per ATM	85.7	65.7	75.1	70.3	67.0	66.2	66.3
13	Passenger Revenue per RPM	11.53	11.47	11.61	11.59	11.42	11.32	11.47
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.12	1.08	1.02	0.96	0.99
15	Times Interest Earned	*	*	-1.33	-2.14	-2.17	-3.25	-3.45
16	Current Assets to Current Liabilities	*	*	0.84	0.57	0.63	0.65	0.67
17	No. of Days Cash Coverage of Cash Exp.	*	*	66.2	39.3	45.9	41.6	44.0
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	-7.6	-4.8	-9.6	-9.0	-8.3	-11.2	-11.9
19	Net Income to Stockholders Equity	*	*	-54.8	-55.7	-41.5	-42.6	-35.9
20	Corporate Return on Investment	*	*	-2.8	-5.7	-5.3	-8.3	-8.2
21	Debt to Total Investment	*	*	92.3	92.5	88.9	75.2	73.1
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	76.2	73.7	73.1	72.6	72.5	70.5	69.7
23	Breakeven	70.8	79.3	76.8	78.8	81.0	81.3	80.6
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	58,623	65,416	62,900	64,599	65,566	67,023	69,488
25	Overall RTM's per Employee (000)	42.6	43.5	42.6	39.4	39.9	44.2	43.5

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.2	-13.1	8.7	2.2	-6.1	-15.7	-19.6
27	Operating Expenses (%)	12.1	-8.3	6.5	1.2	-5.2	-8.1	-7.0
28	Operating Profit (Loss) (in Millions \$)	-113.5	-179.6	167.8	101.7	-63.4	-1,067.1	-1,939.5
29	Net Income (Loss)(in Millions \$)	332.9	-176.8	504.3	-5.4	-187.9	-1,209.4	-1,399.6
30	RPMs (Sch. Svc.) (%)	-11.8	-9.5	-2.7	-2.2	-3.4	-9.6	-12.2
31	ASMs (Sch. Svc.) (%)	-14.6	-10.6	-7.2	-6.3	-8.0	-9.9	-9.8
32	Operating Revenues per RTM (%)	24.3	-4.3	11.7	4.4	-2.2	-5.9	-7.6
33	Operating Expense per RTM (%)	27.6	0.9	9.5	3.4	-1.3	2.6	6.9
34	Passenger Revenue per RPM (Sch. Svc.)(%)	0.5	-7.4	1.2	-1.2	-6.1	-10.3	-11.0

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	2,216.6	2,316.9	9,136.3	9,236.6	9,151.6	8,815.5	8,831.8
2	Operating Expenses	2,293.0	2,362.6	10,084.3	10,153.9	9,935.1	9,436.4	9,614.7
3	Operating Profit (Loss)	-76.4	-45.7	-948.0	-917.3	-783.5	-620.9	-782.9
4	Net Income (Loss)	225.3	-98.6	-666.7	-990.6	-766.4	-507.6	-442.2
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	16.35	18.58	69.80	72.03	72.00	69.54	69.52
6	ASMs - Scheduled Rev. Svc.	21.39	23.53	92.01	94.15	93.38	91.45	92.41
7	Overall RTMs (All Svc.)	2.19	2.43	9.20	9.45	9.44	9.10	9.07
8	Overall ATMs (All Svc.)	3.53	3.84	15.04	15.35	15.24	14.96	15.13
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	101.4	95.2	99.3	97.7	97.0	96.9	97.3
10	Operating Expense per RTM	104.9	97.1	109.6	107.5	105.3	103.7	106.0
11	Operating Profit (Loss) per RTM	-3.5	-1.9	-10.3	-9.7	-8.3	-6.8	-8.6
12	Operating Expense per ATM	64.9	61.5	67.1	66.1	65.2	63.1	63.5
13	Passenger Revenue per RPM	11.15	10.69	10.90	10.79	10.77	10.76	10.80
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	0.94	0.93	0.90	0.85	0.87
15	Times Interest Earned	*	*	-1.25	-2.22	-1.97	-1.04	-0.83
16	Current Assets to Current Liabilities	*	*	0.81	0.70	0.73	0.84	0.90
17	No. of Days Cash Coverage of Cash Exp.	*	*	111.3	86.7	84.1	101.3	110.6
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	-3.4	-2.0	-10.4	-9.9	-8.6	-7.0	-8.9
19	Net Income to Stockholders Equity	*	*	-21.7	-29.1	-19.6	-11.7	-9.8
20	Corporate Return on Investment	*	*	-2.4	-5.8	-3.6	-1.1	-0.7
21	Debt to Total Investment	*	*	72.7	77.9	72.1	61.0	59.7
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	76.4	78.9	75.9	76.5	77.1	76.0	75.2
23	Breakeven	83.7	83.6	89.8	89.7	88.7	86.0	86.7
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	38,887	44,391	42,474	43,850	44,254	44,444	45,527
25	Overall RTM's per Employee (000)	56.2	54.8	56.2	51.0	53.3	56.3	54.8

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-4.3	-12.0	3.4	1.0	-4.6	-14.4	-18.7
27	Operating Expenses (%)	-2.9	-10.9	4.9	2.5	-4.4	-11.8	-10.5
28	Operating Profit (Loss) (in Millions \$)	-30.7	-26.0	-165.1	-160.5	13.1	-226.5	-902.8
29	Net Income (Loss)(in Millions \$)	323.9	-41.2	-224.5	-589.5	-348.3	-226.8	-343.8
30	RPMs (Sch. Svc.) (%)	-12.0	-9.1	0.4	0.9	-1.5	-9.7	-12.2
31	ASMs (Sch. Svc.) (%)	-9.1	-10.3	-0.4	-1.0	-5.0	-10.6	-11.0
32	Operating Revenues per RTM (%)	6.5	-5.3	2.0	-1.1	-4.1	-5.7	-7.2
33	Operating Expense per RTM (%)	8.0	-4.2	3.4	0.4	-3.8	-2.8	2.1
34	Passenger Revenue per RPM (Sch. Svc.)(%)	4.3	-4.2	0.9	-1.4	-4.2	-6.6	-8.8

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	1,515.1	1,472.8	5,658.1	5,615.8	5,521.8	5,358.9	5,302.9
2	Operating Expenses	1,374.8	1,283.7	5,293.5	5,202.4	5,104.3	4,991.8	4,933.9
3	Operating Profit (Loss)	140.3	189.1	364.7	413.4	417.6	367.2	369.0
4	Net Income (Loss)	245.9	102.3	387.0	243.4	241.0	262.1	338.2
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	12.55	12.00	46.45	45.90	45.40	45.08	44.43
6	ASMs - Scheduled Rev. Svc.	17.89	17.18	70.50	69.78	68.91	68.01	66.78
7	Overall RTMs (All Svc.)	1.29	1.24	4.79	4.73	4.68	4.64	4.58
8	Overall ATMs (All Svc.)	2.44	2.34	9.60	9.51	9.39	9.27	9.11
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	117.0	119.1	118.2	118.8	118.1	115.4	115.8
10	Operating Expense per RTM	106.2	103.8	110.6	110.0	109.1	107.5	107.8
11	Operating Profit (Loss) per RTM	10.8	15.3	7.6	8.7	8.9	7.9	8.1
12	Operating Expense per ATM	56.4	54.8	55.1	54.7	54.3	53.8	54.2
13	Passenger Revenue per RPM	11.43	11.67	11.54	11.60	11.54	11.27	11.33
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	0.93	0.93	0.92	0.92	0.95
15	Times Interest Earned	*	*	8.88	5.58	5.40	5.95	8.63
16	Current Assets to Current Liabilities	*	*	1.55	1.46	1.55	1.63	1.46
17	No. of Days Cash Coverage of Cash Exp.	*	*	163.6	142.5	139.5	152.7	168.0
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	9.3	12.8	6.4	7.4	7.6	6.9	7.0
19	Net Income to Stockholders Equity	*	*	8.7	5.7	5.7	6.4	8.4
20	Corporate Return on Investment	*	*	7.6	5.5	5.5	6.0	7.3
21	Debt to Total Investment	*	*	26.1	27.3	27.6	28.1	28.6
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	70.1	69.8	65.9	65.8	65.9	66.3	66.5
23	Breakeven	62.5	59.4	60.9	60.1	60.0	61.0	61.1
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	32,995	32,851	33,452	33,416	33,057	32,494	31,809
25	Overall RTM's per Employee (000)	39.2	37.6	39.2	33.7	33.8	36.4	37.6

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	2.9	-5.2	6.7	4.3	-0.6	-7.4	-10.6
27	Operating Expenses (%)	7.1	1.7	7.3	5.9	3.7	1.0	1.2
28	Operating Profit (Loss) (in Millions \$)	-48.8	-101.9	-4.3	-57.4	-213.6	-477.1	-682.4
29	Net Income (Loss)(in Millions \$)	143.6	-73.3	48.9	-168.1	-270.2	-340.2	-297.5
30	RPMs (Sch. Svc.) (%)	4.6	1.7	4.5	3.8	2.0	1.1	0.3
31	ASMs (Sch. Svc.) (%)	4.2	4.4	5.6	5.6	5.4	5.6	5.4
32	Operating Revenues per RTM (%)	-1.7	-6.7	2.1	0.6	-2.6	-8.2	-10.7
33	Operating Expense per RTM (%)	2.3	0.0	2.6	2.1	1.6	0.1	1.1
34	Passenger Revenue per RPM (Sch. Svc.)(%)	-2.0	-7.3	1.8	0.2	-3.0	-8.9	-11.3

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	3,034.8	3,706.1	13,155.9	13,827.2	13,915.6	13,470.8	13,923.1
2	Operating Expenses	3,469.7	4,241.4	16,240.5	17,012.3	16,937.4	16,310.7	18,124.6
3	Operating Profit (Loss)	-434.9	-535.4	-3,084.6	-3,185.1	-3,021.8	-2,839.9	-4,201.5
4	Net Income (Loss)	-654.7	-363.3	-4,507.3	-4,215.9	-3,325.8	-2,086.3	-2,354.2
	<u>TRAFFIC: (Billions)</u>							
5	RPMs - Scheduled Rev. Svc.	19.29	27.89	100.73	109.33	109.36	106.28	107.69
6	ASMs - Scheduled Rev. Svc.	25.33	37.46	136.73	148.86	148.62	146.46	149.63
7	Overall RTMs (All Svc.)	2.41	3.37	12.29	13.24	13.22	12.81	12.93
8	Overall ATMs (All Svc.)	5.02	5.97	22.75	23.70	23.67	23.38	23.85
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	125.7	109.9	107.1	104.4	105.3	105.2	107.7
10	Operating Expense per RTM	143.7	125.8	132.2	128.5	128.2	127.4	140.1
11	Operating Profit (Loss) per RTM	-18.0	-15.9	-25.1	-24.0	-22.9	-22.2	-32.5
12	Operating Expense per ATM	69.1	71.0	71.4	71.8	71.6	69.8	76.0
13	Passenger Revenue per RPM	12.87	11.13	10.54	10.28	10.53	10.59	10.76
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	1.20	1.08	0.98	0.89	0.90
15	Times Interest Earned	*	*	-6.17	-5.85	-4.77	-3.66	-6.09
16	Current Assets to Current Liabilities	*	*	0.53	0.50	0.51	0.57	0.73
17	No. of Days Cash Coverage of Cash Exp.	*	*	44.3	25.6	33.8	36.2	52.8
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	-14.3	-14.4	-23.4	-23.0	-21.7	-21.1	-30.2
19	Net Income to Stockholders Equity	*	*	-24,000.5	-252.7	-118.8	-56.9	-57.6
20	Corporate Return on Investment	*	*	-36.1	-28.3	-19.4	-10.1	-11.9
21	Debt to Total Investment	*	*	152.9	124.7	108.2	77.6	72.9
	<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	76.2	74.5	73.7	73.4	73.6	72.6	72.0
23	Breakeven	91.5	90.2	98.5	97.9	96.3	94.3	102.7
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	65,195	79,124	73,192	76,674	78,727	80,674	84,873
25	Overall RTM's per Employee (000)	37.0	42.6	37.0	42.7	42.5	44.9	42.6

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-18.1	-20.3	-5.5	-7.0	-13.5	-24.9	-25.8
27	Operating Expenses (%)	-18.2	-15.2	-10.4	-9.9	-14.6	-22.2	-8.2
28	Operating Profit (Loss) (in Millions \$)	100.4	-180.6	1,116.8	835.8	721.3	172.0	-3,220.7
29	Net Income (Loss)(in Millions \$)	-291.4	-69.5	-2,153.1	-1,931.2	-1,215.6	-205.0	-1,541.0
30	RPMs (Sch. Svc.) (%)	-30.8	-14.7	-6.5	-2.8	-6.2	-14.2	-14.6
31	ASMs (Sch. Svc.) (%)	-32.4	-16.2	-8.6	-5.1	-9.8	-15.6	-14.8
32	Operating Revenues per RTM (%)	14.3	-6.7	-0.6	-5.1	-8.0	-11.8	-11.0
33	Operating Expense per RTM (%)	14.2	-0.8	-5.7	-8.1	-9.2	-8.5	10.0
34	Passenger Revenue per RPM (Sch. Svc.)(%)	15.6	-7.6	-2.0	-6.9	-8.8	-12.9	-14.7

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
US AIRWAYS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	1,759.6	1,890.6	6,601.5	6,732.5	6,914.9	6,874.7	7,119.6
2	Operating Expenses	1,869.1	2,066.7	7,287.4	7,485.0	7,834.3	8,468.2	8,682.7
3	Operating Profit (Loss)	-109.5	-176.1	-685.9	-752.5	-919.3	-1,593.4	-1,563.0
4	Net Income (Loss)	16.1	-224.8	492.7	251.9	-1,658.8	-1,934.8	-2,332.9
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	9.81	10.96	37.52	38.68	40.02	40.15	41.61
6	ASMs - Scheduled Rev. Svc.	13.00	14.60	52.93	54.53	56.34	57.57	59.77
7	Overall RTMs (All Svc.)	1.07	1.20	4.15	4.28	4.41	4.42	4.57
8	Overall ATMs (All Svc.)	1.93	2.14	7.83	8.05	8.27	8.41	8.68
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	163.7	157.2	159.0	157.3	156.8	155.4	155.8
10	Operating Expense per RTM	173.9	171.8	175.5	174.8	177.6	191.4	190.1
11	Operating Profit (Loss) per RTM	-10.2	-14.6	-16.5	-17.6	-20.8	-36.0	-34.2
12	Operating Expense per ATM	96.7	96.4	93.0	93.0	94.7	100.7	100.1
13	Passenger Revenue per RPM	13.11	13.11	13.01	13.01	13.05	13.08	13.24
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	2.43	2.51	2.55	2.08	1.91
15	Times Interest Earned	*	*	2.46	1.41	-4.87	-4.63	-5.89
16	Current Assets to Current Liabilities	*	*	0.98	0.91	0.38	0.48	0.46
17	No. of Days Cash Coverage of Cash Exp.	*	*	73.5	63.8	30.3	39.9	24.0
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	-6.2	-9.3	-10.4	-11.2	-13.3	-23.2	-22.0
19	Net Income to Stockholders Equity	*	*					-1,997.8
20	Corporate Return on Investment	*	*	28.8	21.3	-49.1	-48.8	-53.9
21	Debt to Total Investment	*	*	90.8	94.5	314.4	141.9	129.1
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	75.4	75.1	70.9	70.9	71.0	69.7	69.6
23	Breakeven	87.2	88.3	84.1	84.5	86.5	94.8	93.3
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	26,739	34,080	29,834	31,670	33,322	34,922	37,546
25	Overall RTM's per Employee (000)	40.2	35.3	40.2	33.5	31.1	35.1	35.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	-6.9	-24.0	-7.3	-12.7	-16.2	-24.0	-24.6
27	Operating Expenses (%)	-9.6	-15.8	-16.1	-17.5	-17.0	-10.3	-10.3
28	Operating Profit (Loss) (in Millions \$)	66.7	-207.2	877.1	603.3	262.1	-1,197.7	-1,329.9
29	Net Income (Loss)(in Millions \$)	240.8	-208.4	2,825.5	2,376.4	330.6	-901.3	-2,032.1
30	RPMs (Sch. Svc.) (%)	-10.5	-18.6	-9.8	-12.3	-12.9	-18.4	-16.6
31	ASMs (Sch. Svc.) (%)	-11.0	-20.0	-11.4	-14.0	-15.5	-18.0	-15.5
32	Operating Revenues per RTM (%)	4.2	-7.8	2.0	-1.7	-4.6	-7.9	-10.3
33	Operating Expense per RTM (%)	1.2	2.0	-7.7	-7.0	-5.4	8.7	6.8
34	Passenger Revenue per RPM (Sch. Svc.)(%)	0.0	-11.9	-1.7	-5.5	-8.9	-12.1	-14.4

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	5,028.8	4,703.1	19,705.1	19,379.4	19,047.0	19,019.7	18,906.6
2	Operating Expenses	4,687.8	4,497.9	18,643.8	18,453.9	18,090.5	18,013.0	18,098.1
3	Operating Profit (Loss)	341.0	205.2	1,061.3	925.5	956.5	1,006.6	808.4
4	Net Income (Loss)	187.0	102.1	535.1	450.2	458.0	433.5	346.1
	<u>TRAFFIC: (Billions)</u>							
5	RTMs - Scheduled Rev. Svc.	3.48	2.70	13.31	12.53	11.74	10.61	10.08
6	ATMs - Scheduled Rev. Svc.	5.73	4.42	21.93	20.62	19.20	17.34	16.65
7	Overall RTMs (All Services)	3.58	3.39	14.20	14.01	13.86	13.30	12.80
8	Overall ATMs (All Services)	5.91	5.72	23.58	23.39	23.17	22.36	21.61
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	140.6	138.9	138.8	138.4	137.4	143.0	147.7
10	Operating Expense per RTM	131.1	132.8	131.3	131.8	130.5	135.5	141.4
11	Operating Profit (Loss) per RTM	9.5	6.1	7.5	6.6	6.9	7.6	6.3
12	Operating Expense per ATM	79.4	78.6	79.1	78.9	78.1	80.5	83.7
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	1.84	1.82	1.78	1.79	1.78
15	Times Interest Earned	*	*	9.07	8.23	8.13	8.57	7.49
16	Current Assets to Current Liabilities	*	*	1.11	1.10	1.12	1.14	1.06
17	No. of Days Cash Coverage of Cash Exp.	*	*	4.5	4.3	4.4	4.0	3.6
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	6.8	4.4	5.4	4.8	5.0	5.3	4.3
19	Net Income to Stockholders Equity	*	*	8.8	7.6	7.9	7.7	6.3
20	Corporate Return on Investment	*	*	6.0	5.2	5.3	5.0	4.2
21	Debt to Total Investment	*	*	43.5	43.1	42.0	42.7	43.6
	<u>TON LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	60.6	59.2	60.2	59.9	59.8	59.5	59.2
23	Breakeven	++	++	++	++	++	++	++
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	121,895	122,651	122,117	122,306	122,570	125,257	128,311
25	Overall RTM's per Employee (000)	29.3	27.6	116.3	114.5	113.1	106.2	99.7

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.9	-1.5	4.2	2.1	-1.5	-1.9	-3.8
27	Operating Expenses (%)	4.2	-5.9	3.0	0.4	-3.3	-4.6	-4.1
28	Operating Profit (Loss) (in Millions \$)	135.8	208.7	252.9	325.8	314.4	506.3	27.8
29	Net Income (Loss)(in Millions \$)	84.9	180.2	189.0	284.4	242.9	255.2	36.2
30	RTMs (All Svc.) (%)	28.9	18.8	32.1	29.8	24.8	14.4	7.2
31	ATMs (All Svc.) (%)	29.7	15.1	31.7	28.3	22.3	13.1	9.5
32	Operating Revenues per RTM (%)	1.3	-13.1	-6.0	-9.6	-13.6	-9.6	-6.3
33	Operating Expense per RTM (%)	-1.3	-16.9	-7.1	-11.1	-15.1	-12.1	-6.5
34	Passenger Revenue per RPM (Sch. Svc.)(%)	++	++	++	++	++	++	++

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	3,471.8	3,333.4	13,776.8	13,638.4	13,506.0	13,457.1	13,381.8
2	Operating Expenses	3,290.3	3,268.8	13,226.4	13,204.9	13,073.6	13,073.0	13,159.5
3	Operating Profit (Loss)	181.5	64.6	550.3	433.5	432.4	384.1	222.3
4	Net Income (Loss)	91.0	19.0	268.8	196.9	184.5	73.3	37.7
<u>TRAFFIC: (Billions)</u>								
5	RTMs - Scheduled Rev. Svc.	2.18	1.47	8.17	7.46	6.77	5.87	5.46
6	ATMs - Scheduled Rev. Svc.	3.73	2.50	13.94	12.71	11.45	9.90	9.32
7	Overall RTMs (All Services)	2.20	2.14	8.90	8.83	8.79	8.46	8.02
8	Overall ATMs (All Services)	3.77	3.76	15.28	15.27	15.24	14.77	14.11
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	157.7	155.9	154.8	154.4	153.6	159.0	166.8
10	Operating Expense per RTM	149.4	152.9	148.7	149.5	148.7	154.5	164.0
11	Operating Profit (Loss) per RTM	8.2	3.0	6.2	4.9	4.9	4.5	2.8
12	Operating Expense per ATM	87.3	86.9	86.6	86.4	85.8	88.5	93.2
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
<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	5.2	1.9	4.0	3.2	3.2	2.9	1.7
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	4.8	3.7	3.5	1.9	1.4
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>TON LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	58.5	56.9	58.2	57.8	57.7	57.3	56.9
23	Breakeven	++	++	++	++	++	++	++
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	4.2	-1.8	3.0	1.5	-1.3	-2.6	-5.1
27	Operating Expenses (%)	0.7	-5.2	0.5	-1.0	-3.3	-4.5	-4.1
28	Operating Profit (Loss) (in Millions \$)	116.9	117.5	328.0	328.6	275.5	244.1	-156.4
29	Net Income (Loss)(in Millions \$)	72.0	160.8	231.1	320.0	310.7	163.3	43.0
30	RTMs (All Svc.) (%)	48.0	38.1	49.5	47.5	42.1	29.3	18.7
31	ATMs (All Svc.) (%)	49.4	31.9	49.6	45.9	38.5	26.3	18.8
32	Operating Revenues per RTM (%)	1.1	-19.9	-7.1	-12.4	-17.5	-16.4	-12.1
33	Operating Expense per RTM (%)	-2.3	-22.6	-9.4	-14.5	-19.3	-17.9	-11.2
34	Passenger Revenue per RPM (Sch. Svc.)(%)	++	++	++	++	++	++	++

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	1,557.0	1,369.7	5,928.3	5,741.0	5,541.0	5,562.6	5,524.7
2	Operating Expenses	1,397.5	1,229.1	5,417.3	5,249.0	5,016.9	4,940.0	4,938.6
3	Operating Profit (Loss)	159.5	140.6	511.0	492.0	524.1	622.6	586.1
4	Net Income (Loss)	96.0	83.1	266.3	253.4	273.4	360.2	308.4
	<u>TRAFFIC: (Billions)</u>							
5	RTMs - Scheduled Rev. Svc.	1.30	1.22	5.14	5.07	4.97	4.74	4.61
6	ATMs - Scheduled Rev. Svc.	2.00	1.92	7.99	7.91	7.75	7.44	7.34
7	Overall RTMs (All Services)	1.37	1.25	5.30	5.17	5.07	4.83	4.77
8	Overall ATMs (All Services)	2.14	1.96	8.30	8.12	7.93	7.59	7.50
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	113.3	109.8	111.9	111.0	109.3	115.1	115.7
10	Operating Expense per RTM	101.7	98.5	102.2	101.5	99.0	102.2	103.5
11	Operating Profit (Loss) per RTM	11.6	11.3	9.6	9.5	10.3	12.9	12.3
12	Operating Expense per ATM	65.3	62.7	65.3	64.6	63.3	65.1	65.8
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<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	10.2	10.3	8.6	8.6	9.5	11.2	10.6
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	8.5	8.2	9.0	11.9	10.6
21	Debt to Total Investment	*	*	**	**	**	**	**
	<u>TON LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	64.2	63.6	63.9	63.7	63.9	63.7	63.6
23	Breakeven	++	++	++	++	++	++	++
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	13.7	-1.0	7.3	3.7	-2.1	0.0	-0.4
27	Operating Expenses (%)	13.7	-7.8	9.7	4.1	-3.1	-5.0	-4.1
28	Operating Profit (Loss) (in Millions \$)	19.0	91.3	-75.1	-2.8	39.0	262.1	184.2
29	Net Income (Loss)(in Millions \$)	12.9	19.4	-42.1	-35.6	-67.8	91.8	-6.8
30	RTMs (All Svc.) (%)	6.0	1.7	11.4	10.3	7.1	0.2	-3.9
31	ATMs (All Svc.) (%)	4.0	-1.3	8.9	7.5	4.3	-0.8	-0.5
32	Operating Revenues per RTM (%)	3.2	-1.2	-3.3	-4.4	-6.9	3.0	5.0
33	Operating Expense per RTM (%)	3.3	-8.1	-1.2	-4.0	-7.8	-2.2	1.2
34	Passenger Revenue per RPM (Sch. Svc.)(%)	++	++	++	++	++	++	++

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
DHL AIRWAYS

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	75.9	61.4	276.6	262.1	253.9	547.1	833.9
2	Operating Expenses	70.7	58.5	256.1	243.9	237.8	610.6	958.0
3	Operating Profit (Loss)	5.3	2.9	20.5	18.2	16.1	-63.6	-124.1
4	Net Income (Loss)	2.6	1.5	11.4	10.4	9.2	-55.7	-111.5
	<u>TRAFFIC: (Billions)</u>							
5	RTMs - Scheduled Rev. Svc.	0.09	0.03	0.26	0.20	0.22	0.26	0.31
6	ATMs - Scheduled Rev. Svc.	0.17	0.14	0.55	0.52	0.56	0.62	0.70
7	Overall RTMs (All Services)	0.09	0.03	0.28	0.22	0.23	0.27	0.32
8	Overall ATMs (All Services)	0.18	0.15	0.61	0.57	0.60	0.65	0.72
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	83.6	192.8	99.0	118.9	109.1	200.2	262.1
10	Operating Expense per RTM	77.8	183.6	91.7	110.7	102.2	223.4	301.1
11	Operating Profit (Loss) per RTM	5.8	9.2	7.3	8.3	6.9	-23.3	-39.0
12	Operating Expense per ATM	38.6	40.1	41.9	42.5	39.6	93.9	133.8
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	2.38	2.27	1.78	5.27	9.73
15	Times Interest Earned	*	*	16.97	13.50	10.32	-11.88	-18.51
16	Current Assets to Current Liabilities	*	*	1.03	1.41	1.16	1.31	0.98
17	No. of Days Cash Coverage of Cash Exp.	*	*	43.3	60.1	65.7	22.3	4.1
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	6.9	4.8	7.4	6.9	6.3	-11.6	-14.9
19	Net Income to Stockholders Equity	*	*	12.1	11.0	8.0	-78.5	-233.3
20	Corporate Return on Investment	*	*	10.9	10.1	7.5	-49.9	-123.7
21	Debt to Total Investment	*	*	17.6	18.1	18.6	18.8	19.1
	<u>TON LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	49.6	21.8	45.7	38.4	38.7	42.0	44.4
23	Breakeven	++	++	++	++	++	++	++
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	924	931	926	928	931	3,144	5,420
25	Overall RTM's per Employee (000)	98.3	34.2	98.3	49.4	84.5	69.4	34.2

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	23.6	-83.9	-66.8	-77.3	-82.6	-63.3	-44.7
27	Operating Expenses (%)	20.8	-86.8	-73.3	-81.8	-86.0	-63.6	-42.3
28	Operating Profit (Loss) (in Millions \$)	2.3	64.5	144.6	206.8	253.6	125.8	28.3
29	Net Income (Loss)(in Millions \$)	1.1	88.9	123.0	210.8	261.1	170.4	75.0
30	RTMs (Sch. Svc.) (%)	196.7	-74.9	-15.8	-49.1	-52.4	-43.9	-35.7
31	ATMs (Sch. Svc.) (%)	23.6	-39.5	-20.7	-34.0	-36.7	-29.5	-22.5
32	Operating Revenues per RTM (%)	-56.6	-40.7	-62.2	-58.4	-65.4	-36.3	-14.2
33	Operating Expense per RTM (%)	-57.6	-51.3	-69.6	-66.7	-72.1	-37.0	-10.5
34	Passenger Revenue per RPM (Sch. Svc.)(%)	++	++	++	++	++	++	++

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	4,196.1	3,953.1	16,435.3	16,192.2	15,941.2	15,679.7	15,361.8
2	Operating Expenses	3,925.0	3,775.7	15,620.1	15,470.8	15,205.0	14,775.5	14,541.0
3	Operating Profit (Loss)	271.1	177.3	815.2	721.4	736.2	904.2	820.8
4	Net Income (Loss)	154.5	98.2	451.3	395.1	402.2	440.4	442.4
<u>TRAFFIC: (Billions)</u>								
5	RTMs - Scheduled Rev. Svc.	2.26	2.22	9.15	9.11	8.96	8.68	8.22
6	ATMs - Scheduled Rev. Svc.	3.65	3.60	14.80	14.75	14.52	14.20	13.56
7	Overall RTMs (All Services)	2.35	2.25	9.33	9.23	9.09	8.80	8.36
8	Overall ATMs (All Services)	3.80	3.65	15.12	14.96	14.74	14.40	13.78
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	178.3	175.3	176.1	175.3	175.3	178.1	183.7
10	Operating Expense per RTM	166.8	167.4	167.4	167.5	167.2	167.8	173.9
11	Operating Profit (Loss) per RTM	11.5	7.9	8.7	7.8	8.1	10.3	9.8
12	Operating Expense per ATM	103.3	103.6	103.3	103.4	103.1	102.6	105.5
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	2.82	2.87	2.85	2.85	2.82
15	Times Interest Earned	*	*	16.19	13.82	12.91	13.36	12.71
16	Current Assets to Current Liabilities	*	*	1.21	1.19	1.19	1.24	1.18
17	No. of Days Cash Coverage of Cash Exp.	*	*	3.5	3.1	3.1	2.9	3.2
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	6.5	4.5	5.0	4.5	4.6	5.8	5.3
19	Net Income to Stockholders Equity	*	*	9.2	8.4	8.7	9.8	10.1
20	Corporate Return on Investment	*	*	8.6	7.9	8.1	9.0	9.2
21	Debt to Total Investment	*	*	17.0	14.6	14.8	15.3	16.9
<u>TON LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	62.0	61.8	61.7	61.7	61.7	61.1	60.7
23	Breakeven	++	++	++	++	++	++	++
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	114,863	115,849	115,186	115,432	115,811	116,315	117,123
25	Overall RTM's per Employee (000)	20.5	19.5	20.5	19.6	21.1	19.8	19.5

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.1	5.8	7.0	6.9	5.1	3.3	-0.4
27	Operating Expenses (%)	4.0	2.6	7.4	7.1	5.7	1.2	-0.7
28	Operating Profit (Loss) (in Millions \$)	93.8	118.4	-5.6	19.0	-42.3	319.9	35.7
29	Net Income (Loss)(in Millions \$)	56.3	65.6	8.9	18.2	-50.8	44.9	-9.2
30	RTMs (Sch. Svc.) (%)	1.8	28.5	11.3	17.8	20.5	20.1	12.6
31	ATMs (Sch. Svc.) (%)	1.4	21.0	9.1	14.0	16.2	17.8	12.8
32	Operating Revenues per RTM (%)	1.7	-16.1	-4.2	-8.6	-12.1	-12.2	-9.1
33	Operating Expense per RTM (%)	-0.4	-18.6	-3.8	-8.4	-11.6	-13.9	-9.4
34	Passenger Revenue per RPM (Sch. Svc.)(%)	++	++	++	++	++	++	++

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

ITEMS		QUARTER ENDED		12 MONTHS ENDED				
		2003/06	2002/06	2003/06	2003/03	2002/12	2002/09	2002/06
	<u>FINANCIAL RESULTS: (\$Millions)</u>							
1	Operating Revenues	756.7	688.6	2,993.2	2,925.1	2,851.9	2,792.9	2,710.9
2	Operating Expenses	692.1	663.7	2,767.6	2,739.2	2,647.7	2,626.9	2,599.1
3	Operating Profit (Loss)	64.6	24.9	225.6	185.9	204.3	166.0	111.8
4	Net Income (Loss)	29.9	2.4	72.4	44.8	46.6	48.7	15.2
	<u>TRAFFIC: (Billions)</u>							
5	RTMs - Scheduled Rev. Svc.	1.12	0.44	3.90	3.22	2.56	1.67	1.55
6	ATMs - Scheduled Rev. Svc.	1.91	0.68	6.58	5.36	4.12	2.51	2.40
7	Overall RTMs (All Services)	1.13	1.10	4.58	4.55	4.53	4.22	4.12
8	Overall ATMs (All Services)	1.92	1.93	7.85	7.86	7.82	7.31	7.12
	<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9	Operating Revenue per RTM	66.9	62.6	65.3	64.3	62.9	66.2	65.8
10	Operating Expense per RTM	61.2	60.4	60.4	60.2	58.4	62.2	63.1
11	Operating Profit (Loss) per RTM	5.7	2.3	4.9	4.1	4.5	3.9	2.7
12	Operating Expense per ATM	36.0	34.4	35.3	34.9	33.8	35.9	36.5
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
	<u>FINANCIAL RATIOS:</u>							
14	Operating Revenues to Total Investment	*	*	0.63	0.60	0.58	0.56	0.53
15	Times Interest Earned	*	*	3.23	2.87	2.99	3.60	2.39
16	Current Assets to Current Liabilities	*	*	0.57	0.57	0.70	0.64	0.53
17	No. of Days Cash Coverage of Cash Exp.	*	*	6.7	6.8	7.1	6.4	6.3
	<u>FINANCIAL PERCENTAGES:</u>							
18	Operating Profit (Loss) to Operating Revenue	8.5	3.6	7.5	6.4	7.2	5.9	4.1
19	Net Income to Stockholders Equity	*	*	6.6	4.1	4.3	4.6	1.5
20	Corporate Return on Investment	*	*	2.8	2.0	2.0	1.7	1.0
21	Debt to Total Investment	*	*	77.7	77.7	76.3	76.2	76.8
	<u>TON LOAD FACTOR: (Sch. Svc. %)</u>							
22	Actual	58.8	57.0	58.4	57.9	58.0	57.7	57.9
23	Breakeven	++	++	++	++	++	++	++
	<u>Employment & Productivity:</u>							
24	Employment, Total Weighted Avg CY	6,108	5,871	6,005	5,946	5,828	5,798	5,768
25	Overall RTM's per Employee (000)	185.2	187.3	185.2	173.4	210.2	195.2	187.3

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.9	4.9	10.4	9.2	5.0	3.1	-0.1
27	Operating Expenses (%)	4.3	1.0	6.5	5.6	1.3	0.9	1.3
28	Operating Profit (Loss) (in Millions \$)	39.7	25.8	113.8	99.9	103.2	60.7	-36.2
29	Net Income (Loss)(in Millions \$)	27.5	25.8	57.1	55.4	32.7	39.9	-29.6
30	RTMs (Sch. Svc.) (%)	154.1	4.8	152.2	110.8	69.6	5.7	-4.5
31	ATMs (Sch. Svc.) (%)	180.6	7.1	174.5	127.6	77.2	5.1	4.4
32	Operating Revenues per RTM (%)	6.8	3.4	-0.8	-1.6	-5.2	4.7	5.4
33	Operating Expense per RTM (%)	1.3	-0.5	-4.3	-4.8	-8.6	2.5	6.9
34	Passenger Revenue per RPM (Sch. Svc.)(%)	++	++	++	++	++	++	++

**Comparison of Operating Profit (Loss) and Net Income (Loss)
For Individual Passenger and All-Cargo Majors
Quarterly and 12-Month Ended Periods
June 2002 and 2003**

Operating Profit (Loss) (\$Millions)						
Group/Carrier	Quarterly Data			12 Month Ended Data		
	6/2002	6/2003	\$Chg	6/2002	6/2003	\$Chg
System Passenger Majors	(1,544.6)	(798.0)	746.6	(12,784.3)	(9,191.5)	3,592.7
Alaska	(3.4)	8.6	12.0	(89.8)	(88.4)	1.3
America West	(1.1)	14.0	15.1	(361.6)	(113.5)	248.1
American	(630.4)	(330.8)	299.7	(3,750.6)	(3,137.8)	612.8
American Eagle	17.7	44.9	27.3	(170.3)	23.1	193.3
American Trans Air	(56.6)	13.6	70.2	(151.1)	(81.9)	69.2
Continental	(147.0)	201.3	348.3	(648.2)	(172.7)	475.5
Delta	(155.7)	(269.3)	(113.5)	(1,434.3)	(1,266.5)	167.8
Northwest	(45.7)	(76.4)	(30.7)	(782.9)	(948.0)	(165.1)
Southwest	189.1	140.3	(48.8)	369.0	364.7	(4.3)
United	(535.4)	(434.9)	100.4	(4,201.5)	(3,084.6)	1,116.8
US Airways	(176.1)	(109.5)	66.7	(1,563.0)	(685.9)	877.1
System Cargo Majors	205.2	341.0	135.8	808.4	1,061.3	252.9
DHL	2.9	5.3	2.3	(124.1)	20.5	144.6
Federal Express	177.3	271.1	93.8	820.8	815.2	(5.6)
UPS	24.9	64.6	39.7	111.8	225.6	113.8
System Total Majors	(1,391.0)	(457.0)	934.0	(12,426.3)	(8,130.2)	4,296.1

Net Income (Loss) (\$Millions)						
Group/Carrier	Quarterly Data			12 Month Ended Data		
	6/2002	6/2003	\$Chg	6/2002	6/2003	\$Chg
System Passenger Majors	(1,496.2)	103.5	1,599.7	(9,651.7)	(8,587.0)	1,064.7
Alaska	(3.3)	36.8	40.1	(24.8)	(51.7)	(27.0)
America West	(15.5)	77.3	92.8	(444.9)	(90.3)	354.5
American	(485.7)	(132.9)	352.8	(2,104.9)	(2,686.9)	(582.0)
American Eagle	(10.3)	41.8	52.1	(186.5)	(45.6)	140.9
American Trans Air	(54.6)	40.0	94.5	(131.4)	(90.0)	41.4
Continental	(139.0)	78.6	217.6	(423.7)	(288.0)	135.7
Delta	(203.6)	129.3	332.9	(1,544.4)	(1,040.1)	504.3
Northwest	(98.6)	225.3	323.9	(442.2)	(666.7)	(224.5)
Southwest	102.3	245.9	143.6	338.2	387.0	48.9
United	(363.3)	(654.7)	(291.4)	(2,354.2)	(4,507.3)	(2,153.1)
US Airways	(224.8)	16.1	240.8	(2,332.9)	492.7	2,825.5
System Cargo Majors	102.1	187.0	84.9	346.1	535.1	189.0
DHL	1.5	2.6	1.1	(111.5)	11.4	123.0
Federal Express	98.2	154.5	56.3	442.4	451.3	8.9
UPS	2.4	29.9	27.5	15.2	72.4	57.1
System Total Majors	(1,448.2)	290.5	1,738.7	(9,951.6)	(8,051.8)	1,899.8

**Comparison of Passenger Load Factors and Passenger Yields
For Individual Passenger and All-Cargo Majors
Quarterly and 12-Month Ended Periods
June 2002 and 2003**

Passenger Load Factor (Percent)						
Group/Carrier	Quarterly Data			12 Month Ended Data		
	6/2002	6/2003	Pt.Chg.	6/2002	6/2003	Pt.Chg.
System Passenger Majors	73.8	75.1	1.3	70.8	72.3	1.5
Alaska	68.4	70.6	2.2	68.2	68.7	0.5
America West	75.8	78.9	3.1	72.3	74.6	2.3
American	71.4	74.4	3.0	69.2	71.3	2.1
American Eagle	66.5	66.9	0.4	60.1	63.4	3.3
American Trans Air	76.7	76.7	(0.1)	75.1	72.6	(2.5)
Continental	75.5	77.1	1.6	73.3	73.6	0.3
Delta	73.7	76.2	2.4	69.7	73.1	3.4
Northwest	78.9	76.4	(2.5)	75.2	75.9	0.6
Southwest	69.8	70.1	0.3	66.5	65.9	(0.6)
United	74.5	76.2	1.7	72.0	73.7	1.7
US Airways	75.1	75.4	0.4	69.6	70.9	1.3
System Cargo Majors	-	-	-	-	-	-
DHL	-	-	-	-	-	-
Federal Express	-	-	-	-	-	-
UPS	-	-	-	-	-	-
System Total Majors	73.6	75.1	1.5	70.8	72.3	1.5

Scheduled Passenger Yield (Cents)						
Group/Carrier	Quarterly Data			12 Month Ended Data		
	6/2002	6/2003	Pct.Chg.	6/2002	6/2003	Pct.Chg.
System Passenger Majors	11.6	11.8	1.3	11.6	11.4	(1.2)
Alaska	12.5	12.2	(2.7)	12.5	12.2	(2.8)
America West	9.7	9.8	0.3	9.6	9.7	0.6
American	11.9	11.5	(3.5)	12.2	11.7	(4.0)
American Eagle	31.9	25.9	(18.6)	32.4	29.2	(9.9)
American Trans Air	8.8	8.3	(5.8)	8.9	8.4	(4.9)
Continental	11.7	11.6	(0.9)	11.5	11.6	0.5
Delta	11.5	11.5	0.5	11.5	11.6	1.2
Northwest	10.7	11.2	4.3	10.8	10.9	0.9
Southwest	11.7	11.4	(2.0)	11.3	11.5	1.8
United	11.1	12.9	15.6	10.8	10.5	(2.0)
US Airways	13.1	13.1	(0.0)	13.2	13.0	(1.7)
System Cargo Majors	-	-	-	-	-	-
DHL	-	-	-	-	-	-
Federal Express	-	-	-	-	-	-
UPS	-	-	-	-	-	-
System Total Majors	11.7	11.8	0.4	11.7	11.4	(2.4)

**Comparison of Operating Profit Margin, Debt-to-Investment and Total Debt
For Individual Passenger and All-Cargo Majors
Quarterly and 12-Month Ended Periods
June 2002 and 2003**

Operating Profit Margin (Percent)						
Group/Carrier	Quarterly Data			12 Month Ended Data		
	6/2002	6/2003	Pt. Chg	6/2002	6/2003	Pt. Chg.
System Passenger Majors	(7.6)	(4.0)	3.6	(16.7)	(11.8)	4.9
Alaska	(0.7)	1.7	2.4	(5.1)	(4.7)	0.4
America West	(0.2)	2.5	2.7	(19.4)	(5.4)	14.0
American	(15.3)	(7.7)	7.7	(23.6)	(19.1)	4.5
American Eagle	5.6	16.2	10.6	(14.9)	2.0	16.9
American Trans Air	(19.6)	3.8	23.4	(13.7)	(6.4)	7.3
Continental	(7.6)	10.8	18.4	(8.7)	(2.4)	6.4
Delta	(4.8)	(7.6)	(2.8)	(11.9)	(9.6)	2.2
Northwest	(2.0)	(3.4)	(1.5)	(8.9)	(10.4)	(1.5)
Southwest	12.8	9.3	(3.6)	7.0	6.4	(0.5)
United	(14.4)	(14.3)	0.1	(30.2)	(23.4)	6.7
US Airways	(9.3)	(6.2)	3.1	(22.0)	(10.4)	11.6
System Cargo Majors	4.4	6.8	2.4	4.3	5.4	1.1
DHL	4.8	6.9	2.2	(14.9)	7.4	22.3
Federal Express	4.5	6.5	2.0	5.3	5.0	(0.4)
UPS	3.6	8.5	4.9	4.1	7.5	3.4
System Total Majors	(5.0)	(1.8)	3.2	(11.9)	(8.3)	3.6

Group/Carrier	Debt To Investment (Percent)			Total Debt (\$Millions)		
	Quarterly Data			Quarterly Data		
	6/2002	6/2003	Pt.Chg.	6/2002	6/2003	\$ Chg.
System Passenger Majors	70.3	89.6	19.3	51,126.9	55,210.4	4,083.5
Alaska	58.5	61.5	3.0	940.0	991.7	51.7
America West	64.1	69.4	5.2	752.8	730.2	(22.7)
American	66.6	97.9	31.3	8,869.6	10,737.4	1,867.8
American Eagle	99.6	99.0	(0.6)	2,841.2	3,051.8	210.6
American Trans Air	110.7	130.9	20.2	456.7	507.8	51.1
Continental	82.7	90.2	7.5	5,513.9	5,821.5	307.6
Delta	73.1	92.3	19.2	9,436.4	10,642.5	1,206.0
Northwest	59.7	72.7	13.0	6,118.7	6,934.7	816.0
Southwest	28.6	26.1	(2.5)	1,691.4	1,671.4	(20.0)
United	72.9	152.9	80.1	10,673.5	11,100.7	427.1
US Airways	129.1	90.8	(38.3)	3,832.5	3,020.7	(811.8)
System Cargo Majors	43.6	43.5	(0.1)	4,532.1	4,906.8	374.8
DHL	19.1	17.6	(1.5)	21.8	21.0	(0.7)
Federal Express	16.9	17.0	0.2	952.7	1,061.0	108.3
UPS	76.8	77.7	0.8	3,557.6	3,824.8	267.2
System Total Majors	66.7	82.5	15.8	58,738.8	60,117.3	1,378.5

FOOTNOTES

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

EXPLANATION OF LINE ITEMS

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

EXPLANATION OF LINE ITEMS

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