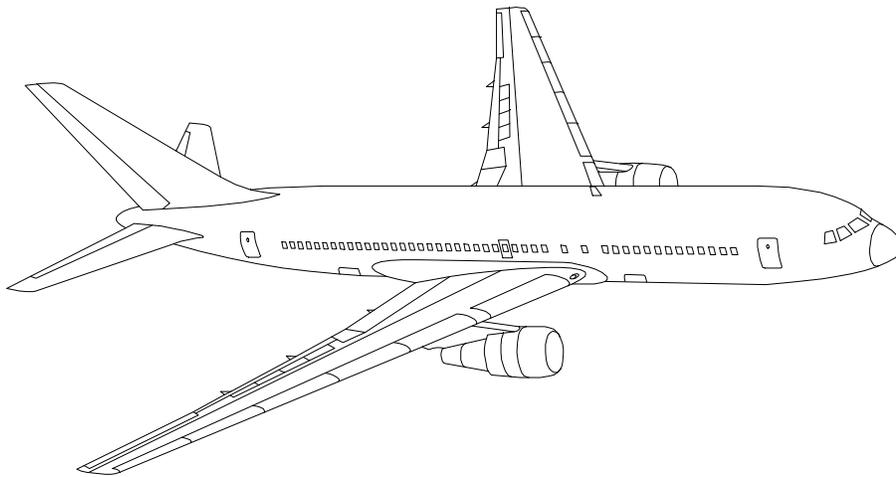


AIRLINE QUARTERLY FINANCIAL REVIEW

THIRD QUARTER 1996



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

- o Operating expenses, up 7.4 percent, grew faster than operating revenues, up 6.6 percent, causing operating profit to decline \$2.8 million to \$2.42 billion. Individual carrier operating results were mixed for the passenger majors, which as a group accounted for all of the deterioration, down \$8.1 million to \$2.27 billion. The total all-cargo majors improved \$5.4 million to \$149 million.
- o Net income also improved, rising \$59.5 million to \$1.23 billion, an all-time third quarter high for the majors.

OPERATING PROFIT (LOSS) AND NET INCOME (LOSS) 1/ (\$MILLIONS)							
CARRIER	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			
	3Q 95	3Q 96	\$CHANGE	3Q 95	3Q 96	\$CHANGE	
TOTAL ALL MAJORS	2419.2	2416.4	-2.8	1167.6	1227.1	59.5	
TOTAL PASSENGER MAJORS	2275.5	2267.4	-8.1	1096.2	1146.4	50.2	
ALASKA	55.8	53.1	-2.7	28.3	31.6	3.3	
AMERICA WEST	54.2	-53.1	-107.3	21.7	-45.7	-67.4	
AMERICAN	478.9	443.7	-35.2	212.2	207.4	-4.8	
CONTINENTAL	142.6	58.3	-84.3	133.3	28.6	-104.7	
DELTA	384.9	441.8	56.9	200.4	238.2	37.8	
NORTHWEST	462.5	485.3	22.8	254.7	270.7	16.0	
SOUTHWEST	111.8	103.0	-8.8	67.7	60.9	-6.8	
TRANS WORLD	49.8	26.0	-23.8	-82.0	-14.3	67.7	
UNITED	468.7	612.5	143.8	247.7	341.1	93.4	
US AIRWAYS	66.3	96.8	30.5	12.2	28.0	15.8	
TOTAL ALL-CARGO MAJORS	143.6	149.0	5.4	71.4	80.7	9.3	
FEDERAL EXPRESS	128.2	131.8	3.6	61.3	71.2	9.9	
UNITED PARCEL	15.4	17.2	1.8	10.1	9.5	-0.6	
TOTAL PAX. MAJORS w/o DL CHARGE	2275.5	2267.4	-8.1	1096.2	1146.4	50.2	
TOTAL ALL MAJORS w/o DL CHARGE		2419.2	2416.4	-2.8	1167.6	1227.1	59.5

- o All majors, except for America West, achieved an operating profit. Only America West and Trans World had a net loss.
- o Every major carrier except for Trans World cut total interest expense, which for the overall group fell \$165.4 million to \$397.6 million, the lowest interest expense for any quarter since the third quarter 1987. This decline occurred in large part due to the \$5.64 billion cut in total debt to \$20.69 billion.
- o The operating profit margin dipped 0.7 percentage points but was still a strong 10 percent.
- o Total fuel expense rose 21.8 percent and all majors experienced double-digit increases.

12-MONTH RESULTS

- o For the fourth consecutive quarter-ended 12-month period, the major group attained a new all-time high in net income. Operating profit was slightly lower than the record set during the 12-months ended June 1996.
- o All majors reported an operating profit for the period, and all but Trans World had a net profit. Six of the twelve majors saw year-to-year improvements in both operating and net results.
- o Operating profit jumped \$679.5 million to \$5.69 billion. Two majors (Northwest and United) individually recorded an operating profit in excess of \$1 billion.
- o Net results improved \$1.45 billion to \$2.6 billion.
- o Operating and net results were adversely impacted by the \$556 million nonoperating adjustment taken by Delta during the first quarter 1996. Without this adjustment, operating profit soared \$1.27 billion to \$6.24 billion and net results improved \$1.79 billion to \$2.94 billion.
- o The passenger load factor rose 2.3 percentage points to 69.3 percent.
- o RTM yield growth, up 2.6 percent, grew faster than RTM unit costs, up 2.2 percent, enhancing profitability.
- o Except for Southwest, all majors cut interest expense which, for the group, fell \$452.5 million to \$1.93 billion.
- o The debt-to-investment ratio fell 10.9 percentage points to 51.4 percent

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	24,047.3	22,561.9	89,624.5	88,139.1	86,466.3	84,994.9	83,846.3
2	Operating Expenses	21,630.9	20,142.7	83,935.7	82,447.6	81,107.0	79,439.7	78,837.0
3	Operating Profit (Loss)	2,416.4	2,419.2	5,688.8	5,691.5	5,359.3	5,555.2	5,009.3
4	Net Income (Loss)	1,227.1	1,167.6	2,602.4	2,543.0	2,266.1	2,234.6	1,150.3
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	148.29	139.26	534.29	525.27	516.61	509.53	508.06
6	ASMs - Scheduled Rev. Svc.	203.41	197.09	770.84	764.52	759.62	757.18	757.81
7	Overall RTMs (All Svc.)	19.55	18.42	71.92	70.79	69.82	69.12	69.04
8	Overall ATMs (All Svc.)	32.88	31.76	125.20	124.08	123.10	122.54	122.38
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	123.0	122.5	124.6	124.5	123.8	123.0	121.4
10	Operating Expense per RTM	110.6	109.3	116.7	116.5	116.2	114.9	114.2
11	Operating Profit (Loss) per RTM	12.4	13.1	7.9	8.0	7.7	8.0	7.3
12	Operating Expense per ATM	65.8	63.4	67.0	66.4	65.9	64.8	64.4
13	Passenger Revenue per RPM	12.61	12.55	12.88	12.87	12.80	12.71	12.58
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	2.19	2.15	1.92	1.89	1.86
15	Times Interest Earned	*	*	3.23	2.92	2.59	2.56	2.09
16	Current Assets to Current Liabilities	*	*	0.72	0.74	0.73	0.71	0.76
17	No. of Days Cash Coverage of Cash Exp.	*	*	34.3	35.4	31.6	31.5	40.4
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	10.0	10.7	6.3	6.5	6.2	6.5	6.0
19	Net Income to Stockholders Equity	*	*	15.2	15.9	15.4	16.0	8.6
20	Corporate Return on Investment	*	*	11.0	11.1	9.9	10.0	7.7
21	Debt to Total Investment	*	*	51.4	55.0	60.0	61.5	62.3
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	72.9	70.7	69.3	68.7	68.0	67.3	67.0
23	Breakeven	65.7	63.7	66.1	65.6	65.4	64.6	64.8
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	449,551	441,179	445,827	443,733	441,814	441,640	442,592
25	Overall RTM's per Employee (000)	43.5	41.8	161.3	159.5	158.0	156.5	156.0

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	6.6	5.5	6.9	6.6	6.1	5.1	4.5
27	Operating Expenses (%)	7.4	1.9	6.5	5.1	3.3	1.4	1.3
28	Operating Profit (Loss) (in Millions \$)	-2.8	790.0	679.5	1,472.1	2,415.6	3,021.3	2,586.2
29	Net Income (Loss)(in Millions \$)	59.5	431.7	1,452.1	1,824.4	2,517.2	2,790.2	76.4
30	RPMs (Sch. Svc.) (%)	6.5	1.2	5.2	3.7	3.1	3.0	4.4
31	ASMs (Sch. Svc.) (%)	3.2	0.9	1.7	1.1	1.0	1.7	2.5
32	Operating Revenues per RTM (%)	0.4	4.7	2.6	3.8	3.6	2.0	-0.5
33	Operating Expense per RTM (%)	1.2	1.2	2.2	2.3	0.9	-1.6	-3.6
34	Passenger Revenue per RPM (Sch. Svc.)	0.5	3.8	2.4	3.3	3.1	1.5	-0.7

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	17,887.1	16,532.2	68,250.2	66,895.2	65,456.9	64,317.2	63,313.5
2	Operating Expenses	16,255.2	14,919.5	63,063.1	61,727.4	60,719.7	59,721.1	59,363.9
3	Operating Profit (Loss)	1,632.0	1,612.7	5,187.0	5,167.8	4,737.2	4,596.1	3,949.5
4	Net Income (Loss)	810.2	736.7	2,454.2	2,380.8	2,081.1	1,866.9	753.6
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	105.60	97.34	386.89	378.63	372.15	367.50	367.63
6	ASMs - Scheduled Rev. Svc.	148.44	143.23	569.08	563.87	560.00	559.46	561.06
7	Overall RTMs (All Svc.)	13.17	12.26	49.10	48.19	47.49	47.02	47.02
8	Overall ATMs (All Svc.)	22.41	21.64	86.59	85.81	85.21	85.06	85.22
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	135.8	134.8	139.0	138.8	137.8	136.8	134.7
10	Operating Expense per RTM	123.4	121.7	128.4	128.1	127.8	127.0	126.3
11	Operating Profit (Loss) per RTM	12.4	13.2	10.6	10.7	10.0	9.8	8.4
12	Operating Expense per ATM	72.5	68.9	72.8	71.9	71.3	70.2	69.7
13	Passenger Revenue per RPM	13.19	13.07	13.61	13.59	13.47	13.34	13.13
<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	9.1	9.8	7.6	7.7	7.2	7.1	6.2
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	12.9	13.2	11.7	11.0	7.9
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	71.1	68.0	68.0	67.1	66.5	65.7	65.5
23	Breakeven	65.2	62.7	64.0	63.3	63.5	63.1	63.7
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

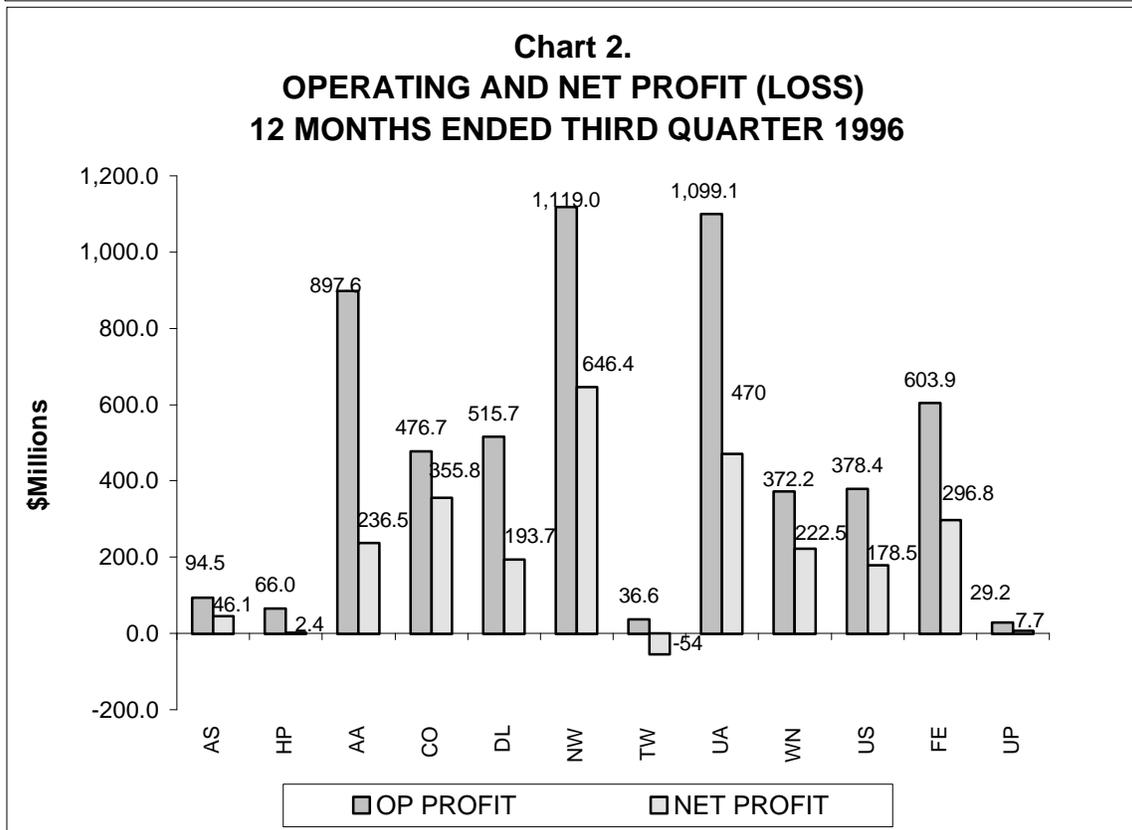
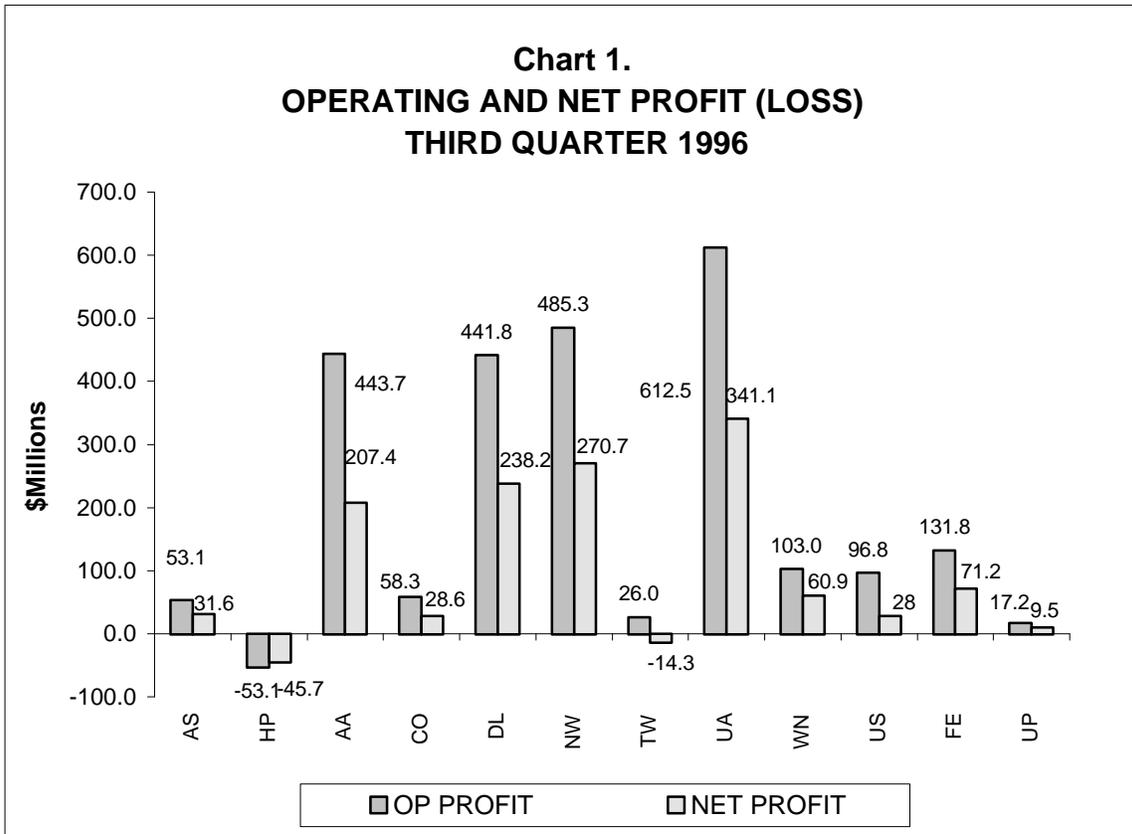
	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	8.2	5.5	7.8	7.1	6.5	5.6	4.7
27	Operating Expenses (%)	9.0	1.7	6.2	4.4	2.7	1.5	2.0
28	Operating Profit (Loss) (in Millions \$)	19.3	619.1	1,237.5	1,837.3	2,386.4	2,509.6	1,675.9
29	Net Income (Loss)(in Millions \$)	73.5	308.7	1,700.6	1,936.0	2,396.2	2,359.1	-233.4
30	RPMs (Sch. Svc.) (%)	8.5	0.3	5.2	3.1	2.5	2.8	4.8
31	ASMs (Sch. Svc.) (%)	3.6	0.4	1.4	0.6	0.5	1.6	2.9
32	Operating Revenues per RTM (%)	0.7	5.3	3.2	4.4	4.4	2.8	-0.1
33	Operating Expense per RTM (%)	1.4	1.5	1.7	1.8	0.6	-1.2	-2.6
34	Passenger Revenue per RPM (Sch. Svc.)	0.9	5.1	3.7	4.9	4.4	2.4	-0.9

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

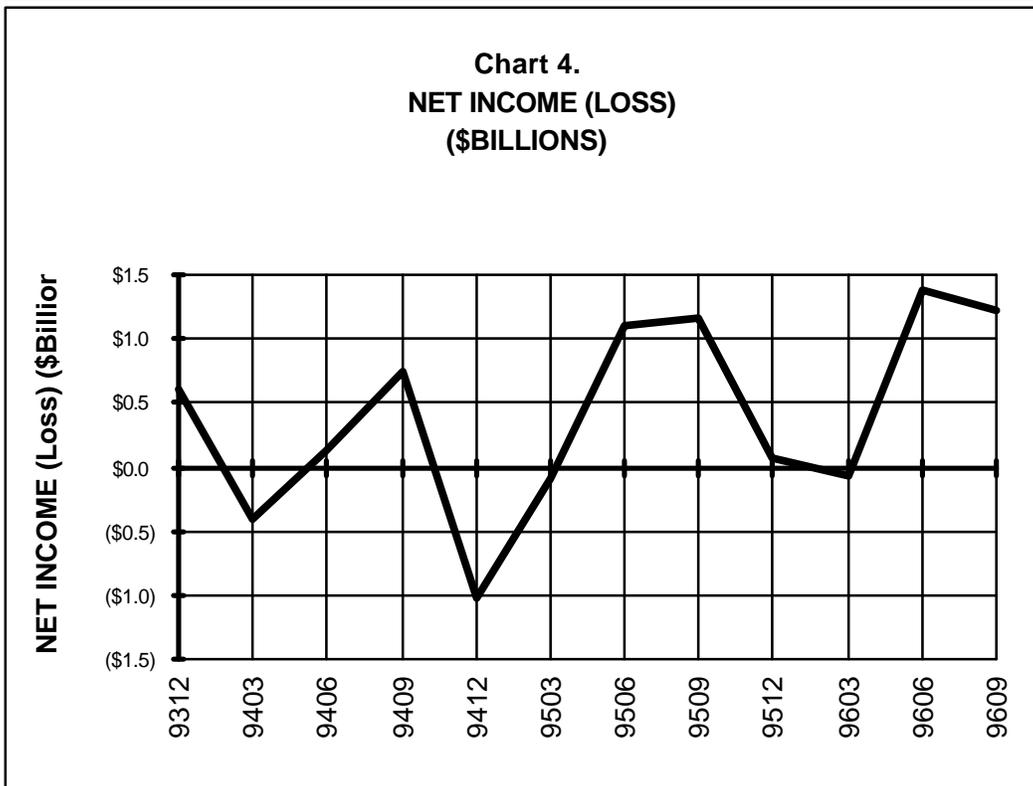
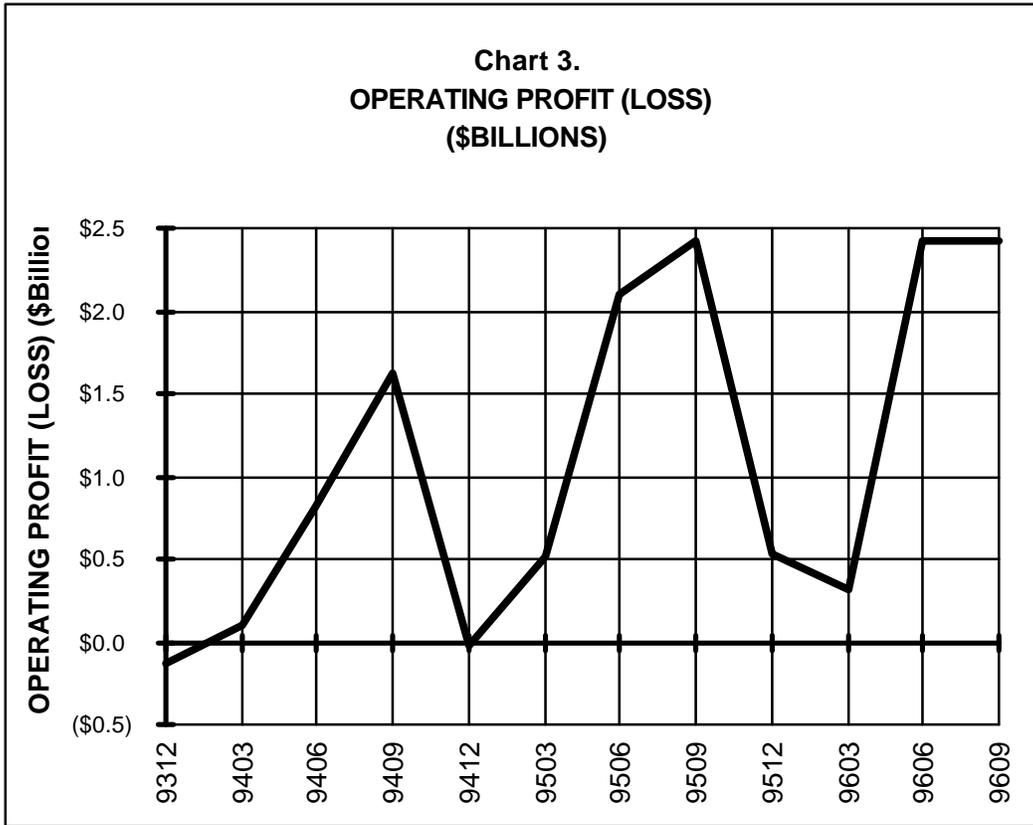
ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	6,160.2	6,029.7	21,374.4	21,243.9	21,009.4	20,677.7	20,532.9
2	Operating Expenses	5,375.7	5,223.2	20,872.6	20,720.1	20,387.3	19,718.6	19,473.1
3	Operating Profit (Loss)	784.4	806.4	501.7	523.8	622.1	959.1	1,059.8
4	Net Income (Loss)	416.9	430.9	148.2	162.2	185.0	367.7	396.7
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	42.69	41.92	147.40	146.63	144.46	142.04	140.43
6	ASMs - Scheduled Rev. Svc.	54.97	53.86	201.76	200.65	199.62	197.72	196.75
7	Overall RTMs (All Svc.)	6.39	6.16	22.82	22.60	22.32	22.10	22.02
8	Overall ATMs (All Svc.)	10.46	10.12	38.61	38.27	37.89	37.48	37.16
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	96.5	97.8	93.7	94.0	94.1	93.6	93.2
10	Operating Expense per RTM	84.2	84.8	91.5	91.7	91.3	89.2	88.4
11	Operating Profit (Loss) per RTM	12.3	13.1	2.2	2.3	2.8	4.3	4.8
12	Operating Expense per ATM	51.4	51.6	54.1	54.1	53.8	52.6	52.4
13	Passenger Revenue per RPM	11.17	11.34	10.96	11.01	11.09	11.09	11.17
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp.	*	*	**	**	**	**	**
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	12.7	13.4	2.3	2.5	3.0	4.6	5.2
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	5.0	5.4	5.9	8.1	8.7
21	Debt to Total Investment	*	*	**	**	**	**	**
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	77.7	77.8	73.1	73.1	72.4	71.8	71.4
23	Breakeven	66.4	65.8	72.7	72.5	71.2	69.0	68.2
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	2.2	5.4	4.1	5.0	4.9	3.5	3.8
27	Operating Expenses (%)	2.9	2.7	7.2	7.2	4.9	0.9	-0.8
28	Operating Profit (Loss) (in Millions \$)	-22.0	170.9	-558.1	-365.1	29.2	511.7	910.2
29	Net Income (Loss)(in Millions \$)	-14.0	123.0	-248.5	-111.5	120.9	431.1	309.8
30	RPMs (Sch. Svc.) (%)	1.8	3.4	5.0	5.4	4.9	3.7	3.4
31	ASMs (Sch. Svc.) (%)	2.1	2.3	2.5	2.6	2.6	2.0	1.4
32	Operating Revenues per RTM (%)	-1.3	3.3	0.5	1.8	1.6	-0.2	-1.5
33	Operating Expense per RTM (%)	-0.7	0.8	3.5	3.9	1.6	-2.7	-5.9
34	Passenger Revenue per RPM (Sch. Svc.)	-1.5	0.4	-1.9	-1.3	-0.4	-0.8	0.3

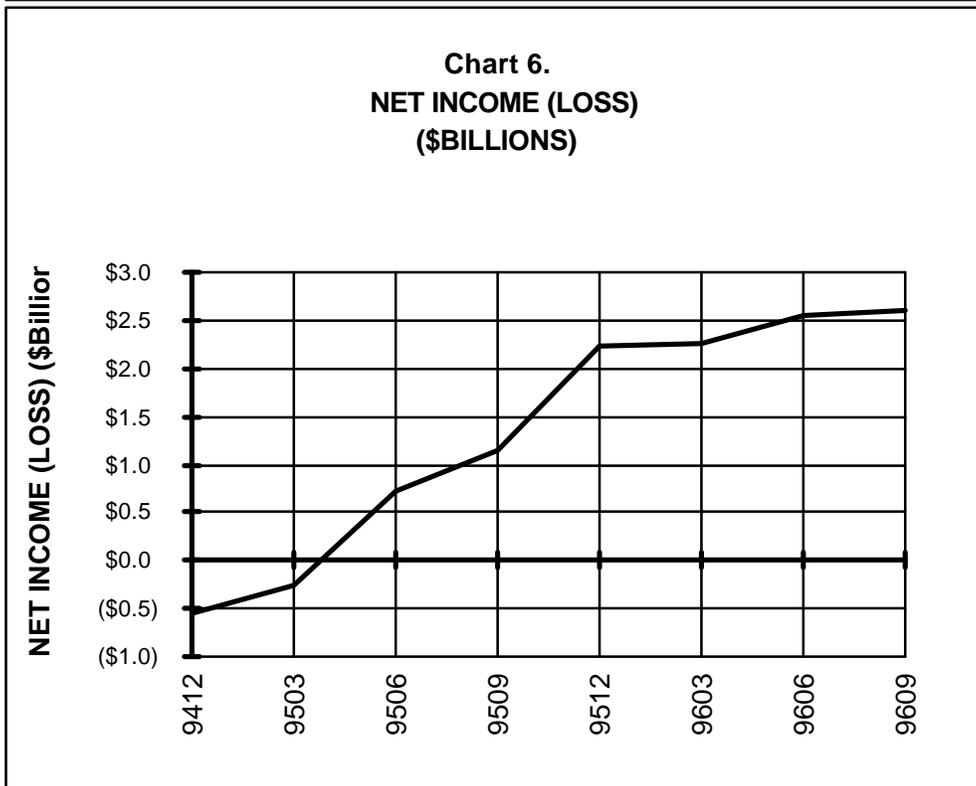
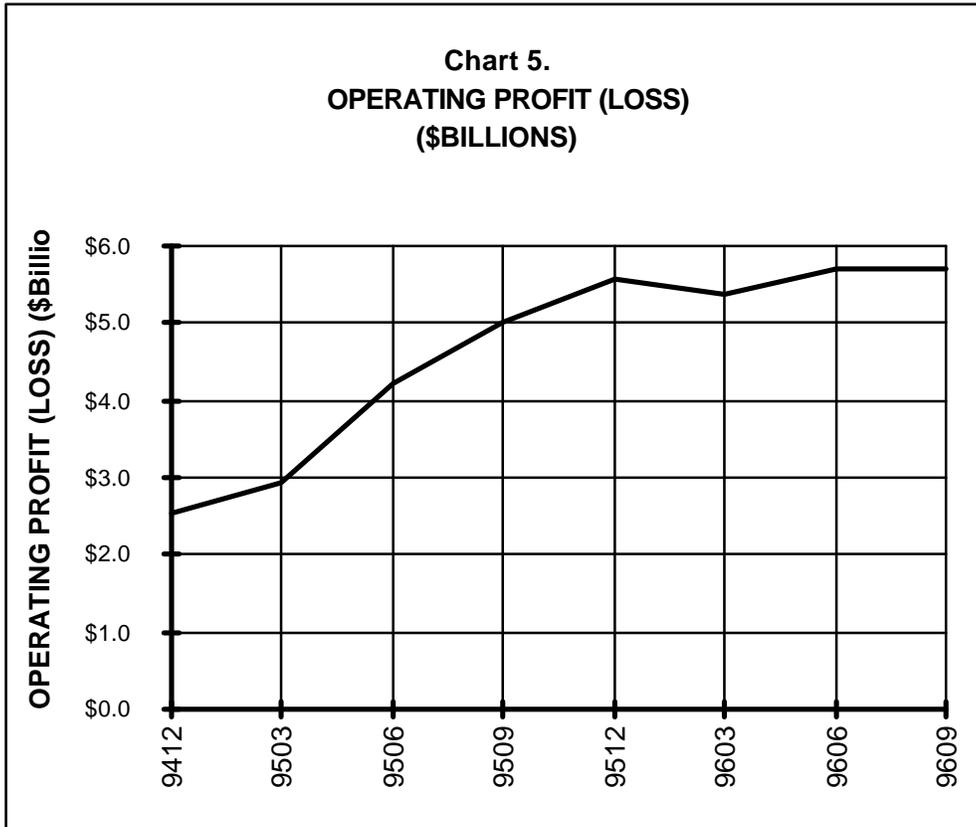
COMPARISONS AMONG MAJOR GROUP AIRLINES



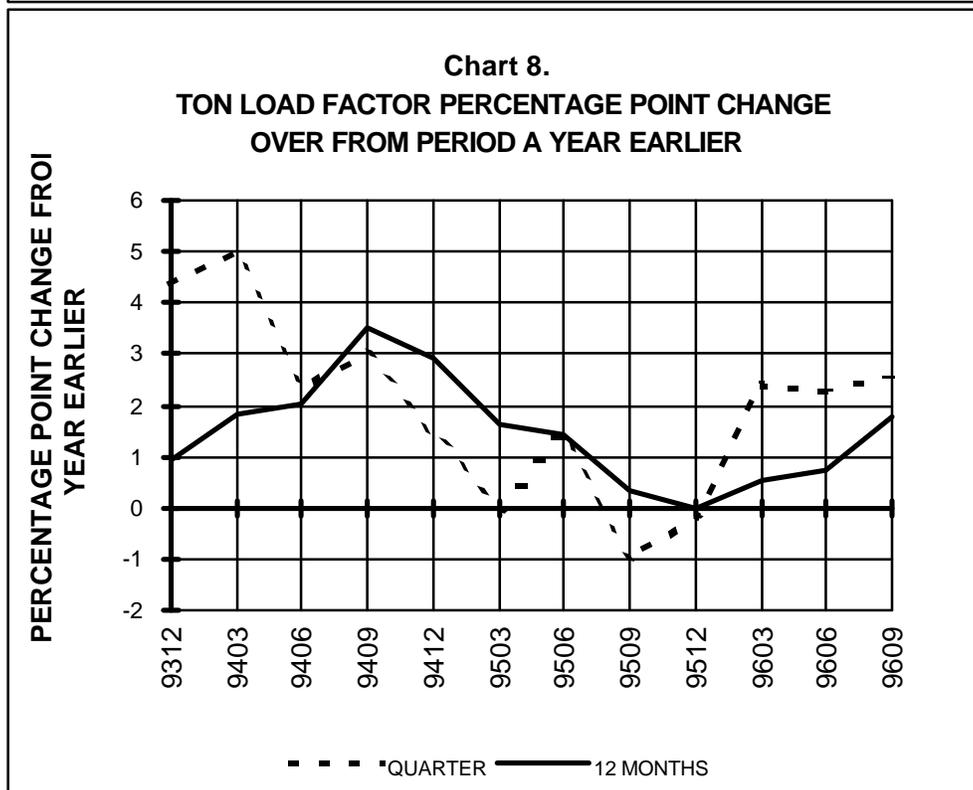
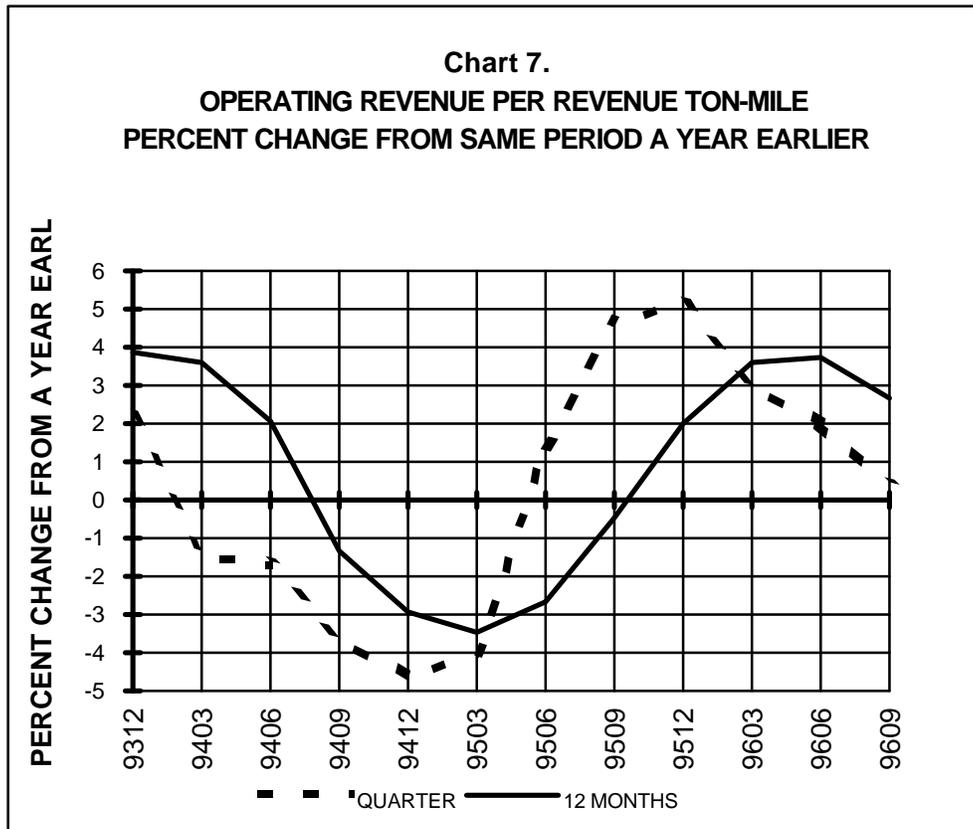
TOTAL ALL MAJORS (SYSTEM) BY QUARTER



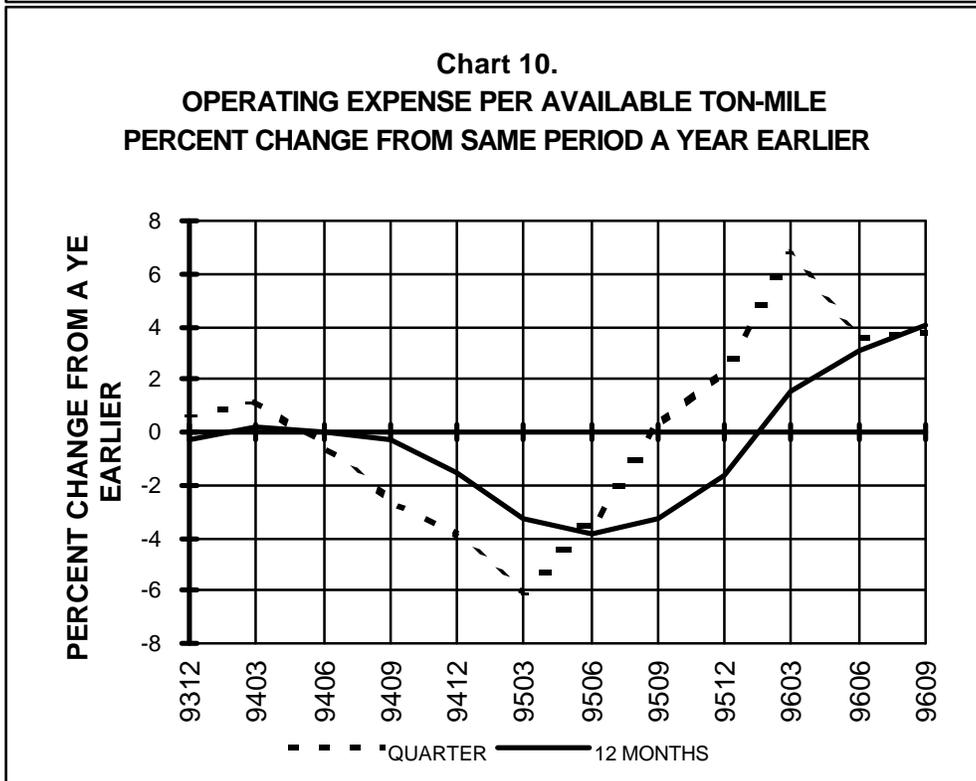
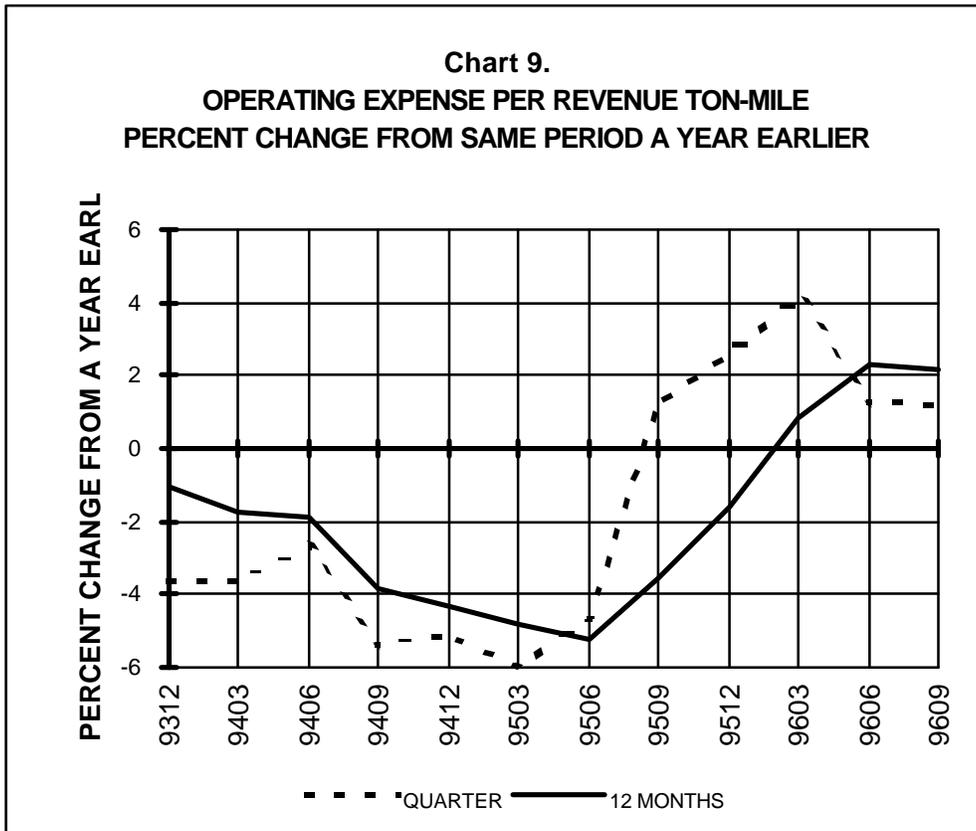
TOTAL ALL MAJORS (SYSTEM) BY 12-MONTH ENDING PERIODS



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



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



QUARTERLY FINANCIAL & TRAFFIC REVIEW
TOTAL PASSENGER MAJORS

QUARTERLY RESULTS

- o For the third quarter, all passenger majors (except America West and Trans World) reported an operating and net profit. Trans World did report an operating profit. Four majors (America West, American, Continental and Southwest) experienced a decline in both operating and net results while Alaska and Trans World reported a deterioration in operating profit, but a gain in net profit.
- o Operating revenues grew 5.9 percent, but operating expenses rose a faster 6.7 percent, causing operating profit to dip \$8.1 million to \$2.26 billion.
- o Net results improved, however, rising \$50.2 million to \$1.15 billion, a third quarter all-time high.

Quarter Ended	\$ Millions					
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	LAST YEAR 1995	THIS YEAR 1996	\$ Change	LAST YEAR 1995	THIS YEAR 1996	\$ Change
March	357.0	184.4	-172.6	-182.9	-122.7	60.2
June	1,929.3	2,243.6	314.3	1,017.2	1,282.2	265.0
Sept.	2,275.5	2,267.4	-8.2	1,096.2	1,146.4	50.2
Dec.	360.3	0.0	-	-8.0	0.0	-

- o RPM traffic growth, up 6.5 percent, more than double ASM capacity growth, up 3.2 percent, producing a 2.2 percentage point increase in the passenger load factor to 72.9 percent, 7.4 points above operating breakeven.
- o Only four of the ten passenger majors (American, Continental, United and USAir) showed an increase in passenger (RPM) yield, which for the group climbed 0.5 percent to 12.61 cents.
- o The Pacific division, with operating results declining \$72.3 million to \$368 million and net results declining \$43.3 million to \$210.3, was the only entity that did not improve over the September 1995 quarter.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	1,423.3	1,434.8	11.5	633.6	700.2	66.6	97.3	105.6	8.5	143.2	148.4	3.6	71.1%
Int'l	852.2	832.6	-19.7	462.6	446.2	-16.4	41.9	42.7	1.8	53.9	55.0	2.1	77.7%
Atlantic	307.7	356.8	49.2	159.2	183.7	24.5	19.3	19.1	-0.9	23.5	23.4	-0.2	81.6%
Latin	104.3	107.8	3.5	49.8	52.2	2.5	6.5	6.9	6.6	9.8	10.5	7.2	66.0%
Pacific	440.3	368.0	-72.3	253.6	210.3	-43.3	16.1	16.6	3.2	20.6	21.0	2.2	79.1%
System	2,275.5	2,267.4	-8.2	1,096.2	1,146.4	50.2	139.3	148.3	6.5	197.1	203.4	3.2	72.9%

- o Except for Trans World, all majors reported a decline in interest expense, which for the group fell \$160.4 million to \$374.9 million.
- o This decline resulted mostly from the \$5.41 billion reduction in total debt to \$17.58 billion.
- o All carriers experienced sharp increases in total fuel expense, which for the group rose 21.5 percent.

12-MONTH RESULTS

- o Except for Trans World, all passenger majors reported an operating and net profit for the 12 months ended September 1996. America West, Delta and American were the only majors to experience a deterioration in operating and/or net results. Delta's results were adversely impacted by a \$556 million nonoperating adjustment during the first quarter 1996, and would have otherwise experienced improvements in both operating and net results.
- o Operating profit jumped \$718.5 million to \$5.1 billion as operating revenues, up 6.5 percent, grew faster than operating expenses, up 5.1 percent. Net results soared \$1.5 billion to \$2.3 billion.
- o Excluding the large Delta nonoperating adjustment, operating profit soared \$1.27 billion to \$5.61 billion and net results spiraled upward \$1.83 billion to \$2.64 billion.
- o As total debt fell, the high level of earnings reported by the group boosted equity causing the debt-to-investment ratio to drop 12.1 percentage points to 52.3 percent, the lowest ratio in seven years.
- o The passenger load factor rose 2.3 percentage points to 69.3 percent.
- o Passenger (RPM) yield, up over a year ago for the fourth consecutive quarter-ended 12-month period after five consecutive periods of decline, rose 2.4 percent to 12.88 cents. Only Delta and Northwest experienced year-to-year declines.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED				
	9609	9509	9609	9606	9603	9512	9509
<u>FINANCIAL RESULTS: (\$Millions)</u>							
1 Operating Revenues	20,899.3	19,732.2	77,340.9	76,173.8	74,792.1	73,539.7	72,591.3
2 Operating Expenses	18,632.0	17,456.7	72,285.2	71,109.9	70,042.5	68,617.5	68,254.1
3 Operating Profit (Loss)	2,267.4	2,275.5	5,055.7	5,063.9	4,749.5	4,922.2	4,337.2
4 Net Income (Loss)	1,146.4	1,096.2	2,297.9	2,247.7	1,982.7	1,922.5	803.1
<u>TRAFFIC: (Billions)</u>							
5 RPMs - Scheduled Rev. Svc.	148.29	139.26	534.29	525.27	516.61	509.53	508.06
6 ASMs - Scheduled Rev. Svc.	203.41	197.09	770.84	764.52	759.62	757.18	757.81
7 Overall RTMs (All Svc.)	17.30	16.34	63.12	62.16	61.30	60.65	60.71
8 Overall ATMs (All Svc.)	29.18	28.26	110.38	109.47	108.74	108.35	108.40
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9 Operating Revenue per RTM	120.8	120.8	122.5	122.5	122.0	121.2	119.6
10 Operating Expense per RTM	107.7	106.8	114.5	114.4	114.3	113.1	112.4
11 Operating Profit (Loss) per RTM	13.1	13.9	8.0	8.1	7.7	8.1	7.1
12 Operating Expense per ATM	63.9	61.8	65.5	65.0	64.4	63.3	63.0
13 Passenger Revenue per RPM	12.61	12.55	12.88	12.87	12.80	12.71	12.58
<u>FINANCIAL RATIOS:</u>							
14 Operating Revenues to Total Investment	*	*	2.27	2.22	1.95	1.91	1.86
15 Times Interest Earned	*	*	3.05	2.75	2.43	2.39	1.88
16 Current Assets to Current Liabilities	*	*	0.69	0.70	0.69	0.67	0.73
17 No. of Days Cash Coverage of Cash Exp	*	*	39.2	40.5	35.4	35.7	45.9
<u>FINANCIAL PERCENTAGES:</u>							
18 Operating Profit (Loss) to Operating Rev	10.8	11.5	6.5	6.6	6.4	6.7	6.0
19 Net Income to Stockholders Equity	*	*	16.7	17.8	17.2	17.8	7.7
20 Corporate Return on Investment	*	*	12.0	12.1	10.5	10.6	7.7
21 Debt to Total Investment	*	*	52.3	56.1	61.6	63.6	64.4
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22 Actual	72.9	70.7	69.3	68.7	68.0	67.3	67.0
23 Breakeven	65.5	63.5	66.1	65.6	65.4	64.7	65.0
<u>Employment & Productivity:</u>							
24 Employment, Total Weighted Avg CY	370,979	366,655	368,978	367,896	366,816	367,476	369,246
25 Overall RTM's per Employee (000)	46.6	44.6	171.1	169.0	167.1	165.1	164.4

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26 Operating Revenues (%)	5.9	5.2	6.5	6.4	5.8	4.4	3.5
27 Operating Expenses (%)	6.7	0.9	5.9	4.4	2.3	0.1	-0.1
28 Operating Profit (Loss) (in Millions \$)	-8.1	820.9	718.5	1,547.6	2,505.5	3,063.9	2,548.1
29 Net Income (Loss)(in Millions \$)	50.2	445.0	1,494.8	1,889.7	2,579.1	2,795.8	-15.7
30 RPMs (Sch. Svc.) (%)	6.5	1.2	5.2	3.7	3.1	3.0	4.4
31 ASMs (Sch. Svc.) (%)	3.2	0.9	1.7	1.1	1.0	1.7	2.5
32 Operating Revenues per RTM (%)	0.0	5.0	2.4	3.8	3.7	2.1	-0.4
33 Operating Expense per RTM (%)	0.8	0.7	1.9	2.0	0.4	-2.1	-3.9
34 Passenger Revenue per RPM (Sch. Svc)	0.5	3.8	2.4	3.3	3.1	1.5	-0.7

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	15,330.9	14,219.9	58,231.8	57,120.8	55,907.9	54,936.9	54,079.2
2	Operating Expenses	13,896.1	12,796.6	53,854.0	52,754.5	51,945.7	51,112.7	50,906.5
3	Operating Profit (Loss)	1,434.8	1,423.3	4,377.8	4,366.3	3,962.2	3,824.1	3,172.7
4	Net Income (Loss)	700.2	633.6	2,040.3	1,973.6	1,690.1	1,465.4	337.9
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	105.60	97.34	386.89	378.63	372.15	367.50	367.63
6	ASMs - Scheduled Rev. Svc.	148.44	143.23	569.08	563.87	560.00	559.46	561.06
7	Overall RTMs (All Svc.)	11.65	10.82	43.06	42.23	41.61	41.19	41.29
8	Overall ATMs (All Svc.)	19.89	19.24	76.33	75.68	75.22	75.19	75.47
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	131.6	131.4	135.2	135.3	134.4	133.4	131.0
10	Operating Expense per RTM	119.3	118.2	125.1	124.9	124.8	124.1	123.3
11	Operating Profit (Loss) per RTM	12.3	13.1	10.2	10.3	9.5	9.3	7.7
12	Operating Expense per ATM	69.9	66.5	70.6	69.7	69.1	68.0	67.5
13	Passenger Revenue per RPM	13.19	13.07	13.61	13.59	13.47	13.34	13.13
<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 Reve	9.4	10.0	7.5	7.6	7.1	7.0	5.9
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	0.0	0.0	0.0	0.0	0.0
21	Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	71.1	68.0	68.0	67.1	66.5	65.7	65.5
23	Breakeven	65.3	62.9	64.2	63.5	63.7	63.4	64.0
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

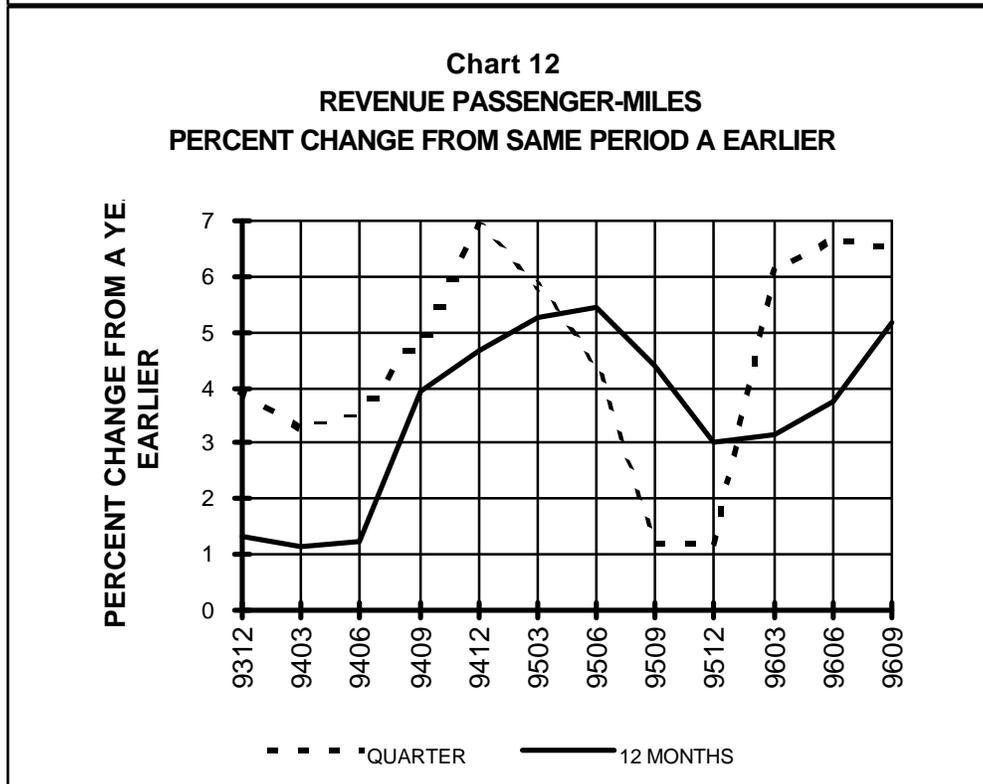
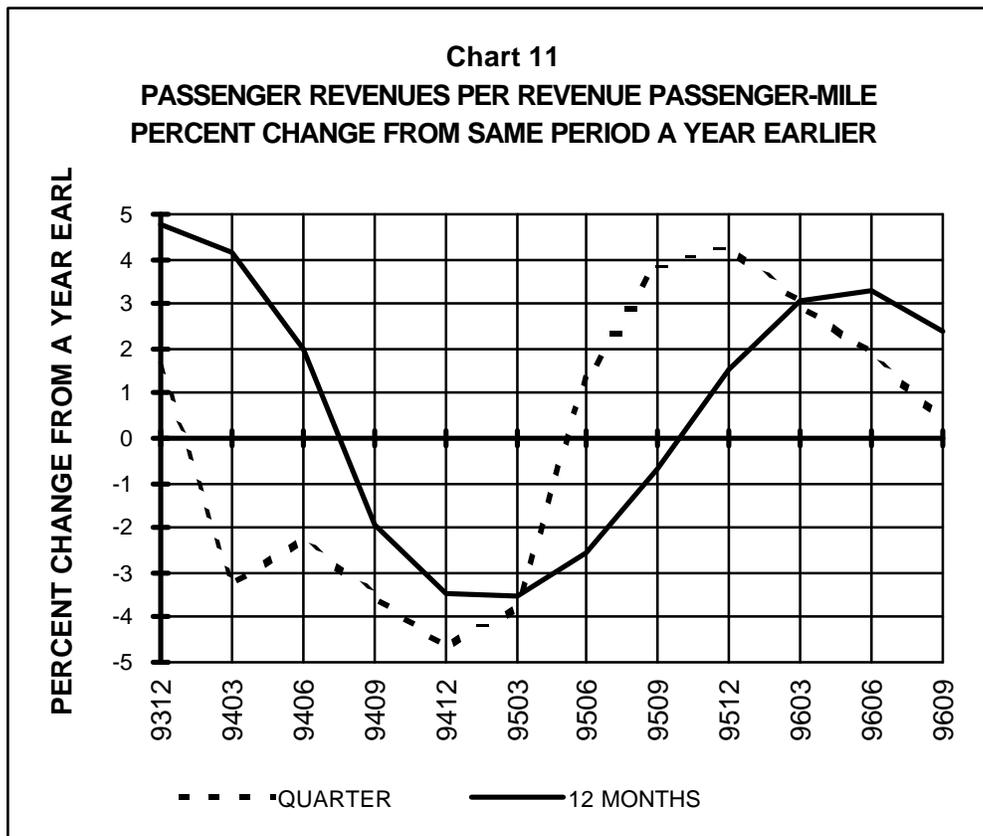
	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	7.8	5.4	7.7	7.1	6.4	5.1	3.8
27	Operating Expenses (%)	8.6	0.7	5.8	3.8	1.9	0.3	0.6
28	Operating Profit (Loss) (in Millions \$)	11.5	636.0	1,205.1	1,829.7	2,394.3	2,492.2	1,645.6
29	Net Income (Loss)(in Millions \$)	66.6	312.4	1,702.4	1,948.0	2,408.2	2,339.6	-290.3
30	RPMs (Sch. Svc.) (%)	8.5	0.3	5.2	3.1	2.5	2.8	4.8
31	ASMs (Sch. Svc.) (%)	3.6	0.4	1.4	0.6	0.5	1.6	2.9
32	Operating Revenues per RTM (%)	0.2	5.9	3.2	4.8	4.8	3.0	-0.2
33	Operating Expense per RTM (%)	0.9	1.1	1.5	1.6	0.2	-1.7	-3.3
34	Passenger Revenue per RPM (Sch. Svc.)	0.9	5.1	3.7	4.9	4.4	2.4	-0.9

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

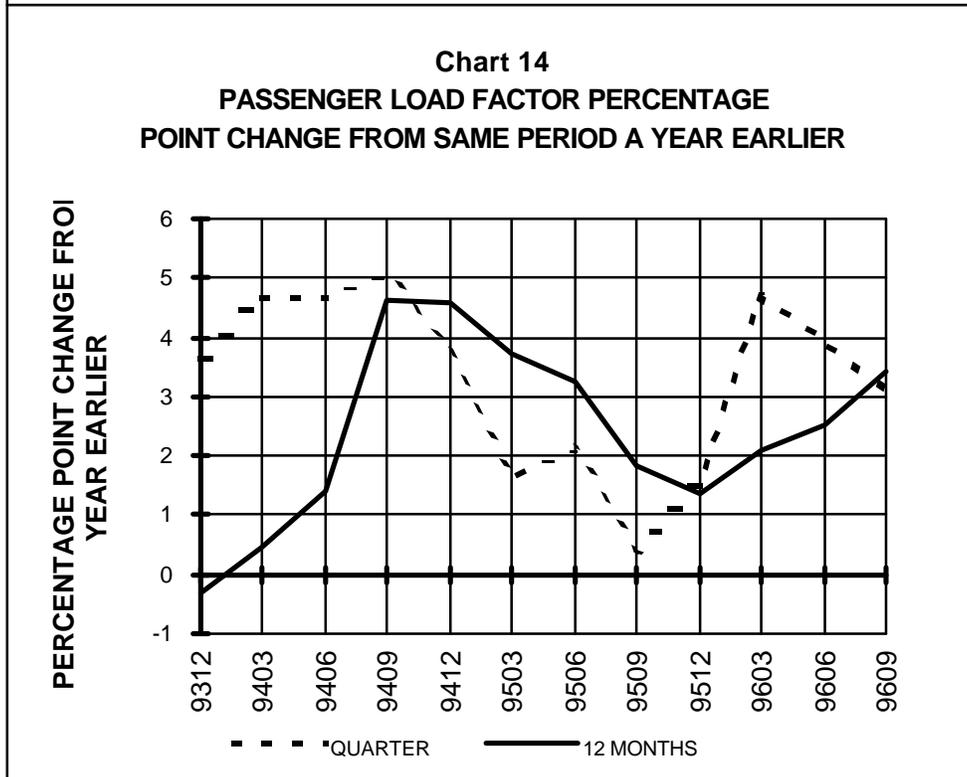
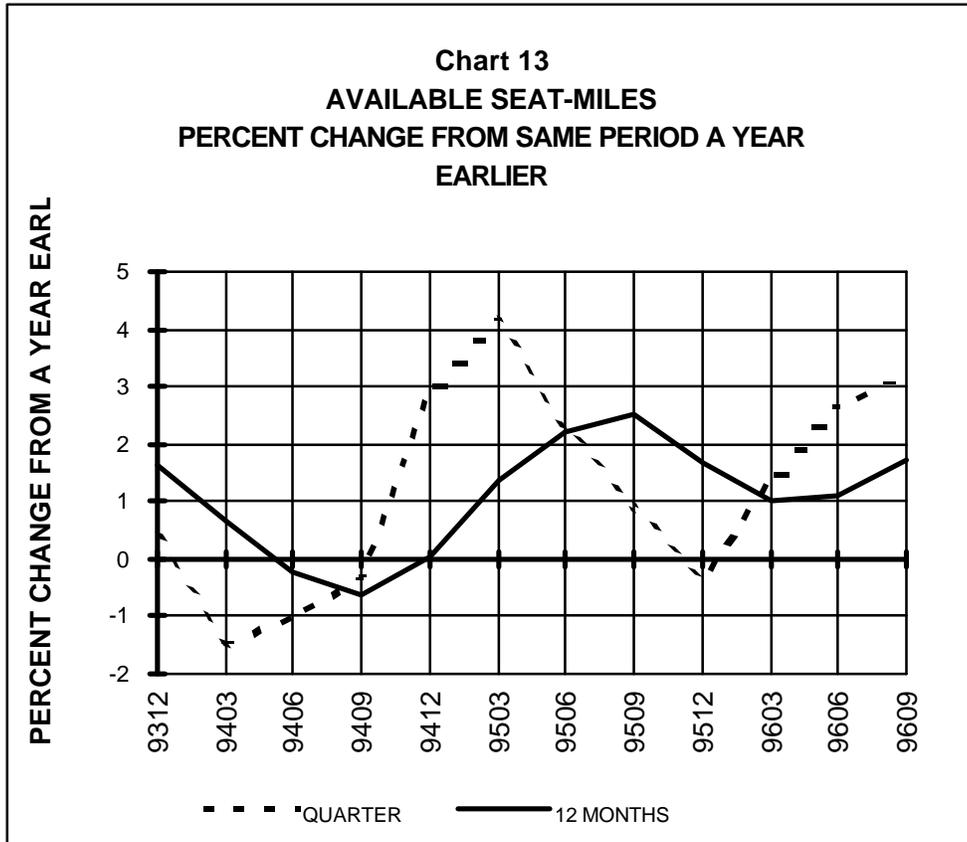
ITEMS	QUARTER ENDED		12 MONTHS ENDED				
	9609	9509	9609	9606	9603	9512	9509
<u>FINANCIAL RESULTS: (\$Millions)</u>							
1 Operating Revenues	5,568.4	5,512.3	19,109.0	19,053.0	18,884.2	18,602.8	18,512.1
2 Operating Expenses	4,735.8	4,660.1	18,431.1	18,355.4	18,096.9	17,504.7	17,347.6
3 Operating Profit (Loss)	832.6	852.2	677.9	697.6	787.3	1,098.1	1,164.5
4 Net Income (Loss)	446.2	462.6	257.6	274.1	292.6	457.1	465.1
<u>TRAFFIC: (Billions)</u>							
5 RPMs - Scheduled Rev. Svc.	42.69	41.92	147.40	146.63	144.46	142.04	140.43
6 ASMs - Scheduled Rev. Svc.	54.97	53.86	201.76	200.65	199.62	197.72	196.75
7 Overall RTMs (All Svc.)	5.65	5.51	20.07	19.93	19.70	19.47	19.42
8 Overall ATMs (All Svc.)	9.29	9.02	34.05	33.79	33.52	33.16	32.93
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>							
9 Operating Revenue per RTM	98.6	100.0	95.2	95.6	95.9	95.6	95.3
10 Operating Expense per RTM	83.8	84.5	91.8	92.1	91.9	89.9	89.3
11 Operating Profit (Loss) per RTM	14.7	15.5	3.4	3.5	4.0	5.6	6.0
12 Operating Expense per ATM	51.0	51.7	54.1	54.3	54.0	52.8	52.7
13 Passenger Revenue per RPM	11.17	11.34	10.96	11.01	11.09	11.09	11.17
<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 Reve	15.0	15.5	3.5	3.7	4.2	5.9	6.3
19 Net Income to Stockholders Equity	*	*	**	**	**	**	**
20 Corporate Return on Investment	*	*	6.8	7.2	7.7	9.9	10.3
21 Debt to Total Investment	*	*	**	**	**	**	**
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>							
22 Actual	77.7	77.8	73.1	73.1	72.4	71.8	71.4
23 Breakeven	65.1	64.5	72.0	71.8	70.5	68.4	67.7
<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 (%)	1.0	4.7	3.2	4.3	4.2	2.6	2.9
27 Operating Expenses (%)	1.6	1.4	6.2	6.2	3.7	-0.6	-2.2
28 Operating Profit (Loss) (in Millions \$)	-19.6	184.9	-486.6	-282.0	111.2	571.7	902.5
29 Net Income (Loss)(in Millions \$)	-16.4	132.7	-207.5	-58.4	170.9	456.2	274.5
30 RPMs (Sch. Svc.) (%)	1.8	3.4	5.0	5.4	4.9	3.7	3.5
31 ASMs (Sch. Svc.) (%)	2.1	2.3	2.5	2.6	2.6	2.0	1.5
32 Operating Revenues per RTM (%)	-1.4	3.2	-0.1	1.3	1.4	-0.1	-1.2
33 Operating Expense per RTM (%)	-0.8	-0.1	2.8	3.0	0.9	-3.2	-6.0
34 Passenger Revenue per RPM (Sch. Svc.)	-1.5	0.4	-1.9	-1.3	-0.4	-0.8	0.2

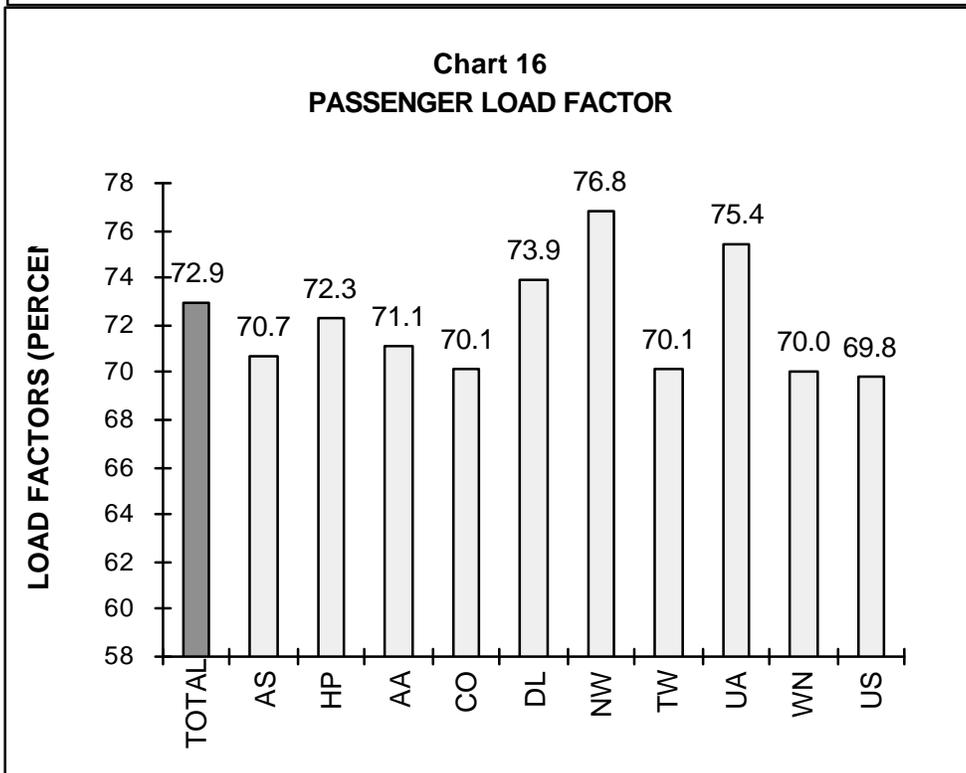
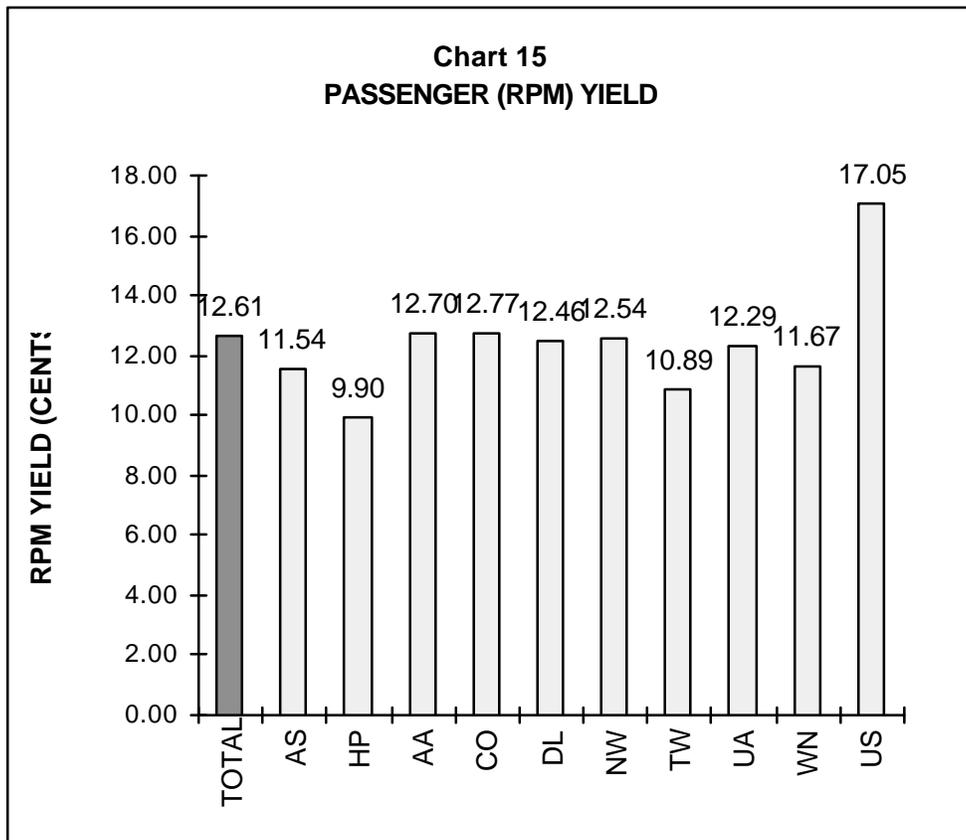
TOTAL PASSENGER MAJORS (SYSTEM) QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)



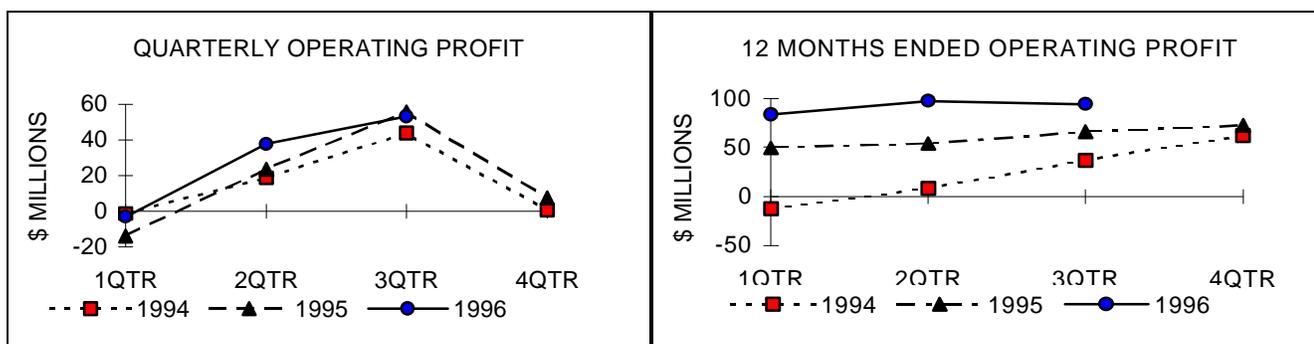
TOTAL PASSENGER MAJORS (SYSTEM) QUARTERLY AND 12-MONTH BASIS (SCH. SVC.)



TOTAL PASSENGER MAJORS (SYSTEM) THIRD QUARTER 1996 (SCH. SVC.)



**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
ALASKA AIRLINES 1/**



QUARTERLY RESULTS

- o Operating expenses rose 13.7 percent, outpacing operating revenues, which increased a slower 10.7 percent.
- o Operating profit dipped \$2.7 million, the first year-to-year decline in six quarters, to \$53.1 million.
- o Net income climbed \$3.3 million to \$31.6 million.
- o The domestic entity provided all of Alaska's overall systemwide net improvement, and was the only entity with an operating and/or net profit.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	54.6	54.0	-0.5	27.7	32.1	4.4	2.4	2.7	13.6	3.7	3.9	5.6	71.0%
Int'l	1.3	-0.9	-2.2	0.6	-0.6	-1.2	0.1	0.1	33.2	0.2	0.2	39.7	64.9%
Atlantic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Latin	1.3	-0.9	-2.2	0.6	-0.6	-1.2	0.1	0.1	33.2	0.2	0.2	39.7	64.9%
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	55.8	53.1	-2.7	28.3	31.6	3.2	2.5	2.9	14.4	3.8	4.1	7.0	70.7%

- o RPMs jumped a major group high 14.4 percent, while ASMs increased 7 percent, causing the passenger load factor to gain 4.7 percentage points to 70.7 percent, 8.9 percentage points above operating breakeven.
- o RTM yield fell 2.3 percent as RTM unit costs rose 0.3 percent eroding profitability.
- o Interest expense, down \$2.8 million to \$7 million, was the lowest among all passenger majors.
- o Passenger (RPM) slid 0.9 percent to 11.54 cents.

12-MONTH RESULTS

- o Operating revenues, up 13 percent, grew faster than operating expenses, up 11.2 percent, producing an upswing in operating profit of \$28.5 million to \$94.5 million.
- o Net income more than doubled over a year ago, jumping \$26 million to \$46.1 million.
- o RPMs advanced 14.7 percent as ASMs were up only 7.7 percent producing a 4 percentage point gain in the passenger load factor to 65.3 percent.
- o Although RTM yield declined 0.5 percent, RTM unit costs dropped 2.1 percent enhancing.
- o Passenger (RPM) yield rose 1.3 percent to 11.33 cents, the second consecutive year-to-year increase after three years of decline.
- o Interest expense was cut \$7.3 million to a group low \$32.7 million.
- o The debt-to-investment ratio dropped 13.2 percentage points to 44.4 percent as equity continues to climb and total debt was reduced \$138.1 million.

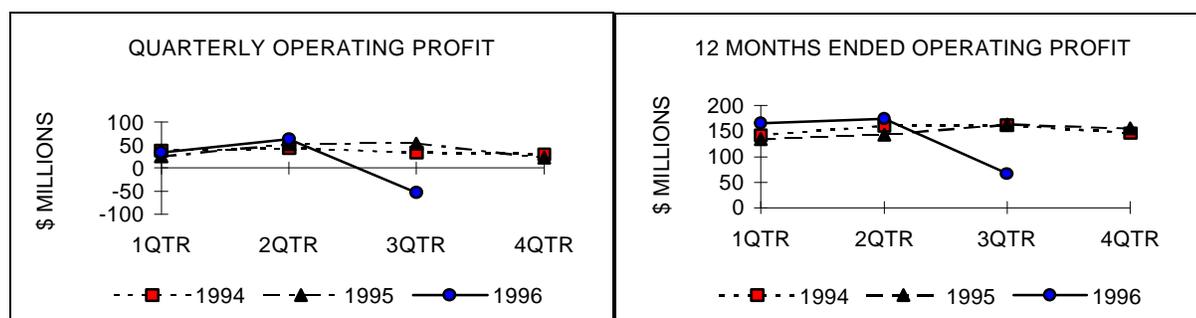
1/ Alaska Airlines became a major air carrier effective on January 1, 1996.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	384.9	347.7	1,289.5	1,252.3	1,208.9	1,162.9	1,140.7
2	Operating Expenses	331.8	291.9	1,195.0	1,155.0	1,125.5	1,090.5	1,074.7
3	Operating Profit (Loss)	53.1	55.8	94.5	97.3	83.4	72.4	66.0
4	Net Income (Loss)	31.6	28.3	46.1	42.9	32.5	24.8	20.1
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	2.88	2.52	9.60	9.24	8.88	8.54	8.37
6	ASMs - Scheduled Rev. Svc.	4.08	3.81	14.71	14.44	14.13	13.82	13.66
7	Overall RTMs (All Svc.)	0.31	0.27	1.04	1.00	0.97	0.93	0.92
8	Overall ATMs (All Svc.)	0.54	0.50	1.94	1.91	1.87	1.83	1.80
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	124.1	127.0	123.9	124.7	124.9	124.5	124.5
10	Operating Expense per RTM	107.0	106.6	114.9	115.0	116.3	116.8	117.3
11	Operating Profit (Loss) per RTM	17.1	20.4	9.1	9.7	8.6	7.8	7.2
12	Operating Expense per ATM	61.9	58.0	61.5	60.5	60.2	59.7	59.5
13	Passenger Revenue per RPM	11.54	11.65	11.33	11.35	11.29	11.22	11.19
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.94	1.84	1.74	1.63	1.59
15	Times Interest Earned	*	*	3.35	3.06	2.46	2.08	1.86
16	Current Assets to Current Liabilities	*	*	0.89	0.83	0.89	0.81	0.83
17	No. of Days Cash Coverage of Cash Exp.	*	*	42.1	34.8	47.1	47.7	51.4
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	13.8	16.1	7.3	7.8	6.9	6.2	5.8
19	Net Income to Stockholders Equity	*	*	14.3	14.0	10.9	8.5	7.0
20	Corporate Return on Investment	*	*	12.0	11.7	10.3	9.2	8.5
21	Debt to Total Investment	*	*	44.4	49.1	52.6	53.4	57.6
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	70.7	66.0	65.3	64.0	62.8	61.9	61.3
23	Breakeven	61.8	56.0	63.3	61.8	61.5	61.2	61.0
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	7,115	6,405	6,767	6,589	6,433	6,301	6,203
25	Overall RTM's per Employee (000)	43.6	42.8	153.7	152.4	150.4	148.2	147.7

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	10.7	9.0	13.0	12.6	11.3	7.7	8.7
27	Operating Expenses (%)	13.7	6.1	11.2	9.2	8.5	7.2	6.2
28	Operating Profit (Loss) (in Millions \$)	-2.7	11.8	28.5	43.1	34.1	10.3	28.9
29	Net Income (Loss)(in Millions \$)	3.3	6.1	26.0	29.0	19.3	2.2	13.1
30	RPMs (Sch. Svc.) (%)	14.4	10.9	14.7	13.7	16.1	15.8	21.2
31	ASMs (Sch. Svc.) (%)	7.0	13.1	7.7	9.3	13.9	17.5	24.6
32	Operating Revenues per RTM (%)	-2.3	-0.9	-0.5	0.0	-1.2	-3.6	-5.7
33	Operating Expense per RTM (%)	0.4	-3.5	-2.1	-3.1	-3.6	-4.0	-7.9
34	Passenger Revenue per RPM (Sch. Svc.)	-0.9	-1.3	1.3	1.2	-3.3	-7.1	-10.8

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



QUARTERLY RESULTS

- o Following the June 1996 quarter in which America West experienced the best quarterly results in its history, operating and net results fell to the largest losses of any major carrier.
- o Operating results tumbled \$107.3 to a loss of \$53.1 million, the sharpest decline among the majors and the first quarterly operating loss for America West since December 1992, as operating expenses spiraled upward 33.8 percent and operating revenues rose only 3.3 percent.
- o The surge in operating expenses occurred in part, from a 36.8 percent jump in total fuel expense, and from a 91.3 percent increase in maintenance expense.
- o Net results fell \$67.4 million to a \$45.7 million loss.
- o Net results reflect a \$65 million non-cash, non-recurring pretax charge against income taken by America West to reflect an adjustment of current asset values and to order new aircraft and cancel a previous order.
- o Domestic operations accounted for nearly all of the systemwide operating and net losses.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	54.9	-48.8	-103.7	22.5	-41.1	-63.6	3.5	3.9	10.2	4.9	5.3	8.7	73.0%
Int'l	-0.7	-4.3	-3.6	-0.8	-4.6	-3.8	0.0	0.1	136.3	0.1	0.2	162.8	49.4%
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	-0.7	-4.3	-3.6	-0.8	-4.6	-3.8	0.0	0.1	136.3	0.1	0.2	162.8	49.4%
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	54.2	-53.1	-107.3	21.7	-45.7	-67.4	3.6	4.0	11.4	5.0	5.5	10.7	72.3%

- o Interest expense decreased \$3.1 million to \$11.9 million, the second lowest among the passenger majors after Alaska. (Note: UPS, an all-cargo carrier, had \$0 in interest expense.)
- o RPMs rose 11.4 percent while ASMs were up 10.7 percent, causing the passenger load factor to increase 0.5 percentage points to 72.3 percent.
- o Passenger (RPM) yield fell 7.5 percent to 9.90 cents, a major group low.
- o The profit decline occurred as RTM unit costs surged upward a major group high 20 percent, while RTM yield dropped 7.3 percent.

12-MONTH RESULTS

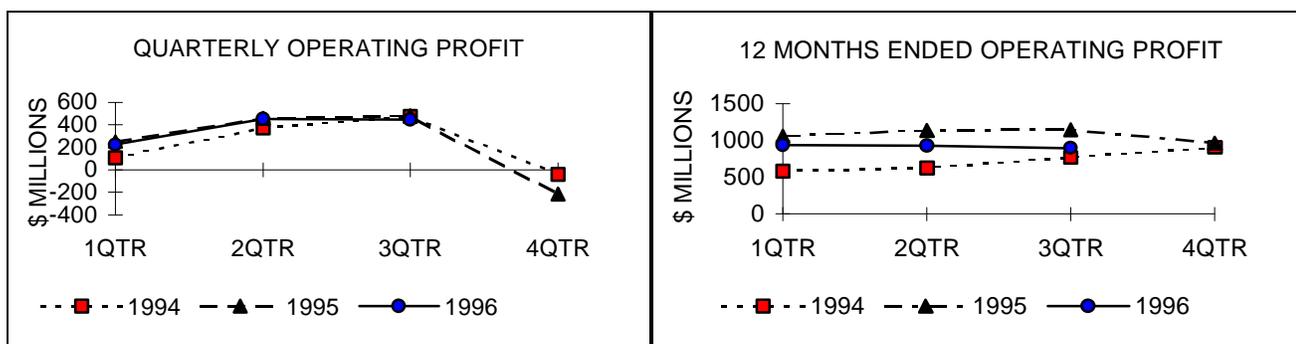
- o Operating revenue growth slowed, up 13.4 percent, while operating expense growth accelerated, up 22.2 percent, causing operating profit to plunge \$96.5 million to \$66 million.
- o Net income was down \$52 million to \$2.4 million.
- o RPMs advanced a strong 13.3 percent outpacing the 8.6 percent increase in ASMs causing the passenger load factor to rise 3 percentage points to 70.7 percent, 1.6 points above operating breakeven.
- o Total debt was cut \$59.8 million to \$382.5 million, leading to a 2.1 percentage point decline in the debt-to-investment ratio (the smallest decline among the majors) to 38.6 percent.
- o Passenger (RPM) yield rose 0.4 percent, but was still a group low at 10.86 cents.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	425.6	411.9	1,708.2	1,694.5	1,629.9	1,561.8	1,506.1
2	Operating Expenses	478.8	357.8	1,642.2	1,521.2	1,465.7	1,407.1	1,343.6
3	Operating Profit (Loss)	-53.1	54.2	66.0	173.3	164.2	154.7	162.5
4	Net Income (Loss)	-45.7	21.7	2.4	69.8	62.3	53.8	54.4
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	3.97	3.56	14.58	14.17	13.82	13.27	12.87
6	ASMs - Scheduled Rev. Svc.	5.49	4.96	20.63	20.10	19.62	19.30	19.00
7	Overall RTMs (All Svc.)	0.42	0.38	1.56	1.52	1.48	1.43	1.39
8	Overall ATMs (All Svc.)	0.70	0.62	2.60	2.53	2.46	2.42	2.38
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	100.4	108.3	109.3	111.5	109.8	109.2	108.2
10	Operating Expense per RTM	112.9	94.1	105.0	100.1	98.8	98.4	96.6
11	Operating Profit (Loss) per RTM	-12.5	14.2	4.2	11.4	11.1	10.8	11.7
12	Operating Expense per ATM	68.8	57.5	63.1	60.1	59.5	58.2	56.5
13	Passenger Revenue per RPM	9.90	10.70	10.86	11.09	10.91	10.87	10.82
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.62	1.56	1.48	1.41	1.35
15	Times Interest Earned	*	*	1.60	3.61	3.23	2.85	2.81
16	Current Assets to Current Liabilities	*	*	0.71	0.78	0.84	0.84	0.84
17	No. of Days Cash Coverage of Cash Exp.	*	*	46.8	51.2	62.3	61.8	72.2
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	-12.5	13.1	3.9	10.2	10.1	9.9	10.8
19	Net Income to Stockholders Equity	*	*	0.4	10.8	9.8	8.6	8.9
20	Corporate Return on Investment	*	*	4.8	11.2	10.7	10.2	10.4
21	Debt to Total Investment	*	*	38.6	36.6	38.6	39.7	40.7
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	72.3	71.8	70.7	70.5	70.4	68.8	67.7
23	Breakeven	84.9	62.2	69.1	63.6	63.7	62.3	60.6
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	8,129	8,242	8,050	8,078	8,043	8,133	8,217
25	Overall RTM's per Employee (000)	52.2	46.1	194.2	188.1	184.5	175.9	169.3

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	3.3	14.8	13.4	16.6	15.1	10.4	6.0
27	Operating Expenses (%)	33.8	10.1	22.2	16.1	14.3	11.0	6.7
28	Operating Profit (Loss) (in Millions \$)	-107.3	20.3	-96.5	31.0	30.7	8.3	0.9
29	Net Income (Loss)(in Millions \$)	-67.4	1.4	-52.0	16.8	10.0	-8.4	-11.6
30	RPMs (Sch. Svc.) (%)	11.4	11.0	13.3	13.2	12.9	8.8	5.3
31	ASMs (Sch. Svc.) (%)	10.7	7.7	8.6	7.8	7.3	7.4	7.1
32	Operating Revenues per RTM (%)	-7.3	4.2	1.0	4.1	3.1	2.2	0.7
33	Operating Expense per RTM (%)	20.0	0.1	8.7	3.6	2.5	2.7	1.4
34	Passenger Revenue per RPM (Sch. Svc.)	-7.5	3.0	0.4	3.2	1.9	1.0	0.1

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



QUARTERLY RESULTS

- o Operating revenues fell 4.8 percent, while operating expenses declined a lesser 4.4 percent causing operating profit to drop \$35.2 million to \$443.7 million.
- o Net income slid \$4.8 million to \$207.4 million.
- o Although all entities reported an operating and net profit for the quarter, the only year-to-year improvement was in American's Pacific net results, up \$1.4 million to \$16.7 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	268.9	246.3	-22.6	93.1	92.5	-0.6	18.6	19.1	2.9	28.0	27.3	-2.4	70.0%
Int'l	210.0	197.5	-12.5	119.1	114.9	-4.2	9.2	8.7	-5.5	12.3	11.8	-4.3	73.7%
Atlantic	90.2	86.9	-3.3	53.4	52.8	-0.6	4.6	4.0	-13.4	5.7	5.0	-12.8	80.6%
Latin	95.6	86.5	-9.1	50.4	45.4	-5.0	4.0	4.1	3.2	5.9	6.1	4.2	66.9%
Pacific	24.2	24.1	-0.2	15.3	16.7	1.4	0.6	0.6	-1.8	0.7	0.7	-5.3	84.1%
System	478.9	443.7	-35.2	212.2	207.4	-4.8	27.8	27.8	0.1	40.3	39.1	-3.0	71.1%

- o RPMs climbed 0.1 percent as ASMs fell 3 percent, the largest such decline among the majors, boosting the passenger load factor 2.2 percentage points to 71.1 percent, 6.4 points above the carrier's operating breakeven load factor.
- o Passenger (RPM) yield rose a slight 0.4 percent to 12.70 cents.
- o Interest expense tumbled a group high \$85.1 million to \$49.7 million. American has significantly cut its total debt, down \$2.16 billion to \$3.17 billion, resulting in a group high 17.3 percentage point drop in the debt-to-investment ratio to 41.7 percent.

12-MONTH RESULTS

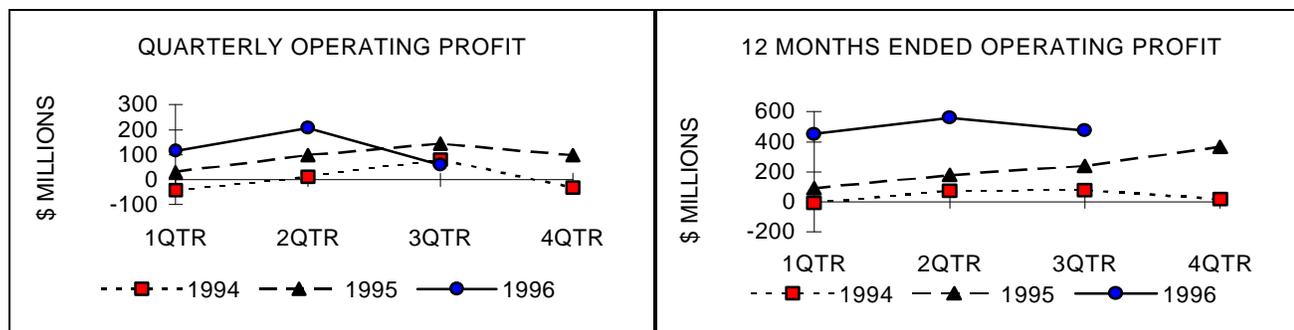
- o American reported the largest deterioration among the majors in both operating and net results.
- o Operating revenues declined over a the same period a year ago for the first time in two years as operating expenses rose 0.7 percent, causing operating profit to fall \$252.1 million to \$897.6 million.
- o Net income was down \$103 million to \$236.5 million.
- o Although RPM traffic growth, up 1.6 percent, continues to slow over recent 12-month ended periods, ASM capacity declined 0.5 percent producing a 1.5 percentage point increase in the passenger load factor to 67.8 percent.
- o Passenger (RPM) yield rose 1.4 percent to 13.06 cents.
- o RTM unit costs dipped 0.4 percent, but RTM yield decreased a faster 2.1 percent eroding profitability.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	3,900.1	4,095.8	15,271.2	15,466.8	15,558.3	15,610.2	15,428.4
2	Operating Expenses	3,456.4	3,616.9	14,373.7	14,534.1	14,617.2	14,642.4	14,278.4
3	Operating Profit (Loss)	443.7	478.9	897.6	932.7	941.1	967.8	1,150.0
4	Net Income (Loss)	207.4	212.2	236.5	241.3	219.8	207.8	339.5
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	27.79	27.75	104.15	104.12	103.46	102.67	102.49
6	ASMs - Scheduled Rev. Svc.	39.10	40.30	153.65	154.86	155.17	155.02	154.49
7	Overall RTMs (All Svc.)	3.27	3.28	12.47	12.49	12.43	12.35	12.35
8	Overall ATMs (All Svc.)	6.04	6.21	23.73	23.90	23.95	23.88	23.76
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	119.2	124.8	122.4	123.9	125.1	126.4	125.0
10	Operating Expense per RTM	105.6	110.2	115.2	116.4	117.6	118.6	115.7
11	Operating Profit (Loss) per RTM	13.6	14.6	7.2	7.5	7.6	7.8	9.3
12	Operating Expense per ATM	57.2	58.2	60.6	60.8	61.0	61.3	60.1
13	Passenger Revenue per RPM	12.70	12.65	13.06	13.05	13.02	12.98	12.88
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	1.80	1.75	1.70	1.65	1.58
15	Times Interest Earned	*	*	2.06	1.94	1.80	1.72	2.02
16	Current Assets to Current Liabilities	*	*	0.61	0.60	0.68	0.57	0.62
17	No. of Days Cash Coverage of Cash Exp.	*	*	30.0	22.9	22.2	24.0	32.4
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	11.4	11.7	5.9	6.0	6.0	6.2	7.5
19	Net Income to Stockholders Equity	*	*	6.0	6.5	6.1	6.0	9.8
20	Corporate Return on Investment	*	*	7.7	8.1	8.0	7.9	9.3
21	Debt to Total Investment	*	*	41.7	51.8	55.4	58.4	59.0
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	71.1	68.9	67.8	67.2	66.7	66.2	66.3
23	Breakeven	64.7	66.5	67.1	67.5	68.2	68.6	67.4
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	72,519	78,464	77,465	78,951	78,790	78,415	78,200
25	Overall RTM's per Employee (000)	45.1	41.8	161.0	158.1	157.8	157.4	157.9

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	-4.8	5.3	-1.0	1.6	3.3	4.4	5.8
27	Operating Expenses (%)	-4.4	5.8	0.7	3.2	4.4	4.3	3.4
28	Operating Profit (Loss) (in Millions \$)	-35.2	7.9	-252.4	-209.4	-117.6	56.2	378.0
29	Net Income (Loss)(in Millions \$)	-4.8	-7.3	-103.0	-105.5	-108.2	-60.7	117.4
30	RPMs (Sch. Svc.) (%)	0.1	2.9	1.6	2.4	3.3	4.0	6.5
31	ASMs (Sch. Svc.) (%)	-3.0	1.5	-0.5	0.6	1.3	1.7	1.0
32	Operating Revenues per RTM (%)	-4.5	3.1	-2.1	-0.1	0.3	0.6	-0.6
33	Operating Expense per RTM (%)	-4.2	3.6	-0.4	1.5	1.5	0.5	-2.8
34	Passenger Revenue per RPM (Sch. Svc.)	0.4	1.3	1.4	1.6	0.9	0.0	-0.8

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
CONTINENTAL AIR LINES 1/



QUARTERLY RESULTS

- o Beginning in 1993, all of Continental's Pacific operations are reported by Air Micronesia which 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 operations of Air Micronesia.
- o After reporting five consecutive quarterly records in both operating and net results, operating profit was down \$84.3 million to \$58.3 million and net income dropped a group high \$104.7 million to \$28.6 million.
- o Operating expenses jumped 16.9 percent, greatly outpacing the 9.7 percent rise in operating revenues.
- o Total fuel expense rose 15.8 percent, but as a percentage of total operating expense it declined from 12.3 percent to 12.2 percent.
- o All international entities remained profitable despite a decline in both operating and net results. Domestic operations, however, showed its first operating and/or net loss since March 1995.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	60.0	-10.0	-70.0	75.7	-15.4	-91.0	7.8	8.1	3.8	11.2	11.6	3.8	69.4%
Int'l	82.6	68.3	-14.3	57.6	44.0	-13.6	3.0	3.2	7.9	4.1	4.5	8.9	72.0%
Atlantic	35.5	34.0	-1.5	34.3	32.9	-1.4	1.1	1.3	13.7	1.3	1.6	16.5	82.6%
Latin	1.5	0.8	-0.7	0.7	0.1	-0.6	0.6	0.7	24.6	0.8	1.1	34.7	60.8%
Pacific 1/	45.6	33.4	-12.2	22.6	11.0	-11.6	1.3	1.2	-4.6	1.9	1.8	-8.1	69.8%
System	142.6	58.3	-84.3	133.3	28.6	-104.6	10.8	11.3	4.9	15.3	16.1	5.2	70.1%

- o Passenger (RPM) yield gained 4.2 percent to 12.77 cents.
- o The passenger load factor was nearly unchanged, down 0.1 percentage point to 70.1 percent.
- o RTM unit costs, up 11.1 percent, grew much faster than RTM yield, up 4.3 percent, producing the profit decline.

12-MONTH RESULTS

- o Despite the sharp deterioration in quarterly operating and net results, Continental still reported the largest improvements among the majors in both operating and net results for the 12-months ended September 1996.
- o Operating profit jumped \$238.5 million to \$476.7 million on the strength of rising operating revenues, up 8.8 percent, as operating expenses rose 4.8 percent.
- o Net results reversed from the year ago loss of \$268.6 million to a profit of \$355.8 million, an improvement of \$624.4 million. Year ago results, however, were adversely impacted by the fourth quarter 1994 write-down of the carrier's investment in CAL Lite operations.
- o RPMs were unchanged over a year ago, but ASMs were cut 5.3 percent causing the passenger load factor to rise 3.6 percentage points to 68 percent.
- o Passenger (RPM) yield soared upward a group high 8.9 percent to 13.14 cents.
- o Productivity (RTMs per employee) rose to 184.4 from 160.4 a year earlier.
- o Total debt was cut \$413.4 million leading to an 8.5 percentage point decline in the debt-to-investment ratio to 68.7 percent.

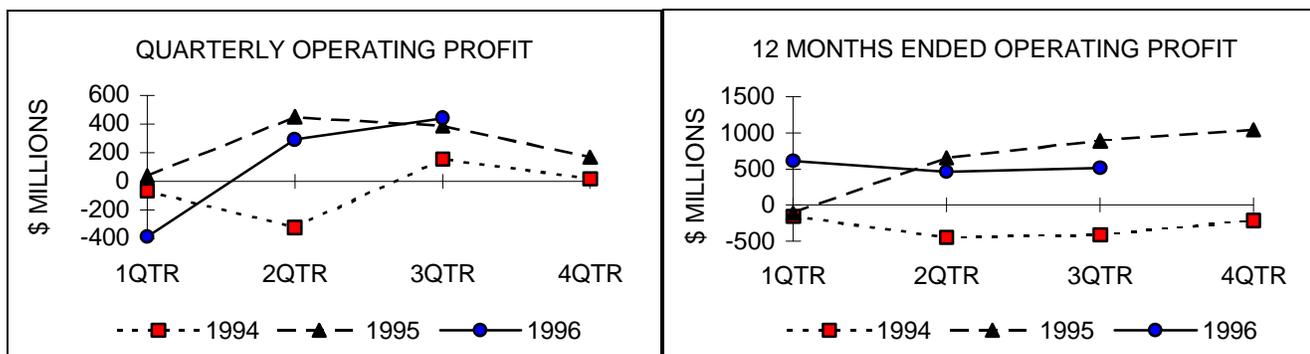
1/ All Continental financial and traffic results include the Pacific operations of Air Micronesia, Inc.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	1,642.5	1,497.7	6,135.0	5,990.2	5,829.7	5,704.6	5,639.2
2	Operating Expenses	1,584.2	1,355.1	5,658.3	5,429.2	5,378.3	5,338.2	5,401.0
3	Operating Profit (Loss)	58.3	142.6	476.7	561.0	451.4	366.5	238.2
4	Net Income (Loss)	28.6	133.3	355.8	460.5	402.1	290.9	-268.6
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	11.30	10.76	41.03	40.50	40.23	40.04	41.03
6	ASMs - Scheduled Rev. Svc.	16.11	15.32	60.36	59.57	59.60	61.04	63.75
7	Overall RTMs (All Svc.)	1.30	1.23	4.73	4.66	4.63	4.61	4.75
8	Overall ATMs (All Svc.)	2.01	1.93	7.61	7.53	7.51	7.67	8.03
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	126.8	121.6	129.8	128.5	126.0	123.7	118.6
10	Operating Expense per RTM	122.3	110.1	119.7	116.4	116.3	115.7	113.6
11	Operating Profit (Loss) per RTM	4.5	11.6	10.1	12.0	9.8	7.9	5.0
12	Operating Expense per ATM	78.6	70.1	74.4	72.1	71.6	69.6	67.3
13	Passenger Revenue per RPM	12.77	12.25	13.14	13.01	12.74	12.52	12.07
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	2.57	2.51	2.43	2.35	2.25
15	Times Interest Earned	*	*	3.40	3.69	3.04	2.43	-0.29
16	Current Assets to Current Liabilities	*	*	0.74	0.77	0.70	0.73	0.67
17	No. of Days Cash Coverage of Cash Exp.	*	*	58.2	57.9	46.9	53.1	42.5
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	3.5	9.5	7.8	9.4	7.7	6.4	4.2
19	Net Income to Stockholders Equity	*	*	52.0	71.4	72.3	58.8	-48.5
20	Corporate Return on Investment	*	*	22.0	27.0	25.0	20.4	-2.5
21	Debt to Total Investment	*	*	68.7	65.5	69.4	75.0	77.2
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	70.1	70.2	68.0	68.0	67.5	65.6	64.4
23	Breakeven	69.2	63.6	63.4	61.9	62.8	62.0	62.6
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	26,673	26,515	25,653	25,614	26,203	27,837	29,629
25	Overall RTM's per Employee (000)	48.6	46.4	184.3	182.1	176.5	165.7	160.4

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	9.7	4.1	8.8	7.3	6.4	4.2	6.5
27	Operating Expenses (%)	16.9	-0.2	4.8	0.5	-0.2	-2.2	3.5
28	Operating Profit (Loss) (in Millions \$)	-84.3	60.7	238.5	383.5	360.6	349.3	160.6
29	Net Income (Loss)(in Millions \$)	-104.7	79.1	624.4	808.2	914.3	855.2	-186.7
30	RPMs (Sch. Svc.) (%)	4.9	-7.4	0.0	-3.3	-3.9	-3.8	0.3
31	ASMs (Sch. Svc.) (%)	5.2	-11.3	-5.3	-9.3	-10.5	-7.4	-0.8
32	Operating Revenues per RTM (%)	4.3	14.6	9.4	12.3	12.8	10.2	7.1
33	Operating Expense per RTM (%)	11.1	10.0	5.4	5.1	5.8	3.5	4.2
34	Passenger Revenue per RPM (Sch. Svc.)	4.2	11.7	8.9	11.0	11.1	9.2	6.5

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



QUARTERLY RESULTS

- o Delta reported the best operating and net results for any third quarter in its history.
- o Operating revenues, up 7.7 percent, grew faster than operating expenses, up 6.8 percent, boosting operating profit \$56.9 million to \$441.8 million.
- o The profit gain occurred despite an 18 percent jump in total fuel expense.
- o Net income improved \$37.8 million to \$238.2 million.
- o All entities reported an operating and net profit for the third quarter. Operating and net results were improved for all three international entities, but domestic operations experienced declines.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	292.6	286.7	-5.9	148.4	139.5	-8.9	16.3	19.3	18.3	25.2	26.8	6.1	72.0%
Int'l	92.3	155.1	62.7	52.0	98.7	46.7	6.4	6.1	-5.6	8.1	7.5	-7.1	80.5%
Atlantic	76.6	115.0	38.5	43.4	73.2	29.8	5.1	4.9	-3.3	6.3	6.1	-2.9	81.2%
Latin	4.5	12.7	8.2	2.5	8.1	5.6	0.3	0.4	7.3	0.5	0.5	2.6	69.5%
Pacific	11.3	27.3	16.0	6.1	17.4	11.3	1.0	0.8	-21.7	1.4	1.0	-29.9	82.0%
System	384.9	441.8	56.9	200.4	238.2	37.8	22.7	25.4	11.6	33.4	34.3	2.9	73.9%

- o ASM capacity growth was constrained, up 2.9 percent, while RPM traffic gained 11.6 percent, producing a 5.7 percentage point increase in the passenger load factor, a major group high, to 73.9 percent.
- o Passenger revenue growth, however, did not keep pace with rising RPMs, causing passenger (RPM) yield to drop 4.7 percent to 12.46 cents.

12-MONTH RESULTS

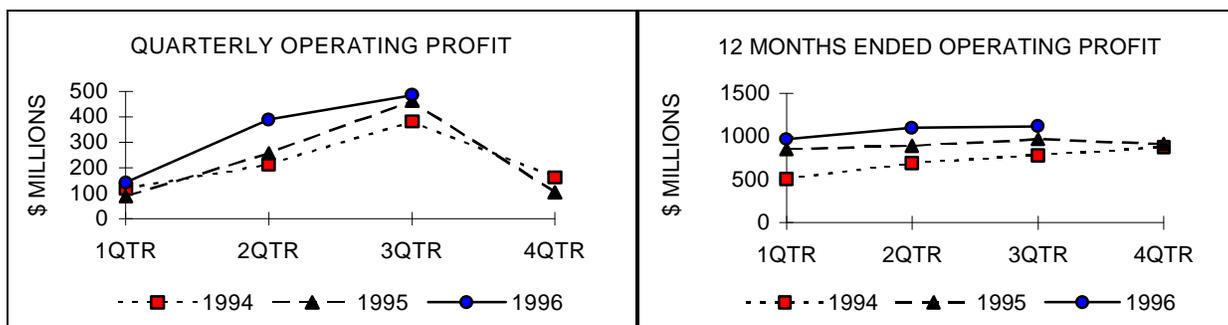
- o Operating revenues advanced 4.6 percent, but operating expenses jumped 8.2 percent reflecting the first quarter 1996 nonoperating adjustment of \$556 million, causing operating profit to drop \$373 million to \$515.7 million. Without the adjustment, operating profit would have improved \$183.1 million to \$1.07 billion, the second highest level among all majors (after Northwest).
- o Net income fell \$228.5 million to \$193.7 million. Without the nonoperating adjustment, net income would have improved \$110.7 million to \$532.9 million.
- o Interest expense was down \$24.9 million to \$230.2 million.
- o The passenger load factor rose 3.7 percentage points to 69.3 percent, 5.7 points above operating breakeven.
- o Passenger (RPM) yield slid 2.6 percent, the largest decline among the majors, to 12.92 cents.
- o RTM yield was unchanged over a year ago, but RTM unit costs rose 3.5 percent producing the erosion in profits.
- o Delta cut more than \$1 billion off its total debt to \$2.20 billion. This, combined with rising equity, caused the debt-to-investment ratio to fall 15 percentage points to 46.3 percent.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	3,534.5	3,281.4	13,063.1	12,810.0	12,658.6	12,557.3	12,488.7
2	Operating Expenses	3,092.7	2,896.5	12,547.4	12,351.2	12,042.4	11,518.8	11,600.0
3	Operating Profit (Loss)	441.8	384.9	515.7	458.8	616.2	1,038.4	888.7
4	Net Income (Loss)	238.2	200.4	193.7	155.9	245.4	510.0	422.2
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	25.38	22.75	91.26	88.63	86.32	85.11	85.45
6	ASMs - Scheduled Rev. Svc.	34.35	33.37	131.64	130.66	130.15	130.08	130.33
7	Overall RTMs (All Svc.)	2.87	2.61	10.49	10.24	10.02	9.93	10.03
8	Overall ATMs (All Svc.)	4.77	4.64	18.21	18.08	18.03	18.05	18.14
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	123.0	125.5	124.5	125.2	126.3	126.5	124.5
10	Operating Expense per RTM	107.6	110.8	119.6	120.7	120.1	116.0	115.6
11	Operating Profit (Loss) per RTM	15.4	14.7	4.9	4.5	6.1	10.5	8.9
12	Operating Expense per ATM	64.8	62.4	68.9	68.3	66.8	63.8	63.9
13	Passenger Revenue per RPM	12.46	13.07	12.92	13.09	13.29	13.38	13.27
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	2.58	2.49	2.48	2.48	2.50
15	Times Interest Earned	*	*	2.51	2.12	2.66	4.23	3.68
16	Current Assets to Current Liabilities	*	*	0.87	0.93	0.86	0.85	0.91
17	No. of Days Cash Coverage of Cash Exp.	*	*	42.5	52.1	50.7	45.0	53.0
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	12.5	11.7	3.9	3.6	4.9	8.3	7.1
19	Net Income to Stockholders Equity	*	*	8.7	7.5	12.9	27.2	23.7
20	Corporate Return on Investment	*	*	8.2	7.8	9.8	15.3	13.8
21	Debt to Total Investment	*	*	46.3	47.5	62.8	60.2	61.3
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	73.9	68.2	69.3	67.8	66.3	65.4	65.6
23	Breakeven	64.7	59.3	67.2	65.8	63.2	59.8	60.9
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	54,589	52,628	53,060	52,570	53,169	54,320	56,286
25	Overall RTM's per Employee (000)	52.6	49.7	197.8	194.7	188.5	182.8	178.2

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	7.7	2.6	4.6	3.3	2.7	1.7	0.6
27	Operating Expenses (%)	6.8	-4.8	8.2	5.2	-3.2	-8.3	-9.6
28	Operating Profit (Loss) (in Millions \$)	56.9	229.8	-373.0	-200.0	727.9	1,253.5	1,302.2
29	Net Income (Loss)(in Millions \$)	37.8	14.5	-228.5	-251.8	338.4	669.7	705.1
30	RPMs (Sch. Svc.) (%)	11.6	-3.8	6.8	2.6	-0.4	-1.4	-0.5
31	ASMs (Sch. Svc.) (%)	2.9	-0.6	1.0	0.1	-0.2	-0.1	-0.2
32	Operating Revenues per RTM (%)	-2.0	7.1	0.0	2.4	4.2	3.7	0.5
33	Operating Expense per RTM (%)	-2.9	-0.6	3.5	4.2	-1.8	-6.6	-9.7
34	Passenger Revenue per RPM (Sch. Svc.)	-4.7	5.4	-2.6	0.0	2.8	2.9	1.1

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



QUARTERLY RESULTS

- o Northwest reported the best operating and net results for any quarter in its history.
- o Operating revenues rose 7.5 percent, while operating expenses rose slightly faster, up 8 percent.
- o Operating profit was up \$22.8 million to \$485.3 million.
- o Net income also improved, rising \$16 million to \$270.7 million.
- o All entities reported operating and net profits for the quarter, and except for Pacific operations, all entities experienced year-to-year operating and net improvements.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	254.5	323.8	69.4	136.7	178.1	41.4	10.0	10.7	6.8	13.8	14.9	7.3	71.7%
Int'l	208.1	161.4	-46.6	118.0	92.7	-25.4	7.8	8.7	11.1	9.3	10.3	10.3	84.2%
Atlantic	38.4	51.0	12.6	17.6	30.0	12.3	1.8	2.1	17.3	2.1	2.4	15.9	87.7%
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	169.7	110.5	-59.2	100.4	62.7	-37.7	6.0	6.6	9.2	7.3	7.9	8.7	83.2%
System	462.5	485.3	22.7	254.7	270.7	16.0	17.8	19.3	8.7	23.2	25.1	8.5	76.8%

- o Total fuel expense was up 29.7 percent, comprising 15.6 percent of total operating expenses, a group high increase of 2.6 percentage points over a year ago.
- o Passenger (RPM) yield dipped 0.4 percent to 12.54 cents.
- o RPMs, up 8.7 percent, grew slightly faster than ASMs, up 8.5 percent, causing the passenger load factor to inch upward 0.1 percentage points to 76.8 percent, a major group high.

12-MONTH RESULTS

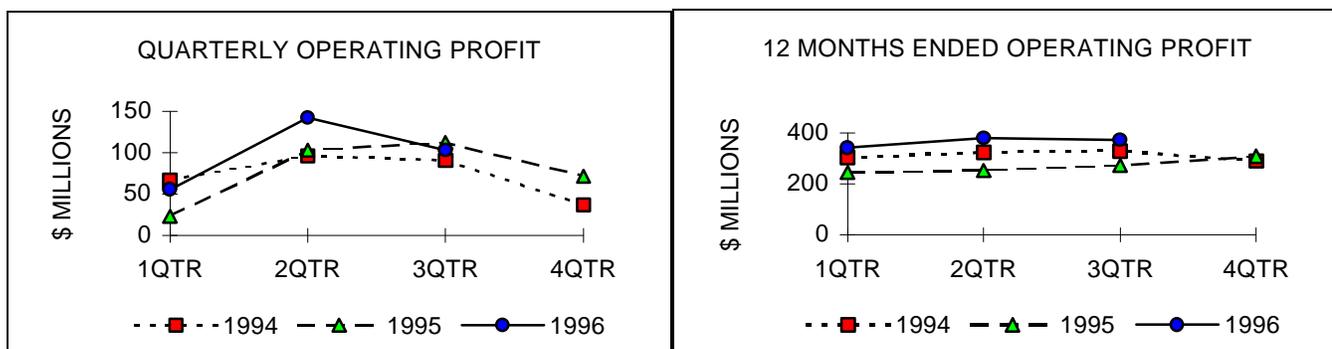
- o For the 12-months ended September 1996, Northwest reported the highest operating and net profits among all majors.
- o Operating profit improved \$150.3 million to \$1.12 billion.
- o Net income improved \$176.8 million to \$646.4 million.
- o The passenger load factor rose 2 percentage points to 72.7 percent, 9.1 percentage points above operating breakeven.
- o Passenger (RPM) yield dipped 0.6 percent to 12.54 cents.
- o Productivity (RTMs per employee) rose from 200.3 to a group high 205.7.
- o The debt-to-investment ratio dropped 14.7 percentage points to 33.4 percent as equity continued to climb and total debt was cut \$906.5 million (second only to American).
- o Interest on debt declined \$52.4 million to \$193.9 million.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	2,716.4	2,527.7	9,606.6	9,418.0	9,143.6	8,908.9	8,890.8
2	Operating Expenses	2,231.1	2,065.2	8,487.7	8,321.8	8,180.1	7,998.6	7,922.1
3	Operating Profit (Loss)	485.3	462.5	1,119.0	1,096.2	963.5	910.2	968.7
4	Net Income (Loss)	270.7	254.7	646.4	630.4	544.5	506.3	469.6
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	19.31	17.77	67.51	65.97	64.19	62.50	61.01
6	ASMs - Scheduled Rev. Svc.	25.14	23.17	92.80	90.83	89.18	87.45	86.24
7	Overall RTMs (All Svc.)	2.51	2.34	8.99	8.82	8.65	8.52	8.42
8	Overall ATMs (All Svc.)	4.01	3.71	14.85	14.56	14.34	14.16	14.03
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	108.1	107.8	106.9	106.8	105.8	104.6	105.6
10	Operating Expense per RTM	88.8	88.1	94.4	94.4	94.6	93.9	94.1
11	Operating Profit (Loss) per RTM	19.3	19.7	12.4	12.4	11.1	10.7	11.5
12	Operating Expense per ATM	55.7	55.6	57.2	57.2	57.0	56.5	56.5
13	Passenger Revenue per RPM	12.54	12.59	12.54	12.55	12.48	12.42	12.62
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	1.53	1.53	1.50	1.48	1.50
15	Times Interest Earned	*	*	5.64	5.32	4.52	4.19	4.26
16	Current Assets to Current Liabilities	*	*	0.69	0.78	0.72	0.73	0.89
17	No. of Days Cash Coverage of Cash Exp.	*	*	41.3	55.7	46.6	44.2	62.9
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	17.9	18.3	11.6	11.6	10.5	10.2	10.9
19	Net Income to Stockholders Equity	*	*	17.2	18.2	17.0	17.0	16.9
20	Corporate Return on Investment	*	*	13.5	13.6	12.6	12.2	12.0
21	Debt to Total Investment	*	*	33.4	36.7	39.4	42.1	48.1
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	76.8	76.7	72.7	72.6	72.0	71.5	70.7
23	Breakeven	61.1	60.5	63.6	63.5	63.9	63.8	62.6
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	44,626	43,122	43,688	43,312	42,782	42,439	42,055
25	Overall RTM's per Employee (000)	56.3	54.4	205.7	203.6	202.1	200.8	200.3

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	7.5	1.4	8.1	6.3	3.4	-0.2	0.1
27	Operating Expenses (%)	8.0	-2.2	7.1	4.4	2.3	-0.7	-2.2
28	Operating Profit (Loss) (in Millions \$)	22.8	80.3	150.3	207.8	117.6	33.7	187.6
29	Net Income (Loss)(in Millions \$)	16.0	41.2	176.8	202.1	144.8	76.5	92.1
30	RPMs (Sch. Svc.) (%)	8.7	9.6	10.6	10.9	10.2	8.0	5.4
31	ASMs (Sch. Svc.) (%)	8.5	4.5	7.6	6.6	5.2	2.9	0.8
32	Operating Revenues per RTM (%)	0.3	-3.2	1.2	0.3	-1.5	-4.2	-3.0
33	Operating Expense per RTM (%)	0.8	-6.6	0.3	-1.5	-2.6	-4.6	-5.2
34	Passenger Revenue per RPM (Sch. Svc.)	-0.4	-6.9	-0.6	-2.5	-4.7	-7.0	-5.3

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



QUARTERLY RESULTS

- o Operating revenues advanced a major group high 16.5 percent, but operating expenses soared 20.7 percent, causing operating profit to decline \$8.8 million to \$103 million. This was the first year-to-year decline since the first quarter 1995.
- o Net income also declined, down \$6.8 million to \$60.9 million.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	111.8	103.0	-8.8	67.7	60.9	-6.9	6.3	7.3	17.3	9.2	10.5	13.7	70.0%
Int'l	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Atlantic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Latin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
System	111.8	103.0	-8.8	67.7	60.9	-6.9	6.3	7.3	17.3	9.2	10.5	13.7	70.0%

- o Interest expense was relatively unchanged, down \$0.3 million to \$14.6 million.
- o With Southwest's entry into Florida markets, RPMs rose a major group high 17.3 percent, offsetting the 13.7 percent increase in ASM capacity (also a group high), producing a 2.1 percentage point gain in the passenger load factor to 70 percent.
- o Passenger (RPM) yield dipped 0.8 percent to 11.67 cents.
- o Total fuel expense, which comprised 15.9 percent of total operating expenses, surged upward 36.7 percent (only America West, with a 36.8 percent increase, was higher).

12-MONTH RESULTS

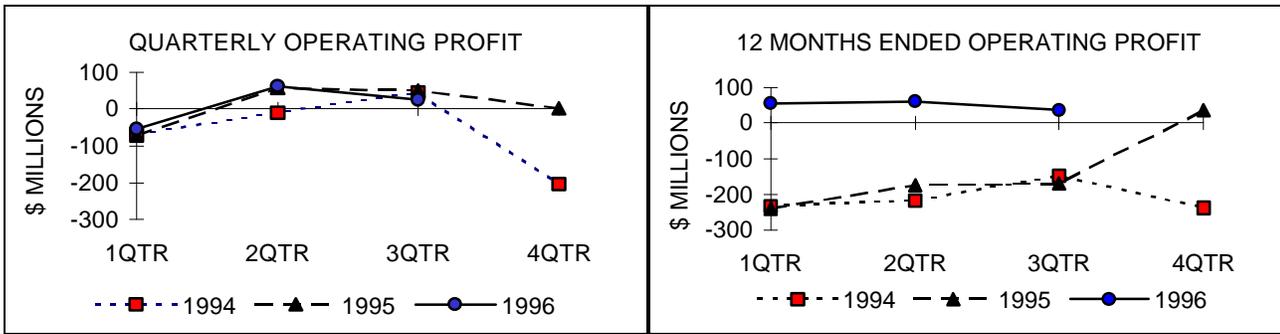
- o Operating revenue growth slowed, up 20.9 percent, while operating expense growth accelerated, up 19.2 percent, but operating profit still improved \$97.5 million to \$372.2 million.
- o Net income rose \$62.9 million to \$222.5 million.
- o The operating profit margin continues to be the best among the majors at 11.2 percent.
- o The passenger load factor dipped 0.1 percentage points to 65 percent, the only decline among all majors.
- o Passenger (RPM) yield rose a strong 6.7 percent to 12.34 cents.
- o Southwest was the only major to show an increase in interest expense, up \$2.5 million to \$58.9 million.
- o Despite the smallest decline among all majors in total debt, down \$20.4 million, the debt-to-investment ratio slid 4 percentage points to 29.1 percent, the lowest among all majors.
- o Southwest was one of only two majors (the other being United) to experience a decline in productivity (RTMs per employee), down from 132.6 a year ago to 130.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	891.8	765.2	3,324.1	3,197.4	3,025.3	2,873.5	2,750.1
2	Operating Expenses	788.8	653.3	2,951.9	2,816.4	2,683.9	2,564.9	2,475.5
3	Operating Profit (Loss)	103.0	111.8	372.2	381.0	341.4	308.5	274.7
4	Net Income (Loss)	60.9	67.7	222.5	229.4	203.8	182.6	159.6
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	7.33	6.25	25.86	24.78	23.96	23.33	22.83
6	ASMs - Scheduled Rev. Svc.	10.48	9.21	39.80	38.53	37.29	36.17	35.09
7	Overall RTMs (All Svc.)	0.76	0.64	2.68	2.57	2.48	2.41	2.38
8	Overall ATMs (All Svc.)	1.35	1.18	5.10	4.93	4.77	4.64	4.53
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	117.2	118.8	123.9	124.7	122.1	119.0	115.8
10	Operating Expense per RTM	103.7	101.5	110.1	109.8	108.3	106.3	104.2
11	Operating Profit (Loss) per RTM	13.5	17.4	13.9	14.9	13.8	12.8	11.6
12	Operating Expense per ATM	58.6	55.5	57.9	57.1	56.3	55.3	54.6
13	Passenger Revenue per RPM	11.67	11.76	12.34	12.39	12.12	11.83	11.57
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	1.54	1.52	1.48	1.45	1.43
15	Times Interest Earned	*	*	11.23	12.57	12.24	12.12	12.78
16	Current Assets to Current Liabilities	*	*	1.07	0.90	0.73	0.77	0.86
17	No. of Days Cash Coverage of Cash Exp.	*	*	78.2	65.8	46.8	47.9	57.3
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	11.6	14.6	11.2	11.9	11.3	10.7	10.0
19	Net Income to Stockholders Equity	*	*	14.9	16.1	14.9	13.8	12.5
20	Corporate Return on Investment	*	*	12.0	12.5	11.4	10.6	9.5
21	Debt to Total Investment	*	*	29.1	30.0	31.3	32.1	33.1
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	70.0	67.9	65.0	64.3	64.3	64.5	65.1
23	Breakeven	60.6	56.4	56.6	55.4	55.9	56.5	57.6
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	22,067	19,184	20,714	19,993	19,330	18,682	17,911
25	Overall RTM's per Employee (000)	34.5	33.6	129.5	128.3	128.2	129.2	132.6

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	16.5	18.8	20.9	21.6	21.1	18.9	18.0
27	Operating Expenses (%)	20.7	18.1	19.2	18.6	19.2	20.6	23.7
28	Operating Profit (Loss) (in Millions \$)	-8.8	21.1	97.5	127.5	94.7	18.6	-53.9
29	Net Income (Loss)(in Millions \$)	-6.8	9.1	62.9	78.9	54.5	3.3	-40.7
30	RPMs (Sch. Svc.) (%)	17.3	19.4	13.3	13.6	15.8	17.9	22.2
31	ASMs (Sch. Svc.) (%)	13.7	20.3	13.4	14.9	18.0	22.1	26.8
32	Operating Revenues per RTM (%)	-1.4	0.0	7.0	7.9	5.5	1.6	-3.8
33	Operating Expense per RTM (%)	2.2	-0.5	5.7	5.1	3.8	3.1	0.9
34	Passenger Revenue per RPM (Sch. Svc.)	-0.8	0.8	6.7	7.4	5.2	1.5	-2.9

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



QUARTERLY RESULTS

- o After 22 months of operating under the protection of Chapter 11 bankruptcy laws, Trans World obtained confirmation of a Plan of Reorganization from the bankruptcy court and emerged from bankruptcy on November 3, 1993. On June 30, 1995, Trans World again filed bankruptcy to implement a prepackaged restructuring plan. It emerged from the second bankruptcy on August 23, 1995.
- o Operating profit dropped \$23.8 million to \$26 million as operating expenses, up 8.9 percent, grew faster than operating revenues, up 6 percent.
- o Net income improved \$67.7 million, but remained in the red with a \$14.3 million loss.
- o The downturn in systemwide operating and net results arose solely from Atlantic operations as domestic operations continued to improve and post profits.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	22.8	26.9	4.1	-72.9	32.3	105.2	4.9	5.4	10.5	7.3	8.0	8.6	67.7%
Int'l	27.0	-0.9	-27.9	-9.1	-46.7	-37.5	2.5	2.6	6.9	3.2	3.5	9.8	75.6%
Atlantic	27.0	-0.9	-27.9	-9.1	-46.7	-37.5	2.5	2.6	6.9	3.2	3.5	9.8	75.6%
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	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	49.8	26.0	-23.8	-82.0	-14.3	67.7	7.3	8.0	9.3	10.5	11.5	9.0	70.1%

- o The passenger load factor climbed 0.2 percentage points to 70.1 percent as RPM traffic rose 9.3 percent and ASM capacity was up 9 percent.
- o Passenger (RPM) yield declined 3.1 percent to 10.89 cents. Only America West had a lower passenger yield.
- o Profitability was hampered as RTM unit costs rose 1 percent and RTM yield declined 1.8 percent.

12-MONTH RESULTS

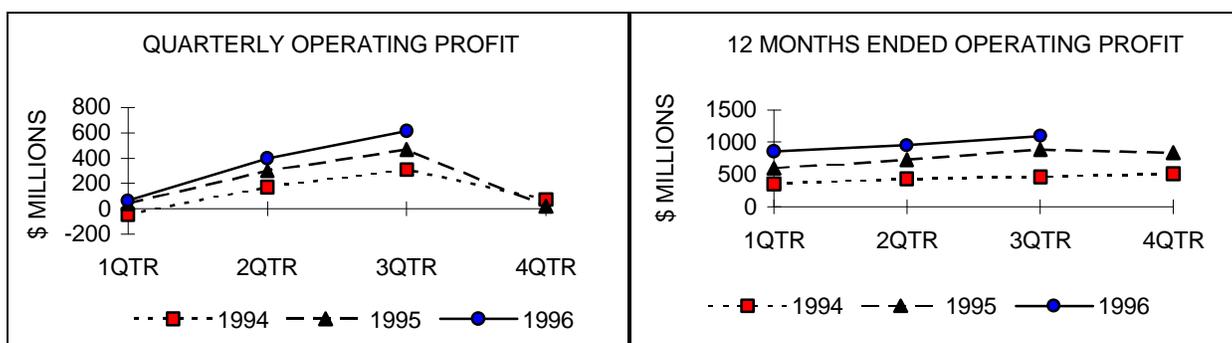
- o Trans World reported the lowest operating profit and the only net loss among all majors despite showing strong improvements over the same period a year ago.
- o Operating results moved into positive territory, improving \$206.6 million to a profit of \$36.6 million, as operating revenue growth, up 9.6 percent, tripled the 3.1 percent increase in operating expenses.
- o Net results jumped \$390.9 million, but remained in the red with a loss of \$54 million. Excluding extraordinary adjustments, this was the smallest net loss for TWA in more than 4 years.
- o Passenger (RPM) yield rose 2 percent to 11.47 cents.
- o The passenger load factor was up 1.9 percentage points to 66.8 percent while at the same time the breakeven load factor dropped.
- o The debt-to-investment ratio dropped 14.2 percentage points to 67 percent, due mostly to the \$146 million reduction in total debt as equity was nearly unchanged.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	1,002.9	946.5	3,552.9	3,496.6	3,379.7	3,280.9	3,240.9
2	Operating Expenses	976.8	896.7	3,516.3	3,436.1	3,324.7	3,243.9	3,410.9
3	Operating Profit (Loss)	26.0	49.8	36.6	60.4	54.9	37.0	-170.0
4	Net Income (Loss)	-14.3	-82.0	-54.0	-121.7	-141.8	-227.5	-444.9
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	8.03	7.35	26.86	26.17	25.38	24.91	24.84
6	ASMs - Scheduled Rev. Svc.	11.45	10.51	40.10	39.16	38.42	37.91	38.15
7	Overall RTMs (All Svc.)	0.92	0.85	3.14	3.07	2.99	2.95	2.96
8	Overall ATMs (All Svc.)	1.58	1.48	5.56	5.45	5.36	5.28	5.32
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	109.3	111.3	113.3	113.9	112.9	111.4	109.4
10	Operating Expense per RTM	106.5	105.4	112.1	112.0	111.0	110.1	115.1
11	Operating Profit (Loss) per RTM	2.8	5.9	1.2	2.0	1.8	1.3	-5.7
12	Operating Expense per ATM	61.6	60.7	63.3	63.0	62.1	61.4	64.1
7	Passenger Revenue per RPM	10.89	11.24	11.47	11.59	11.53	11.39	11.24
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	2.39	2.52	2.65	2.77	2.79
15	Times Interest Earned	*	*	0.63	-1.22	-1.14	-1.19	-2.19
16	Current Assets to Current Liabilities	*	*	0.76	0.83	0.88	0.87	0.83
17	No. of Days Cash Coverage of Cash Exp.	*	*	27.0	33.9	43.2	34.0	28.3
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Reve	2.6	5.3	1.0	1.7	1.6	1.1	-5.2
19	Net Income to Stockholders Equity	*	*	-13.7	-64.2	0.0	123.4	159.2
20	Corporate Return on Investment	*	*	5.1	0.4	0.7	-4.9	-22.5
21	Debt to Total Investment	*	*	66.8	69.8	71.2	78.9	81.0
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	70.1	69.9	67.0	66.8	66.1	65.7	65.1
23	Breakeven	68.6	67.3	67.9	67.4	67.0	67.1	71.8
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	24,064	22,006	23,086	22,571	22,160	21,945	21,930
25	Overall RTM's per Employee (000)	38.1	38.6	135.8	136.0	135.1	134.3	135.1

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	6.0	-2.4	9.6	7.1	2.9	-2.1	-3.7
	Operating Expenses (%)	8.9	-3.0	3.1	-0.1	-5.7	-9.6	-2.9
28	Operating Profit (Loss) (in Millions \$)	-23.8	4.3	206.6	234.7	295.4	275.1	-22.7
29	Net Income (Loss)(in Millions \$)	67.7	-74.0	390.9	249.2	292.4	208.3	-1,295.6
30	RPMs (Sch. Svc.) (%)	9.3	-0.9	8.1	5.1	2.1	0.9	1.5
31	ASMs (Sch. Svc.) (%)	9.0	-3.8	5.1	1.6	-1.1	-2.5	-0.5
32	Operating Revenues per RTM (%)	-1.8	0.9	3.6	4.4	2.9	-0.7	-4.0
33	Operating Expense per RTM (%)	1.0	0.3	-2.6	-2.5	-5.7	-8.4	-3.2
34	Passenger Revenue per RPM (Sch. Svc.)	-3.1	1.4	2.0	3.6	3.2	-0.2	-2.4

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
UNITED AIR LINES



QUARTERLY RESULTS

- o United reported the best third quarter operating profit in its history, and its highest third quarter net income in eight years.
- o United also reported the strongest operating and net improvements among the majors during the third quarter 1996, and enjoyed the highest operating and net profit among the majors.
- o Operating profit soared upward \$143.8 million to \$612.5 million.
- o Net income gained \$93.4 million to \$341.1 million.
- o Except for the Pacific entity, which reported a deterioration in both operating and net results, all entities experienced operating and net profits and improvements over the same quarter a year ago.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	240.7	363.8	123.1	122.7	196.0	73.3	18.7	19.9	6.6	26.2	26.8	2.3	74.2%
Int'l	227.9	248.7	20.8	125.0	145.1	20.0	12.3	12.2	-0.7	15.8	15.8	0.0	77.3%
Atlantic	33.4	59.6	26.2	15.6	34.4	18.8	3.6	3.2	-11.1	4.3	3.8	-10.3	84.0%
Latin	5.0	16.4	11.4	0.2	8.1	7.9	1.4	1.4	5.1	2.1	2.1	1.4	67.1%
Pacific	189.5	172.7	-16.8	109.2	102.5	-6.6	7.3	7.5	3.4	9.4	9.8	4.4	76.9%
System	468.7	612.5	143.8	247.7	341.1	93.4	31.0	32.1	3.7	42.0	42.6	1.4	75.4%

- o RPMs, up 3.7 percent, rose faster than ASMs, up 1.4 percent, producing a 1.7 percentage point increase in the passenger load factor to 75.4 percent.
- o Total fuel expense rose 19.7 percent, but the increase was much lower than that experienced by most other majors.
- o Passenger (RPM) yield increased 4.5 percent to 12.29 cents.

12-MONTH RESULTS

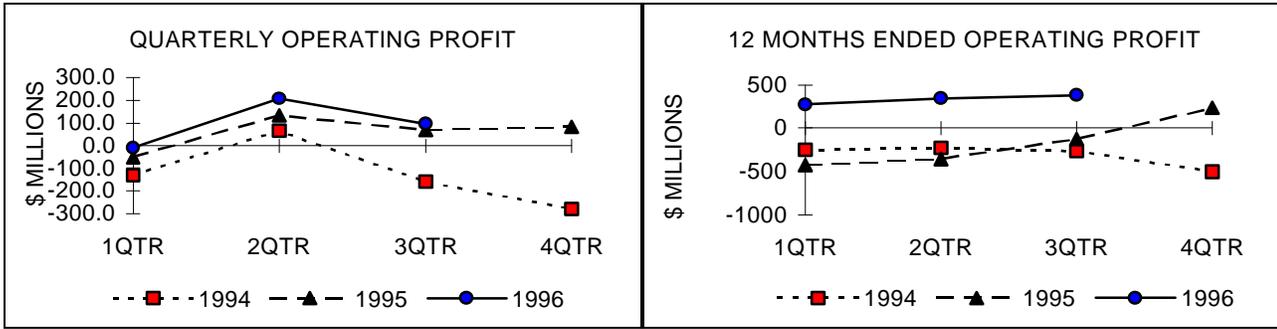
- o Operating profit gained \$213.9 million to a profit of \$1.10 billion, a new all-time high for the carrier.
- o Net income also improved, rising \$75.5 million to \$470 million.
- o Passenger (RPM) yield rose 5.8 percent to 11.96 cents.
- o The passenger load factor rose 0.8 percentage points to 71.6 percent (only Northwest was higher at 72.6 percent), which was 3.1 points above the operating breakeven.
- o Interest expense dropped \$55.8 million to \$297.1 million.
- o RTM yield increased 5.2 percent while RTM unit costs rose a slower 4.3 percent, boosting profits.
- o Although total debt was cut \$302.3 million, it was still a major group high \$3.45 billion. This decline, coupled with rapidly rising equity, caused the debt-to-investment ratio to fall 8.7 percentage points to 75.6 percent.
- o United was one of only two majors (the other being Southwest) to experience a decline in productivity (RTMs per employee), down from 190.8 a year ago to 188.6.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	4,476.5	4,115.5	16,007.8	15,646.8	15,298.2	14,894.8	14,662.4
2	Operating Expenses	3,864.0	3,646.9	14,908.7	14,691.6	14,440.7	14,062.8	13,777.1
3	Operating Profit (Loss)	612.5	468.7	1,099.1	955.2	857.4	831.9	885.2
4	Net Income (Loss)	341.1	247.7	470.0	376.6	334.3	340.8	394.5
<u>TRAFFIC: (Billions)</u>								
5	RPMs - Scheduled Rev. Svc.	32.11	30.96	115.53	114.38	113.11	111.54	111.19
6	ASMs - Scheduled Rev. Svc.	42.60	42.00	161.32	160.71	159.62	158.24	157.00
7	Overall RTMs (All Svc.)	3.81	3.68	13.89	13.76	13.61	13.44	13.39
8	Overall ATMs (All Svc.)	6.13	6.04	23.18	23.08	22.87	22.64	22.41
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	117.4	111.9	115.2	113.7	112.4	110.8	109.5
10	Operating Expense per RTM	101.4	99.2	107.3	106.8	106.1	104.6	102.9
11	Operating Profit (Loss) per RTM	16.1	12.7	7.9	6.9	6.3	6.2	6.6
12	Operating Expense per ATM	63.0	60.4	64.3	63.7	63.1	62.1	61.5
13	Passenger Revenue per RPM	12.29	11.76	12.10	11.96	11.83	11.68	11.55
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	3.92	3.91	3.85	3.72	3.61
15	Times Interest Earned	*	*	4.76	3.81	3.15	2.92	2.90
16	Current Assets to Current Liabilities	*	*	0.52	0.50	0.50	0.55	0.69
17	No. of Days Cash Coverage of Cash Exp.	*	*	16.1	15.7	12.5	15.5	43.2
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	13.7	11.4	6.9	6.1	5.6	5.6	6.0
19	Net Income to Stockholders Equity	*	*	82.5	92.3	116.3	153.1	246.6
20	Corporate Return on Investment	*	*	17.4	16.2	16.0	16.4	17.9
21	Debt to Total Investment	*	*	75.6	84.0	92.9	96.2	84.3
<u>PASSENGER LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	75.4	73.7	71.6	71.2	70.9	70.5	70.8
23	Breakeven	65.6	65.7	68.5	68.6	68.7	68.3	68.1
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	74,283	72,507	73,646	73,202	72,467	71,381	70,186
25	Overall RTM's per Employee (000)	51.3	50.7	188.6	187.9	187.8	188.3	190.8

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	8.8	8.3	9.2	9.1	9.0	7.3	4.2
27	Operating Expenses (%)	6.0	4.5	8.2	7.9	7.5	5.1	1.2
28	Operating Profit (Loss) (in Millions \$)	143.8	158.1	213.9	228.1	261.9	318.9	427.3
29	Net Income (Loss)(in Millions \$)	93.4	166.7	75.5	148.8	205.7	300.7	429.9
30	RPMs (Sch. Svc.) (%)	3.7	0.5	3.9	3.0	2.9	3.3	5.2
31	ASMs (Sch. Svc.) (%)	1.4	4.4	2.8	3.5	3.8	4.2	4.2
32	Operating Revenues per RTM (%)	4.9	6.4	5.2	5.6	5.3	3.0	-1.6
33	Operating Expense per RTM (%)	2.2	2.7	4.3	4.5	3.8	1.0	-4.5
34	Passenger Revenue per RPM (Sch. Svc.)	4.5	8.0	4.8	5.8	6.0	4.0	-0.2

**QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
USAIR**



QUARTERLY RESULTS

- o USAir reported its best third quarter operating profit ever, and its highest third quarter net income since 1987.
- o Operating revenues, up 10.4 percent, grew faster than operating expenses, up 9 percent, boosting operating profit \$30.5 million to \$96.8 million.
- o Net results more than doubled over a year ago, rising \$15.8 million to \$28 million.
- o Only the Latin entity experienced an operating and/or net loss during the quarter. Domestic operations were dominant in producing the favorable systemwide results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			PAX. L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RPMs (Sch. Svc.)			ASMs (Sch. Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	62.6	89.0	26.5	12.0	25.3	13.3	8.9	9.2	2.7	13.6	13.3	-1.7	68.9%
Int'l	3.7	7.7	4.0	0.2	2.7	2.6	0.7	1.0	56.6	0.9	1.3	47.4	80.0%
Atlantic	6.7	11.2	4.6	4.1	7.1	3.0	0.5	0.9	74.6	0.6	1.1	74.8	83.7%
Latin	-3.0	-3.5	-0.6	-3.9	-4.4	-0.4	0.1	0.1	-6.3	0.3	0.2	-16.0	62.1%
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	66.3	96.8	30.5	12.2	28.0	15.9	9.6	10.2	6.3	14.4	14.6	1.3	69.8%

- o The passenger load factor rose 3.3 percentage points to 69.8 percent due to a much faster increase in RPM traffic, up 6.3 percent, than in ASM capacity, up 1.3 percent.
- o Passenger (RPM) yield grew 4.7 percent to a major group high 17.05 cents.
- o RTM yield, up 4.3 percent, grew faster than RTM unit costs, up 3 percent, enhancing profitability.
- o Total fuel expense rose 21.4 percent, but still comprised only 9.7 percent of total operating expenses, the lowest share among the passenger majors.
- o USAir faces stronger competition in the southeast as Southwest continued to increase its operations in various Florida markets during the third quarter.

12-MONTH RESULTS

- o USAir reported its fourth consecutive quarter-ended 12-month operating and net profits after 6 consecutive years of losses.
- o Operating results jumped \$505.2 million to a profit of \$378.4 million as operating expenses grew by only 0.5 percent, a major group low 0.5 percent, while operating revenues advanced 7.9 percent.
- o Net results moved from the year ago loss of \$343.3 million to a positive \$178.5 million, a \$505.2 million turnaround. Only Continental experienced a stronger improvement.
- o Interest expense fell \$20.6 million to \$271.3 million.
- o The passenger load factor rose a major group high 4.7 percentage points to 67.9 percent.
- o Passenger (RPM) yield rose 8.2 percent to 17.50 cents, a major group high.
- o USAir was the only major with a debt-to-investment ratio exceeding 100 percent, despite a 3.4 percentage point decline to 107 percent.
- o Productivity (RTMs per employee) was a group low 111.3.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	1,924.1	1,742.8	7,382.4	7,201.1	7,060.0	6,984.9	6,843.9
2	Operating Expenses	1,827.3	1,676.5	7,004.0	6,853.2	6,784.0	6,750.2	6,970.8
3	Operating Profit (Loss)	96.8	66.3	378.4	347.9	276.0	234.7	-126.8
4	Net Income (Loss)	28.0	12.2	178.5	162.6	79.9	33.0	-343.3
TRAFFIC: (Billions)								
5	RPMs - Scheduled Rev. Svc.	10.20	9.59	37.91	37.31	37.25	37.62	37.97
6	ASMs - Scheduled Rev. Svc.	14.61	14.43	55.84	55.66	56.45	58.16	60.10
7	Overall RTMs (All Svc.)	1.12	1.04	4.13	4.04	4.04	4.08	4.12
8	Overall ATMs (All Svc.)	2.05	1.95	7.60	7.49	7.58	7.79	7.99
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	171.4	167.6	179.0	178.1	174.9	171.2	166.0
10	Operating Expense per RTM	162.8	161.3	169.8	169.5	168.0	165.4	169.1
11	Operating Profit (Loss) per RTM	8.6	6.4	9.2	8.6	6.8	5.7	-3.1
12	Operating Expense per ATM	89.2	86.1	92.2	91.5	89.4	86.7	87.2
13	Passenger Revenue per RPM	17.05	16.28	17.50	17.31	17.00	16.66	16.17
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	2.95	2.86	2.77	2.69	2.55
15	Times Interest Earned	*	*	1.69	1.58	1.28	1.13	-0.17
16	Current Assets to Current Liabilities	*	*	0.71	0.67	0.60	0.61	0.63
17	No. of Days Cash Coverage of Cash Exp.	*	*	70.3	69.4	47.0	51.3	48.4
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	5.0	3.8	5.1	4.8	3.9	3.4	-1.9
19	Net Income to Stockholders Equity	*	*	-66.9	-56.2	-24.7	-10.8	144.4
20	Corporate Return on Investment	*	*	18.5	18.0	14.8	12.7	-1.9
21	Debt to Total Investment	*	*	107.0	108.2	115.5	112.5	110.4
PASSENGER LOAD FACTOR: (Sch. Svc. %)								
22	Actual	69.8	66.5	67.9	67.0	66.0	64.7	63.2
23	Breakeven	67.7	65.7	66.0	65.4	65.1	64.2	66.8
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	36,914	37,582	36,849	37,016	37,439	38,023	38,629
25	Overall RTM's per Employee (000)	30.4	27.7	111.9	109.2	107.8	107.3	106.7

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	10.4	6.2	7.9	6.8	6.1	6.2	2.4
27	Operating Expenses (%)	9.0	-7.0	0.5	-3.4	-4.2	-4.7	0.3
28	Operating Profit (Loss) (in Millions \$)	30.5	226.5	505.2	701.3	700.2	739.8	139.1
29	Net Income (Loss)(in Millions \$)	15.8	208.2	521.8	714.1	707.9	749.2	161.2
30	RPMs (Sch. Svc.) (%)	6.3	-6.0	-0.2	-3.3	-3.6	-0.9	0.8
31	ASMs (Sch. Svc.) (%)	1.3	-9.3	-7.1	-9.6	-9.0	-4.7	-0.7
32	Operating Revenues per RTM (%)	2.3	16.0	7.8	11.5	11.1	8.3	2.7
33	Operating Expense per RTM (%)	0.9	1.7	0.4	0.8	0.4	-2.9	0.7
34	Passenger Revenue per RPM (Sch. Svc.)	4.7	12.0	8.2	10.2	9.8	6.7	0.7

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

QUARTERLY RESULTS

- o Except for a small decline in UPS net results, both Federal Express and UPS reported year-to-year improvements and profits in both operating and net results.
- o Operating expenses, up 11.6 percent, grew slightly faster than operating revenues, up 11.2 percent, but operating profit rose by \$5.4 million to a profit of \$149 million.
- o Net results gained \$9.3 million to \$80.7 million.

Quarter Ended	\$ Millions					
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)		
	LAST YEAR 1995	THIS YEAR 1996	\$ Change	LAST YEAR 1995	THIS YEAR 1996	\$ Change
March	158.7	135.4	-23.3	86.0	57.3	-28.7
June	165.5	183.4	17.9	78.9	90.8	11.9
Sept.	143.6	149.0	5.4	71.4	80.7	9.3
Dec.	165.2	0.0	-	75.8	0.0	-

- o Both all-cargo majors experienced large increases in total fuel expense, up 25.4 percent for the group.
- o The Pacific entity reported the only operating and/or net loss during the quarter and also experienced operating and net deteriorations. The domestic, Atlantic and Latin entities were profitable, although Latin operating results declined.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	189.4	197.1	7.7	103.1	109.9	6.8	1.44	1.52	5.6	2.40	2.52	5.2	60.2%
Int'l	-45.8	-48.1	-2.4	-31.7	-29.2	2.4	0.65	0.74	13.4	1.10	1.18	7.0	62.5%
Atlantic	3.4	1.0	-2.4	-1.6	0.2	1.8	0.18	0.20	7.3	0.31	0.31	0.4	63.2%
Latin	-8.2	5.2	13.5	-5.2	2.5	7.7	0.03	0.05	57.2	0.08	0.09	10.3	58.9%
Pacific	-40.9	-54.4	-13.4	-24.9	-31.9	-7.0	0.43	0.49	12.7	0.71	0.78	9.5	62.6%
System	143.6	149.0	5.4	71.4	80.7	9.3	2.09	2.25	8.0	3.50	3.70	5.8	60.9%

- o The ton-load factor climbed 1.2 percentage points to 60.9 percent. RTM traffic rose 7.8 percent while ATM capacity was up a lesser 5.5 percent.
- o Total debt was cut \$227.6 million, due entirely to the \$264.7 million decrease reported by Federal Express as UPS saw its debt increase \$37.1 million. This reduction, coupled with rising equity, caused the debt-to-investment ratio to drop 4.1 percentage points to 46.7 percent.

12-MONTH RESULTS

- o Both Federal Express and United Parcel Service experienced an operating and net profit for the 12-months ended September 1996, but the only improvement was the operating profit of Federal Express.
- o Operating profit slid \$39 million to \$633.1 million.
- o Net income declined \$42.6 million to \$304.6 million.
- o RTM unit costs rose 4.3 percent while RTM yield increased 3.4 percent eroding profitability.
- o The ton load factor was nearly unchanged, down 0.2 percentage points to 59.4 percent.
- o Productivity (RTMs per employee) rose slightly from 113.6 to 114.7.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	3,148.0	2,829.7	12,283.6	11,965.3	11,674.2	11,455.2	11,255.1
2	Operating Expenses	2,999.0	2,686.1	11,650.6	11,337.7	11,064.5	10,822.2	10,582.9
3	Operating Profit (Loss)	149.0	143.6	633.1	627.7	609.8	633.0	672.1
4	Net Income (Loss)	80.7	71.4	304.6	295.3	283.3	312.0	347.2
TRAFFIC: (Billions)								
5	RTMs - Scheduled Rev. Svc.	1.55	1.37	5.87	5.68	6.22	6.79	7.37
6	ATMs - Scheduled Rev. Svc.	2.51	2.28	9.78	9.55	10.42	11.32	12.33
7	Overall RTMs (All Services)	2.25	2.09	8.80	8.63	8.51	8.47	8.33
8	Overall ATMs (All Services)	3.70	3.50	14.82	14.62	14.37	14.19	13.97
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	139.7	135.6	139.6	138.7	137.1	135.3	135.1
10	Operating Expense per RTM	133.0	128.7	132.4	131.4	130.0	127.8	127.0
11	Operating Profit (Loss) per RTM	6.6	6.9	7.2	7.3	7.2	7.5	8.1
12	Operating Expense per ATM	81.1	76.8	78.6	77.6	77.0	76.3	75.7
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	1.81	1.78	1.77	1.79	1.81
15	Times Interest Earned	*	*	6.32	5.96	5.66	5.79	6.03
16	Current Assets to Current Liabilities	*	*	1.16	1.27	1.26	1.16	1.09
17	No. of Days Cash Coverage of Cash Exp.	*	*	3.9	3.2	7.3	4.8	4.2
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Reve	4.7	5.1	5.2	5.2	5.2	5.5	6.0
19	Net Income to Stockholders Equity	*	*	9.0	8.9	8.8	9.9	11.4
20	Corporate Return on Investment	*	*	6.0	6.0	6.0	6.7	7.5
21	Debt to Total Investment	*	*	46.7	49.2	51.9	51.4	50.8
TON LOAD FACTOR: (Sch. Svc. %)								
22	Actual	60.9	59.7	59.4	59.0	59.3	59.7	59.6
23	Breakeven	++	++	++	++	++	++	++
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	78,572	74,524	76,849	75,837	74,998	74,164	73,346
25	Overall RTM's per Employee (000)	28.7	28.0	114.5	113.8	113.5	114.2	113.6

CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER								
26	Operating Revenues (%)	11.2	7.4	9.1	8.2	8.2	9.5	10.9
27	Operating Expenses (%)	11.6	9.2	10.1	9.5	9.7	10.6	11.3
28	Operating Profit (Loss) (in Millions \$)	5.4	-31.0	-39.0	-75.4	-90.0	-42.6	38.1
29	Net Income (Loss)(in Millions \$)	9.3	-13.4	-42.6	-65.2	-62.0	-5.7	92.1
30	RTMs (All Svc.) (%)	8.0	5.0	5.6	4.8	5.8	9.7	12.8
31	ATMs (All Svc.) (%)	5.8	7.1	6.1	6.4	7.5	10.3	13.3
32	Operating Revenues per RTM (%)	3.0	2.3	3.3	3.3	2.2	-0.2	-1.6
33	Operating Expense per RTM (%)	3.3	4.0	4.3	4.5	3.7	0.8	-1.4
34	Passenger Revenue per RPM (Sch. Svc.)	++	++	++	++	++	++	++

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	2,556.2	2,312.3	10,018.3	9,774.4	9,549.0	9,380.3	9,234.3
2	Operating Expenses	2,359.1	2,122.9	9,209.1	8,973.0	8,774.0	8,608.3	8,457.4
3	Operating Profit (Loss)	197.1	189.4	809.2	801.5	775.0	772.0	776.9
4	Net Income (Loss)	109.9	103.1	414.0	407.1	391.0	401.4	415.6
TRAFFIC: (Billions)								
5	RTMs - Scheduled Rev. Svc.	0.85	0.76	3.28	3.20	3.78	4.36	4.98
6	ATMs - Scheduled Rev. Svc.	1.38	1.26	5.52	5.40	6.39	7.37	8.48
7	Overall RTMs (All Services)	1.52	1.44	6.04	5.96	5.89	5.84	5.73
8	Overall ATMs (All Services)	2.52	2.40	10.25	10.13	10.00	9.87	9.75
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	168.4	160.8	165.8	164.0	162.2	160.7	161.1
10	Operating Expense per RTM	155.4	147.7	152.4	150.5	149.0	147.5	147.5
11	Operating Profit (Loss) per RTM	13.0	13.2	13.4	13.4	13.2	13.2	13.6
12	Operating Expense per ATM	93.6	88.6	89.8	88.6	87.8	87.2	86.8
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp.	*	*	**	**	**	**	**
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Revenue	7.7	8.2	8.1	8.2	8.1	8.2	8.4
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	9.2	9.1	9.0	9.6	10.2
21	Debt to Total Investment	*	*	**	**	**	**	**
TON LOAD FACTOR: (Sch. Svc. %)								
22	Actual	60.2	60.0	58.9	58.9	58.9	59.1	58.8
23	Breakeven	++	++	++	++	++	++	++
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

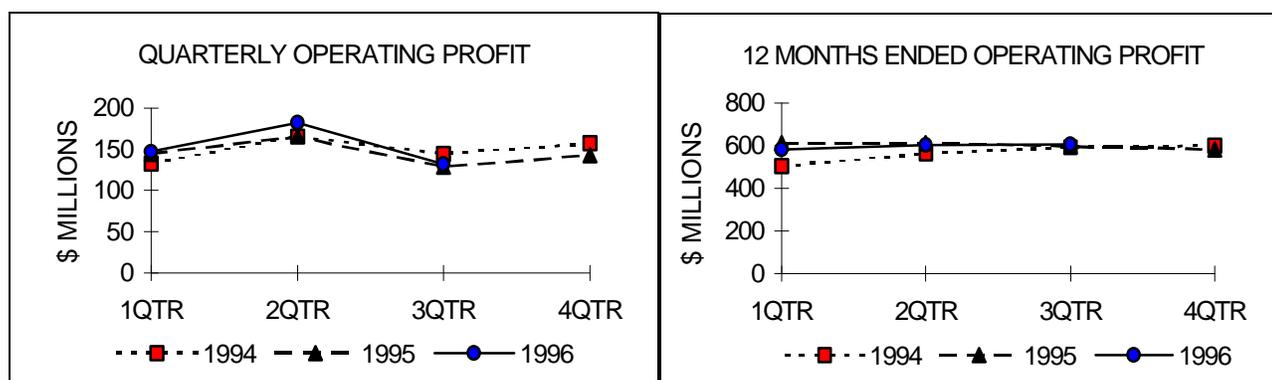
CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER								
26	Operating Revenues (%)	10.5	6.2	8.5	7.4	7.5	8.9	10.4
27	Operating Expenses (%)	11.1	7.7	8.9	8.0	8.3	9.5	11.0
28	Operating Profit (Loss) (in Millions \$)	7.7	-17.0	32.3	7.7	-8.0	17.4	30.4
29	Net Income (Loss)(in Millions \$)	6.8	-3.7	-1.6	-12.2	-12.0	19.4	56.8
30	RTMs (All Svc.) (%)	5.6	4.5	5.4	5.1	5.7	8.5	10.7
31	ATMs (All Svc.) (%)	5.2	5.7	5.2	5.3	6.3	8.4	11.5
32	Operating Revenues per RTM (%)	4.7	1.6	2.9	2.2	1.7	0.4	-0.3
33	Operating Expense per RTM (%)	5.2	3.1	3.3	2.7	2.4	1.0	0.3
34	Passenger Revenue per RPM (Sch. Svc.)	++	++	++	++	++	++	++

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	591.8	517.3	2,265.3	2,190.9	2,125.2	2,074.9	2,020.8
2	Operating Expenses	639.9	563.1	2,441.5	2,364.7	2,290.4	2,213.8	2,125.5
3	Operating Profit (Loss)	-48.1	-45.8	-176.2	-173.8	-165.2	-138.9	-104.7
4	Net Income (Loss)	-29.2	-31.7	-109.4	-111.9	-107.6	-89.4	-68.4
TRAFFIC: (Billions)								
5	RTMs - Scheduled Rev. Svc.	0.70	0.60	2.58	2.48	2.44	2.43	2.39
6	ATMs - Scheduled Rev. Svc.	1.13	1.01	4.26	4.15	4.03	3.95	3.85
7	Overall RTMs (All Services)	0.74	0.65	2.75	2.67	2.63	2.63	2.60
8	Overall ATMs (All Services)	1.18	1.10	4.56	4.49	4.37	4.32	4.22
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	80.4	79.7	82.2	82.1	81.0	78.8	77.7
10	Operating Expense per RTM	86.9	86.7	88.6	88.6	87.2	84.1	81.8
11	Operating Profit (Loss) per RTM	-6.5	-7.1	-6.4	-6.5	-6.3	-5.3	-4.0
12	Operating Expense per ATM	54.3	51.1	53.5	52.7	52.4	51.2	50.3
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	**	**	**	**	**
15	Times Interest Earned	*	*	**	**	**	**	**
16	Current Assets to Current Liabilities	*	*	**	**	**	**	**
17	No. of Days Cash Coverage of Cash Exp.	*	*	**	**	**	**	**
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Reve	-8.1	-8.9	-7.8	-7.9	-7.8	-6.7	-5.2
19	Net Income to Stockholders Equity	*	*	**	**	**	**	**
20	Corporate Return on Investment	*	*	-6.4	-6.7	-6.4	-5.3	-3.6
21	Debt to Total Investment	*	*	**	**	**	**	**
TON LOAD FACTOR: (Sch. Svc. %)								
22	Actual	62.5	59.0	60.4	59.5	60.1	60.9	61.5
23	Breakeven	++	++	++	++	++	++	++
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	*	*	**	**	**	**	**
25	Overall RTM's per Employee (000)	*	*	**	**	**	**	**

	CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER							
26	Operating Revenues (%)	14.4	13.1	12.1	11.7	11.4	12.1	13.5
27	Operating Expenses (%)	13.6	15.1	14.9	15.3	15.0	14.8	12.3
28	Operating Profit (Loss) (in Millions \$)	-2.3	-14.0	-71.5	-83.1	-82.0	-59.9	7.7
29	Net Income (Loss)(in Millions \$)	2.5	-9.7	-41.0	-53.2	-49.9	-25.1	35.3
30	RTMs (All Svc.) (%)	13.4	5.9	6.0	4.1	6.0	12.5	17.7
31	ATMs (All Svc.) (%)	7.0	10.3	8.0	8.8	10.1	14.7	17.7
32	Operating Revenues per RTM (%)	0.9	6.8	5.8	7.3	5.1	-0.4	-3.6
33	Operating Expense per RTM (%)	0.2	8.6	8.3	10.8	8.5	1.9	-4.6
34	Passenger Revenue per RPM (Sch. Svc.)	++	++	++	++	++	++	++

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



QUARTERLY RESULTS

- o Although operating expense growth, up 12.3 percent, slightly outpaced operating revenue growth, up 11.8 percent, operating profit gained \$3.6 million to \$131.8 million.
- o Net income also improved, up \$9.9 million to \$71.2 million.
- o Only the Pacific division reported a deterioration in both operating and net results. Pacific operations also produced the only operating and/or net losses during the quarter. The Atlantic division experienced a small decline in only operating results.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON L.F.
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	
Domestic	179.1	188.5	9.3	96.2	104.9	8.7	0.79	0.87	10.1	1.30	1.40	7.8	61.7%
Int'l	-51.0	-56.6	-5.7	-34.9	-33.6	1.2	0.48	0.55	15.6	0.77	0.84	9.0	65.7%
Atlantic	4.8	2.5	-2.3	-0.6	1.1	1.7	0.12	0.13	10.1	0.20	0.20	2.1	66.8%
Latin	-7.0	1.8	8.7	-4.4	0.9	5.3	0.03	0.04	39.4	0.07	0.07	-0.4	58.1%
Pacific	-48.8	-61.0	-12.1	-29.9	-35.6	-5.8	0.32	0.37	15.4	0.50	0.56	13.2	66.4%
System	128.2	131.8	3.6	61.3	71.2	9.9	1.26	1.42	12.1	2.07	2.24	8.3	63.2%

- o Total fuel expense jumped 25.1 percent, but still accounts for only 4.1 percent of total operating expenses, a major group low.
- o The ton load factor increased 2.2 percentage points to 63.2 percent as RTM traffic growth, up 12.2 percent, exceeded ATM capacity growth, up 8.3 percent.

12-MONTH RESULTS

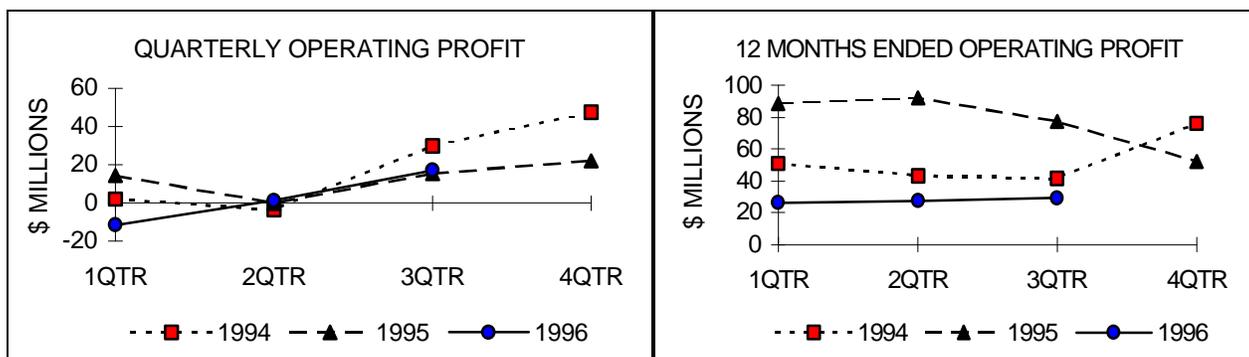
- o Operating profit, up \$9.2 million to \$603.9 million, improved over a year ago for the first time in four quarter-ended 12-month periods.
- o Net income, however, was down \$6.8 million to \$296.8 million, the third consecutive year-to-year decline.
- o ATM traffic, up 8.8 percent, grew faster than RTM traffic, up 6.5 percent, causing the ton load factor to decline 1.3 percentage points to 60.6 percent.
- o Profits were eroded as RTM unit cost growth, up 3.4 percent, exceeded RTM yield growth, up 2.9 percent.
- o Interest expense dropped \$19 million to \$101.2 million.
- o The debt-to-investment ratio decreased 7.1 percentage points to 33.2 percent. Among all majors, only Southwest had a lower ratio.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
FINANCIAL RESULTS: (\$Millions)								
1	Operating Revenues	2,709.6	2,422.6	10,576.2	10,289.2	10,032.2	9,825.6	9,652.8
2	Operating Expenses	2,577.8	2,294.5	9,972.3	9,689.0	9,448.8	9,244.7	9,058.1
3	Operating Profit (Loss)	131.8	128.2	603.9	600.2	583.4	580.9	594.7
4	Net Income (Loss)	71.2	61.3	296.8	286.9	276.1	282.4	303.6
TRAFFIC: (Billions)								
5	RTMs - Scheduled Rev. Svc.	1.36	1.20	5.16	4.99	4.89	4.83	4.79
6	ATMs - Scheduled Rev. Svc.	2.16	1.95	8.48	8.27	8.03	7.84	7.67
7	Overall RTMs (All Services)	1.42	1.26	5.41	5.26	5.15	5.12	5.08
8	Overall ATMs (All Services)	2.24	2.07	8.93	8.76	8.52	8.37	8.21
YIELD & UNIT COST & PROFITS: (Cents)								
9	Operating Revenue per RTM	191.4	191.9	195.4	195.6	194.7	191.9	189.8
10	Operating Expense per RTM	182.1	181.7	184.2	184.2	183.4	180.6	178.1
11	Operating Profit (Loss) per RTM	9.3	10.2	11.2	11.4	11.3	11.3	11.7
12	Operating Expense per ATM	115.1	110.9	111.6	110.6	110.8	110.5	110.3
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
FINANCIAL RATIOS:								
14	Operating Revenues to Total Investment	*	*	2.67	2.62	2.57	2.56	2.54
15	Times Interest Earned	*	*	6.16	5.75	5.44	5.33	5.41
16	Current Assets to Current Liabilities	*	*	1.08	1.07	0.99	1.01	0.98
17	No. of Days Cash Coverage of Cash Exp.	*	*	4.6	3.7	3.9	5.1	4.2
FINANCIAL PERCENTAGES:								
18	Operating Profit (Loss) to Operating Reve	4.9	5.3	5.7	5.8	5.8	5.9	6.2
19	Net Income to Stockholders Equity	*	*	11.8	11.8	11.8	12.4	13.9
20	Corporate Return on Investment	*	*	10.1	10.0	9.9	10.3	11.1
21	Debt to Total Investment	*	*	33.2	33.9	37.7	38.5	40.3
TON LOAD FACTOR: (Sch. Svc. %)								
22	Actual	63.2	61.0	60.6	60.0	60.5	61.2	61.9
23	Breakeven	++	++	++	++	++	++	++
Employment & Productivity:								
24	Employment, Total Weighted Avg CY	74,501	70,317	72,771	71,725	70,851	69,987	69,215
25	Overall RTM's per Employee (000)	19.0	18.0	74.4	73.3	72.7	73.2	73.5

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	11.8	7.8	9.6	8.6	8.4	9.2	10.1
27	Operating Expenses (%)	12.3	9.1	10.1	9.3	9.3	10.1	10.8
28	Operating Profit (Loss) (in Millions \$)	3.6	-16.2	9.2	-10.8	-27.9	-18.6	2.3
29	Net Income (Loss)(in Millions \$)	9.9	-1.9	-6.8	-18.6	-15.7	5.5	60.4
30	RTMs (Sch. Svc.) (%)	12.1	3.6	6.5	4.4	4.2	6.9	10.5
31	ATMs (Sch. Svc.) (%)	8.3	7.3	8.8	8.5	8.1	8.9	10.4
32	Operating Revenues per RTM (%)	-0.3	4.0	3.0	4.0	4.1	2.1	-0.5
33	Operating Expense per RTM (%)	0.2	5.3	3.4	4.7	4.9	3.0	0.2
34	Passenger Revenue per RPM (Sch. Svc.)	++	++	++	++	++	++	++

QUARTERLY FINANCIAL & TRAFFIC REVIEW
SYSTEM OPERATIONS
UNITED PARCEL SERVICE



QUARTERLY RESULTS

- o Operating revenues advanced 7.7 percent, barely exceeding the 7.5 percent increase in operating expenses, producing a \$1.8 million rise in operating profit to \$17.2 million.
- o Net results, however, dipped \$0.6 million to \$9.5 million.
- o Only the Atlantic division reported an operating or net loss. The Latin division, however, experienced the only operating and net improvement.

ENTITY	\$ Millions						TRAFFIC (Billions)			CAPACITY (Billions)			TON
	OPERATING PROFIT (LOSS)			NET INCOME (LOSS)			RTMs (All Svc.)			ATMs (All Svc.)			
	1995	1996	\$ Change	1995	1996	\$ Change	1995	1996	Change %	1995	1996	Change %	L.F.
Domestic	10.3	8.7	-1.6	6.9	5.1	-1.8	0.65	0.65	0.1	1.09	1.12	2.1	58.3%
Int'l	5.2	8.5	3.3	3.2	4.4	1.2	0.17	0.19	7.6	0.33	0.34	2.4	54.7%
Atlantic	-1.4	-1.6	-0.1	-1.0	-0.9	0.1	0.06	0.06	2.1	0.11	0.11	-2.5	56.7%
Latin	-1.3	3.5	4.8	-0.8	1.6	2.4	0.00	0.01	361.1	0.00	0.01	176.6	63.8%
Pacific	7.9	6.6	-1.3	5.0	3.7	-1.2	0.11	0.12	4.9	0.22	0.22	1.1	53.1%
System	15.4	17.2	1.7	10.1	9.5	-0.6	0.82	0.84	1.7	1.43	1.46	2.1	57.5%

- o Both RTM yield and RTM unit costs rose 6.5 percent, resulting in the small profit change.
- o The ton load factor dipped 0.2 percentage points to 57.5 percent as ATM capacity, up 1.4 percent, increased slightly faster than RTM traffic, up 1 percent.
- o UPS continues to be the most productive major in terms of RTMs per employee, improving from 196 a year ago to 206.7.

12-MONTH RESULTS

- o For the fourth consecutive quarter-ended 12-month period, operating expenses, up 10.1 percent, grew much faster than operating revenues, up 6.6 percent.
- o As a result, operating profit fell \$48.3 million to \$29.2 million.
- o Net income declined \$35.9 million to \$7.7 million.
- o RTMs gained 4 percent while ATM capacity rose a slower 2 percent, causing the ton load factor to increase 1.1 percentage points to 57.5 percent.
- o Productivity (RTMs per employee) continues to be very high when compared with all other majors, rising from 786 a year ago to 830.3.
- o Total debt increased \$37.1 million causing the debt-to-investment ratio to rise 0.3 percentage points to 66.9 percent.

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

ITEMS	QUARTER ENDED		12 MONTHS ENDED					
	9609	9509	9609	9606	9603	9512	9509	
<u>FINANCIAL RESULTS: (\$Millions)</u>								
1	Operating Revenues	438.4	407.1	1,707.5	1,676.1	1,642.0	1,629.6	1,602.2
2	Operating Expenses	421.2	391.6	1,678.3	1,648.7	1,615.7	1,577.5	1,524.8
3	Operating Profit (Loss)	17.2	15.4	29.2	27.5	26.3	52.1	77.5
4	Net Income (Loss)	9.5	10.1	7.7	8.3	7.3	29.6	43.6
<u>TRAFFIC: (Billions)</u>								
5	RTMs - Scheduled Rev. Svc.	0.19	0.17	0.70	0.69	1.33	1.95	2.58
6	ATMs - Scheduled Rev. Svc.	0.34	0.33	1.29	1.28	2.39	3.48	4.66
7	Overall RTMs (All Services)	0.84	0.82	3.38	3.37	3.36	3.35	3.25
8	Overall ATMs (All Services)	1.46	1.43	5.88	5.85	5.84	5.82	5.76
<u>YIELD & UNIT COST & PROFITS: (Cents)</u>								
9	Operating Revenue per RTM	52.3	49.4	50.5	49.8	48.9	48.7	49.3
10	Operating Expense per RTM	50.2	47.5	49.6	48.9	48.1	47.1	47.0
11	Operating Profit (Loss) per RTM	2.1	1.9	0.9	0.8	0.8	1.6	2.4
12	Operating Expense per ATM	28.9	27.4	28.5	28.2	27.7	27.1	26.5
13	Passenger Revenue per RPM	++	++	++	++	++	++	++
<u>FINANCIAL RATIOS:</u>								
14	Operating Revenues to Total Investment	*	*	0.61	0.60	0.61	0.64	0.66
15	Times Interest Earned	*	*	12.37	24.10	40.94	704.99	295.51
16	Current Assets to Current Liabilities	*	*	1.71	2.71	3.38	2.47	2.17
17	No. of Days Cash Coverage of Cash Exp.	*	*	-0.4	0.3	28.9	3.0	3.7
<u>FINANCIAL PERCENTAGES:</u>								
18	Operating Profit (Loss) to Operating Revenue	3.9	3.8	1.7	1.6	1.6	3.2	4.8
19	Net Income to Stockholders Equity	*	*	0.9	1.0	0.8	3.4	5.1
20	Corporate Return on Investment	*	*	0.4	0.3	0.3	1.2	1.8
21	Debt to Total Investment	*	*	66.9	69.8	70.9	69.1	66.6
<u>TON LOAD FACTOR: (Sch. Svc. %)</u>								
22	Actual	57.5	57.7	57.5	57.6	57.5	57.5	56.4
23	Breakeven	++	++	++	++	++	++	++
<u>Employment & Productivity:</u>								
24	Employment, Total Weighted Avg CY	4,071	4,207	4,078	4,112	4,147	4,177	4,131
25	Overall RTM's per Employee (000)	205.9	196.0	829.5	819.3	810.2	801.5	786.0

		CHANGE OVER COMPARABLE PERIOD 12 MONTHS EARLIER						
26	Operating Revenues (%)	7.7	5.0	6.6	5.9	7.2	11.3	16.5
27	Operating Expenses (%)	7.5	9.5	10.1	10.6	11.9	13.6	14.4
28	Operating Profit (Loss) (in Millions \$)	1.8	-14.7	-48.3	-64.6	-62.2	-24.0	35.9
29	Net Income (Loss)(in Millions \$)	-0.6	-11.4	-35.9	-46.8	-46.2	-11.2	31.7
30	RTMs (Sch. Svc.) (%)	1.7	7.0	4.2	5.5	8.5	14.3	16.5
31	ATMs (Sch. Svc.) (%)	2.1	6.8	2.2	3.3	6.6	12.3	17.9
32	Operating Revenues per RTM (%)	5.9	-1.8	2.4	0.4	-1.2	-2.6	0.0
33	Operating Expense per RTM (%)	5.7	2.4	5.5	4.7	3.2	-0.6	-1.7
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	$\frac{\text{Operating revenues (Account 4999)}}{\text{Overall revenue ton-miles (Item Z-240)}}$
10	Operating expense per revenue ton-mile	$\frac{\text{Operating expenses (Account 7199)}}{\text{Overall revenue ton-miles (Item Z-240)}}$
11	Operating profit per revenue ton-mile	$\frac{\text{Operating profit (Account 7999)}}{\text{Overall revenue ton-miles (Item Z-240)}}$
12	Operating expense per available ton-mile	$\frac{\text{Operating expenses (Account 7199)}}{\text{Overall available ton-miles (Item Z-280)}}$
13	Passenger revenue per revenue passenger-mile (scheduled service)	$\frac{\text{Passenger revenues (scheduled service) (Account 3901)}}{\text{Total revenue passenger-miles (scheduled service) (Item K-140)}}$
14	Operating revenues to total investment	$\frac{\text{Operating revenue (Account 4999)}}{\text{Total investment (See line 20)}}$
15	Times interest earned	$\frac{\text{Income Before income taxes (Account 8999) + interest on long-term debt and capital leases (Account 8181) + Other interest expense (Account 8182)}}{\text{Interest on long-term debt and capital leases (Account 8181) + Other interest expense (Account 8182)}}$
16	Current assets to current liabilities	$\frac{\text{Current assets (Account 1499)}}{\text{Current liabilities (Account 2199)}}$
17	Number of days coverage of cash operating expenses	$\frac{\text{Cash (Account 1010) + short-term investments (Account 1100)}}{[\text{Total operating expenses (Account 7199) less depreciation and amortization (Account 7000)]/365}$
18	Operating Profit to operating revenues	$\frac{\text{Operating profit (Account 7999)}}{\text{Operating revenues (Account 4999)}}$
19	Net income to stockholders' equity	$\frac{\text{Net income (Account 9999)}}{\text{Stockholders' equity (Account 2995) (5 Quarter average)}}$

EXPLANATION OF LINE ITEMS

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