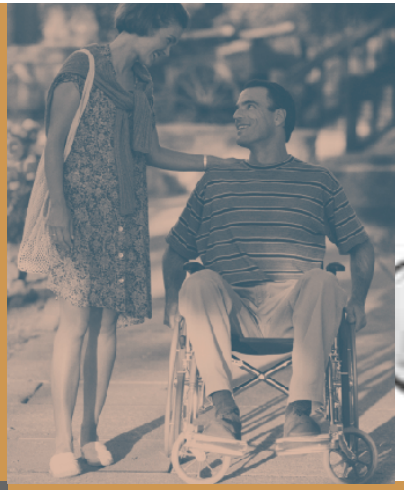
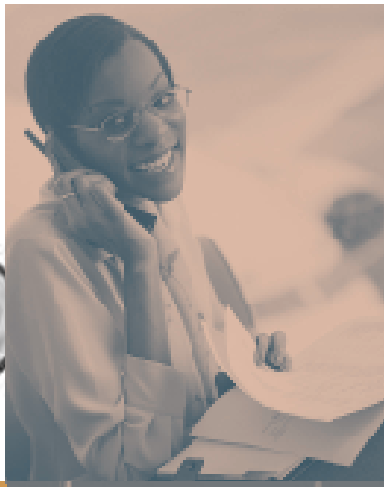
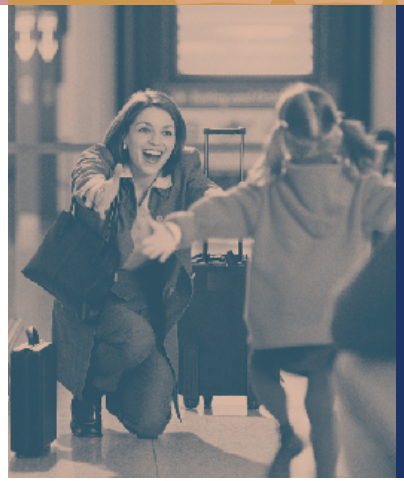
2001 Annual Report





[customers] first



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mission

The Air Transport Association of America, Inc. serves its member airlines and their customers by:

- **Assisting the airline industry in continuing to provide the world's safest system of transportation**
- **Transmitting technical expertise and operational knowledge among member airlines to improve safety, service and efficiency**
- **Advocating fair airline taxation and regulation worldwide, ensuring a profitable and competitive industry**

Table of Contents

Dedication

In memory of Nancy L. Cunningham 1941–2001. For 37 years, Nancy served the aviation industry as a dedicated employee of the Air Transport Association and as a friend, role model and mentor to all who knew her. The Air Transport Association Board of Directors recently established the Nancy L. Cunningham Award of Excellence, *to recognize annually those ATA employees who best exemplify her traits of loyalty, professionalism, trustworthiness, dedication and the relentless pursuit of excellence. We wish to honor further Nancy's longtime commitment to the airline industry and dedication to customer-service excellence by dedicating this* 2001 Air Transport Association Annual Report *to her.*

[customers]

first

►►► The member airlines of the Air Transport Association are committed to providing the highest level of customer service and have set forth their commitment to improve air travel, ultimately making the air travel experience more enjoyable for everyone. They have listened to their customers' concerns and crafted a comprehensive *Customers First* plan, highlighting the customer-service commitments of the ATA member airlines. Some of those commitments are featured throughout this report. For more information, visit the *Customers First* Web site at www.customers-first.org.

We're Listening

ATA airlines are committed to customer-service excellence. If they do not meet your expectations, they want to know. And, they have established procedures for handling customer complaints and for ensuring that all written complaints are responded to within 60 days.

▶▶▶ The U.S. airlines' record of safety is without equal, because the airlines always make safety their highest priority. Improved technology and equipment, better training of personnel, data collection and analyses have all made air travel the safest form of transportation in the world.

[safety] first

Customers First: Commitment and Opportunity

Customer Service—second only to safety—is what the airline industry is all about. It is what our 680,000 employees strive to provide each and every day. It is the key to success in the extraordinarily complex and competitive world of commercial aviation. It is also a challenge, requiring the total commitment of our industry and presenting a tremendous opportunity for success. For the Air Transport Association member airlines, it is *Customers First*.

Let me be candid. Over the past several years, a variety of factors have created the impression in some quarters that the airline industry has lost its focus on customer service. The causes vary—but weather and the system-wide, rolling impact of delays arising from inadequate modernization of the government's air traffic control system are key contributors. Equally frustrating is the related problem of insufficient runways and inadequate capacity at our key airports. Industry labor issues have also played a role. Similarly, the difficult tasks of consistently communicating factual, timely and pertinent information to our customers, and of letting them know that their safety and satisfaction is of the utmost importance, have not been handled adequately. The net result—the impression of poor customer service—is something the entire airline industry is committed to eliminating.

Fortunately, we know what needs to be done. We must:

- work with Congress and the administration to prioritize and expedite the development of a fully modernized, satellite-based air traffic management system, taking full advantage of the best modern technology to route aircraft safely and efficiently. The FAA's recently announced National Airspace System Operational Evolution Plan is a good first step.

- assist in the passage of legislation to guarantee the accelerated deployment of new runways and airport infrastructure at critical airports nationwide.

- establish an environment conducive to the resolution of labor and management issues at bargaining tables, not through the threat and reality of service disruptions.

- redouble individual airline efforts to meet and exceed their established *Customers First* commitments and ensure that customers know that their airlines sincerely care about and are committed to continuously improving the quality of the service they receive.

While accomplishing these tasks is indeed a tall order, we know that it can be done and it will truly make a difference. Although the solutions will not be fully available tomorrow, or even next year, a lasting commitment is the key to our ultimate success. This will be an incremental process, one that, no doubt, will involve both improvements and occasional missteps along the way. By striving constantly to put *Customers First*, we will achieve our goals.

Importantly, this is a process that relies upon both collective industry action and, simultaneously, the healthy give-and-take of competitive forces to excel individually at customer service. Calls for a mandated one-size-for-all approach to customer service will not work and could result in more customer disservice than benefits, as well as higher ticket prices.

Working together, and keeping our focus on the long-term goals, we will succeed.

Carol Hallett

ATA Goals

The Air Transport Association (ATA) is the nation's oldest and largest airline trade association. Its member airlines carry over 600 million passengers and more than 25 billion ton miles of cargo each year. U.S. members account for more than 95 percent of the passenger and cargo traffic carried by U.S. scheduled airlines.

In an extraordinarily dynamic industry, the ATA enables marketplace rivals to pool their unparalleled experience, technical expertise and operational knowledge, so that the industry as a whole can better serve the public and improve airline safety, service and efficiency.

The ATA also represents its members on major aviation issues in the technical, legal and political arenas. Its activities are designed to advocate and support measures that enhance aviation safety, ensure efficiency, foster growth and protect the ability of the airline industry to invest in the future, in order to meet the emerging demands of customers.

While the ATA agenda of issues continuously changes, its major priorities remain constant. Those priorities include:

- *Assisting the airline industry in providing the world's safest system of transportation*
- *Advocating the modernization of the Federal Aviation Administration (FAA) air traffic control system, to improve service for airline customers and to benefit the environment*
- *Improving and refining the protection and security of airline passengers and cargo against threats directed at the United States*
- *Encouraging appropriate government action, while seeking to prevent legislative and regulatory intervention that would penalize airlines and their customers by imposing rate, route, service and schedule controls on the industry*
- *Endeavoring to reduce the disproportionate share of taxes and fees paid by airlines and their customers at the federal, state and local levels*
- *Improving the industry's ability to attract the capital necessary to meet future demand*
- *Helping to shape international aviation policy, to ensure that U.S. and foreign carriers can compete on equal terms*

During its more than 60-year history, the ATA has seen the airline industry grow from the small, pioneering companies of the 1930s into key players in the global transportation market. The ATA and its members continue to play a vital role in shaping the future of air transportation.

Special Needs

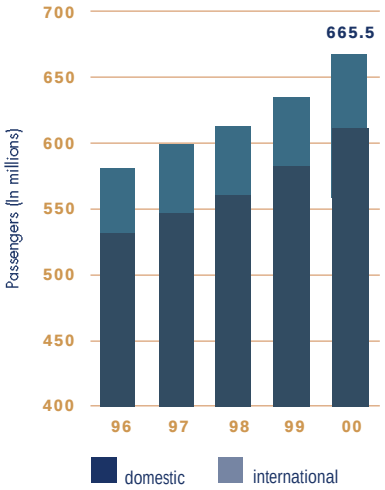
ATA airlines are committed to accommodating passengers with special needs and have developed policies and procedures for accomplishing this in an appropriate manner.

▶▶▶ Passengers with disabilities, like all passengers, are valued customers. In recent years, ATA airlines have continued to make significant investments in training and new technologies—among them hydraulic-lift carry-on chairs, gate monitors, and other communications technologies that assist those with hearing difficulties—to make air transportation more accessible and user-friendly to all passengers with disabilities.

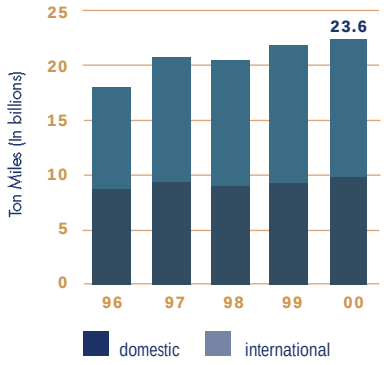
[access] first

Highlights

Revenue Passengers Enplaned



Cargo Revenue Ton Miles



Traffic

(In millions, except when noted)

	1999	2000	Percent Change
Revenue Passengers Enplaned	636.0	**665.5**	4.6
Domestic Service	582.9	**610.0**	4.6
International Service	53.1	**55.5**	4.5
Revenue Passenger Miles	652,047	**692,505**	6.2
Available Seat Miles	918,419	**956,502**	4.1
Passenger Load Factor (%)	71.0	**72.4**	
Aircraft Departures (In thousands)	8,627	**8,992**	4.2
Cargo Revenue Ton Miles	21,613	**23,611**	9.2
Freight and Express	19,317	**21,143**	9.5
Mail	2,296	**2,468**	7.5
Total Revenue Ton Miles	86,818	**92,862**	7.0

Financial Data

(In millions, except when noted)

	1999	2000	Percent Change
Passenger Revenues	$84,318	**$93,572**	11.0
Domestic Service	67,021	**74,041**	10.5
International Service	17,297	**19,531**	12.9
Freight and Express Revenues	11,415	**11,993**	5.1
Mail Revenues	1,739	**1,975**	13.6
Total Operating Revenues	119,038	**129,463**	8.8
Total Operating Expenses	110,638	**122,390**	10.6
Operating Profit	8,400	**7,073**	
Net Profit	$5,360	**$2,638**	
Rate of Return on Investment (%)	11.1	**6.6**	
Operating Profit Margin (%)	7.1	**5.5**	
Net Profit Margin (%)	4.5	**2.0**	

1990–2000 Summary

U.S. Scheduled Airlines

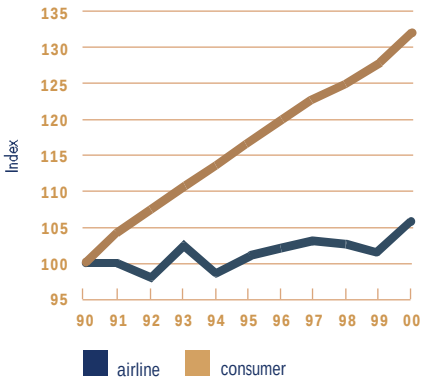
(In millions, except when noted)

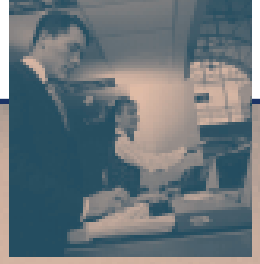
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Traffic—Scheduled Service											
Revenue Passengers Enplaned	465.6	452.3	475.1	488.5	528.8	547.8	581.2	599.1	612.9	636.0	**665.5**
Revenue Passenger Miles	457,926	447,955	478,554	489,684	519,382	540,656	578,663	605,574	618,086	652,047	**692,505**
Available Seat Miles	733,375	715,199	752,772	771,641	784,331	807,078	835,071	860,803	874,090	918,419	**956,502**
Passenger Load Factor (%)	62.4	62.6	63.6	63.5	66.2	67.0	69.3	70.3	70.7	71.0	**72.4**
Average Passenger Trip Length (In miles)	984	990	1,007	1,002	982	987	996	1,011	1,008	1,025	**1,041**
Freight and Express Revenue Ton Miles	10,546	10,225	11,130	11,944	13,792	14,578	15,301	17,959	18,131	19,317	**21,143**
Aircraft Departures (In thousands)	6,924	6,783	7,051	7,245	7,531	8,062	8,230	8,192	8,292	8,627	**8,992**
Financial Data											
Passenger Revenues	$58,453	$57,092	$59,828	$63,945	$65,422	$69,594	$75,286	$79,471	$80,986	$84,318	**$93,572**
Freight and Express Revenues	5,432	5,509	5,916	6,662	7,284	8,616	9,679	10,477	10,697	11,415	**11,993**
Mail Revenues	970	957	1,184	1,212	1,183	1,266	1,279	1,362	1,708	1,739	**1,975**
Charter Revenues	2,877	3,717	2,801	3,082	3,548	3,485	3,447	3,575	3,821	4,030	**4,365**
Total Operating Revenues	76,142	75,158	78,140	84,559	88,313	94,578	101,938	109,568	113,465	119,038	**129,463**
Total Operating Expenses	78,054	76,943	80,585	83,121	85,600	88,718	95,729	100,982	104,138	110,638	**122,390**
Operating Profit (Loss)	(1,912)	(1,785)	(2,444)	1,438	2,713	5,860	6,209	8,586	9,327	8,400	**7,073**
Interest Expense	1,978	1,777	1,743	2,027	2,347	2,424	1,981	1,733	1,742	1,821	**2,165**
Net Profit (Loss)*	($3,921)	($1,940)	($4,791)	($2,136)	($344)	$2,314	$2,804	$5,170	$4,903	$5,360	**$2,638**
Revenue per Passenger Mile (In cents)	12.76	12.74	12.50	13.06	12.60	12.87	13.01	13.12	13.10	12.93	**13.51**
Rate of Return on Investment (%)	(6.0)	(0.5)	(9.3)	(0.4)	5.2	11.9	11.5	14.7	12.0	11.1	**6.6**
Operating Profit Margin (%)	(2.5)	(2.4)	(3.1)	1.7	3.1	6.2	6.1	7.8	8.2	7.1	**5.5**
Net Profit Margin (%)	(5.1)	(2.6)	(6.1)	(2.5)	(0.4)	2.4	2.8	4.7	4.3	4.5	**2.0**
Employees (Average full-time equivalents)	545,809	533,565	540,413	537,111	539,759	546,987	564,425	586,509	621,058	646,410	**679,967**

* Excludes fresh-start accounting extraordinary gains of Continental and Trans World in 1993.

Airline Ticket Prices vs. Consumer Prices

(1990=100)





Prompt Refunds
Recognizing that it is sometimes necessary to change travel plans, ATA airlines will issue refunds for eligible tickets within 7 days for credit purchases and 20 days for cash purchases. Some airlines have dedicated special phone lines and airport centers to facilitate the refund process.

►►► ATA airlines are committed to providing business customers with the specialized services they need to get the job done. Whether it's a weekly client visit or a last-minute sales call, business travelers depend on convenient and reliable airline schedules and a comprehensive route network that enables them to conduct business around the state, around the country or around the world. Many airlines have invested in a wide array of technologies—from seatback telephones and data ports to full-service business centers—enabling business travelers to maximize their productivity and efficiency.

[business travelers]

first

2000 Airline Industry Review

In 2000, passenger enplanements rose to a record high of 665.5 million. This achievement was impressive, since dramatically higher fuel costs, up 51.8 percent over 1999, led the airlines to increase airfares by 4.5 percent. When adjusted for inflation, this was the first increase in the cost of air travel since 1993. Normally, higher prices would lead to a reduction in demand for air travel but, in 2000, price increases were offset by strong economic growth that produced rising incomes for travelers. In addition to higher fuel costs, 2000 was also plagued with a further dramatic increase in air traffic control delays, reaching record levels. With higher fuel costs, increased delays and rising labor costs, airlines' net earnings declined sharply.

Partners in Service

ATA airlines are working with their domestic regional code-share partners to provide consistent, high-quality service.

Traffic

Passenger traffic in 2000 grew by a robust 6.2 percent, to 692.5 billion revenue passenger miles. Real growth for the U.S. economy was a strong 5.0 percent. That economic growth was an important driver of increasing demand for shipping and air travel. Domestic traffic increased by 5.8 percent. The number of passengers enplaned in domestic service increased by a vigorous 27.1 million, to 610.0 million.

As the airline industry in the United States matures, the long-term growth rate, calculated on an increasingly large base, is expected to slow. However, the number of new passengers added each year is expected to remain at or above 20 million per year. Accommodating this expected growth will require federal and local commitments to make significant investment in airport and airway facilities, in addition to the aircraft that will be acquired by the airlines. And, as in the past, the additional costs associated with investment in airport and airway facilities will be borne by the users of the system—airlines and their customers—through landing fees, terminal rents and various taxes.

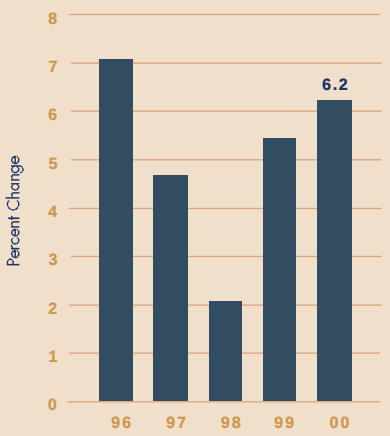
International passenger traffic growth was even stronger than domestic growth. The number of international passengers increased by 2.4 million to 55.5 million. This growth was led by an 8.1 percent increase in Atlantic revenue passenger miles. Pacific traffic increased by 6.3 percent and Latin American/Caribbean traffic increased by 6.1 percent. The average trip distance per passenger enplanement in international markets increased to 3,322 miles, compared to 833 miles domestically.

Of all U.S. airports, Atlanta handled the largest number of arriving and departing passengers, followed by Chicago O'Hare, Los Angeles and Dallas/Ft. Worth.

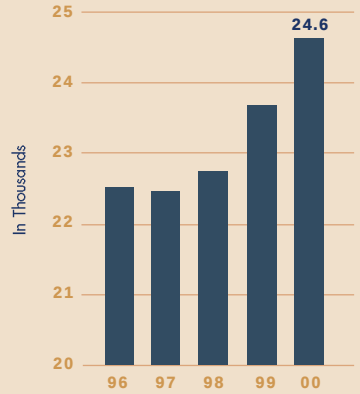
Cargo traffic also posted records in 2000, spurred by strong economic growth in the U.S. and good economic conditions in most of the rest of the world. Total cargo revenue ton miles increased by 9.2 percent over 1999. The international share of total cargo revenue ton miles amounted to 58.1 percent and grew at 9.6 percent over 1999. Mail revenue ton miles, after declining in 1999, resumed growth at 7.5 percent in 2000. The greatest area of growth was, once again, international freight and express traffic, which grew at 9.7 percent.

Traffic Growth Rates

Revenue Passenger Miles

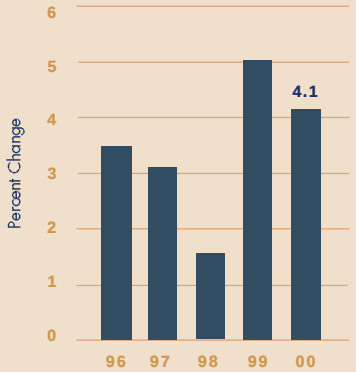


Daily Departures



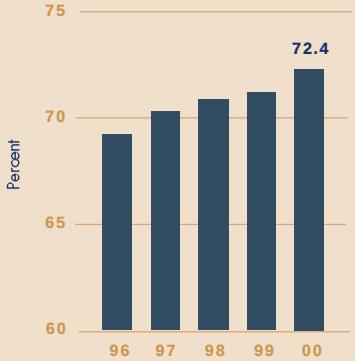
Capacity Growth Rates

Available Seat Miles



Load Factors

Percent of Seats Filled



Even though there was no Y2K-related interruption of airline operations, an estimated 6.5 million passengers decided to postpone trips in December 1999 and January 2000. The most significant disruptions to service in 2000 were the continued increase in air traffic control delays, exacerbated by adverse weather conditions and labor contract negotiation-related work slowdowns that forced the cancellation of thousands of flights. Air traffic control delays, which have increased by 83.6 percent since 1997, reached record levels in 2000. Consumer complaints also rose correspondingly to new highs, reflecting these disruptions in service.

Capacity

The Federal Aviation Administration (FAA) projects the long-term growth rate for the industry to be just above 4.0 percent. In 2000, capacity grew by 4.1 percent to a record 956.5 billion available seat miles (ASMs). This normal rate of growth in capacity, however, was less than the growth in traffic. The capacity growth rate would have been higher, had it not been for the increase in air traffic control delays and work slowdowns, which caused the cancellation of thousands of flights. During the delay-plagued summer months, domestic growth rates fell to between 2.0 and 3.0 percent.

One of the strongest segments of capacity growth continues to be the increase provided by new, small regional jets. This increase in regional jet capacity continues to benefit small and medium-size communities, providing more frequent and direct service.

International capacity—25.4 percent of total 2000 ASMs—grew at a slightly faster pace than domestic capacity, which grew by 4.2 percent. Atlantic capacity grew by 6.6 percent, followed by Pacific capacity at 4.1 percent and Latin American/Caribbean capacity at 2.3 percent.

The number of flights increased to 9.0 million, or a record of over 24,600 per day. Although the number of daily flights increased by only 3.9 percent, the number of daily air traffic control delays increased by 20.4 percent in 2000. This dramatic increase in delays made the airlines' commitment to improved customer service more challenging to achieve. The vast majority of these delays are unrelated to airline scheduling. Indeed, roughly two-thirds of delays are attributable to adverse weather and the limited capabilities of the FAA air traffic control system.

Load factors reached another peak in 2000. With capacity rising less rapidly than the increase in traffic, load factors moved up from 71.0 percent in 1999 to 72.4 percent in 2000. Although this increase in load factors represents a significant increase in the efficient use of our most important physical assets, this efficiency boost was insufficient to cover the 2000 increase in costs.

Fleet

In 2000, ATA U.S. members saw their fleets increase to a total of 5,178 aircraft. Those airlines added a net 210 aircraft to their fleets, as they continued to respond to increasing demand for air travel and to the

need to modernize their fleets. As of December 31, the B-737, MD-80 and B-757 made up nearly half (47.5 percent) of the ATA U.S. fleet. The B-737 remained the most popular aircraft, with 1,247 in the fleet. Fuel efficiency for the total fleet reached nearly 38 passenger miles per gallon in 2000. Increased fuel efficiency pays off in reducing costs and jet-engine emissions.

ATA U.S. airlines, at the end of 2000, had placed firm orders for 1,083 aircraft and had options for an additional 1,581. These orders and options represent a $151.7 billion commitment to continue the growth and modernization process into the future. This commitment must be matched by an even greater commitment to grow airport and airway capacity, to match the growth of the airlines and to significantly reduce delays.

Revenues

Total revenue for the U.S. scheduled airlines grew by 8.8 percent to $129.5 billion in 2000. Passenger revenue, which accounts for 72.3 percent of total operating revenue, increased by 11.0 percent, with international passenger revenue increasing by 12.9 percent. These revenue increases were driven by increases in both traffic (volume) and price. The average price of air travel, measured by passenger yield—the amount collected by airlines to fly one passenger one mile—increased by 4.5 percent. After having fallen for two years (without adjustment for inflation), airline prices rose modestly in 2000, succumbing to the pressures of labor and fuel cost increases. When adjusted for inflation, airline prices have fallen by 19.7 percent since 1990. Consumers continue to benefit from the intense competition and improved airline efficiency unleashed by airline deregulation. Since deregulation in 1978, in real terms, airline prices have fallen by 38.4 percent. This tremendous decline in price, which few industries can match, is largely responsible for the growth in air travel. The number of passengers has more than doubled following deregulation, from 274.8 million in 1978 to 665.5 million in 2000. Moreover, the 15-year increase in annual traffic levels from 1985 to 2000 matched the 59-year increase between 1926 and 1985.

Passenger Yields

Revenue per Passenger Mile (In cents)

	1990	1999	2000
Domestic	13.43	13.96	**14.56**
International	10.83	10.06	**10.59**
Total	12.76	12.93	**13.51**

Freight and Express Yields

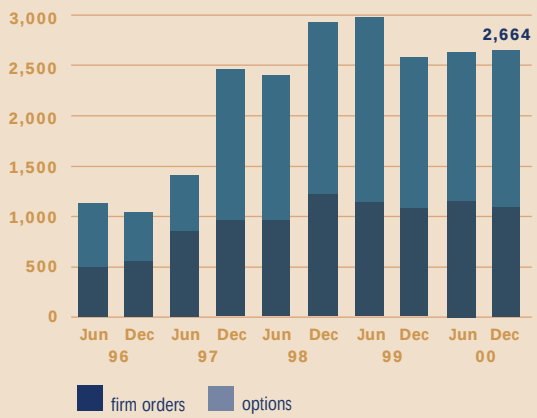
Revenue per Freight and Express Ton Mile (In cents)

	1990	1999	2000
Domestic	64.64	80.87	**75.79**
International	39.32	45.89	**45.24**
Total	51.50	59.09	**56.72**

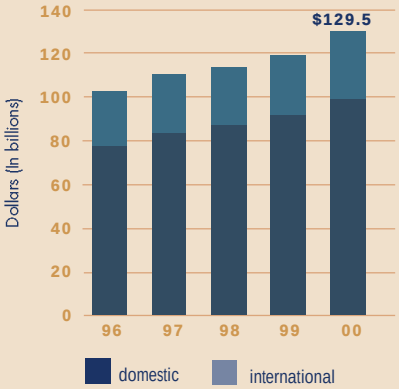
Cargo revenues continued their strong growth in 2000. International freight and express grew by $452 million, or 8.2 percent, to $6.0 billion in 2000. Cargo revenues have always been more heavily influenced by conditions in international markets. International freight and express revenues accounted for 49.8 percent of total freight and express revenues. European growth and the continued recovery of many Pacific Rim economies were important factors. Freight and express prices, measured by yield in cents per ton mile, declined 4.0 percent. Memphis remains the largest cargo-handling airport in the U.S., followed by Los Angeles, Anchorage and New York Kennedy.

Aircraft Orders and Options

ATA U.S. Members

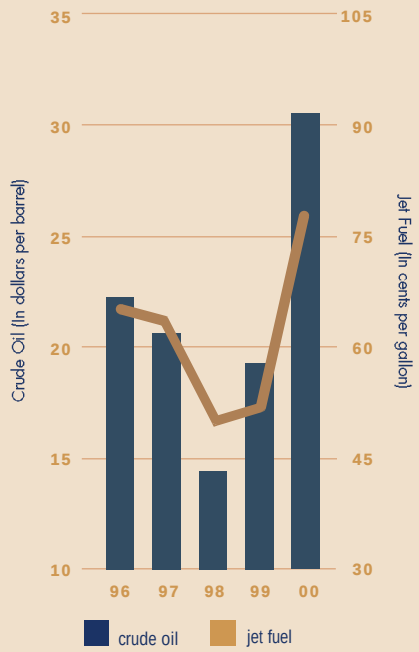


Revenues



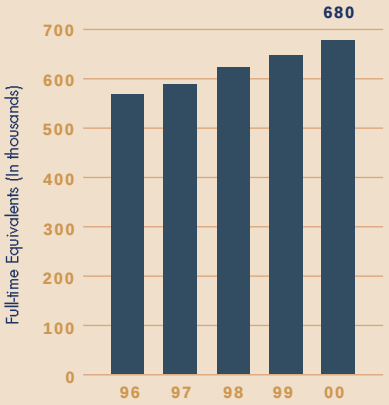
Fuel Costs

Jet Fuel Compared to Crude Oil



Employees

U.S. Scheduled Airlines



Expenses

Airline prices are closely related to trends in airline costs. Airline prices generally move up and down with airline costs, with the difference being taken up by changes in airline profitability. Profit margins in the industry have always been extremely thin—falling well below the average profitability of U.S. corporations. In 2000, although average real prices increased for the first time since 1993, profitability fell, because costs increased faster than prices. The largest single item of expense for the airlines is wages and benefits for employees. This cost constitutes over one-third of operating costs. In 2000, airlines added over 33,500 employees to handle increasing traffic and aircraft operations, and to support their efforts to improve customer service. Airlines handled 1,266 passengers per employee in 1999. The number of passengers per employee in 2000 fell by 0.6 percent to 1,259. Meanwhile, average compensation per employee increased by 5.3 percent to $68,775, making airline employees among the highest paid in the nation.

Employment

U.S. Scheduled Airlines (full-time equivalents)

	1990	1999	2000
Pilots and Copilots	47,131	67,163	**72,586**
Other Flight Personnel	8,904	12,384	**11,452**
Flight Attendants	83,443	105,558	**113,696**
Mechanics	60,952	70,341	**72,782**
Aircraft and Traffic Service Personnel	251,187	295,643	**311,051**
Office Employees	43,883	41,701	**42,096**
All Other	50,309	53,620	**56,304**
Total Employment	545,809	646,410	**679,967**
Average Compensation per Employee			
Salaries and Wages	$38,130	$52,057	**$54,813**
Benefits and Pensions	6,929	9,648	**10,172**
Payroll Taxes	2,817	3,619	**3,790**
Total Compensation	$47,876	$65,324	**$68,775**

Jet fuel (kerosene) costs are the airlines' second largest expense item. Fuel prices increased steadily throughout 2000. The average price per gallon in January 2000 was 72.1 cents. By December, the price had increased to 92.2 cents. The average for the full year was 80.6 cents per gallon compared to 53.1 cents in 1999. Airlines now consume more than 20 billion gallons of jet fuel annually. Each one-cent increase in the price of jet fuel adds $200 million to airline industry costs. The fuel bill for the industry increased by $5.9 billion over 1999 to $16.4 billion in 2000. Fuel prices in the first quarter of 2001 eased from the peak December 2000 prices, but were well above fuel prices in the first quarter of 2000.

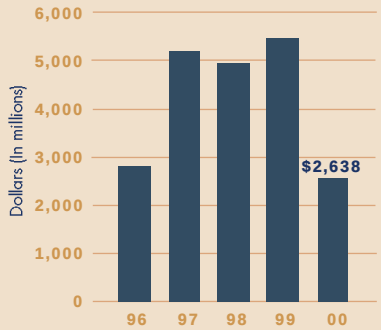
Flying-operations costs, largely composed of cockpit crew costs and fuel costs, increased by $7.6 billion to $37.9 billion. Flying-operations costs represent the largest functional cost center at 31.0 percent of total operating costs. With the exception of promotion and sales costs, all other functional cost centers showed increases over 1999.

The increase in delays in 2000 exacerbated functional cost increases. Fuel costs account for approximately one-third of the delay costs incurred by the airlines. With the increase in the number and duration of delays in 2000, ATA estimates that airline out-of-pocket costs for delays in 2000 rose to $3.7 billion. The value of lost passenger time amounted to a further $2.3 billion, bringing the nation's total delay cost to $6.0 billion.

Balance Sheet

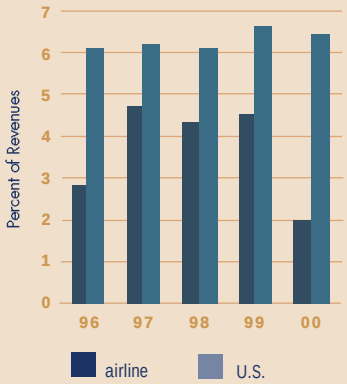
The airline industry is an asset-intensive industry, requiring major investments in aircraft, facilities and equipment. The total value of these investments, net of depreciation, reached $83.9 billion out of total assets amounting to $145.5 billion. The return on investment (ROI) fell in 2000 to 6.6 percent.

Net Profits



Net Profit Margins

Airline Industry vs. U.S. Industry



Earnings

After several years of improving profitability, airline earnings at the operating level began to fall in 1999. In 2000, operating earnings fell again and net profits declined sharply. Operating earnings in 2000 amounted to $7.1 billion, down from the $8.4 billion recorded in 1999. Net earnings, no longer sustained by the sale of assets, such as computer reservation systems or dot-com companies, fell sharply to $2.6 billion—a decline of 50.8 percent from the $5.4 billion recorded in 1999. The industry's net profit margin in 2000 was only 2.0 percent. That is, airlines managed to keep as profit only two cents per dollar of revenue, compared to the six-cents-per-dollar average for U.S. corporations. Earnings in international service were even more anemic, amounting to a $527 million net profit or 1.7 percent net profit margin.

The outlook for 2001 depends largely on growth in the U.S. economy. Demand for air services was slumping in the first quarter, reflecting a weakening economy. In the long term, the FAA projects that the number of passengers on U.S. commercial carriers will increase to more than one billion by 2012, with commensurate increases in the number of aircraft to handle this growth. The airlines are fully committed to fund this growth in fleet requirements, but significant and sustained investment in airport and airway infrastructure will be essential.

Boarding Policies

ATA airlines have committed to establishing policies and procedures for managing their occasional inability to board passengers with confirmed reservations.

[employees] first

▶▶▶ Airline employees are the backbone of the industry and its most valuable resource. Each day, 680,000 highly trained pilots, flight attendants, mechanics, baggage handlers, reservation agents, gate agents, safety and security personnel, cooks, cleaners, managers, accountants and a multitude of other dedicated professionals work to ensure that passengers and shippers continue to enjoy safe, fast, frequent and efficient air transportation, at fair prices. In the air and on the ground, the safety and comfort of passengers and proper handling of cargo are always the highest priorities.

Better Delay Information

Delays are inconvenient—a major cause of frustration and expense to both airlines and their customers. ATA airlines are committed to providing passengers and shippers with convenient, reliable air transportation and have pledged to provide customers at the airport and onboard affected aircraft with the best available information during periods of delays, cancellations and diversions.

▶▶▶ Today, more than 80 percent of all Americans have flown. Convenient schedules and more flights to more places have made air travel an available and affordable choice—for both business and leisure.

Whether you are enjoying a much-deserved vacation or completing a coast-to-coast business trip, you can count on ATA airlines to bring you and your family closer together.

[p a r e n t s]

first

Facts and Figures

Traffic and Operations

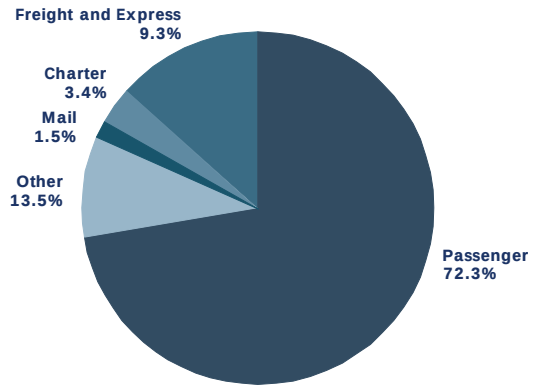
U.S. Scheduled Airlines
(In millions, except when noted)

	1999			2000		
	Domestic	International	Total	Domestic	International	Total
Passenger Traffic—Scheduled Service						
Revenue Passengers Enplaned	582.9	53.1	636.0	610.0	55.5	**665.5**
Revenue Passenger Miles	480,134	171,913	652,047	508,151	184,354	**692,505**
Available Seat Miles	687,502	230,917	918,419	714,006	242,496	**956,502**
Passenger Load Factor (%)	69.8	74.4	71.0	71.2	76.0	**72.4**
Average Passenger Trip Length (In miles)	824	3,238	1,025	833	3,322	**1,041**
Cargo Traffic—Scheduled Service						
Total Revenue Ton Miles	9,087	12,526	21,613	9,884	13,727	**23,611**
Freight and Express Revenue Ton Miles	7,289	12,028	19,317	7,943	13,200	**21,143**
Mail Revenue Ton Miles	1,798	498	2,296	1,941	527	**2,468**
Overall Traffic and Operations						
Total Revenue Ton Miles—Charter Service	5,932	3,093	9,025	5,598	2,561	**8,159**
Total Revenue Ton Miles—All Services	63,032	32,811	95,843	66,297	34,724	**101,021**
Total Available Ton Miles—All Services	110,137	55,650	165,787	114,915	57,659	**172,574**
Weight Load Factor—All Services (%)	57.2	59.0	57.8	57.7	60.2	**58.5**
Revenue Aircraft Departures—Scheduled Service (In thousands)	8,126	501	8,627	8,453	539	**8,992**
Revenue Aircraft Miles—Scheduled Service	5,057	1,110	6,167	5,388	1,172	**6,560**
Revenue Aircraft Hours—Scheduled Service (In thousands)	12,470	2,228	14,698	13,256	2,367	**15,623**

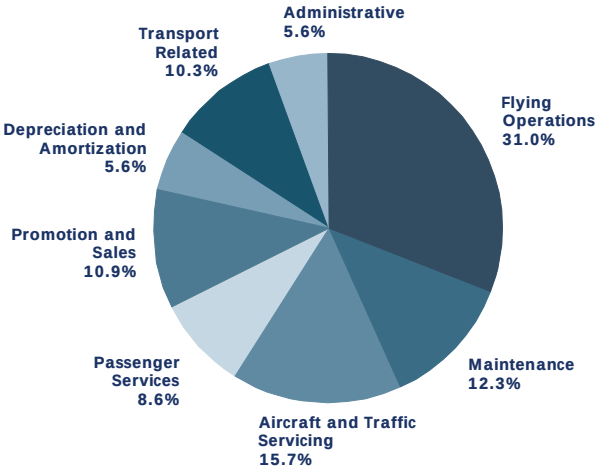
Reserve with Confidence

ATA airlines allow their customers to hold a reservation without payment or (at the election of the carrier) to cancel without penalty a telephone reservation for at least 24 hours, enabling customers to check other distribution systems for lower fares.

Operating Revenues—2000



Operating Expenses—2000



Income Statement

U.S. Scheduled Airlines
(In millions, except when noted)

	1999			2000		
	Domestic	International	Total	Domestic	International	Total
Operating Revenues						
Passenger	$67,021	$17,297	$84,318	$74,041	$19,531	**$93,572**
Freight and Express	5,895	5,520	11,415	6,021	5,972	**11,993**
Mail	1,475	264	1,739	1,693	282	**1,975**
Charter	2,914	1,116	4,030	3,273	1,092	**4,365**
Public Service	4	-	4	5	-	**5**
Other	13,622	3,910	17,532	13,657	3,896	**17,553**
Total Operating Revenues	90,931	28,107	119,038	98,690	30,773	**129,463**
Operating Expenses						
Flying Operations	22,820	7,472	30,292	28,450	9,439	**37,889**
Maintenance	11,161	2,902	14,063	11,981	3,060	**15,041**
Aircraft and Traffic Servicing	13,796	4,207	18,003	14,658	4,528	**19,186**
Passenger Services	6,763	3,067	9,830	7,355	3,211	**10,566**
Promotion and Sales	10,760	3,201	13,961	10,079	3,263	**13,342**
Administrative	4,931	1,400	6,331	5,258	1,622	**6,880**
Transport Related	9,441	2,446	11,887	10,245	2,422	**12,667**
Depreciation and Amortization	4,657	1,614	6,271	5,087	1,732	**6,819**
Total Operating Expenses	84,329	26,309	110,638	93,113	29,277	**122,390**
Operating Profit (Loss)	6,602	1,798	8,400	5,577	1,496	**7,073**
Other Income (Expense)						
Interest Expense	(1,258)	(563)	(1,821)	(1,557)	(608)	**(2,165)**
Income Taxes	(2,772)	(687)	(3,459)	(2,045)	(408)	**(2,453)**
Other	1,921	319	2,240	136	47	**183**
Net Profit (Loss)	$4,493	$867	$5,360	$2,111	$527	**$2,638**
Operating Profit Margin (%)	7.3	6.4	7.1	5.7	4.9	**5.5**
Net Profit Margin (%)	4.9	3.1	4.5	2.1	1.7	**2.0**

Top-30 Domestic Airline Markets*

Passengers—Outbound plus Inbound

(Twelve months ended September 2000, in thousands)

1	New York	Los Angeles	**3,637**	16	Honolulu	Lihue, Kauai	**1,733**
2	New York	Chicago	**3,067**	17	New York	Las Vegas	**1,602**
3	New York	Orlando	**2,978**	18	Los Angeles	Oakland	**1,590**
4	New York	Boston	**2,966**	19	New York	Dallas/Ft. Worth	**1,583**
5	New York	San Francisco	**2,807**	20	New York	West Palm Beach	**1,563**
6	New York	Atlanta	**2,771**	21	Chicago	Detroit	**1,524**
7	New York	Ft. Lauderdale	**2,671**	22	Chicago	Atlanta	**1,513**
8	Honolulu	Kahului, Maui	**2,607**	23	Chicago	Dallas/Ft. Worth	**1,478**
9	New York	Miami	**2,542**	24	Honolulu	Kona, Hawaii	**1,466**
10	New York	Washington, D.C.	**2,534**	25	Chicago	Minneapolis/St. Paul	**1,447**
11	Los Angeles	Las Vegas	**2,405**	26	Atlanta	Washington, D.C.	**1,428**
12	Dallas/Ft. Worth	Houston	**2,289**	27	Chicago	Las Vegas	**1,410**
13	New York	San Juan	**1,986**	28	New York	Houston	**1,382**
14	Los Angeles	San Francisco	**1,959**	29	Boston	Washington, D.C.	**1,381**
15	Chicago	Los Angeles	**1,817**	30	Los Angeles	Phoenix	**1,376**

***** Includes all commercial airports in a metropolitan area. Does not include connecting passengers.

Source: DOT *Passenger Origin-Destination Survey*.

Balance Sheet

U.S. Scheduled Airlines

(In millions)

Assets	**1999**	**2000**
Current Assets	$26,847	**$28,161**
Investments and Special Funds	16,187	**14,667**
Flight Equipment Owned	86,269	**97,899**
Ground Equipment and Property	21,826	**21,702**
Reserve for Depreciation (Owned)	(39,060)	**(41,440)**
Leased Equipment and Property Capitalized	9,657	**9,230**
Reserve for Depreciation (Leased)	(3,504)	**(3,473)**
Other Property	11,285	**14,241**
Deferred Charges	4,204	**4,488**
Total Assets	$133,711	**$145,475**
Liabilities		
Current Liabilities	$33,909	**$38,326**
Long-Term Debt	24,115	**29,805**
Other Non-Current Liabilities	23,342	**22,695**
Deferred Credit	14,369	**16,837**
Stockholders' Equity—Net of Treasury Stock	37,976	**37,812**
Preferred Stock	1	**235**
Common Stock	813	**821**
Other Paid-In Capital	17,939	**18,303**
Retained Earnings	22,067	**21,963**
Less: Treasury Stock	2,844	**3,510**
Total Liabilities and Stockholders' Equity	$133,711	**$145,475**

[families] first

▶▶▶ ATA airlines have been bringing friends and families closer together for nearly 65 years. Last year alone, more than 665 million passengers took to the skies—90 percent of them traveling on discounted tickets averaging two-thirds off full fare. Efficient, affordable air travel. It's a tradition you can count on.

ATA Airline Statistics—2000

	Number of Aircraft	Employees (Full-time equivalents)	Aircraft Departures	Passengers (In thousands)	Revenue Passenger Miles (In millions)	Passenger Revenues (In millions)	Cargo Revenues (In millions)	Total Operating Revenues (In millions)	Operating Profit (Loss) (In millions)	Net Profit (Loss) (In millions)
Members										
Airborne Express	121	5,985	81,028	-	-	-	1,106	1,126	48	37
Alaska	95	9,290	166,955	13,512	11,979	1,577	76	1,760	(12)	(71)
Aloha	21	2,216	79,143	5,177	933	242	35	283	(6)	(4)
America West	138	11,916	215,298	19,942	19,102	2,176	37	2,309	(13)	(1)
American	717	91,479	867,352	86,240	116,515	16,371	714	18,117	1,243	778
American Trans Air	58	6,982	49,688	5,940	7,488	750	-	1,182	19	(6)
Atlas Air*	37	1,280	4,339	-	-	-	8	790	233	85
Continental	371	40,251	461,214	45,139	62,314	8,062	323	9,129	587	341
Delta	610	72,671	948,595	105,591	107,782	14,138	573	15,321	1,459	686
DHL Airways	32	9,789	78,511	-	-	-	NA	1,231	NA	NA
Emery Worldwide*	38	4,276	72,421	-	-	-	986	1,013	1	(13)
Evergreen Int'l*	20	586	10,024	-	-	-	184	290	29	(2)
FedEx	622	119,809	338,193	-	-	-	6,632	15,597	999	519
Hawaiian	28	3,115	64,270	5,887	4,196	475	26	607	(14)	(19)
Midwest Express	34	2,673	46,017	2,193	1,969	380	11	425	11	3
Northwest	424	51,198	598,395	56,835	79,101	9,523	854	10,957	664	270
Polar Air Cargo	14	528	5,052	-	-	-	274	398	1	(11)
Reeve Aleutian	5	264	2,265	37	25	9	5	19	(4)	(4)
Southwest	344	28,252	903,831	72,568	42,230	5,397	111	5,650	1,021	603
Trans World	188	19,778	278,222	26,365	27,215	3,243	98	3,585	(233)	(267)
United	604	95,208	807,337	83,854	126,880	16,603	931	19,331	741	52
United Parcel Service*	240	5,107	140,720	-	-	-	786	2,530	116	37
US Airways	417	43,086	752,862	59,772	46,827	7,556	160	9,181	(44)	(255)
Associate Members										
Aeromexico**	69	7,414	120,618	9,749	8,943	1,377	22	1,512	63	8
Air Canada***	172	25,029	216,345	17,149	27,842	3,763	281	4,514	147	(55)
Canadian***	82	12,630	88,741	7,413	14,692	1,513	128	1,811	3	(47)
KLM Royal Dutch****	89	25,465	174,853	16,093	37,312	3,687	964	6,055	241	67
Mexicana**	57	6,966	108,133	8,964	8,593	1,291	24	1,378	31	12

* Includes non-scheduled service.
** Exchange rate = 9.65 Mexican Pesos/USD.
*** Exchange rate = 1.50 Canadian Dollars/USD.
**** Exchange rate = 1.15 Euros/USD.
NA Not available.

Top-25 Airlines—2000*

Scheduled Service

	Passengers (In thousands)			Revenue Passenger Miles (In millions)			Freight Ton Miles (In millions)			Total Operating Revenues (In millions)	
1	Delta	105,591	1	United	126,880	1	FedEx	7,401.9	1	United	$19,331
2	American	86,240	2	American	116,515	2	United Parcel Service**	4,339.1	2	American	18,117
3	United	83,854	3	Delta	107,782	3	United	2,529.9	3	FedEx	15,597
4	Southwest	72,568	4	Northwest	79,101	4	Northwest	2,205.1	4	Delta	15,321
5	US Airways	59,772	5	Continental	62,314	5	American	1,916.7	5	Northwest	10,957
6	Northwest	56,835	6	US Airways	46,827	6	Delta	1,435.0	6	US Airways	9,181
7	Continental	45,139	7	Southwest	42,230	7	Emery Worldwide**	1,048.3	7	Continental	9,129
8	Trans World	26,365	8	Trans World	27,215	8	Polar Air Cargo	1,047.2	8	Southwest	5,650
9	America West	19,942	9	America West	19,102	9	Atlas Air**	995.1	9	Trans World	3,585
10	Alaska	13,512	10	Alaska	11,979	10	Continental	887.0	10	United Parcel Service	2,530
11	American Eagle	12,176	11	American Trans Air	7,488	11	Evergreen Int'l**	792.0	11	America West	2,309
12	Continental Express	7,770	12	Hawaiian	4,196	12	Airborne Express	648.2	12	Alaska	1,760
13	AirTran	7,547	13	AirTran	4,111	13	DHL Airways	452.4	13	American Eagle	1,246
14	Atlantic Southeast	6,096	14	American Eagle	3,145	14	US Airways	277.7	14	DHL Airways	1,231
15	Mesaba	6,068	15	Continental Micronesia	3,050	15	Gemini	223.5	15	American Trans Air	1,182
16	American Trans Air	5,940	16	Continental Express	2,947	16	Arrow	154.1	16	Airborne Express	1,126
17	Hawaiian	5,887	17	Spirit Air	2,741	17	Challenge	153.4	17	Emery Worldwide	1,013
18	Comair	5,655	18	Sun Country	2,697	18	Trans World	129.6	18	Continental Express	845
19	Aloha	5,177	19	Frontier	2,596	19	Kitty Hawk Int'l	74.6	19	Atlas Air	790
20	Horizon Air	5,044	20	National	2,571	20	Southwest	69.1	20	AirTran	624
21	Air Wisconsin	3,857	21	Comair	2,148	21	Alaska	57.4	21	Atlantic Southeast	622
22	Midway	2,937	22	Atlantic Southeast	2,116	22	Hawaiian	53.7	22	Hawaiian	607
23	Frontier	2,893	23	Midwest Express	1,969	23	Kitty Hawk	47.1	23	Continental Micronesia	512
24	Spirit Air	2,836	24	Mesaba	1,692	24	Air Transport Int'l	45.8	24	Frontier	451
25	Sun Country	2,203	25	Horizon Air	1,429	25	Continental Micronesia	44.3	25	Horizon Air	443

* Carriers certificated under Chapter 411 of Title 49 of the U.S. Code (formerly Section 401 of the Federal Aviation Act).

** Includes non-scheduled service.

■ ATA member.

Operating Fleet—ATA Airlines

(As of December 31, 2000)

	Airborne Express (GB)	Alaska (AS)	Aloha (AQ)	America West (HP)	American (AA)	American Trans Air (TZ)	Atlas Air (5Y)	Continental (CO)	Delta (DL)	DHL Airways (ER)	Emery Worldwide (EB)	Evergreen Int'l (EZ)	FedEx (FX)	Hawaiian (HA)	Midwest Express (YX)	Northwest (NW)	Polar Air Cargo (PO)	Reeve Aleutian (RV)	Southwest (WN)	Trans World (TW)	United (UA)	United Parcel Service (5X)	US Airways (US)	Aeromexico (AM)	Air Canada (AC)	Canadian (CP)	KLM Royal Dutch (KL)	Mexicana (MX)	Total
B-747							37					13				45	14				44	18			3	4	33		**211**
A340																									12	13			**25**
L-1011						19			15																				**34**
B-777					27			16	7												48								**98**
A330																							6		4				**10**
DC-10								17			8		59	15		44					3								**146**
MD-11					7				15				30														10		**62**
A300					35					6			36									7							**84**
B-767	17				79			7	112											16	54	30	11	5	42	22	12		**407**
B-757				13	102	15		41	118							48				27	98	75	34	8				7	**586**
MD-90					5				16																				**21**
B-727					60	24			87	19			152			25		2			75	61						22	**527**
A320				45												70					68		24		34			16	**257**
A319				19												20					32		66		35				**172**
B-717																				15									**15**
B-737		61	21	61	51			225	120										344		182		182			43	29		**1,319**
MD-80		34			276			65	120						10					103			31	40					**679**
DC-9	73											7		13	24	172				27			23	16	17				**372**
A310													41																**41**
DC-8	31									7	30											49							**117**
F-100					75																		40				5	12	**132**
L-188																		3											**3**
CRJ																									25				**25**
F-27													32																**32**
SD 360													11																**11**
Cessna 208													261																**261**
Total	**121**	**95**	**21**	**138**	**717**	**58**	**37**	**371**	**610**	**32**	**38**	**20**	**622**	**28**	**34**	**424**	**14**	**5**	**344**	**188**	**604**	**240**	**417**	**69**	**172**	**82**	**89**	**57**	**5,647**

( ) Airline code.

Aircraft Operating Statistics—2000

(Figures are averages for most commonly used models)

	Seats	Cargo Payload (In tons)	Airborne Speed (In miles per hour)	Flight Length (In statute miles)	Fuel (In gallons per hour)	Operating Cost (Per hour)
B747-400	379	8.74*	546	4,375	3,257	$6,964
B747-200/300	369	7.72*	521	2,951	3,664	8,615
B747-F	-	72.25	508	2,277	3,530	7,740
L-1011	322	5.71	503	1,576	2,524	6,565
DC-10-10	309	3.13	509	2,012	2,395	4,372
DC-10-10-F	-	46.44	473	1,062	2,212	7,239
DC-10-40	285	5.12	495	1,631	2,580	6,313
B-777	273	10.51	524	3,435	2,201	4,497
MD-11	264	9.94*	515	3,910	2,485	7,204
DC-10-30	252	9.24*	517	2,724	2,708	6,879
A300-600	238	4.48*	475	1,271	1,698	6,033
B767-300ER	211	8.99	446	2,076	1,486	3,696
B767-200ER	180	4.31	487	2,191	1,450	4,103
B-757	174	1.82	464	1,195	1,070	2,931
B737-800	150	0.58	459	1,155	770	2,459
MD-90	148	0.40	431	711	815	4,392
B727-200	147	0.47*	434	707	1,317	2,868
B727-F	-	15.16	431	609	1,386	4,583
A320-100/200	146	0.53	454	1,107	811	2,324
B737-400	141	0.34	411	675	803	2,446
MD-80	137	0.33	428	782	950	2,539
B737-300	131	0.34	414	620	782	2,150
DC-9-50	127	0.27	359	282	912	2,130
A319	121	0.39	451	1,058	755	2,029
B737-100/200	116	0.17	389	515	829	2,275
B717-200	114	0.11	322	492	582	1,690
DC-9-40	112	0.23	393	519	855	1,771
B737-500	109	0.29	408	584	755	2,271
DC-9-30	98	0.29	372	512	814	2,188
F-100	92	0.13	380	482	664	2,304
DC-9-10	69	0.39	390	468	742	2,000
CRJ-100	50	-	436	502	464	1,585
CRJ-145	50	-	375	466	419	987
ERJ-145	50	-	335	437	337	869
ERJ-135	37	-	339	402	280	791

* Passenger aircraft models only.

Meeting Customer Needs

ATA airlines are committed to meeting customer needs, including during long flight delays. Every reasonable effort will be made to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft on the ground for an extended period without access to the terminal.

►►► All the months of planning and preparation are behind you. Now it's time to relax, exhale and enjoy the flight. Over the years, ATA airlines have been part of hundreds and hundreds of honeymoons, but we haven't lost sight of the fact that your honeymoon is special. Welcome aboard. The best is yet to come.

[newlyweds]

first

Safety

U.S. Scheduled Airlines—Scheduled Service
(Airlines operating aircraft with more than 60 seats)

Year	Departures (In millions)	Fatal Accidents	Fatalities	Fatal Accident Rates (Per 100,000 departures)
1990	6.9	6	39	0.087
1991	6.8	4	62	0.059
1992	7.1	4	33	0.057
1993	7.2	1	1	0.014
1994	7.5	4	239	0.053
1995	8.1	2	166	0.025
1996	8.2	3	342	0.036
1997	8.2	3	3	0.037
1998	8.3	1	1*	0.012
1999	8.6	2	12	0.023
2000	9.0	3	92	0.033

* Onground employee fatality.

Sources: National Transportation Safety Board / Department of Transportation.

Aircraft On Order—ATA U.S. Members

(As of December 31, 2000)

	Number		Firm Order Delivery Dates			
Aircraft Type	Firm	Options	2001	2002	2003	2004+
Airbus						
A300	83	80	15	9	10	49
A318	15	8			5	10
A319	111	31	39	45	27	
A320	136	273	48	37	30	21
A330	28	28	3		6	19
Ayres						
LM-200	75			1	32	42
Boeing						
B-717	48	57	27	13	8	
B-737	399	702	125	117	37	120
B-747	17	23	4	7	1	5
B-757	76	138	31	24	19	2
B-767	54	112	25	17	8	4
B-777	41	129	21	13	3	4
TOTAL	**1,083**	**1,581**	**338**	**283**	**186**	**276**

Note: The value of firm aircraft orders was $59.2 billion.

On-Time Baggage Delivery

When an unforeseen problem with baggage delivery occurs, ATA airlines make every reasonable effort to return baggage within 24 hours. They attempt to reach passengers whose unclaimed baggage includes contact information. Scanners, phone tracking and enhanced customer-service training are helping airlines maintain their already outstanding baggage delivery rate.

FAA Aviation Forecasts

U.S. Commercial Air Carriers—2001–2012

Fiscal Year	Passengers (In millions)	Passenger Miles (In billions)	Passenger Jet Aircraft	Cargo Jet Aircraft	Departures From U.S. Airports* (In millions)
2001	678.4	712.2	5,170	1,099	7.7
2002	700.5	743.9	5,410	1,152	7.9
2003	726.4	779.1	5,654	1,203	8.1
2004	754.9	817.9	5,871	1,260	8.4
2005	786.1	858.8	6,131	1,319	8.7
2006	817.8	900.9	6,410	1,380	8.9
2007	850.4	944.2	6,719	1,445	9.2
2008	884.2	989.8	7,080	1,505	9.5
2009	920.0	1,037.3	7,446	1,569	9.8
2010	957.1	1,087.0	7,796	1,635	10.1
2011	995.8	1,138.5	8,139	1,698	10.4
2012	1,035.8	1,192.5	8,503	1,760	10.7

***** Includes non-U.S. airlines.

Top-20 U.S. Airports—2000

(In thousands)

Passengers (Arriving and Departing)					
1	Atlanta	**80,171**	11	Houston	**35,246**
2	Chicago O'Hare	**72,136**	12	Newark	**34,195**
3	Los Angeles	**68,478**	13	Miami	**33,570**
4	Dallas/Ft. Worth	**60,687**	14	New York Kennedy	**32,779**
5	San Francisco	**41,174**	15	Orlando	**30,823**
6	Denver	**38,749**	16	St. Louis	**30,547**
7	Las Vegas	**36,856**	17	Seattle	**28,404**
8	Minneapolis/St. Paul	**36,688**	18	Boston	**27,413**
9	Phoenix	**35,890**	19	New York LaGuardia	**25,234**
10	Detroit	**35,535**	20	Philadelphia	**24,901**
Cargo Metric Tonnes (Enplaned and Deplaned)					
1	Memphis	**2,489**	11	Atlanta	**872**
2	Los Angeles	**2,054**	12	San Francisco	**870**
3	Anchorage	**1,884**	13	Dayton	**832**
4	New York Kennedy	**1,826**	14	Oakland	**703**
5	Miami	**1,642**	15	Philadelphia	**563**
6	Louisville	**1,520**	16	Honolulu	**482**
7	Chicago O'Hare	**1,464**	17	Denver	**470**
8	Indianapolis	**1,174**	18	Boston	**466**
9	Newark	**1,083**	19	Ontario	**464**
10	Dallas/Ft. Worth	**905**	20	Seattle	**441**

Source: Airports Council International, preliminary data—March 2001.

U.S. Scheduled Airlines*

Majors (15)
(Annual revenues over $1 billion)

Alaska
America West
American
American Eagle
American Trans Air
Continental
Delta
DHL Airways
FedEx
Northwest
Southwest
Trans World
United
United Parcel Service
US Airways

Nationals (37)
(Annual revenues of $100 million to $1 billion)

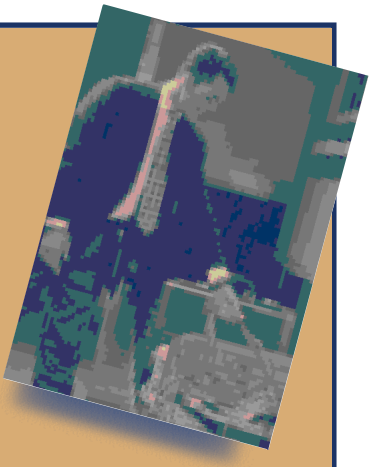
Air Transport Int'l
Air Wisconsin
AirTran
Aloha
Atlantic Southeast
Atlas Air
Challenge
Comair
Continental Express
Continental Micronesia
Emery Worldwide
Evergreen Int'l
Executive
Express One
Fine
Frontier
Gemini
Hawaiian
Horizon Air
JetBlue
Kitty Hawk
Kitty Hawk Int'l
Legend
Mesaba
Midway
Midwest Express
National
Polar Air Cargo
Ryan Int'l
Spirit Air
Sun Country
Tower
Trans States
USA Jet
US Airways Shuttle
Vanguard
World

Regionals (44)
(Annual revenues under $100 million)

Accessair
Allegiant
Amerijet
Ameristar
Arrow
Asia Pacific Int'l
Capital Cargo
Casino Express
Champion Air
Custom Air
Discovery
Eastwind
Express.Net
Falcon Air
Florida West
Gulf and Caribbean
Kiwi
Laker
Lorair
Lynden
Miami Air
Nations Air
North American
Northern Air
Omni
Pace Aviation
Pan American
Panagra
Planet
Pro Air
Reeve Aleutian
Reliant
Renown
Sierra Pacific
Southeast
Southern
Sun Pacific
Sunworld
Tatonduk
Trade Winds
Trans Air Link
Transmeridian
UFS
Zantop

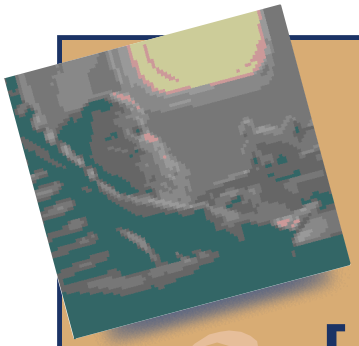
* Data for the following 96 carriers are included herein, except when noted.

■ ATA member.



[baggage] first

►►► The airlines' commitment to on-time baggage delivery is reflected in the U.S. airline industry's exemplary on-time delivery rate. According to Department of Transportation reports, more than 99 percent of the nearly *three million checked bags handled each day* by the airlines reach their intended destination on the same flight as the passengers who own them.



[kids] first

▶▶▶ Nothing can match the wonder in the eyes of a child on their very first flight. The wheels leave the ground and all at once they're on top of the world. Each year, ATA airlines carry millions of children—and more than a few teddy bears—on school trips, first flights and family vacations. We've carried city kids to dude ranches and country kids to the big city. And whether you're a kid, or just a kid at heart, you can count on ATA airlines to make your flying experience more enjoyable.

Full Disclosure

ATA airlines are committed to disclosing any change of aircraft on a flight with the same number, cancellation policies involving unused flight coupons; rules, restrictions and an annual report on frequent-flyer program redemptions; and upon request, information regarding aircraft configuration, seat size and pitch.

Definitions of Terms

Air Cargo Total volume of freight, mail and express traffic transported by air. Statistics include the following:
Freight and Express Commodities of all kinds—includes small-package counter services, express services and priority reserved freight.
Mail All classes of mail transported for the U.S. Postal Service.

Available Seat Mile One seat transported one mile.

Available Ton Mile One ton of capacity (passenger and/or cargo) transported one mile.

Load Factor The percentage of seating or freight capacity that is utilized.

Net Profit Margin Net profit after interest and taxes as a percent of operating revenues.

Operating Profit Margin Operating profit (operating revenues minus operating expenses) as a percent of operating revenues.

Return on Investment Net profit plus interest expense (on long-term debt) divided by long-term debt plus stockholders' equity (net worth).

Revenue Passenger Enplanement A revenue passenger boarding an aircraft in scheduled service, including origination, stopover and any connections.

Revenue Passenger Mile One fare-paying passenger transported one mile.

Revenue Ton Mile One ton of revenue traffic (passenger and/or cargo) transported one mile.

Scheduled Service Transport service operated over the routes of a U.S. scheduled airline, based on published flight schedules including extra sections.

U.S. Scheduled Airlines Carriers certificated by the federal government under Chapter 411 of Title 49 of the U.S. Code (formerly Section 401 of the Federal Aviation Act), and which operate large aircraft designed to have a maximum seating capacity of more than 60 seats.

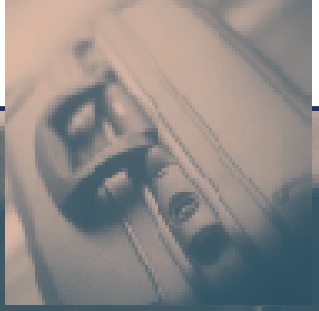
Yield Average revenue per revenue passenger mile or revenue ton mile.

Index of Charts and Tables

[c a r g o]

first

▶▶▶ The ATA airlines are committed to providing their cargo customers with service excellence. Innovations like overnight express-package delivery, real-time electronic tracking,integrated logistics support and customized software ensure cargo customers fast, efficient, reliable and affordable shipping services. ATA cargo carriers have also made significant investments in technology to meet the growing demands of their customers today and tomorrow.



Baggage Liability-Limit Increase

Only one-half of one percent of bags carried by U.S. airlines are mishandled—meaning they do not arrive with the passenger or they arrive damaged or with items missing. ATA airlines, honoring their *Customers First* commitment, successfully petitioned the Department of Transportation to increase the domestic baggage liability limit from $1,250 to no less than $2,500 per passenger.

▶▶▶ Many airlines offer special programs and services, designed to make the air travel experience more affordable and enjoyable for seniors. We know grandparents play a very special role in the lives of children, passing on traditions and sharing special moments. From the birth of a new grandchild to a 75th birthday party celebration, ATA airlines have been helping grandparents spread their wisdom to the next generation for decades. It's nice to know some things never change.

first

[grandparents]

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