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Order 2001-7-9

Served: July 16, 2001



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 16th day of July, 2001

TRANSATLANTIC, TRANSPACIFIC,
AND LATIN AMERICAN SERVICE
SERVICE MAIL RATES
INVESTIGATION

Docket OST-96-1629 - 268

(Docket 37392)

ORDER ESTABLISHING FINAL INTERNATIONAL SERVICE MAIL RATES UNTIL
FURTHER DEPARTMENT ACTION

Summary

By this order the Department is setting final International service mail rates from August 1, 2001, until further Department action for the Atlantic, Pacific, and Transborder regions. The Latin American region remains unchanged.

This update is required by the submission of revised data by Continental Micronesia and Northwest Airlines, and is for the terminal element only, because linehaul elements do not change. The Latin American region is not shown because neither Continental Micronesia nor Northwest is part of that region, and, thus, there is no change. The table below shows, for illustrative purposes, Transborder rates for daylight-container mail only and for Atlantic and Pacific space-available mail only. The percentage changes also apply to the priority, military ordinary, sack, and standard container mail.

	Order 2001-5-19 <u>Terminal</u>	New 2001 <u>Terminal</u>	Percentage <u>Change</u>
Atlantic	\$.2546	\$.2639	3.65%
Pacific	\$.3270	\$.3238	-0.98
T-Border	\$.11791	\$.11699	-0.78%

Background

By Order 2000-11-5, November 9, 2000, the Department tentatively updated the international mail rates for calendar year 2001. On December 18 and December 22, American and United, respectively, objected that Continental's data appeared to be

understated.¹ By Order 2001-1-2 the Department finalized the rates tentatively set by Order 2000-11-5 until further Department action. By Order 2001-5-19 the Department revised those rates for the revised data submitted by Continental, but noted that we intended to adjust the rates further in the event Northwest and Continental Micronesia sent in revised data.

Discussion

On June 4 Northwest sent in revised data, and on June 28 Continental Micronesia sent in revised data as well. The rates in Appendix A reflect the revised costs reported by those two carriers. Northwest is part of the cost pools for only the Atlantic, Pacific, and Transborder, and Continental Micronesia is part of the Pacific cost pool only. The revised numbers are for the terminal element only, leaving the linehaul unchanged. Likewise, the Latin American region is unchanged from the preceding order because neither carrier is part of that cost pool. All of the rates reflect the application of cost adjustment factors developed in the remainder of the Appendices to the basic mail rate structures established by the Civil Aeronautics Board in Orders 78-11-80 and 80-1-25.

Other Matters

Adding Carrier for Next Annual Update

As discussed in Order 2001-5-19 and at a meeting held on May 24, 2001, it appears that several matters should be cleared up before the next annual update. Specifically, it appears that Continental's Latin American entity, historically part of the Transborder cost pool, should be made part of the Latin American cost pool; that American Airlines has grown to the extent that its data should now be included in the Pacific Region; and that USAirways should be added to the Atlantic region.² We wish to make a tentative decision on these issues in our next annual update, so we will direct the parties to comment on those and any related issues within 20 days of the issue date of this order.

Containerization

We also discussed the containerization issue at the May 24 meeting, but no decision was reached. Containerization is an issue that continues to concern the Postal Service. We encourage the parties to discuss the issue and reach a consensus, if possible, and come to the Department with a position. We would also extend the Department's assistance to the parties, in whatever way necessary, to resolve the issue.

Effective Dates

The carriers and Postal Service have asked that we make orders effective on the first day of the calendar month, to avoid the administrative burden of adjusting invoices in the middle of the calendar month. Because both parties have agreed to this, we will establish

¹ The Postal Service asked that the Department finalize the rates in Order 2000-11-5 until further Department action, thereby allowing the Department to adjust the rate during the upcoming period because the Postal Service wished to discuss with the carriers and the Department the issue of containerization. The Postal Service has indicated that it will attempt to arrange for such discussions in the near future.

² It would be inappropriate to make a long-term change, such as adding or subtracting a carrier from a cost pool, if we expected that change to be short-lived.

this as our new policy, in the event rates must be updated in between the annual rate period.

Accordingly

1. We fix, determine, and publish the proposed final rates specified in Appendix A to be effective for the period beginning on the first day of the calendar month following the issue date of the order until further Department action;³
2. Ordering paragraph 3(g) of Order 79-7-16, incorporated by reference, is amended by adding the following, to be effective five days after the service date of this order until further Department action:⁴

<u>Standard Container</u>	<u>Daylight Container</u>
5.365 cents	5.322 cents
3. The terms and conditions applicable to the transportation of each class of mail at the rates established here are those set forth in Civil Aeronautics Board Orders 79-7-17 and 79-7-16;
4. This docket shall remain open until further order of the Department;
5. We shall serve this order upon all parties to this proceeding; and
6. We are issuing this order on a final basis. Consistent with our rules, parties will have twenty days from the date of service of this order to petition the Department for reconsideration.

By:

Susan McDermott
Deputy Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>

³ If no revisions to data are made, as discussed in the order, we anticipate that this rate would be updated on January 1, 2002.

⁴ The sum of Taxi and Departure terminal charges for standard container and daylight container, respectively.

INTERNATIONAL SERVICE MAIL RATES

Effective: Five days after service date of order, until further Department Action.

	CY 1975 Rates	Adj. Factors	Proposed Rates
<u>Linehaul Charge per Billing Ton-Mile, Atlantic</u>			
Priority and Military Ordinary Mail	\$0.2022	56.95%	\$0.3174
Space-Available Mail	\$0.1296	56.95%	\$0.2034
<u>Terminal Charge per Pound Originated, Atlantic</u>			
Priority and Military Ordinary Mail	\$0.1139	156.98%	\$0.2927
Space-Available Mail	\$0.1027	156.98%	\$0.2639
<u>Linehaul Charge per Billing Ton-Mile, Latin</u>			
Priority and Military Ordinary Mail	\$0.2135	89.47%	\$0.4045
Space-Available Mail	\$0.1644	89.47%	\$0.3115
<u>Terminal Charge per Pound Originated, Latin</u>			
Priority and Military Ordinary Mail	\$0.0983	156.83%	\$0.2525
Space-Available Mail	\$0.0910	156.83%	\$0.2337
<u>Linehaul Charge per Billing Ton-Mile, Pacific</u>			
Priority and Military Ordinary Mail	\$0.2188	116.22%	\$0.4731
Space-Available Mail	\$0.1349	116.22%	\$0.2917
<u>Terminal Charge per Pound Originated, Pacific</u>			
Priority and Military Ordinary Mail	\$0.1339	179.35%	\$0.3740
Space-Available Mail	\$0.1159	179.35%	\$0.3238
CY 1974			
Rates			
<u>Linehaul Charge per Billing Ton-Mile, Transborder</u>			
Sack	\$0.11490	162.55%	\$0.30167
Standard Container	\$0.08790	162.55%	\$0.23078
Daylight Container	\$0.07050	162.55%	\$0.18510
<u>Terminal Charge per Pound Originated, Transborder</u>			
<u>Capacity</u>			
<u>Taxi</u>			
Sack	\$0.00991	162.55%	\$0.02602
Standard Container	\$0.00979	162.55%	\$0.02570
Daylight Container	\$0.00973	162.55%	\$0.02555
<u>Departure</u>			
Sack	\$0.01186	137.69%	\$0.02819
Standard Container	\$0.01176	137.69%	\$0.02795
Daylight Container	\$0.01164	137.69%	\$0.02767
<u>Terminal</u>			
Sack	\$0.06064	265.03%	\$0.22135
Standard Container	\$0.01746	265.03%	\$0.06373
Daylight Container	\$0.01747	265.03%	\$0.06377
<u>Total Terminal Charge per Pound Originated, Transborder</u>			
Sack	\$0.08241		\$0.27556
Standard Container	\$0.03901		\$0.11738
Daylight Container	\$0.03884		\$0.11699

COST ADJUSTMENT FACTORS
(Expenses in Thousands)

ATLANTIC RATE AREA

	CY 1975 1/	Year Ended June 30		% Change 3/	Estimated Unit Cost at June 30, 2001 4/	Percent Change CY 1975 to June 30, 2001
		1999 2/	2000 2/			
Linehaul Expense						
Fuel		\$776,904	\$1,157,239			
Other		\$3,325,617	\$3,595,546			
Total	\$951,403	\$4,102,521	\$4,752,785			
Available Ton-miles (000)	5,416,524	16,841,083	18,865,711			
Fuel Cost/ATM		\$0.0461	\$0.0613	32.97%	\$0.0949	
Other Cost/ATM		\$0.1975	\$0.1906	-3.49%	\$0.1807	
Total	\$0.1756				\$0.2756	56.95%
Terminal Expense	\$87,362	\$501,285	\$550,896			
Tons of Baggage and Cargo Enplaned	504,007	979,482	1,138,039			
Cost per Ton Enplaned	\$173.33	\$511.79	\$484.07	-5.42%	\$445.43	156.98%

1/ Per Order 79-7-17, Appendix C

2/ Appendix C-1-A for non-fuel data and DOT Form 41, and #5145.2 for fuel.

3/ 2000 unit costs divided by 1999 unit costs less the value of 1.

4/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/00 is 1/1/00, and the mid-point of the new rate is 6/30/2001. For example, a 32.97% annual increase for fuel produces a 54.89% increase (1.3297 x 1.16485 = 1.5489) for an 18 month period.

INTERNATIONAL SERVICE MAIL RATES
COST ADJUSTMENT FACTORS
(Expenses in Thousands)

PACIFIC RATE AREA

	Year Ended June 30,		% Change 3/ Year to Year	Estimated Unit Cost at June 30, 2001 4/	Percent Change CY 1975 to June 30, 2001
	1999 2/	2000 2/			
Linehaul Expense					
Fuel	\$740,817	\$1,021,714			
Other	\$3,213,606	\$3,132,253			
Total	\$511,324	\$4,153,967			
Available Ton-miles (000)	3,670,476	14,983,823			
Fuel Cost/ATM	\$0.0507	\$0.0682	34.52%	\$0.1076	
Other Cost/ATM	\$0.2200	\$0.2090	-5.00%	\$0.1936	
Total	\$0.1393	\$0.2090		\$0.3012	116.22%
Terminal Expense	\$42,934	\$546,015			
Tons of Baggage and Cargo Enpl	289,713	1,455,917			
Cost per Ton Enplanned	\$148.19	\$375.03	6.77%	\$413.97	179.35%

1/ Per Order 79-7-17, Appendix C

2/ Appendix C-3-P for non-fuel data and DOT Form 41, and #5145.2 for fuel.

3/ 2000 unit costs divided by 1999 unit costs less the value of 1.

4/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/00 is 1/1/00, and the mid-point of the new rate is 6/30/2001. For example, a 34.52% annual increase for fuel produces a 57.74% increase ($1.3452 \times 1.17265 = 1.5774$) in fuel costs for an 18 month period.

COST ADJUSTMENT FACTORS
(Expenses in Thousands)

TRANSBORDER RATE AREA

	Year Ended June 30,		% Change 4/	Estimated Unit Cost at June 30, 2001 5/	Percent Change CY 1974 to June 30, 2001
	CY 1974 2/	1999 3/			
Linehaul Expense 1/					
Fuel	\$4,415,781	\$5,851,719		\$0.11440	
Other	\$18,442,532	\$19,991,672		\$0.28749	
Total	\$4,887,268	\$22,858,313		\$0.40189	
Available Ton-miles (000)	31,929,297	66,702,589	71,184,864		162.55%
Fuel Cos/ATM		\$0.06620	\$0.08220	24.17%	
Other Cos/ATM		\$0.27649	\$0.28084	1.57%	
Total		\$0.15307			
Terminal Expense					
Terminal Departure Related Exp.	\$965,920	\$4,433,029	\$4,882,579		
Available Ton-Miles (000)	31,929,297	66,702,589	71,184,864		
Cost per Available Ton-Mile	\$0.03025	\$0.06646	\$0.06859	3.20%	\$0.0719
Terminal Expense	\$613,632	\$3,605,223	\$3,719,979		137.69%
Tons of Baggs & Cargo Enplaned	5,228,239	8,484,946	8,725,737		
Cost per Ton Enplaned	\$117.37	\$424.90	\$426.32	0.33%	\$428.43
					265.03%

1/ Includes linehaul and terminal taxi expense.

2/ Per Order 78-11-80, Appendix F.

3/ Appendix C-4-T for non-fuel data and DOT Form 41, and #5145.2 for fuel.

4/ 2000 unit costs divided by 1999 unit costs less the value of 1.

5/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/00 is 1/1/00, and the mid-point of the new rate is 6/30/2001. For example, a 24.17% annual increase for fuel produces a 39.18% increase (1.2417 x 1.12085 = 1.3918) in fuel cost for an 18 month period.

INTERNATIONAL SERVICE MAIL RATES
 SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
 (Expenses in Thousands of Dollars)

ATLANTIC RATE AREA

	American	Continental	Delta	Northwest	TWA	United	Total
Year Ended June 30, 1999							
Fuel Expense	\$155,795	\$108,990	\$213,133	\$97,169	\$38,498	\$163,319	\$776,904
Linehaul Expense 1/	\$977,921	\$561,334	\$955,233	\$480,555	\$256,893	\$870,585	\$4,102,521
Terminal Expense 2/	\$136,835	\$60,836	\$99,439	\$45,625 4/	\$35,157	\$123,393	\$501,285
Available Ton-miles (000)	3,818,495	2,076,569	4,460,581	1,737,717	884,528	3,863,193	16,841,083
Tons of Baggage & Cargo Enplaned 3/	229,607	139,181	258,799	83,763	39,800	228,332	979,482
Year Ended June 30, 2000							
Fuel Expense	\$202,024	\$208,810	\$293,174	\$167,198	\$54,485	\$231,548	\$1,157,239
Linehaul Expense 1/	\$1,014,993	\$769,811	\$1,109,029	\$587,663	\$286,167	\$985,122	\$4,752,785
Terminal Expense 2/	\$149,512	\$70,429	\$104,089	\$60,168 4/	\$34,091	\$132,607	\$550,896
Available Ton-miles (000)	4,278,374	2,797,648	4,805,130	2,006,799	845,475	4,132,285	18,865,711
Tons of Baggage & Cargo Enplaned 3/	270,616	189,632	286,037	104,817	35,808	251,129	1,138,039

Sources: DOT Form 41 Reports

1/ Total operating expenses less passenger service, traffic servicing, promotion and sales, related G&A, and transport related expenses.
 2/ Traffic servicing expense-cargo and baggage (Cost Pool 112, Version 6 Costing Methodology, Updated, and related G&A expense).
 3/ Baggage weighted at .0175 per passenger.
 4/ Based on Northwest's revised numbers per June 4, 2001, letter.

SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
(Expenses in Thousands of Dollars)

PACIFIC RATE AREA

	Continental Micronesia	Federal Express	Northwest	United	Total
<u>Year Ended June 30, 1999</u>					
Fuel Expense	\$48,410	\$76,882	\$287,029	\$328,496	\$740,817
Linehaul Expense 1/	\$299,737	\$703,090	\$1,407,568	\$1,544,028	\$3,954,423
Terminal Expense 2/	\$23,601 4/	\$202,718	\$155,306 4/	\$84,931	\$466,556
Available Ton-miles (000)	871,576	2,682,006	5,043,698	6,009,411	14,606,691
Tons of Baggage & Cargo Enplaned 3/	106,099	474,047	431,702	316,448	1,328,296
<u>Year Ended June 30, 2000</u>					
Fuel Expense	\$57,938	\$128,727	\$447,980	\$387,069	\$1,021,714
Linehaul Expense 1/	\$252,076	\$871,195	\$1,549,713	\$1,480,983	\$4,153,967
Terminal Expense 2/	\$13,205 4/	\$264,698	\$180,936 4/	\$87,176	\$546,015
Available Ton-miles (000)	610,862	2,929,550	5,545,790	5,897,621	14,983,823
Tons of Baggage & Cargo Enplaned 3/	60,812	546,521	536,025	312,559	1,455,917

Sources: DOT Form 41 Reports

1/ Total operating expenses less passenger service, traffic servicing, promotion and sales, related G&A, and transport related expenses.

2/ Traffic servicing expense-cargo and baggage (Cost Pool I12), Version 6 Costing Methodology. Updated, and related G&A expense.

3/ Baggage weighed at .0175 per passenger.

4/ Reflects revised numbers per Northwest's June 4, 2001, letter, and Air Micronesia's June 28, 2001, letter.

SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
(Expenses in Thousands of Dollars)

TRANSBORDER RATE AREA

Year Ended June 30, 1999	Continental									
	American	Continental	Delta	Northwest	United	USAirways	LAD	Total		
Fuel Expense	\$911,849	\$391,138	\$1,068,329	\$533,770	\$987,872	\$431,943	\$90,880	\$4,415,781		
Linehaul & Terminal Taxi 1/	\$4,499,247	\$2,470,704	\$4,624,751	\$2,590,839	\$5,284,855	\$2,957,847	\$430,070	\$22,858,313		
Terminal Departure Exp. 2/	\$890,608	\$278,998	\$930,368	\$592,546	\$928,980	\$771,608	\$39,921	\$4,433,029		
Terminal Expense 3/	\$928,058	\$220,442	\$645,262	\$507,382 5/	\$826,934	\$454,988	\$22,157	\$3,605,223		
Available Ton-Miles (000)	14,811,825	6,103,686	14,580,988	7,778,248	15,454,154	6,816,572	1,157,116	66,702,589		
Tons of Bag. and Cargo Exp. 4/	1,436,784	784,600	2,240,607	976,086	1,894,870	1,064,056	87,943	8,484,946		
						Est. 6/				

Year Ended June 30, 2000	Continental									
Fuel Expense	American	Continental	Delta	Northwest	United	USAirways	LAD	Total		
Linehaul & Terminal Taxi 1/	\$1,176,247	\$647,248	\$1,111,709	\$835,062	\$1,189,874	\$758,560	\$133,019	\$5,851,719		
Terminal Departure Exp. 2/	\$5,153,374	\$2,860,357	\$4,989,440	\$3,042,036	\$5,703,692	\$3,626,460	\$468,032	\$25,843,391		
Terminal Expense 3/	\$946,652	\$308,735	\$957,549	\$626,375	\$1,003,008	\$997,532	\$42,728	\$4,882,579		
Available Ton-Miles (000)	\$981,198	\$258,542	\$657,268	\$556,986 5/	\$846,472	\$395,050	\$24,463	\$3,719,979		
Tons of Bag. and Cargo Exp. 4/	16,175,700	6,382,378	15,492,841	8,722,537	15,986,619	7,224,048	1,200,741	71,184,864		
	1,526,285	807,726	2,238,466	1,117,826	1,909,973	1,030,472	94,989	8,725,737		

Sources: DOT Form 41 Reports

1/ Includes the following cost pools per the Version 6 Costing Methodology, Updated: Flying operations expense (less rentals) (11), flight equipment maintenance expenses (12), flight equipment depreciation, obsolescence and amortization (13), flight equipment rentals (14), aircraft servicing-control expense (19), and related general and administrative expenses (121).
 2/ Includes the following cost pools as defined in the Version 6 Costing Methodology, Updated: Aircraft servicing-line servicing expense (18), landing fees (110), maintenance-ground property and equipment (118), depreciation-general ground property and eqpt. and amortization (less directly assignable portion) (119), depreciation-maintenance equipment (120), and related general and administrative expenses (121).
 3/ Traffic servicing cargo and baggage cost pool (112) per the Version 6 Costing Methodology, Updated, and related G&A Expense (121).
 4/ Baggage weighted at .015895 per passenger.
 5/ Reflects Northwest's revised numbers per June 4, 2001, letter.
 6/ Charlotte mail tons explained for QE 3/31/99 were mis-reported which carried over to the total. Number shown reflects DOT's estimate using the average of QE 12/31/98 and QE 6/30/99 Mail TE at Charlotte.

COMPARISON OF UNIT COSTS BY CARRIER

ATLANTIC RATE AREA

	American	Continental	Delta	Northwest	TWA	United	Total
<u>Unit Cost of Fuel</u>							
Year Ended June 30, 1999	\$0.0408	\$0.0525	\$0.0478	\$0.0559	\$0.0435	\$0.0423	\$0.0461
Year Ended June 30, 2000	\$0.0472	\$0.0746	\$0.0610	\$0.0833	\$0.0644	\$0.0560	\$0.0613
Percentage Change	15.69%	42.10%	27.62%	49.02%	48.05%	32.39%	32.97%
<u>Unit Cost of Nonfuel</u>							
Year Ended June 30, 1999	\$0.2153	\$0.2178	\$0.1664	\$0.2206	\$0.2469	\$0.1831	\$0.1975
Year Ended June 30, 2000	\$0.1900	\$0.2005	\$0.1698	\$0.2095	\$0.2740	\$0.1824	\$0.1906
Percentage Change	-11.75%	-7.94%	2.04%	-5.03%	10.98%	-0.38%	-3.49%
<u>Unit Cost of Fuel + Nonfuel</u>							
Year Ended June 30, 1999	\$0.2561	\$0.2703	\$0.2141	\$0.2765	\$0.2904	\$0.2254	\$0.2436
Year Ended June 30, 2000	\$0.2372	\$0.2752	\$0.2308	\$0.2928	\$0.3385	\$0.2384	\$0.2519
Percentage Change	-7.38%	1.81%	7.80%	5.90%	16.56%	5.77%	3.41%
<u>Unit Cost Terminal</u>							
Year Ended June 30, 1999	\$595.95	\$437.10	\$384.23	\$544.69	\$883.34	\$540.41	\$511.79
Year Ended June 30, 2000	\$552.49	\$371.40	\$363.90	\$574.03	\$952.05	\$528.04	\$484.07
Percentage Change	-7.29%	-15.03%	-5.29%	5.39%	7.78%	-2.29%	-5.42%
<u>Available Ton-Miles</u>							
Year Ended June 30, 1999	3,818,495	2,076,569	4,460,581	1,737,717	884,528	3,863,193	16,841,083
Year Ended June 30, 2000	4,278,374	2,797,648	4,805,130	2,006,799	845,475	4,132,285	18,865,711
Percentage Change	12.04%	34.72%	7.72%	15.48%	-4.42%	6.97%	12.02%
<u>Tons of Bag & Cargo Emp.</u>							
Year Ended June 30, 1999	229,607	139,181	258,799	83,763	39,800	228,332	979,482
Year Ended June 30, 2000	270,616	189,632	286,037	104,817	35,808	251,129	1,138,039
Percentage Change	17.86%	36.25%	10.52%	25.14%	-10.03%	9.98%	16.19%

COMPARISON OF UNIT COSTS BY CARRIER

PACIFIC RATE AREA

	Continental Micronesia	Federal Express	Northwest	United	Total
Unit Cost of Fuel					
Year Ended June 30, 1999	\$0.0555	\$0.0287	\$0.0569	\$0.0547	\$0.0507
Year Ended June 30, 2000	\$0.0948	\$0.0439	\$0.0808	\$0.0656	\$0.0682
Percentage Change	70.81%	52.96%	42.00%	19.93%	34.52%

Unit Cost of Nonfuel					
Year Ended June 30, 1999	\$0.2884	\$0.2335	\$0.2222	\$0.2023	\$0.2200
Year Ended June 30, 2000	\$0.3178	\$0.2534	\$0.1987	\$0.1855	\$0.2090
Percentage Change	10.19%	8.52%	-10.58%	-8.30%	-5.00%

Unit Cost of Fuel + Nonfuel					
Year Ended June 30, 1999	\$0.3439	\$0.2622	\$0.2791	\$0.2569	\$0.2707
Year Ended June 30, 2000	\$0.4127	\$0.2974	\$0.2794	\$0.2511	\$0.2772
Percentage Change	20.01%	13.42%	0.11%	-2.26%	2.40%

Unit Cost Terminal					
Year Ended June 30, 1999	\$222.44	\$427.63	\$359.75	\$268.39	\$351.24
Year Ended June 30, 2000	\$217.14	\$484.33	\$337.55	\$278.91	\$375.03
Percentage Change	-2.38%	13.26%	-6.17%	3.92%	6.77%

Available Ton-Miles					
Year Ended June 30, 1999	871,576	2,682,006	5,043,698	6,009,411	14,606,691
Year Ended June 30, 2000	610,862	2,929,550	5,545,790	5,897,621	14,983,823
Percentage Change	-29.91%	9.23%	9.95%	-1.86%	2.58%

Tons of Bag & Cargo Emp.					
Year Ended June 30, 1999	106,099	474,047	431,702	316,448	1,328,296
Year Ended June 30, 2000	60,812	546,521	536,025	312,559	1,455,917
Percentage Change	-42.68%	15.29%	24.17%	-1.23%	9.61%

COMPARISON OF COSTS, TRANSBORDER RATE AREA

	Continental										Total	
	American	Continental	Delta	Northwest	United	US Airways	LAD					
<u>Unit Cost of Fuel</u>												
Year Ended June 30, 1999	\$0.06156	\$0.06408	\$0.07327	\$0.06862	\$0.06392	\$0.06337	\$0.07854	\$0.07854	\$0.07854	\$0.07854	\$0.06620	\$0.06620
Year Ended June 30, 2000	\$0.07272	\$0.10141	\$0.07176	\$0.09574	\$0.07443	\$0.10500	\$0.11078	\$0.11078	\$0.11078	\$0.11078	\$0.08220	\$0.08220
Percentage Change	18.13%	58.26%	-2.06%	39.52%	16.44%	65.69%	41.05%	41.05%	41.05%	41.05%	24.17%	24.17%
<u>Unit Cost of Nonfuel</u>												
Year Ended June 30, 1999	\$0.24220	\$0.34071	\$0.24391	\$0.26446	\$0.27805	\$0.37055	\$0.29313	\$0.29313	\$0.29313	\$0.29313	\$0.27649	\$0.27649
Year Ended June 30, 2000	\$0.24587	\$0.34675	\$0.25029	\$0.25302	\$0.28235	\$0.39699	\$0.27901	\$0.27901	\$0.27901	\$0.27901	\$0.28084	\$0.28084
Percentage Change	1.52%	1.77%	2.62%	-4.33%	1.55%	7.14%	-4.82%	-4.82%	-4.82%	-4.82%	1.57%	1.57%
<u>Unit Cost of Fuel + Nonfuel</u>												
Year Ended June 30, 1999	\$0.30376	\$0.40479	\$0.31718	\$0.33309	\$0.34197	\$0.43392	\$0.37167	\$0.37167	\$0.37167	\$0.37167	\$0.34269	\$0.34269
Year Ended June 30, 2000	\$0.31859	\$0.44816	\$0.32205	\$0.34876	\$0.35678	\$0.50200	\$0.38979	\$0.38979	\$0.38979	\$0.38979	\$0.36305	\$0.36305
Percentage Change	4.88%	10.71%	1.54%	4.70%	4.33%	15.69%	4.88%	4.88%	4.88%	4.88%	5.94%	5.94%
<u>Unit Cost A/C Svc. & Gnd.</u>												
Year Ended June 30, 1999	\$0.06013	\$0.04571	\$0.06381	\$0.07618	\$0.06011	\$0.11320	\$0.03450	\$0.03450	\$0.03450	\$0.03450	\$0.06646	\$0.06646
Year Ended June 30, 2000	\$0.05852	\$0.04837	\$0.06181	\$0.07181	\$0.06274	\$0.13808	\$0.03558	\$0.03558	\$0.03558	\$0.03558	\$0.06839	\$0.06839
Percentage Change	-2.68%	5.82%	-3.13%	-5.74%	4.38%	21.98%	3.13%	3.13%	3.13%	3.13%	3.20%	3.20%
<u>Unit Cost Terminal</u>												
Year Ended June 30, 1999	\$645.93	\$280.96	\$287.99	\$519.81	\$436.41	\$427.60	\$251.95	\$251.95	\$251.95	\$251.95	\$424.90	\$424.90
Year Ended June 30, 2000	\$642.87	\$320.09	\$293.62	\$498.28	\$443.19	\$383.37	\$257.54	\$257.54	\$257.54	\$257.54	\$426.32	\$426.32
Percentage Change	-0.47%	13.93%	1.95%	-4.14%	1.55%	-10.34%	2.22%	2.22%	2.22%	2.22%	0.33%	0.33%
<u>Available Ton-Miles</u>												
Year Ended June 30, 1999	14,811,825	6,103,686	14,580,980	7,778,248	15,454,154	6,816,572	1,157,116	1,157,116	1,157,116	1,157,116	66,702,581	66,702,581
Year Ended June 30, 2000	16,175,700	6,382,378	15,492,841	8,722,537	15,986,619	7,224,048	1,200,741	1,200,741	1,200,741	1,200,741	71,184,864	71,184,864
Percentage Change	9.21%	4.57%	6.25%	12.14%	3.45%	5.98%	3.77%	3.77%	3.77%	3.77%	6.72%	6.72%
<u>Tons of Bag. & Cargo Emp.</u>												
Year Ended June 30, 1999	1,436,784	784,600	2,240,607	976,086	1,894,870	1,064,056	87,943	87,943	87,943	87,943	8,484,946	8,484,946
Year Ended June 30, 2000	1,526,285	807,726	2,238,466	1,117,826	1,909,973	1,030,472	94,989	94,989	94,989	94,989	8,725,737	8,725,737
Percentage Change	6.23%	2.95%	-0.10%	14.52%	0.80%	-3.16%	8.01%	8.01%	8.01%	8.01%	2.84%	2.84%

Historical Trends in Costs Underlying International Mail Rates

ATLANTIC DATA BASE

Order Number	Year Ended	Fuel \$/ATM	Non-Fuel \$/ATM	Terminal \$/Ton
1.	90-1-59	\$0.0747	\$0.1852	\$396.32
2.	91-8-5	\$0.0731	\$0.1967	\$475.33
3.	91-8-5	\$0.0882	\$0.2060	\$508.24
4.	92-4-30	\$0.1039	\$0.2444	\$657.51
5.	94-8-27	\$0.0775	\$0.2161	\$617.80
6.	95-6-32	\$0.0743	\$0.2141	\$563.42
7.	95-6-32	\$0.0653	\$0.2077	\$470.30
8.	97-5-23	\$0.0600	\$0.1976	\$465.09
9.	97-5-23	\$0.0661	\$0.2071	\$469.76
10.	99-4-1	\$0.0719	\$0.1967	\$457.22
11.	99-4-1	\$0.0573	\$0.1949	\$443.61
12.	New	\$0.0461	\$0.1975	\$511.79
13.	New	\$0.0613	\$0.1906	\$484.07

LATIN DATA BASE

Order Number	Fuel \$/ATM	Non-Fuel \$/ATM	Terminal \$/Ton
90-1-59	\$0.0955	\$0.2238	\$270.79
91-8-5	\$0.0614	\$0.2692	\$261.26
91-8-5	\$0.1025	\$0.2713	\$295.57
92-4-30	\$0.1196	\$0.2640	\$352.64
94-8-27	\$0.0882	\$0.2764	\$367.71
95-6-32	\$0.0809	\$0.2625	\$295.28
95-6-32	\$0.0674	\$0.2521	\$277.17
97-5-23	\$0.0636	\$0.2471	\$308.47
97-5-23	\$0.0679	\$0.2568	\$338.34
99-4-1	\$0.0758	\$0.2518	\$324.00
99-4-1	\$0.0640	\$0.2572	\$358.10
99-10-23	\$0.0520	\$0.2509	\$401.34
New	\$0.0640	\$0.2632	\$403.99

PACIFIC DATA BASE

Order Number	Year Ended	Fuel \$/ATM	Non-Fuel \$/ATM	Terminal \$/Ton
1.	90-1-59	\$0.0730	\$0.1490	\$211.67
2.	91-8-5	\$0.0807	\$0.1724	\$259.58
3.	91-8-5	\$0.0881	\$0.1809	\$269.40
4.	92-4-30	\$0.1066	\$0.1870	\$328.19
5.	94-8-27	\$0.0771	\$0.1925	\$331.93
6.	95-6-32	\$0.0741	\$0.1871	\$322.75
7.	95-6-32	\$0.0671	\$0.1931	\$345.47
8.	97-5-23	\$0.0665	\$0.2038	\$391.95
9.	97-5-23	\$0.0736	\$0.2125	\$378.83
10.	99-4-1	\$0.0795	\$0.2115	\$372.36
11.	99-4-1	\$0.0628	\$0.2178	\$345.92
12.	New	\$0.0507	\$0.2200	\$351.24
13.	New	\$0.0682	\$0.2090	\$375.03

TRANSBORDER DATA BASE

Order Number	Fuel \$/ATM	Other \$/ATM	Terminal \$/ATM	Terminal \$/TON
90-1-59	\$0.0879	\$0.19361	\$0.05836	\$299.56
91-8-5	\$0.0877	\$0.20371	\$0.06102	\$318.19
91-8-5	\$0.1029	\$0.22114	\$0.06388	\$343.75
92-4-30	\$0.1127	\$0.23374	\$0.06822	\$353.37
94-8-27	\$0.0905	\$0.23443	\$0.06726	\$337.85
95-6-32	\$0.0851	\$0.24185	\$0.06708	\$360.13
95-6-32	\$0.0768	\$0.24608	\$0.06673	\$345.30
97-5-23	\$0.0743	\$0.24389	\$0.06248	\$355.85
97-5-23	\$0.0830	\$0.26021	\$0.06220	\$370.78
99-4-1	\$0.0914	\$0.25464	\$0.06377	\$391.56
99-4-1	\$0.0779	\$0.26798	\$0.06365	\$389.35
New	\$0.0662	\$0.27649	\$0.06646	\$424.90
New	\$0.0822	\$0.28084	\$0.06859	\$426.32