

U.S. Department of Transportation  
Research and Special Programs  
Administration

REPORT OF FINANCIAL  
AND OPERATING STATISTICS FOR  
LARGE CERTIFICATED  
AIR CARRIERS

Period ended June 30, ~~19~~ 2000

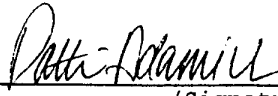
Alaska Airlines Inc  
(Full name of reporting company)

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CERTIFICATION\*

I, the undersigned Director of Finance  
(Title of officer in charge of accounts)

of the Alaska Airlines Inc  
(Full name of reporting company)

do certify that this report and all schedules, ADP-media submissions, Passenger Origin-Destination Survey submissions and supporting documents which are submitted herewith or have been submitted heretofore as parts of this report filed for the above indicated period have been prepared under my direction; that I have carefully examined them and declare that they correctly reflect the accounts and records of the company, and to the best of my knowledge and belief are a complete and accurate statement, after adjustments to reflect full accruals, of the operating revenues and expenses, income items, assets, liabilities, capital, retained earnings, and operating statistics for the periods reported in the several schedules, the Schedule T-100 ADP-media submissions, and the Passenger Origin-Destination Survey; that the various items herein reported were determined in accordance with the Uniform System of Accounts and Reports for Large Certificated Air Carriers prescribed by the Department of Transportation; and that the data contained herein are reported on a basis consistent with that of the preceding report except as specifically noted in the financial and statistical statements.

  
\_\_\_\_\_  
(Signature)  
Patricia Adamich  
P O Box 68900  
Seattle WA 98168  
\_\_\_\_\_  
(Air Carrier Post Office Address)

Dated August 10, ~~19~~ 2000

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\*Title 18 U.S.C. Sec. 1001, Crimes and Criminal Procedure, makes it a criminal offense subject to a maximum fine of \$10,000 or imprisonment for not more than 5 years, or both, to knowingly and willfully make or cause to be made any false or fraudulent statements or representations in any matter within jurisdiction of any agency of the United States.

## BALANCE SHEET

As At: June 30, 2000  
Schedule B-1Air Carrier:  
Operation : Domestic ASD  
(000's)

ACCT#	DESCRIPTION	AMOUNT
ASSETS		
CURRENT ASSETS		
1010	Cash	119,773
1100	Short-Term Investments	159,658
1200	Notes Receivable	43,757
1270	Accounts Receivable	122,055
1290	Less Allow. for Bad Debts	1,153
1299	Net Notes & Accounts Receivable	164,659
1399	Net Spare Parts & Supplies	32,194
1410	Prepaid Items	154,807
1420	Other Current Assets	0
1499	Total Current Assets	631,091
INVESTMENTS IN SPECIAL FUNDS		
1510	Inv. in Associated Companies	940
1530	Other Investments & Receivables	757
1550	Special Funds	115
1599	Total Inv. & Special Funds	1,812
OPERATING PROPERTY & EQUIPMENT		
1609	Flight Equipment	1,347,619
1649	Ground-Property and Equipment	242,631
1668	Less Allowance for Depreciation	438,997
1675	Property & Equipment - Net	1,151,253
1679	Land	6,629
1685	Purchase Dep. & Adv. Payments	163,130
1689	Construction Work-in-progress	61,261
1695	Leased Property - Cap. Leases	44,381
1696	Accum. Amort. Capital Leases	32,780
1699	Total Oper. Prop. & Equipment	1,393,874
NONOPERATING PROP. & EQUIPMENT		
1791		37,710
1792	Less Allow. for Depr. - Nonop.	7,600
1799	Net Nonoperating Prop. & Eqmt.	30,110
OTHER ASSETS		
1820	Long-term Prepayments	25,367
1830	Unamort. Dev. & Preop. Costs	0
1890	Other Assets and Def. Charges	17,645
1895	Total Other Assets	43,012
1899	TOTAL ASSETS	2,099,899

## BALANCE SHEET

As At: June 30, 2000  
 Schedule B-1

Air Carrier:  
 Operation : Domestic ASD  
 (000's)  
 AMOUNT

ACCT#	DESCRIPTION	AMOUNT
-----		
LIABILITIES & STOCKHOLDERS' EQ.		
CURRENT LIABILITIES		
2000	Curr. Maturities of L-T Debt	92,096
2005	Notes Payable - Banks	0
2015	Notes Payable - Others	0
2021	Trade Accts. Payable	307,278
2025	Accts. Payable - Other	2,900
2080	Curr. Oblig. Under Cap. Leases	2,838
2110	Accrued Salaries & Wages	24,006
2120	Accrued Vacation Pay	31,281
2125	Accrued Interest	21,025
2130	Accrued Taxes	8,603
2140	Dividends Declared	0
2160	Air Traffic Liability	264,815
2190	Other Current Liabilities	87,915
2199	Total Current Liabilities	842,757
NONCURRENT LIABILITIES		
2210	Long-term Debt	277,622
2240	Advances from Assoc. Companies	0
2250	Pension Liability	22,582
2280	Noncurrent Obgl.-Capital Leases	16,396
2290	Other Noncurrent Liabilities	107,967
2299	Total Noncurrent Liabilities	424,567
DEFERRED CREDITS		
2340	Deferred Income Taxes	104,395
2345	Deferred Investment Tax Credits	0
2390	Other Deferred Credits	118,364
2399	Total Deferred Credits	222,759
STOCKHOLDERS' EQUITY		
2820	Preferred Shares Issued	1
2840	Common Shares Issued	0
2860	Subscribed & Unissued	0
2869	Total Capital Stock	1
2890	Additional Capital Invested	225,850
2899	Total Paid in Capital	225,851
2900	Retained Earnings	383,965
2959	Total Stockholders' Equity	609,816
2990	Less Treasury Stock	0
2995	Net Stockholders' Equity	609,816
2999	Total Liab. & Stockholders' Eq.	2,099,899
2820A	No. of Preferred Shares Issued	0
2840A	No. of Common Shares Issued	500



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**AIRFRAME AND AIRCRAFT ENGINE ACQUISITIONS  
AND RETIREMENTS**

Air Carrier: Alaska Airlines, Inc.

Quarter Ended: June 30, 2000

Line	Year of First Delivery (Airframe) (1)	Airframe Manufacturer's Serial Number (2)	Date Acquired or Retired (3)	Acquisition or Retirement "A" or "R" (4)	Airframe License Number (5)	Number of Engines Acquired/Retired (6)	Type, Model and Cabin Design (7)	Maximum Seating Capacity (8)	Cost (9)	Amortized/Depreciated Cost (10)	Realization (11)	Acquired From/Disposition (12)
1							Owned Aircraft					
2	2000	30542	05/00	A	N617AS		Boeing B737-790 ALL PAX	120	*CTR			Boeing Aircraft Company
3	2000	30543	05/00	A	N618AS		Boeing B737-790 ALL PAX	120	*CTR			Boeing Aircraft Company
4	2000	30164	06/00	A	N619AS		Boeing B737-790 ALL PAX	120	*CTR			Boeing Aircraft Company
5	1994	53448	05/00	R	N972AS		MCDonnell Doug. DC-9-80 ALL PAX	140	*CTR	*CTR	*CTR	Unionbanc Leasing
6												
7							Owned Engines					
8			05/00	A		4	CFM Int'l CFM56-7B24		*CTR			Boeing Aircraft Company
9			06/00	A		2	CFM Int'l CFM56-7B24		*CTR			Boeing Aircraft Company
10			05/00	R		2	PRATT & WHITNEY JT8D-217		*CTR	*CTR		Unionbanc Leasing
11												
12							Operating Leases					
13	1994	53448	05/00	A	N972AS	2	MCDonnell Doug. DC-9-80 ALL PAX	140				Unionbanc Leasing
14												
15												
16												
17												
18												
19												
20												

RSPA Form 41 Schedule B-7

88085.5-M-Form 1

\* Confidential treatment requested

## STATEMENT OF CASH FLOWS

Alaska Airlines, Inc.

<u>Quarter Ended June 30 (In Thousands)</u>	<u>1999</u>	<u>2000</u>
<b>Cash flows from operating activities:</b>		
Net income	\$36,682	\$6,035
Adjustments to reconcile net income to cash:		
Special charge - Mileage Plan		24,000
Depreciation and amortization	16,385	19,340
Amortization of airframe and engine overhauls	10,757	11,807
Loss on disposition of assets	81	479
Increase in deferred income taxes	17,337	3,791
Decrease (increase) in accounts receivable	(15,089)	150
Decrease (increase) in other current assets	3,480	(711)
Increase in air traffic liability	20,463	12,542
Increase (decrease) in other current liabilities	36,781	(76,464)
Other-net	2,626	85,215
<b>Net cash provided by operating activities</b>	<b>129,503</b>	<b>86,184</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposition of assets	1	36,600
Purchases of marketable securities	(28,653)	(79,816)
Sales and maturities of marketable securities	3,436	67,509
Restricted deposits	(1,953)	(341)
Additions to flight equipment deposits	(28,647)	(25,665)
Additions to property and equipment	(61,655)	(81,877)
<b>Net cash used in investing activities</b>	<b>(117,471)</b>	<b>(83,590)</b>
<b>Cash flows from financing activities:</b>		
Long-term debt and capital lease payments	(5,137)	(8,218)
<b>Net cash used in financing activities</b>	<b>(5,137)</b>	<b>(8,218)</b>
Net change in cash and cash equivalents	6,895	(5,624)
Cash and cash equivalents at beginning of quarter	60,608	125,397
<b>Cash and cash equivalents at end of quarter</b>	<b>\$67,503</b>	<b>\$119,773</b>
Supplemental disclosure of cash paid during the period for:		
Interest (net of amount capitalized)	\$1,620	\$12,016
Income taxes	2,145	\$158
Noncash investing and financing activities	None	None

*Schedule B-12*

— CORRECTED —

STATEMENT OF OPERATIONS

Quarter Ended: June 30, 2000  
Schedule P-1.2 Group III

Air Carrier: ALASKA AIRLINES  
Operation : System ASS

ACCT#	DESCRIPTION	(000's) AMOUNT
OPERATING REVENUES		
3901.1	Passenger - First Class	1,063
3901.2	Passenger - Coach	31,822
3901	Transport Revenues - Passenger	400,062
3905	Mail	4,255
3906.1	Property - Freight	15,763
3906.2	Property - Excess Baggage	1,130
3907.1	Charter - Passenger	383
3907.2	Charter - Property	62
3919.1	Reserv. Cancellation Fees	7,708
3919.2	Misc. Operating Revenues	704
4808	Public Service Subsidy	300
4898	Transport Related	16,047
4999	Total Operating Revenue	446,414
OPERATING EXPENSES		
5100	Flying Operations	154,894
5400	Maintenance	46,988
5500	Passenger Service	37,696
6400	Aircraft & Traffic Servicing	72,645
6700	Promotion & Sales	78,558
6800	General & Administrative	25,429
7000	Depreciation & Amortization	19,339
7100	Transport Related Expenses	2,309
7199	Total Operating Expenses	437,858
7999	Operating Profit or Loss	8,556
NONOPERATING EXPENSE (INCOME)		
8181	Int. Exp. (Inc.) on L-T-D & Cap. Leases	7,800
8182	Other Interest Expense (Income)	-2,743
8185	Foreign Exchange Gain or Loss	0
8188.5	Capital (Gains)/Losses- Op.Prop.	480
	Capital (Gains)/Losses- Other	
8189	Other Expense (Income) - Net	-6,884
8199	Nonoperating Expense (Income)	-1,347
8999	Income Before Income Taxes	9,903
9100	Income Tax Expense	3,869
9199	Inc. Bf. Disc. Ops & Other Items	6,034
9600	Discontinued Operations	0
9796	Extraordinary Items	0
9797	Inc. Tax Appl. To Extraord. Item	0
9799	Income Before Account. Changes	6,034
9800	Accounting Changes	0
9899	Net Income	6,034

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## STATEMENT OF OPERATIONS

Quarter Ended: June 30, 2000  
 Schedule P-1.2 Group III

Air Carrier: ALASKA AIRLINES  
 Operation : Domestic ASD

ACCT#	DESCRIPTION	(000's) AMOUNT
	OPERATING REVENUES	
3901.1	Passenger - First Class	0
3901.2	Passenger - Coach	0
3901	Transport Revenues - Passenger	367,177
3905	Mail	4,027
3906.1	Property - Freight	15,297
3906.2	Property - Excess Baggage	1,017
3907.1	Charter - Passenger	383
3907.2	Charter - Property	62
3919.1	Reserv. Cancellation Fees	6,936
3919.2	Misc. Operating Revenues	633
4808	Public Service Subsidy	300
4898	Transport Related	16,047
4999	Total Operating Revenue	411,879
	OPERATING EXPENSES	
5100	Flying Operations	141,834
5400	Maintenance	42,537
5500	Passenger Service	34,691
6400	Aircraft & Traffic Servicing	67,272
6700	Promotion & Sales	72,250
6800	General & Administrative	23,330
7000	Depreciation & Amortization	17,700
7100	Transport Related Expenses	2,309
7199	Total Operating Expenses	401,923
7999	Operating Profit or Loss	9,956
	NONOPERATING EXPENSE (INCOME)	
8181	Int. Exp. (Inc.) on L-T-D & Cap. Leases	7,157
8182	Other Interest Expense (Income)	-2,517
8185	Foreign Exchange Gain or Loss	0
8188.5	Capital (Gains)/Losses- Op.Prop.	440
	Capital (Gains)/Losses- Other	
8189	Other Expense (Income) - Net	-6,318
8199	Nonoperating Expense (Income)	-1,238
8999	Income Before Income Taxes	11,194
9100	Income Tax Expense	4,374
9199	Inc. Bf. Disc. Ops & Other Items	6,820
9600	Discontinued Operations	0
9796	Extraordinary Items	0
9797	Inc. Tax Appl. To Extraord. Item	0
9799	Income Before Account. Changes	6,820
9800	Accounting Changes	0
9899	Net Income	6,820

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JUN 28 2001

## STATEMENT OF OPERATIONS

Quarter Ended: June 30, 2000  
 Schedule P-1.2 Group III

Air Carrier: ALASKA AIRLINES  
 Operation : Latin ASL

(000's)  
 AMOUNT

ACCT#	DESCRIPTION	AMOUNT
	OPERATING REVENUES	
3901.1	Passenger - First Class	1,063
3901.2	Passenger - Coach	31,822
3901	Transport Revenues - Passenger	32,885
3905	Mail	228
3906.1	Property - Freight	466
3906.2	Property - Excess Baggage	113
3907.1	Charter - Passenger	0
3907.2	Charter - Property	0
3919.1	Reserv. Cancellation Fees	772
3919.2	Misc. Operating Revenues	71
4808	Public Service Subsidy	0
4898	Transport Related	0
4999	Total Operating Revenue	34,535
	OPERATING EXPENSES	
5100	Flying Operations	13,060
5400	Maintenance	4,451
5500	Passenger Service	3,005
6400	Aircraft & Traffic Servicing	5,373
6700	Promotion & Sales	6,308
6800	General & Administrative	2,099
7000	Depreciation & Amortization	1,639
7100	Transport Related Expenses	0
7199	Total Operating Expenses	35,935
7999	Operating Profit or Loss	-1,400
	NONOPERATING EXPENSE (INCOME)	
8181	Int. Exp. (Inc.) on L-T-D & Cap. Leases	643
8182	Other Interest Expense (Income)	-226
8185	Foreign Exchange Gain or Loss	0
8188.5	Capital (Gains)/Losses- Op.Prop.	40
	Capital (Gains)/Losses- Other	
8189	Other Expense (Income) - Net	-566
8199	Nonoperating Expense (Income)	-109
8999	Income Before Income Taxes	-1,291
9100	Income Tax Expense	-505
9199	Inc. Bf. Disc. Ops & Other Items	-786
9600	Discontinued Operations	0
9796	Extraordinary Items	0
9797	Inc. Tax Appl. To Extraord. Item	0
9799	Income Before Account. Changes	-786
9800	Accounting Changes	0
9899	Net Income	-786

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Air Carrier Alaska Airlines, Inc.

Operation Total Company

Period Ended June 30, 2000

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## NOTES TO RSPA FORM 41 REPORT

### Note 1. Basis of presentation

The accompanying unaudited financial statements of Alaska Airlines, Inc. (the Company or Alaska), should be read in conjunction with the financial statements in the Company's annual report on Form 10-K for the year ended December 31, 1999. They include all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. The adjustments made were of a normal recurring nature.

The Company is a wholly owned subsidiary of Alaska Air Group, Inc. (Air Group) whose principal subsidiaries are Alaska Airlines, Inc. and Horizon Air Industries, Inc.

### Note 2. Prepaid Expenses and Other Current Assets

At March 31, 2000, other current assets included \$38.3 million of restricted deposits that will be used to pay certain current liabilities. At December 31, 1999, these deposits were included with other assets. These deposits are yen-denominated investments that are held to repay yen-denominated borrowings that are due in the next 12 months.

### Note 3. Other Accrued Liabilities

The current portion of the frequent flyer award liability, which was \$40.0 million at December 31, 1999 and \$57.8 million at June 30, 2000, is included with other accrued liabilities.

### Note 4. Frequent Flyer Program

#### (a) Change in Accounting Principle

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101 (SAB 101), Revenue Recognition in Financial Statements. SAB 101 gives specific guidance on the conditions that must be met before revenue may be recognized, and in June 2000 Alaska changed its method of accounting for the sale of miles in its Mileage Plan. Under the new method, a majority of the sales proceeds is deferred, and recognized when the award transportation is provided. The deferred proceeds are recognized as passenger revenue for awards issued on Alaska and as other revenue-net for awards issued on other airlines. In connection with the change, Alaska recognized a \$56.9 million, net of income taxes of \$35.6 million, cumulative effect charge effective January 1, 2000. Accordingly, results for the first quarter 2000 have been restated.

#### b) Special Charge - Mileage Plan

In June 2000, Alaska recorded a \$24.0 million special charge to recognize the increased incremental cost of travel awards earned by flying on Alaska and travel partners. The higher cost is due to an increase in the estimated costs Alaska incurs to acquire awards on other airlines for its Mileage Plan members, as well as lower assumed forfeiture of miles.



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Air Carrier Alaska Airlines, Inc.

Operation Total Company

Period Ended June 30, 2000

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### NOTES TO RSPA FORM 41 REPORT

#### c) Non-current Portion of Frequent Flyer Liability

At June 30, 2000, the non-current portion of the frequent flyer award liability is recorded in deferred income (\$77.0 million) and in other liabilities (\$37.0 million).

#### d) Restated First Quarter 2000

The following table shows Alaska's previously reported results and the restated results for the change in accounting principle for the sale of miles.

	1st Quarter 2000	
	Reported	Restated
	(in millions, except per share)	
Operating Revenues:		
Passenger	\$355.6	\$360.1
Freight and mail	17.8	17.8
Other-net	20.9	13.6
Total Revenues	\$394.3	\$391.5
Loss before accounting change	\$(10.9)	\$(13.7)
Cumulative effect of accounting change net of income tax	--	(56.9)
Net Loss	\$(6.5)	\$(65.1)

#### (e) Pro Forma Results for 1999

The following table shows Alaska's previously reported results and what those results would have been on a pro forma basis if the new accounting policy for the sale of miles had been in effect in 1999.

	Three Months Ended June 30, 1999		Six Months Ended June 30, 1999	
	Reported	Pro Forma	Reported	Pro Forma
	(in millions, except per share)			
Operating Revenues:				
Passenger	\$386.4	\$391.5	\$721.5	\$731.3
Freight and mail	20.8	20.8	38.8	38.8
Other-net	21.5	13.3	40.3	25.3
Total Revenues	\$428.7	\$425.6	\$800.6	\$795.4
Net Income	\$36.7	\$34.9	\$55.4	\$52.4



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Air Carrier Alaska Airlines, Inc.

Operation Total Company

Period Ended June 30 , 2000

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### NOTES TO RSPA FORM 41 REPORT

1. Passenger Facility Charge Activity for the Quarterly Period Ended June 30 , 2000.

PFC Amount in Account 15140 at Beginning of Quarter	\$4,362,532
Total Amount Collected in Trust for Public Agencies	\$10,647,526
Total Amount Remitted to Public Agencies	\$9,441,245
Adjustments (Collection compensation, PFC refunds)	\$1,592,537
PFC Amount in Account 15140 at End of Quarter	\$3,976,276

2. The Company's total reduced rate transportation for the quarter ended June 30 , 2000 is as follows:

Passengers:	137,671
RPM's (000's)	130,381
Revenue	\$1,231,997



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Air Carrier Alaska Airlines, Inc.

Operation Domestic

Period Ended June 30, 2000

### NOTES TO RSPA FORM 41 REPORT

1. All substantive matters which may influence materially interpretations or conclusions in regard to the earnings position as of June 30, 2000 for the Latin American Operations are considered to be identified in the body of the income statement.

2 The Company's Domestic reduced rate transportation for the quarter ended June 30, 2000 is as follows:

Passengers:	128,900
RPM's (000's)	118,632
Revenue	\$1,130,727



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Air Carrier Alaska Airlines, Inc.

Operation Latin America

Period Ended June 30, 2000

### NOTES TO RSPA FORM 41 REPORT

1. All substantive matters which may influence materially interpretations or conclusions in regard to the earnings position as of June 30, 2000 for the Latin American Operations are considered to be identified in the body of the income statement.

2. The Company's Latin American reduced rate transportation for the quarter ended June 30, 2000 is as follows:

Passengers:	8,771
RPM's (000's)	11,749
Revenue	\$101,270

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: June 30, 2000						
Air Carrier:		Operation: Domestic		ASD		
(000's)		Total Exp	B-737-4	B-737-3/7	B-737-2C	MD-80
ACCT #	DESCRIPTION	Code 9999	Code 6171	Code 6191	Code 6213	Code 6551
	FLYING OPERATIONS					
5123	Pilots and Copilots	37,622	17,353	3,489	2,980	13,800
5124	Other Flight Personnel	0	0	0	0	0
5128.1	Trainees and Instructors	0	0	0	0	0
5136	Personnel Expenses	1,435	666	147	111	511
5141	Prof. & Tech. Fees & Exp.	0	0	0	0	0
5143.7	Aircraft Interch. -Outside	0	0	0	0	0
5145.1	Aircraft Fuel	55,431	24,327	4,558	4,851	21,715
5145.2	Aircraft Oil	215	94	10	27	84
5147	Aircraft Rentals	32,976	21,651	563	283	10,479
5153	Other Supplies	0	0	0	0	0
5155.1	Insur. Purch. - General	367	197	29	18	123
5157	Empl. Benefits and Pensions	7,424	3,461	699	594	2,670
5158	Injuries, Loss and Damage	0	0	0	0	0
5168	Taxes-Payroll	2,001	932	188	161	720
5169	Taxes-Other Than Payroll	4,362	2,125	491	413	1,335
5171	Other Expense	1	0	0	1	0
5199	Total Flying Operations	141,834	70,804	10,174	9,419	51,437
	DIRECT MAINTENANCE-FLIGHT EQUIP					
5225.1	Maint Airf. Labor	3,226	1,569	10	261	1,386
5225.2	Maint Eng. Labor	341	150	1	35	155
5243.1	Maint Airf. Outside Rep.	16,344	3,508	96	1,368	11,372
5243.2	Maint Eng. Outside Rep.	15,190	8,026	7	1,885	5,272
5243.7	Maint AC Interch. Chrgs-O/S	0	0	0	0	0
5246.1	Maint Materials - Airframe	7,457	3,307	332	895	2,923
5246.2	Maint Materials - Engines	-3,475	-1,471	-175	-587	-1,242
5272.1	Maint Airfrm Airworth. Provs.	0	0	0	0	0
5272.3	Maint Airfrm O/H Deferred	-2,643	783	0	1,024	-4,450
5272.6	Maint AC Eng. Airworth. Prov	0	0	0	0	0
5272.8	Maint AC Eng. O/H Def. (cr.)	-5,818	-6,052	0	-907	1,141
5278	Total Dir Maint-Flt.Eqpt	30,622	9,820	271	3,974	16,557
5279.6	APPL. MAINT BURDEN FLT. EQ.	10,821	3,440	93	1,376	5,912
5299	Total Flt. Eq. Maint. (Memo)	41,443	13,260	364	5,350	22,469
7073.9	NET OBSL & DETER.- EXP. PARTS	784	274	33	192	285
	DEPRECIATION - FLIGHT EQUIPMENT					
7075.1	Depr. Airframes	9,284	2,293	1,771	1,104	4,116
7075.2	Depr. Aircraft Engines	2,092	534	415	109	1,034
7075.3	Depr. Airframe Parts	373	79	45	73	176
7075.4	Depr. Engine Parts	130	46	20	21	45
7075.5	Depr. Other Flt Eqpt.	742	347	39	47	309
7076.1	Amort. Cap. Leases Flt.Eqpt.	423	0	0	0	423
	EXPENSE OF INTERCHANGE AIRCRAFT					
7098.1	Exp. of Interch. AC- Flt. Ops	0	0	0	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0	0	0	0
7098.9	Total Aircraft Operating Expens	197,105	87,637	12,861	16,315	80,292
	OTHER DEPRECIATION & AMORTIZATI					
7074.1	Amortization Developmental & Pre	0				
7074.2	Amortization Other Intangibles	116				
7075.8	Depreciation Hangar & Maint. Eq	289				
7075.9	Depreciation Ground Property	3,460				
7076.2	Amort. Capital Leases Other	6				

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: June 30, 2000				
Air Carrier:		Operation: Latin		ASL
(000's)		Total Eq	B-737-4	MD-80
ACCT #	DESCRIPTION	Code 9999	Code 6171	Code 6551
FLYING OPERATIONS				
5123	Pilots and Copilots	3,401	1,081	2,320
5124	Other Flight Personnel	0	0	0
5128.1	Trainees and Instructors	0	0	0
5136	Personnel Expenses	127	41	86
5141	Prof. & Tech. Fees & Exp.	0	0	0
5143.7	Aircraft Interch. -Outside	0	0	0
5145.1	Aircraft Fuel	5,167	1,916	3,651
5145.2	Aircraft Oil	20	6	14
5147	Aircraft Rentals	3,111	1,349	1,762
5153	Other Supplies	0	0	0
5155.1	Insur. Purch. - General	33	12	21
5157	Empl. Benefits and Pensions	665	216	449
5158	Injuries, Loss and Damage	0	0	0
5168	Taxes-Payroll	179	58	121
5169	Taxes-Other Than Payroll	357	133	224
5171	Other Expense	0	0	0
5199	Total Flying Operations	13,060	4,412	8,648
DIRECT MAINTENANCE-FLIGHT EQUIP				
5225.1	Maint Airf. Labor	331	98	233
5225.2	Maint Eng. Labor	35	9	26
5243.1	Maint Airf. Outside Rep.	2,131	219	1,912
5243.2	Maint Eng. Outside Rep.	1,387	500	887
5243.7	Maint AC Interch. Chrgs-O/S	0	0	0
5246.1	Maint Materials - Airframe	697	206	491
5246.2	Maint Materials - Engines	-301	-92	-209
5272.1	Maint Airfrm Airworth. Provs.	0	0	0
5272.3	Maint Airfrm O/H Deferred	-699	49	-748
5272.6	Maint AC Eng. Airworth. Prov	0	0	0
5272.8	Maint AC Eng. O/H Def. (cr.)	-185	-377	192
5278	Total Dir Maint-Flt.Eqpt	3,396	612	2,784
5279.6	APPL. MAINT BURDEN FLT. EQ.	959	173	786
5299	Total Flt. Eq. Maint. (Memo)	4,355	785	3,570
7073.9	NET OBSL & DETER.- EXP. PARTS	65	17	48
DEPRECIATION - FLIGHT EQUIPMENT				
7075.1	Depr. Airframes	835	143	692
7075.2	Depr. Aircraft Engines	207	33	174
7075.3	Depr. Airframe Parts	35	5	30
7075.4	Depr. Engine Parts	10	3	7
7075.5	Depr. Other Flt Eqp.	74	22	52
7076.1	Amort. Cap. Leases Flt.Eqpt.	71	0	71
EXPENSE OF INTERCHANGE AIRCRAFT				
7098.1	Exp. of Interch. AC- Flt. Ops	0	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0	0
7098.9	Total Aircraft Operating Expens	18,712	5,420	13,292
OTHER DEPRECIATION & AMORTIZATI				
7074.1	Amortization Developmental & Pre	0		
7074.2	Amortization Other Intangibles	10		
7075.8	Depreciation Hangar & Maint. Eq	26		
7075.9	Depreciation Ground Property	306		
7076.2	Amort. Capital Leases Other	1		

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: June 30, 2000

Air Carrier:		Operation: System		ASS		
(000's)		Total Eqp	B-737-4	B-737-3/7	B-737-2C	MD-80
ACCT #	DESCRIPTION	Code 9999	Code 6171	Code 6191	Code 6213	Code 6551
<b>FLYING OPERATIONS</b>						
5123	Pilots and Copilots	41,023	18,434	3,489	2,980	16,120
5124	Other Flight Personnel	0	0	0	0	0
5128.1	Trainees and Instructors	0	0	0	0	0
5136	Personnel Expenses	1,562	707	147	111	597
5141	Prof. & Tech. Fees & Exp.	0	0	0	0	0
5143.7	Aircraft Interch. -Outside	0	0	0	0	0
5145.1	Aircraft Fuel	60,598	25,843	4,558	4,831	25,366
5145.2	Aircraft Oil	235	100	10	27	98
5147	Aircraft Rentals	36,087	23,000	563	283	12,241
5153	Other Supplies	0	0	0	0	0
5155.1	Insur. Purch. - General	400	209	29	18	144
5157	Empl. Benefits and Pensions	8,089	3,677	699	594	3,119
5158	Injuries, Loss and Damage	0	0	0	0	0
5168	Taxes-Payroll	2,180	990	188	161	841
5169	Taxes-Other Than Payroll	4,719	2,256	491	413	1,559
5171	Other Expense	1	0	0	1	0
5199	Total Flying Operations	154,894	75,216	10,174	9,419	60,085
<b>DIRECT MAINTENANCE-FLIGHT EQUIP</b>						
5225.1	Maint Airf. Labor	3,557	1,667	10	261	1,619
5225.2	Maint Eng. Labor	376	159	1	35	181
5243.1	Maint Airf. Outside Rep.	18,475	3,727	96	1,368	13,284
5243.2	Maint Eng. Outside Rep.	16,577	8,526	7	1,885	6,159
5243.7	Maint AC Interch. Chrgs-O/S	0	0	0	0	0
5246.1	Maint Materials - Airframe	8,154	3,513	332	895	3,414
5246.2	Maint Materials - Engines	-3,776	-1,563	-175	-587	-1,451
5272.1	Maint Airfrm Airworth. Provs.	0	0	0	0	0
5272.3	Maint Airfrm O/H Deferred	-3,342	832	0	1,024	-5,198
5272.6	Maint AC Eng. Airworth. Prov	0	0	0	0	0
5272.8	Maint AC Eng. O/H Def. (cr.)	-6,003	-6,429	0	-907	1,333
5278	Total Dir Maint-Flt. Eqpt	34,018	10,432	271	3,974	19,341
5279.6	APPL. MAINT BURDEN FLT. EQ.	11,780	3,613	93	1,376	6,698
5299	Total Flt. Eq. Maint. (Memo)	45,798	14,045	364	5,350	26,039
7073.9	NET OBSL & DETER.- EXP. PARTS	849	291	33	192	333
<b>DEPRECIATION - FLIGHT EQUIPMENT</b>						
7075.1	Depr. Airframes	10,119	2,436	1,771	1,104	4,808
7075.2	Depr. Aircraft Engines	2,299	567	415	109	1,208
7075.3	Depr. Airframe Parts	408	84	45	73	206
7075.4	Depr. Engine Parts	140	49	20	21	50
7075.5	Depr. Other Flt Eqp.	816	369	39	47	361
7076.1	Amort. Cap. Leases Flt. Eqpt.	494	0	0	0	494
<b>EXPENSE OF INTERCHANGE AIRCRAFT</b>						
7098.1	Exp. of Interch. AC- Flt. Ops	0	0	0	0	0
7098.2	Exp. of Interch. AC- Maint.	0	0	0	0	0
7098.9	Total Aircraft Operating Expens	215,817	93,057	12,861	16,315	93,584
<b>OTHER DEPRECIATION &amp; AMORTIZATI</b>						
7074.1	Amortization Developmental & Pre	0				
7074.2	Amortization Other Intangibles	126				
7075.8	Depreciation Hangar & Maint. Eq	315				
7075.9	Depreciation Ground Property	3,766				
7076.2	Amort. Capital Leases Other	7				

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: June 30, 2000  
 Schedule P-6

Air Carrier:  
 Operation : Domestic ASD

(000's)  
 AMOUNT

LINE#	DESCRIPTION	AMOUNT
-----		
	SALARIES & REL. FRINGE BENEFIT	
	SALARIES:	
Line 3	General Mgmt. Per.	4,825
Line 4	Flight Personnel	50,104
Line 5	Maintenance Labor	4,503
Line 6	Aircr. & Traffic Hndl. Per.	30,442
Line 7	Other Personnel	13,198
Line 8	Total Salaries	103,072
	RELATED FRINGE BENEFITS	
Line 10	Personnel Expense	5,928
Line 11	Empl. Benefits & Pensions	21,863
Line 12	Payroll Taxes	7,833
Line 13	Total Fringe Benefits	35,624
Line 14	Total Salaries & Benefits	138,696
	MATERIALS PURCHASED	
Line 16	Aircraft Fuel & Oil	59,989
Line 17	Maintenance Materials	4,758
Line 18	Passenger Food	11,434
Line 19	Other Materials	4,353
Line 20	Total Materials	80,534
	SERVICES PURCHASED	
Line 22	Advertising & Other Promotion	28,817
Line 23	Communications	3,027
Line 24	Insurance	999
Line 25	Outside Flight Eqpt. Maint.	25,870
Line 26	Traffic Commissions - Passenger	15,052
Line 27	Traffic Commissions - Cargo	228
Line 28	Other Services	32,430
Line 29	Total Services	106,423
Line 30	LANDING FEES	6,571
Line 31	RENTALS	42,761
Line 32	DEPRECIATION	17,156
Line 33	AMORTIZATION	545
Line 34	OTHER	6,928
Line 35	TRANSPORT RELATED EXPENSES	2,309
Line 36	TOTAL OPERATING EXPENSES	401,923

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: June 30, 2000  
 Schedule P-6

Air Carrier:  
 Operation : Latin ASL

(000's)  
 AMOUNT

LINE#	DESCRIPTION	
<hr style="border-top: 1px dashed black;"/>		
	SALARIES & REL. FRINGE BENEFIT	
	SALARIES:	
Line 3	General Mgmt. Per.	376
Line 4	Flight Personnel	4,506
Line 5	Maintenance Labor	432
Line 6	Aircr. & Traffic Hndl. Per.	2,212
Line 7	Other Personnel	1,110
Line 8	Total Salaries	8,636
	RELATED FRINGE BENEFITS	
Line 10	Personnel Expense	507
Line 11	Empl. Benefits & Pensions	1,837
Line 12	Payroll Taxes	635
Line 13	Total Fringe Benefits	2,979
Line 14	Total Salaries & Benefits	11,615
	MATERIALS PURCHASED	
Line 16	Aircraft Fuel & Oil	5,542
Line 17	Maintenance Materials	428
Line 18	Passenger Food	958
Line 19	Other Materials	355
Line 20	Total Materials	7,283
	SERVICES PURCHASED	
Line 22	Advertising & Other Promotion	2,516
Line 23	Communications	263
Line 24	Insurance	87
Line 25	Outside Flight Eqpt. Maint.	2,915
Line 26	Traffic Commissions - Passenger	1,314
Line 27	Traffic Commissions - Cargo	20
Line 28	Other Services	3,483
Line 29	Total Services	10,598
Line 30	LANDING FEES	428
Line 31	RENTALS	3,778
Line 32	DEPRECIATION	1,557
Line 33	AMORTIZATION	82
Line 34	OTHER	594
Line 35	TRANSPORT RELATED EXPENSES	0
Line 36	TOTAL OPERATING EXPENSES	35,935

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: June 30, 2000  
 Schedule P-6

Air Carrier:  
 Operation : System ASS

(000's)  
 AMOUNT

LINE#	DESCRIPTION	AMOUNT
	SALARIES & REL. FRINGE BENEFIT	
	SALARIES:	
Line 3	General Mgmt. Per.	5,201
Line 4	Flight Personnel	54,610
Line 5	Maintenance Labor	4,935
Line 6	Aircr. & Traffic Hndl. Per.	32,654
Line 7	Other Personnel	14,308
Line 8	Total Salaries	111,708
	RELATED FRINGE BENEFITS	
Line 10	Personnel Expense	6,435
Line 11	Empl. Benefits & Pensions	23,700
Line 12	Payroll Taxes	8,468
Line 13	Total Fringe Benefits	38,603
Line 14	Total Salaries & Benefits	150,311
	MATERIALS PURCHASED	
Line 16	Aircraft Fuel & Oil	65,531
Line 17	Maintenance Materials	5,186
Line 18	Passenger Food	12,392
Line 19	Other Materials	4,708
Line 20	Total Materials	87,817
	SERVICES PURCHASED	
Line 22	Advertising & Other Promotion	31,333
Line 23	Communications	3,290
Line 24	Insurance	1,086
Line 25	Outside Flight Eqpt. Maint.	28,785
Line 26	Traffic Commissions - Passenger	16,366
Line 27	Traffic Commissions - Cargo	248
Line 28	Other Services	35,913
Line 29	Total Services	117,021
Line 30	LANDING FEES	6,999
Line 31	RENTALS	46,539
Line 32	DEPRECIATION	18,713
Line 33	AMORTIZATION	627
Line 34	OTHER	7,522
Line 35	TRANSPORT RELATED EXPENSES	2,309
Line 36	TOTAL OPERATING EXPENSES	437,858

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: June 30, 2000  
 Schedule P-7

Air Carrier:  
 Operation : Domestic ASD  
 (000's)  
 AMOUNT

LINE#	DESCRIPTION	AMOUNT
	AIRCRAFT OPER. EXPENSES (DIRECT)	
Line 2	Aircraft Operating Expenses	197,105
	SERV., SALES & GEN.OP.(INDIRECT)	
	PASSENGER SERVICE EXPENSE:	
Line 5	Flight Attendant Expense	20,897
Line 6	Food Expense	11,434
Line 7	Other In-Flight Expense	2,360
Line 8	Total Passenger Service Exp.	34,691
	PASSENGER SERVICING EXPENSE:	
Line 10	Line Servicing Expense	17,546
Line 11	Control Expense	564
Line 12	Landing Fees	6,571
Line 13	Total Aircraft Servicing Exp.	24,681
	TRAFFIC SERVICING EXPENSE:	
Line 15	Directly Assignable- Psgr.	11,038
Line 16	Directly Assignable- Cargo	9,451
Line 17	Not Directly Assignable	22,102
Line 18	Total Traffic Servicing Exp.	42,591
	RESERVATIONS AND SALES EXPENSE:	
Line 20	Directly Assignable- Psgr.	28,079
Line 21	Directly Assignable- Cargo	228
Line 22	Not Directly Assignable	14,350
Line 23	Total Reservat. & Sales Exp.	42,657
	ADVERTISING & PUBLICITY EXPENSE:	
Line 25	Directly Assignable- Psgr.	27,559
Line 26	Directly Assignable- Cargo	0
Line 27	Not Directly Assignable	2,035
Line 28	Total Advertising & Prom. Exp	29,594
Line 29	GENERAL & ADMINISTRATIVE EXPENSE	23,330
	MAINT. & DEPREC. -GROUND PROP.&EQ.	
Line 31	Maintenance Ground Prop.&Eqpt.	1,094
Line 32	Depreciation Ground Prop.&Eqpt	3,460
Line 33	Total Maint.&Depr.- Ground P&E	4,554
Line 34	DEPR. EXPENSE - MAINTENANCE EQ.	289
Line 35	AMORT. (OTHER THAN FLIGHT EQ.)	122
Line 36	TOTAL SVCING,SALES & GEN.OP.EXP.	202,509
Line 37	TRANSPORT RELATED EXPENSES	2,309
Line 38	TOTAL OPERATING EXPENSES	401,923

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: June 30, 2000  
 Schedule P-7

Air Carrier:  
 Operation : Latin ASL

LINE#	DESCRIPTION	(000's) AMOUNT
<hr style="border-top: 1px dashed black;"/>		
	AIRCRAFT OPER. EXPENSES (DIRECT)	
Line 2	Aircraft Operating Expenses	18,712
	SERV., SALES & GEN.OP. (INDIRECT)	
	PASSENGER SERVICE EXPENSE:	
Line 5	Flight Attendant Expense	1,849
Line 6	Food Expense	958
Line 7	Other In-Flight Expense	198
Line 8	Total Passenger Service Exp.	3,005
	PASSENGER SERVICING EXPENSE:	
Line 10	Line Servicing Expense	1,142
Line 11	Control Expense	930
Line 12	Landing Fees	428
Line 13	Total Aircraft Servicing Exp.	2,500
	TRAFFIC SERVICING EXPENSE:	
Line 15	Directly Assignable- Psgr.	718
Line 16	Directly Assignable- Cargo	717
Line 17	Not Directly Assignable	1,438
Line 18	Total Traffic Servicing Exp.	2,873
	RESERVATIONS AND SALES EXPENSE:	
Line 20	Directly Assignable- Psgr.	2,452
Line 21	Directly Assignable- Cargo	20
Line 22	Not Directly Assignable	1,252
Line 23	Total Reservat. & Sales Exp.	3,724
	ADVERTISING & PUBLICITY EXPENSE:	
Line 25	Directly Assignable- Psgr.	2,406
Line 26	Directly Assignable- Cargo	0
Line 27	Not Directly Assignable	177
Line 28	Total Advertising & Prom. Exp	2,583
Line 29	GENERAL & ADMINISTRATIVE EXPENSE	2,098
	MAINT. & DEPREC. -GROUND PROP.&EQ.	
Line 31	Maintenance Ground Prop.&Eqpt.	97
Line 32	Depreciation Ground Prop.&Eqpt	306
Line 33	Total Maint.&Depr.- Ground P&E	403
Line 34	DEPR. EXPENSE - MAINTENANCE EQ.	26
Line 35	AMORT. (OTHER THAN FLIGHT EQ.)	11
Line 36	TOTAL SVCING, SALES & GEN.OP.EXP.	17,223
Line 37	TRANSPORT RELATED EXPENSES	0
Line 38	TOTAL OPERATING EXPENSES	35,935

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: June 30, 2000  
 Schedule P-7

Air Carrier:  
 Operation : System ASS

LINE#	DESCRIPTION	(000's) AMOUNT
<hr style="border-top: 1px dashed black;"/>		
	AIRCRAFT OPER. EXPENSES (DIRECT)	
Line 2	Aircraft Operating Expenses	215,817
	SERV., SALES & GEN.OP. (INDIRECT)	
	PASSENGER SERVICE EXPENSE:	
Line 5	Flight Attendant Expense	22,746
Line 6	Food Expense	12,392
Line 7	Other In-Flight Expense	2,558
Line 8	Total Passenger Service Exp.	37,696
	PASSENGER SERVICING EXPENSE:	
Line 10	Line Servicing Expense	18,688
Line 11	Control Expense	1,494
Line 12	Landing Fees	6,999
Line 13	Total Aircraft Servicing Exp.	27,181
	TRAFFIC SERVICING EXPENSE:	
Line 15	Directly Assignable- Psgr.	11,756
Line 16	Directly Assignable- Cargo	10,168
Line 17	Not Directly Assignable	23,540
Line 18	Total Traffic Servicing Exp.	45,464
	RESERVATIONS AND SALES EXPENSE:	
Line 20	Directly Assignable- Psgr.	30,531
Line 21	Directly Assignable- Cargo	248
Line 22	Not Directly Assignable	15,602
Line 23	Total Reservat. & Sales Exp.	46,381
	ADVERTISING & PUBLICITY EXPENSE:	
Line 25	Directly Assignable- Psgr.	29,965
Line 26	Directly Assignable- Cargo	0
Line 27	Not Directly Assignable	2,212
Line 28	Total Advertising & Prom. Exp	32,177
Line 29	GENERAL & ADMINISTRATIVE EXPENSE	25,428
	MAINT. & DEPREC. -GROUND PROP.&EQ.	
Line 31	Maintenance Ground Prop.&Eqpt.	1,191
Line 32	Depreciation Ground Prop.&Eqpt	3,766
Line 33	Total Maint.&Depr.- Ground P&E	4,957
Line 34	DEPR. EXPENSE - MAINTENANCE EQ.	315
Line 35	AMORT. (OTHER THAN FLIGHT EQ.)	133
Line 36	TOTAL SVCING, SALES & GEN.OP.EXP.	219,732
Line 37	TRANSPORT RELATED EXPENSES	2,309
Line 38	TOTAL OPERATING EXPENSES	437,858