INDIVIDUAL AND COMPOSITE CARRIER LATIN AMERICA DIVISION INCOME STATEMENT,
FREIGHT OPERATIONS FOR F.Y. ENDING JUNE 1998 AND PROJECTED F.Y. ENDING SEPT. 1999
(Docket OST-98-4851)

	F.Y. Ending 6/30/98	Current Rates F.Y. Ending 9/30/99	Proposed Rates F.Y. Ending 9/30/99
American Airlines:			
Operating Revenues	$157,097	$159,227	$159,256
Operating Expense	$196,399	$199,183	$199,184
Operating Profit (Loss)	($39,302)	($39,956)	($39,928)
Interest Expense	$1,188	$1,205	$1,205
Income Tax @ 34%	($13,767)	($13,995)	($13,985)
Net Income	($26,723)	($27,166)	($27,148)
Investment Base 3/	$129,338	$131,173	$131,173
Return Element	($25,535)	($25,961)	($25,943)
Return on Investment	-19.74 %	-19.79 %	-19.78 %
Delta Air Lines:			
Operating Revenues	$15,533	$20,157	$20,177
Operating Expense	$13,459	$17,429	$17,432
Operating Profit (Loss)	$2,074	$2,728	$2,745
Interest Expense	$110	$142	$142
Income Tax @ 34%	$668	$879	$885
Net Income	$1,296	$1,707	$1,718
Investment Base 3/	$9,657	$12,501	$12,501
Return Element	$1,406	$1,849	$1,860
Return on Investment	14.56 %	14.79 %	14.88 %
Federal Express			
Operating Revenues 1/	$311,492	$311,492	$311,493
Operating Expense	$284,304	$288,725	$288,725
Operating Profit (Loss)	$27,188	$22,767	$22,768
Interest Expense 2/	$3,581	$3,581	$3,581
Income Tax @ 34%	$8,026	$6,523	$6,524
Net Income	$15,581	$12,663	$12,663
Investment Base 3/	$280,892	$280,892	$280,892
Return Element	$19,162	$16,244	$16,244
Return on Investment	6.82 %	5.78 %	5.78 %
United Airlines			
Operating Revenues 4/	$52,905	$54,175	$54,391
Operating Expense	$68,663	$67,468	$67,648
Operating Profit (Loss)	($15,758)	($13,293)	($13,257)
Interest Expense	$1,531	$1,505	$1,505
Income Tax @ 34%	($5,878)	($5,031)	($5,019)
Net Income	($11,411)	($9,767)	($9,743)
Investment Base 3/	$58,129	$57,116	$57,116
Return Element	($9,880)	($8,262)	($8,238)
Return on Investment	-17.00 %	-14.47 %	-14.42 %

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Industry Composite			
Operating Revenues	$537,027	$545,051	$545,317
Operating Expense	$562,825	$572,805	$572,989
Operating Profit (Loss)	($25,798)	($27,754)	($27,672)
Interest Expense	$6,410	$6,433	$6,433
Income Tax @ 34%	($10,951)	($11,624)	($11,596)
Net Income	($21,257)	($22,564)	($22,509)
Investment Base	$478,016	$481,682	$481,682
Return Element	($14,847)	($16,131)	($16,076)
Return on Investment	-3.11 %	-3.35 %	-3.34 %

1/ Federal Express operates general freight service only between the U.S. and Panama. Only the increase to the charge for dangerous goods was applied.

2/ Long-term Debt and Capital Leases, plus Other Interest Expense.

3/ Interest expense and Investment base data were held constant when rates were increased.

4/ United's present rate revenue was increased 2.4%, commensurate with its increase in available ton departures, instead of its projected decline of 1.6%. Proposed cargo rate revenue was increased by 0.04%, the same as the increase from present to proposed rates. Revenue-related operating expenses were also increased

Source: Carrier data filed in Docket OST-98-4851. Data for Federal Express includes mail, and excludes non-operating results other than interest expense on debt, capital leases, and other.

Note: The carriers estimated interest expense and investment base as percentages of operating expense. While this does not follow the traditional regulatory allocation of these elements using weighted depreciated aircraft and engine cost, the projected operating loss of the combined carriers makes this further correction in the Latin America entity unnecessary, and we have used carrier data as provided.