

American Airlines

Comparison of Present and Proposed General
Commodity Rates From Japan to the United States

Japan Originating JPY

Present Rates

Industry Rates	<45	45	100	300	500	1000
Osaka-Dallas	¥1,970	¥1,480	¥1,340	¥1,260	¥1,120	¥1,050
Tokyo-Chicago	¥1,860	¥1,400	¥1,270	¥1,200	¥1,100	¥1,030
Tokyo-Dallas	¥1,860	¥1,400	¥1,270	¥1,200	¥1,100	¥1,030
Tokyo-San Jose	¥1,590	¥1,200	¥1,080	¥1,030	¥950	¥850
Tokyo-Seattle	¥1,590	¥1,200	¥1,080	¥1,030	¥950	¥850

Proposed Rates

Industry Rates	<45	45	100	300	500	1000
Osaka-Dallas	¥1,982	¥1,492	¥1,352	¥1,272	¥1,132	¥1,062
Tokyo-Chicago	¥1,872	¥1,412	¥1,282	¥1,212	¥1,112	¥1,042
Tokyo-Dallas	¥1,872	¥1,412	¥1,282	¥1,212	¥1,112	¥1,042
Tokyo-San Jose	¥1,602	¥1,212	¥1,092	¥1,042	¥962	¥862
Tokyo-Seattle	¥1,602	¥1,212	¥1,092	¥1,042	¥962	¥862

Industry Rates	<45	45	100	300	500	1000
Osaka-Dallas	0.6%	0.8%	0.9%	1.0%	1.1%	1.1%
Tokyo-Chicago	0.6%	0.9%	0.9%	1.0%	1.1%	1.2%
Tokyo-Dallas	0.6%	0.9%	0.9%	1.0%	1.1%	1.2%
Tokyo-San Jose	0.8%	1.0%	1.1%	1.2%	1.3%	1.4%
Tokyo-Seattle	0.8%	1.0%	1.1%	1.2%	1.3%	1.4%
Average Increase	0.7%	0.9%	1.0%	1.1%	1.2%	1.3%

Source: IATA Geneva.

American Airlines

SUMMARY OF COMBINATION SERVICE FREIGHT FINANCIAL RESULTS

	HISTORIC YEAR ENDING <u>DECEMBER 31, 1999</u> (\$MILLIONS)	FORECAST YEAR ENDING <u>JUNE 30, 2001</u> (\$MILLIONS)
<u>Pacific Division</u>		
OPERATING PROFIT	\$1.7	(\$0.4)
NET INCOME	\$1.2	(\$0.2)
INVESTMENT BASE	\$42.0	\$57.1
RETURN ON INVESTMENT		
TOTAL	\$1.1	(\$0.3)
PER CENT	2.6%	-0.5%

SOURCE: Attachment 3.

Fiscal Year Ended December 31, 1999

Operating Revenue	U.S. Scheduled Service Financial Results						
	Total Pacific Form 41	Exclusion 1/	Total	Passenger	Cargo	Mail	Freight
Passenger	\$401,190,000		\$401,190,000	\$401,190,000			
Mail	6,107,000		6,107,000		\$6,107,000	\$6,107,000	
Freight	58,573,000		58,573,000		58,573,000		\$58,573,000
Excess Baggage	877,000		877,000	877,000			
Charter-Passenger							
-Property							
Other Transport	1,275,000		1,275,000	1,112,567	162,433		162,433
Transport Related Revenues	18,385,000		18,385,000	16,042,783	2,342,217		2,342,217
Total Operating Revenues	486,407,000		486,407,000	419,222,350	67,184,650	6,107,000	61,077,650
Operating Expense							
Fuels	48,538,000	13,710	48,524,290	39,184,157	9,340,133	832,477	8,507,656
Rentals - Flight							
Flight Personnel	61,739,000	16,490	61,722,510	49,939,912	11,782,598	1,050,171	10,732,427
Other Flying Operations	6,365,000	1,689	6,363,311	5,149,671	1,213,639	108,170	1,105,469
Maintenance - Flight	22,986,000	11,873	22,974,127	17,996,476	4,977,651	443,653	4,533,998
Maintenance - Ground	8,028,000	2,397	8,025,603	6,456,910	1,568,693	139,816	1,428,877
Passenger Service	76,456,000		76,456,000	76,456,000	-		
Aircraft and Traffic Servicing	60,556,000	17,788	60,538,212	41,336,383	19,201,829	1,711,440	17,490,389
Promotion and Sales	108,440,000		108,440,000	105,235,417	3,204,583		3,204,583
General and Administrative	32,687,000	8,204	32,678,796	27,154,917	5,523,880	492,338	5,031,542
Depreciation/ Amortization - Flight	29,229,000	9,347	29,219,653	23,482,715	5,736,938	511,328	5,225,611
Depreciation/ Amortization - Ground	1,455,000	434	1,454,566	1,170,255	284,311	25,340	258,971
Amortization - Preoperating Costs	3,814,000	957	3,813,043	3,168,503	644,540	57,447	587,093
Transport Related Expense	10,931,000		10,931,000	9,538,410	1,392,590	124,120	1,268,470
Total with Historic Costs	471,224,000	82,889	471,141,111	406,269,725	64,871,385	5,496,300	59,375,085
Fuel Cost Escalation							
Non-Fuel Cost Escalation							
Total Operating Expense	471,224,000	82,889	471,141,111	406,269,725	64,871,385	5,496,300	59,375,085
Operating Profit or (Loss)	15,183,000	(82,889)	15,265,889	12,952,625	2,313,264	610,700	1,702,564
Interest Expense	(728,000)	(128)	(727,872)	(627,651)	(100,221)	(8,491)	(91,729)
Taxable Income	15,911,000		15,993,761	13,580,276	2,413,485	619,191	1,794,294
Income Tax @34%	5,409,740	(28,139)	5,437,879	4,617,294	820,585	210,525	610,060
Net Income after Income Tax	10,501,260	(54,622)	10,555,882	8,962,982	1,592,900	408,666	1,184,234
Return							
Investment	332,331,546	59,846	332,271,700	286,440,010	45,831,690	3,878,714	41,952,976
Return on Investment	9,773,260	(54,750)	9,828,010	8,335,331	1,492,679	400,175	1,092,504
% Return	2.9%	-91.5%	3.0%	2.9%	3.3%	10.3%	2.6%

1/ No commercial charter operations performed. MD-11 only, nonscheduled operating expense associated with B-777 introduction not included in Pacific Division expense.

Forecast Year Ending June 30, 2001

Operating Revenue	Present Rates			Proposed Rates		
	Cargo	Mail	Freight	Cargo	Mail	Freight
Mail	\$8,032,051	\$8,032,051		\$8,032,051	\$8,032,051	
Freight	74,474,811		\$74,474,811	77,095,632		\$77,095,632
Excess Baggage						
Charter-Passenger						
-Property						
Other Transport	206,531		206,531	213,799		213,799
Transport Related Revenues	2,978,098		2,978,098	3,082,900		3,082,900
Total Operating Revenues	85,691,491	8,032,051	77,659,440	88,424,381	8,032,051	80,392,330
Operating Expense						
Fuels	12,166,898	1,113,849	11,053,049	12,166,898	1,112,971	11,053,928
Rentals - Flight						
Flight Personnel	15,720,401	1,439,163	14,281,237	15,720,401	1,438,029	14,282,372
Other Flying Operations	1,623,426	148,621	1,474,806	1,623,426	148,503	1,474,923
Maintenance - Flight	4,375,911	400,604	3,975,307	4,375,911	400,288	3,975,623
Maintenance - Ground	1,987,989	181,995	1,805,994	1,987,989	181,852	1,806,137
Passenger Service						
Aircraft and Traffic Servicing	26,001,245	2,380,349	23,620,896	26,001,245	2,378,472	23,622,773
Promotion and Sales	4,074,586		4,074,586	4,175,305		4,175,305
General and Administrative	7,083,658	648,491	6,435,167	7,083,658	647,980	6,435,678
Depreciation/ Amortization - Flight	7,045,753	645,021	6,400,732	7,045,753	644,512	6,401,240
Depreciation/ Amortization - Ground	360,304	32,985	327,319	360,304	32,959	327,345
Amortization - Preoperating Costs	826,539	75,668	750,871	826,539	75,608	750,931
Transport Related Expense	1,770,660	162,100	1,608,561	1,832,971	167,672	1,665,300
Total with Historic Costs	83,037,370	7,228,846	75,808,525	83,200,401	7,228,846	75,971,555
Fuel Cost Escalation	5,281,651	483,522	4,798,129	5,281,651	483,141	4,798,510
Non-Fuel Cost Escalation						
Total Operating Expense	88,319,021	7,712,367	80,606,653	88,482,051	7,711,986	80,770,065
Operating Profit or (Loss)	(2,627,530)	319,683	(2,947,213)	(57,670)	320,064	(377,735)
Interest Expense	(136,445)	(11,915)	(124,530)	(136,697)	(11,914)	(124,783)
Taxable Income	(2,491,085)	331,598	(2,822,683)	79,027	331,979	(252,952)
Income Tax @34%	(846,969)	112,743	(959,712)	26,869	112,873	(86,004)
Net Income after Income Tax	(1,644,116)	218,855	(1,862,971)	52,158	219,106	(166,948)
Return						
Investment	62,487,916	5,451,293	57,036,623	62,560,636	5,446,995	57,113,641
Return on Investment	(1,780,561)	206,940	(1,987,501)	(84,540)	207,192	(291,731)
% Return	-2.8%	3.8%	-3.5%	-0.1%	3.8%	-0.5%

American's Pacific Nonscheduled Passenger Service Traffic and Capacity Statistics

Year Ended December 31, 1999

	Aircraft Type		All Types
	MD-11	B-777	TOTAL
Total Revenue Block Hours	16,434	30,205	46,639
Scheduled	16,422	23,913	40,335
Charter	12	6,292	6,303
Revenue Aircraft Departures	1,404	2,746	4,150
Scheduled	1,403	2,174	3,577
Charter	1	572	573
Gross Ton Departures	305	156,156	156,461
Available Ton Departures :			9,026
Passenger compartment	19	9,007	16,129
Cargo compartment	32	16,096	25,154
Total	51	25,103	
Revenue Aircraft Miles	6,692	2,985,231	2,991,923
Available Seat Miles (000)	1,640	16,899	18,539
Available Ton Miles (000):	345	22,510	22,855
Passenger compartment	127	47,005	47,132
Cargo compartment	217	84,006	84,223
Total	344	131,011	131,355
Seats Per Aircraft	231	191	
Available Tons Per Aircraft	51	44	
Revenue Passenger Miles (000)		16,901	16,901
Revenue Ton Miles (000)	0	1,690	1,690
U.S. Mail			
Foreign Mail			
Freight			
Total Mail and Freight			296
Baggage at 35 lbs. per passenger		296	296
Total Baggage Mail and Freight		296	1,394
Passengers at 165 lbs. per passenger		1,394	1,690
Total Revenue Ton Miles		1,690	
Seat Factor (%)		100.0%	91.2%
Overall Ton Mile Load Factor (%)		7.5%	1.3%
Cargo Compartment Load Factor (%)		0.4%	0.4%

American's Pacific Scheduled Passenger Service Traffic and Capacity Statistics

Year Ended December 31, 1999

	Aircraft Type		All Types
	MD-11	B-777	
Total Revenue Block Hours	16,434	30,205	46,639
Scheduled	16,422	23,913	40,335
Charter	12	6,292	6,303
Revenue Aircraft Departures	1,404	2,746	4,150
Scheduled	1,403	2,174	3,577
Charter	1	572	573
Gross Ton Departures	427,915	593,502	1,021,417
Available Ton Departures:			60,934
Passenger compartment	26,703	34,231	106,679
Cargo compartment	45,501	61,178	167,613
Total	72,204	95,409	
Revenue Aircraft Miles	8,408,893	12,531,979	20,940,872
Available Seat Miles (000)	1,939,851	2,944,671	4,884,522
Available Ton Miles (000):	432,755	658,484	1,091,238
Passenger compartment	160,046	197,325	357,371
Cargo compartment	272,709	352,658	625,368
Total	432,755	549,983	982,738
Seats Per Aircraft	231	191	233
Available Tons Per Aircraft	51	44	52
Revenue Passenger Miles (000)	1,264,318	2,188,534	3,452,852
Revenue Ton Miles (000)	205,927	370,727	576,654
U.S. Mail	3,882	8,701	12,583
Foreign Mail			
Freight	75,613	143,172	218,785
Total Mail and Freight	79,496	151,873	231,369
Baggage at 35 lbs. per passenger	22,126	38,299	60,425
Total Baggage Mail and Freight	101,621	190,173	291,794
Passengers at 165 lbs. per passenger	104,306	180,554	284,860
Total Revenue Ton Miles	205,927	370,727	576,654
Seat Factor (%)	65.2%	74.3%	70.7%
Overall Ton Mile Load Factor (%)	47.6%	67.4%	58.7%
Cargo Compartment Load Factor (%)	37.3%	53.9%	46.7%
"Wetted Volume" Available Space Basis			
Cargo compartment capacity as a % of total aircraft capacity	34.0%	23.4%	
<u>Assigned Mail and Freight</u>			
Cargo compartment ATM (000) 1/			435,723
Share of cargo compartment capacity (%)			69.7%
Share of total aircraft capacity (%)	23.7%	16.3%	19.5%

1/ Based on load factor standard of 53.1% per CAB Orders 78-12-159 and 79-7-17 in the international mail rate investigation (Docket 26487.)

Aircraft Type

Direct Operating Costs

	MD-11	B-777
(Per Revenue Block Hour)		
Fuel and Oil	\$1,171	\$1,225
Rental		
Cockpit Crew 1/	\$1,409	\$1,614
Other Flying Operations	\$144	\$167
Maintenance Flight	\$1,014	\$264
Depreciation and Capital Leases	\$799	\$674
Total Aircraft Operating Expense	\$4,537	\$3,943
1/ Includes training, taxes and benefits	\$4,537	\$3,943

Note: B-777 cost reflects reported scheduled aircraft hours and total operating expense due to an 1st qtr reporting problems with nonscheduled departures and aircraft hours.

Indirect Operating Expense

Ground Property and Equipment

Maintenance	7.86 per gross ton departure
Depreciation	1.42 per gross ton departure

Passenger Service

Salaries, Personnel exp., Benefits, Pensions, Payroll Tax	9.44 per available seat mile (000)
Other Passenger Service	8.79 per revenue passenger mile (000)

Aircraft Servicing

Aircraft Servicing	7.60 per gross ton departure
Aircraft Control	242 per total block hour
Landing Fees	11.93 per gross ton departure

Traffic Servicing

Assigned to Passenger	165.70 per passenger cabin available ton departure
Assigned to Cargo	180.24 per cargo compartment available ton departure
Other Traffic Servicing	per total available ton departure

Promotion and Sales

Passenger Commissions	19.91% passenger revenue
Property Commissions	3.51% property revenue
Other Reservations and Sales-Passenger	1.86 per (000) RPMS
Other Reservations and Sales-Cargo	4.36 per (000) freight RTMS

Advertising and Publicity

Passenger	1.49% passenger, revenue in sched. services
Cargo	0.34% property, revenue in sched. services

General and Administrative

701 per total block hour

Amortization other than flight equipment

82 per total block hour

Transport Related Expense

2.38% passenger, and freight revenue in sched. services

American's Pacific Scheduled Passenger Service Traffic and Capacity Statistics

Forecast Year Ending June 30, 2001

	Aircraft Type		All Types
	MD-11	B-777	TOTAL
Total Block Hours	8,217	40,150	48,367
Scheduled	8,217	40,150	48,367
Charter			
Revenue Aircraft Departures	702	3,650	4,352
Scheduled	702	3,650	4,352
Charter			
Gross Ton Departures	213,958	996,450	1,210,408
Available Ton Departures :			
Passenger compartment	13,352	57,472	70,823
Cargo compartment	22,750	102,713	125,464
Total	36,102	160,185	196,287
Revenue Aircraft Miles	4,204,447	21,040,351	25,244,798
Available Seat Miles (000)	969,926	4,015,701	4,985,626
Available Ton Miles (000):			
Passenger compartment	80,023	331,295	411,318
Cargo compartment	136,355	592,089	728,444
Total	216,378	923,385	1,139,762
Seats Per Aircraft	231	191	
Available Tons Per Aircraft	51	44	
Revenue Passenger Miles (000)	632,159	2,984,543	3,616,702
Revenue Ton Miles (000)			
U.S. Mail	1,941	14,609	16,550
Foreign Mail			
Freight	37,807	240,376	278,183
Total Mail and Freight	39,748	254,985	294,733
Baggage at 35 lbs. per passenger	11,063	52,230	63,292
Total Baggage Mail and Freight	50,811	307,215	358,025
Passengers at 165 lbs. per passenger	52,153	246,225	298,378
Total Revenue Ton Miles	102,964	553,439	656,403
Seat Factor (%)	65.2%	74.3%	72.5%
Overall Ton Mile Load Factor (%)	47.6%	59.9%	57.6%
Cargo Compartment Load Factor (%)	37.3%	51.9%	49.1%
"Wetted Volume" Available Space Basis			
Cargo compartment capacity as a % of total aircraft capacity	34.0%	23.4%	
Assigned Mail and Freight			
Cargo compartment ATM (000) 1/			599,669
Share of cargo compartment capacity (%)			82.3%
Share of total aircraft capacity (%)	28.0%	19.3%	20.9%

1/ Based on load factor standard of 53.1% per CAB Orders 78-12-159 and 79-7-17 in the international mail rate investigation (Docket 26487.)

AMERICAN AIRLINES INVESTMENT BASE

<u>AMERICAN AIRLINES BALANCE SHEET</u>	<u>4th 98</u>	<u>1st 99</u>	<u>2nd 99</u>	<u>3rd 99</u>	<u>4th 99</u>
1 1899 - TOTAL ASSETS	\$19,240,780,000	\$19,352,719,000	\$20,370,898,000	\$21,193,727,000	\$21,767,277,000
2 1599 - TOTAL INVESTMENTS AND SPECIAL FUNDS	\$485,549,000	\$529,211,000	\$593,902,000	\$590,148,000	\$529,599,000
3 1685 - OPERATING EQUIP PURCHASE DEPOSIT + ADVANCE PAYMNT	\$1,535,551,000	\$1,379,292,000	\$1,114,065,000	\$1,239,578,000	\$1,494,750,000
4 1799 - TOTAL NONOPERATING PROPERTY AND EQUIPMENT					
5 2000 - CURRENT MATURITIES OF LONG-TERM DEBT	\$22,867,000	\$23,690,000	\$54,794,000	\$71,310,000	\$61,445,000
6 2080 - CURRENT OBLIGATIONS UNDER CAPITAL LEASES	\$129,019,000	\$140,535,000	\$141,319,000	\$142,945,000	\$210,496,000
7 2210 - LONG-TERM DEBT	\$903,761,000	\$896,968,000	\$1,471,994,000	\$1,772,982,000	\$2,213,373,000
8 2240 - ADVANCES FROM ASSOCIATED COMPANIES	\$15,880,000	\$15,880,000	\$17,342,000	\$17,342,000	\$17,392,000
9 2280 - NONCURRENT OBLIGATIONS UNDER CAPITAL LEASES	\$1,541,710,000	\$1,494,292,000	\$1,473,960,000	\$1,486,877,000	\$1,414,182,000
10 2290 - OTHER NONCURRENT LIABILITIES	\$1,803,806,000	\$1,839,909,000	\$1,870,284,000	\$1,872,333,000	\$1,921,874,000
10.1 2299 - TOTAL NONCURRENT LIABILITIES	\$4,275,160,000	\$4,257,052,000	\$4,843,583,000	\$5,159,537,000	\$5,582,195,000
11 2995 - NET STOCKHOLDERS' EQUITY	\$6,428,471,000	\$6,462,740,000	\$6,673,380,000	\$6,898,173,000	\$7,150,549,000
12 TOTAL OPERATING EXPENSE	\$3,610,808,000	\$3,589,174,000	\$3,732,314,000	\$3,870,063,000	\$3,891,019,000
13 TRANSPORT RELATED EXPENSE	\$74,149,000	\$81,740,000	\$85,259,000	\$80,245,000	\$103,834,000
14 TRANSPORT OPERATING EXPENSE (12-13)	\$3,536,659,000	\$3,507,434,000	\$3,647,055,000	\$3,789,818,000	\$3,787,185,000
15 NET RECOGNIZED ASSETS(1)-(2+3+4)	\$17,219,680,000	\$17,444,216,000	\$18,662,931,000	\$19,364,001,000	\$19,742,928,000
16 RECOGNIZED ASSETS AS A % OF TOTAL ASSETS (15/1)	89.5%	90.1%	91.6%	91.4%	90.7%
17 TOTAL DEBT (5+6+7+8+9+10)	4,417,043,000	4,411,274,000	5,029,693,000	5,363,789,000	5,838,762,000
18 TOTAL INVESTMENT (17+11)	10,845,514,000	10,874,014,000	11,703,073,000	12,261,962,000	12,989,311,000
19 DEBT AS A % OF INVESTMENT (17/18)	40.7%	40.6%	43.0%	43.7%	45.0%
20 TRANSPORT INVESTMENT (16 X 18)	9,706,273,889	9,801,653,659	10,721,846,621	11,203,345,425	11,781,309,708
21 TRANSPORT INVESTMENT AS A % TRANSPORT OPERATING EXP. (20/14)	2.74	2.79	2.94	2.96	3.11
DEBT/EQUITY	0.7	0.7	0.8	0.8	0.8

FIVE QUARTERS OF TRANSPORT INVESTMENT AS A PER CENT OF ANNUAL OPERATING EXPENSE

72.2%