

INTERNATIONAL NORMAL FARE ADJUSTMENT FACTOR BY ENTITY
TO MARCH 1, 1998 OVER OCTOBER 1, 1979
FARE LEVEL

INTERNATIONAL ENTITIES			
Year Ended		LATIN	
September 30, 1997 1/ -----	ATLANTIC	AMERICA	PACIFIC
Total Oper. Exp. 2/ (000)	\$ 7,421,224	3,858,585	7,324,176
Less: Property & Mail	691,856	231,988	877,794
Nonscheduled 3/	14,543	8,497	19,471
Transport Related 4/	321,521	143,878	287,238
Passenger Oper. Exp.	6,393,304	3,474,222	6,139,673
Passenger Fuel Cost 5/	941,655	455,370	989,965
Passenger Nonfuel Cost	5,451,649	3,018,852	5,149,708
Scheduled Service ASM's (000)	84,528,603	40,999,387	82,061,626
Nonfuel Oper. Exp. per ASM (\$)	.06449	.07363	.06275
Fuel Expense per ASM (\$)	.01114	.01111	.01206
Total Expense per ASM (\$)	.07563	.08474	.07482
Year Ended			
September 30, 1996 1/ -----			
Total Oper. Exp. 2/ (000)	\$ 7,300,677	3,591,145	7,066,989
Less: Property & Mail	611,207	216,271	812,595
Nonscheduled 3/	8,028	9,129	32,001
Transport Related 4/	388,146	71,800	236,186
Passenger Oper. Exp.	6,293,296	3,293,945	5,986,207
Passenger Fuel Cost 5/	859,058	392,230	951,070
Passenger Nonfuel Cost	5,434,238	2,901,715	5,035,137
Scheduled Service ASM's (000)	81,376,817	38,830,942	79,916,675
Nonfuel Oper. Exp. per ASM (\$)	.06678	.07473	.06300
Fuel Expense per ASM (\$)	.01056	.01010	.01190
Total Expense per ASM (\$)	.07734	.08483	.07491
Percent Change in Nonfuel Oper. Exp. per ASM	-3.42%	-1.47%	-.40%
Projected Change in Nonfuel Exp. to March 1, 1998	-3.14%	-1.34%	-.36%
Est. Change in Fuel Cost Year Ended September 30, 1997 Avg. to March 1, 1998 6/	-3.59%	-5.20%	-8.13%
Nonfuel Oper. Exp. per ASM at March 1, 1998 7/ (\$)	.06247	.07264	.06253
Fuel Expense per ASM at March 1, 1998 7/ (\$)	.01074	.01053	.01108
Total Expense per ASM at March 1, 1998 7/ (\$)	.07321	.08317	.07361

INTERNATIONAL NORMAL FARE ADJUSTMENT BY ENTITY
TO MARCH 1, 1998 OVER OCTOBER 1, 1979

	ATLANTIC	LATIN AMERICA	PACIFIC
Total Scheduled Passenger Expense per ASM at October 1, 1979 (\$)	.05329	.05708	.04733
Cost Adjustment Factor 3/ Change from Prior SFFL (%)	1.3739 .30%	1.4571 1.01%	1.5552 1.39%
Prior SFFL Adjustment Factor	1.3697	1.4426	1.5339
Prior Unit Cost per ASM	.07299	.08235	.07260

- 1/ Includes following carriers:
For Atlantic, AA/CO/DL/NW/TW/UA/US.
For Latin America, AA/CO/DL/UA/US.
For Pacific, AA/CS/DL/NW/UA.
- 2/ Total operating expense for all operations and service as reported in the Department's Form 41.
- 3/ Total nonscheduled revenues times .95, assuming charter operations would be conducted at a profit.
- 4/ Total transport-related expense, less any excess of expense over total transport-related revenues.
- 5/ Total fuel cost, scheduled service, times complement of ratio of property and mail expense to total operating expense.
- 6/ Estimated average cost per gallon for the carriers at March 1, 1998 (per page 3) divided by the cost per gallon for the year ended September 30, 1997.
- 7/ Operating expense per ASM for the year ended September 30, 1997 times projected change.
- 8/ Projected operating expense per ASM at March 1, 1998, divided by operating expense as at October 1, 1979.

INTERNATIONAL NORMAL FARE ADJUSTMENT FACTOR
FUEL COST PER GALLON

Average Fuel Cost per Gallon (cents)		INTERNATIONAL ENTITY		
		ATLANTIC	LATIN AMERICA	PACIFIC
Y.E. September 30, 1997		67.60	66.74	72.65
Month				
1997	June	62.28	61.79	66.52
	July	60.02	59.91	64.57
	August	60.80	60.25	64.81
	September	61.30	59.98	63.62
	October	62.93	61.96	65.27
	November	64.83	63.47	68.10
Projected Fuel Cost				
As estimated on March 1, 1998 1/		65.17	63.27	66.74
Percent Change Over Base (%)		-3.59	-5.20	-8.13

1/ Least squares regression.