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Order 2001-2-4  
Served: February 8, 2001



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

Issued by the Department of Transportation  
on the 5<sup>th</sup> day of February, 2001

INTERNATIONAL  
SERVICE MAIL RATES

Docket OST-96-1629 - 260  
(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 for the period beginning February 10, 2001, until further Department action.

**Background**

By Order to Show Cause 2000-11-5, served November 9, 2000, the Department proposed final International service mail rates to be effective from January 1 through December 31, 2001. American, United, and the Postal Service filed timely objections.<sup>1</sup> As discussed in Order 98-6-16, the Department as a general matter no longer issues mail rates that are subject to retroactive adjustment. When there is uncertainty as to the appropriate level of payment, the Department now sets rates that can be adjusted only prospectively.<sup>2</sup> In view of the objections of United and American and the need to have final rates in place, we issued Order 2001-1-2 that made the rates tentatively set by Order 2000-11-5 final effective January 5, 2001, until further Department action.

Since that order was issued, it has come to our attention that an error occurred in our calculation of rates on the terminal side only for the Atlantic, Latin American, and Pacific divisions. In a nutshell, unit terminal costs are determined by dividing terminal expense by tons of baggage enplaned, as well as mail and freight. In order to determine the tons of baggage, the Department applies a factor of .0175 to passengers in the Atlantic, Latin, and

<sup>1</sup> American and United objected that Continental's terminal costs in the Atlantic appeared suspiciously low. The Department acknowledged that Continental's costs appeared suspect, but because TWA's costs appeared high, it would be unfair to exclude one but not the other. Because both TWA and Continental had certified their numbers to the Department, we chose to include both carriers' costs and directed Continental and TWA to review their reported costs and report any appropriate corrections.

<sup>2</sup> Under this policy, parties know at what rate they are being compensated, although they may not know how long that rate will be in effect.

Pacific divisions, and .015895 to each Transborder passenger. Inadvertently, staff applied a factor of .015895 to all four divisions.

The rate was tentatively set by Order 2000-11-5. Because no party detected the error, it was finalized by Order 2001-1-2, effective January 5, 2001, until further Department action, and there is no provision for retroactive adjustment. However, Order 2001-1-2 by its own terms provides that the rate is temporary, so we have the discretion to adjust the rate prospectively depending on the information to be supplied by Continental and TWA, as appropriate.

For ease of viewing, even though there is no change in any linehaul rates for any region or for Transborder terminal rates, we have included all of the appendices. We have also bolded each item that changed in order to highlight the alteration.

This order is issued under authority assigned in 14 CFR 385.12(j)(2)(i).

**ACCORDINGLY,**

1. We make final the rate set in Appendix A, effective February 10, 2001, until further Department action;<sup>3</sup>
2. The fair and reasonable rates of compensation to be paid in their entirety by the Postmaster General pursuant to the provisions of 49 U.S.C. 41901, for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, by each holder of a certificate authorizing the transportation of mail by aircraft in the Atlantic, Latin America, Pacific, and Transborder rate areas,<sup>4</sup> for the period February 10, are those specified in the attached Appendix A;
3. Ordering paragraph 3(g) of Order 79-7-16, incorporated by reference, is amended by adding the following:

	Standard	Daylight
	<u>Container</u>	<u>Container</u>
February 10, 2001, until further Department action	4.960 cents	4.918 cents
4. 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 79-7-16 and 79-7-17;
5. This docket will remain open until further order of the Department; and

<sup>3</sup> If this rate is not revised in the coming year, we would intend to carry out our customary annual update on January 1, 2002.

<sup>4</sup> The rate areas are delineated in Attachments 1, 2, and 3 to Civil Aeronautics Board Order 79-7-17, as modified by Order 84-12-113.

6. We shall serve this order upon parties on the Service List for this Docket.

By:

**Susan McDermott**  
Deputy Assistant Secretary for Aviation  
And International Affairs

(SEAL)

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<http://dms.dot.gov>

## INTERNATIONAL SERVICE MAIL RATES

**Effective: 2/10/2001, 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	<b>126.57%</b>	<b>\$0.2581</b>
Space-Available Mail	\$0.1027	<b>126.57%</b>	<b>\$0.2327</b>
<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	<b>156.83%</b>	<b>\$0.2525</b>
Space-Available Mail	\$0.0910	<b>156.83%</b>	<b>\$0.2337</b>
<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	<b>182.14%</b>	<b>\$0.3778</b>
Space-Available Mail	\$0.1159	<b>182.14%</b>	<b>\$0.3270</b>
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	261.84%	\$0.21942
Standard Container	\$0.01746	261.84%	\$0.06318
Daylight Container	\$0.01747	261.84%	\$0.06321
<u>Total Terminal Charge per Pound Originated, Transborder</u>			
Sack	\$0.08241		\$0.27363
Standard Container	\$0.03901		\$0.11683
Daylight Container	\$0.03884		\$0.11643

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/			
<u>Linehaul Expense</u>						
Fuel		\$776,904	\$1,157,239			
Other	\$951,403	\$3,325,617	\$3,595,546			
Total	5,416,524	\$4,102,521	\$4,752,785			
Available Ton-miles (000)		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%
<u>Terminal Expense</u>	\$87,362	\$474,035	\$506,429			
<u>Tons of Baggage and Cargo Enplaned</u>	504,007	979,482	1,138,039			
Cost per Ton Enplaned	\$173.33	\$483.96	\$445.00	-8.05%	\$392.71	126.57%

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 ( $1.3297 \times 1.16485 = 1.5489$ ) for an 18 month period.

COST ADJUSTMENT FACTORS  
(Expenses in Thousands)  
LATIN AMERICAN 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		\$324,983	\$401,413			
Other		\$1,567,063	\$1,649,879			
Total	\$305,304	\$1,892,046	\$2,051,292			
Available Ton-miles (000)	1,560,336	6,244,613	6,267,949			
Fuel Cost/ATM		\$0.0520	\$0.0640	23.08%	\$0.0879	
Other Cost/ATM		\$0.2509	\$0.2632	4.90%	\$0.2829	
Total	\$0.1957				\$0.3708	89.47%
Terminal Expense	\$29,521	\$197,142	\$208,126			
Tons of Baggs. & Cargo Enplaned	185,834	491,208	515,178			
Cost per Ton Enplaned	\$158.86	\$401.34	\$403.99	0.66%	\$408.00	156.83%

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

2/ Appendix C-2-L 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 23.08% annual increase for fuel produces a 37.28% increase ( $1.2308 \times 1.1154 = 1.3728$ ), in fuel cost for an 18 month period.

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

PACIFIC 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/			
<u>Linehaul Expense</u>						
Fuel		\$740,817	\$1,021,714			
<u>Other</u>		\$3,213,606	\$3,132,253			
Total	\$511,324	\$3,954,423	\$4,153,967			
Available Ton-miles (000)	3,670,476	14,606,691	14,983,823			
Fuel Cost/ATM		\$0.0507	\$0.0682	34.52%	\$0.1076	
<u>Other Cos/ATM</u>		\$0.2200	\$0.2090	-5.00%	\$0.1936	
Total	\$0.1393				\$0.3012	116.22%
Terminal Expense	\$42,934	\$476,581	\$555,232			
<u>Tons of Baggage and Cargo Enpl</u>	<u>289,713</u>	<u>1,328,296</u>	<u>1,455,917</u>			
Cost per Ton Enplaned	\$148.19	\$358.79	\$381.36	6.29%	\$418.10	182.14%

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,		Year to Year % Change 4/	Estimated Unit Cost at June 30, 2001 5/	Percent Change CY 1974 to June 30, 2001
	1999 3/	2000 3/			
<b>Linehaul Expense 1/</b>	<u>CY 1974 2/</u>				
Fuel		\$4,415,781		\$5,851,719	
Other		<u>\$18,442,532</u>		<u>\$19,991,672</u>	
Total	\$4,887,268	\$22,858,313		\$25,843,391	
Available Ton-miles (000)	31,929,297	66,702,589		71,184,864	
Fuel Cost/ATM		\$0.06620	24.17%	\$0.11440	
Other Cost/ATM		\$0.27649	1.57%	<u>\$0.28749</u>	
Total		\$0.15307		\$0.40189	162.55%
<b>Terminal Expense</b>					
Terminal Departure Related Exp.	\$965,920	\$4,433,029		\$4,882,579	
Available Ton-Miles (000)	<u>31,929,297</u>	<u>66,702,589</u>		<u>71,184,864</u>	
Cost per Available Ton-Mile	\$0.03025	\$0.06646	3.20%	\$0.0719	137.69%
Terminal Expense	\$613,632	\$3,653,402		\$3,736,545	
<b>Tons of Baggs. &amp; Cargo Enplaned</b>	<u>5,228,239</u>	<u>8,484,946</u>		<u>8,725,737</u>	
Cost per Ton Enplaned	\$117.37	\$430.57	-0.55%	\$424.69	261.84%

1/ Includes linehaul and terminal taxi expense.  
 2/ Per Order 78-11-80, Appendix F.  
 2/ 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

Year Ended June 30, 1999	American	Continental	Delta	Northwest	TWA	United	Total
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	\$32,113	\$99,439	\$47,098 4/	\$35,157	\$123,393	\$474,035
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
<u>Year Ended June 30, 2000</u>							
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	\$32,940	\$104,089	\$53,190 4/	\$34,091	\$132,607	\$506,429
Available Ton-miles (000)	4,278,374	2,797,648	4,805,130	2,006,799	845,475	4,132,285	18,865,711
<b>Tons of Baggage &amp; Cargo Enplaned 3/</b>	<b>270,616</b>	<b>189,632</b>	<b>286,037</b>	<b>104,817</b>	<b>35,808</b>	<b>251,129</b>	<b>1,138,039</b>

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/ Adjusted to reflect American's ratio of traffic servicing expense assigned to baggage and cargo to the total traffic servicing expense, 63.34 and 65.96 percent for 1999 and 2000, respectively.

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

	LATIN AMERICAN RATE AREA			
	American	Delta	United	Total
<u>Year Ended June 30, 1999</u>				
Fuel Expense	\$221,318	\$28,775	\$74,890	\$324,983
Linehaul Expense 1/	\$1,315,874	\$160,378	\$415,794	\$1,892,046
Terminal Expense 2/	\$148,890	\$14,765	\$33,487	\$197,142
Available Ton-miles (000)	4,047,187	595,092	1,602,334	6,244,613
Tons of Baggage & Cargo Enplaned 3/	352,800	45,697	92,711	491,208
<u>Year Ended June 30, 2000</u>				
Fuel Expense	\$264,515	\$51,444	\$85,454	\$401,413
Linehaul Expense 1/	\$1,394,514	\$252,616	\$404,162	\$2,051,292
Terminal Expense 2/	\$156,984	\$17,229	\$33,913	\$208,126
Available Ton-miles (000)	4,169,873	656,113	1,441,963	6,267,949
<b>Tons of Baggage &amp; Cargo Enplaned 3/</b>	<b>366,507</b>	<b>53,752</b>	<b>94,919</b>	<b>515,178</b>

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), per Version 6 Costing Methodology. Updated, and related G&A expense.

3/ Baggage weighted at .0175 per passenger.

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

PACIFIC RATE AREA

Year Ended June 30, 1999	Continental		Federal		Northwest		United		Total
	Micronesia	Express	Express	Express	Express	Express	Express		
Fuel Expense	\$48,410	\$76,882	\$76,882	\$287,029	\$328,496	\$740,817			
Linehaul Expense 1/	\$299,737	\$703,090	\$703,090	\$1,407,568	\$1,544,028	\$3,954,423			
Terminal Expense 2/	\$13,774	\$202,718	\$202,718	\$175,158 4/	\$84,931	\$476,581			
Available Ton-miles (000)	871,576	2,682,006	2,682,006	5,043,698	6,009,411	14,606,691			
Tons of Baggage & Cargo Enplaned 3/	106,099	474,047	474,047	431,702	316,448	1,328,296			
<b>Year Ended June 30, 2000</b>									
Fuel Expense	\$57,938	\$128,727	\$128,727	\$447,980	\$387,069	\$1,021,714			
Linehaul Expense 1/	\$252,076	\$871,195	\$871,195	\$1,549,713	\$1,480,983	\$4,153,967			
Terminal Expense 2/	\$7,828	\$264,698	\$264,698	\$195,530 4/	\$87,176	\$555,232			
Available Ton-miles (000)	610,862	2,929,550	2,929,550	5,545,790	5,897,621	14,983,823			
<b>Tons of Baggage &amp; Cargo Enplaned 3/</b>	<b>60,812</b>	<b>546,521</b>	<b>546,521</b>	<b>536,025</b>	<b>312,559</b>	<b>1,455,917</b>			

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/ Adjust to reflect the fixed ratio of 79.72% of traffic servicing expense assigned to baggage and cargo to the total traffic servicing expense extant in YE 9/30/88.

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

**TRANSBORDER RATE AREA**

Year Ended June 30, 1999	TRANSBORDER RATE AREA						Continental		Total
	American	Continental	Delta	Northwest	United	USAirways	LAD		
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	\$205,673	\$645,262	\$577,893 5/	\$826,934	\$454,988	\$14,594	\$3,653,402	
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	<b>1,064,056</b>	87,943	8,484,946	
						<b>Est. 6/</b>			

**Year Ended June 30, 2000**

Fuel Expense	\$1,176,247	\$647,248	\$1,111,709	\$835,062	\$1,189,874	\$758,560	\$133,019	\$5,851,719
Linehaul & Terminal Taxi 1/	\$5,153,374	\$2,860,357	\$4,989,440	\$3,042,036	\$5,703,692	\$3,626,460	\$468,032	\$25,843,391
Terminal Departure Exp. 2/	\$946,652	\$308,735	\$957,549	\$626,375	\$1,003,008	\$997,532	\$42,728	\$4,882,579
Terminal Expense 3/	\$981,198	\$219,838	\$657,268	\$621,993 5/	\$846,472	\$395,050	\$14,726	\$3,736,545
Available Ton-Miles (000)	16,175,700	6,382,378	15,492,841	8,722,537	15,986,619	7,224,048	1,200,741	71,184,864
Tons of Bag. and Cargo Exp. 4/	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/ Adjusted to reflect American's ratio of traffic servicing expense assigned to baggage and cargo to the total traffic servicing expense of 70.24 and 69.39 percent for 1999 and 2000, respectively.
- 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
<b>Unit Cost of Fuel</b>							
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%
<b>Unit Cost of Nonfuel</b>							
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%
<b>Unit Cost of Fuel + Nonfuel</b>							
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%
<b>Unit Cost Terminal</b>							
Year Ended June 30, 1999	\$595.95	\$230.73	\$384.23	\$562.28	\$883.34	\$540.41	\$483.96
Year Ended June 30, 2000	\$552.49	\$173.70	\$363.90	\$507.46	\$952.05	\$528.04	\$445.00
Percentage Change	-7.29%	-24.72%	-5.29%	-9.75%	7.78%	-2.29%	-8.05%
<b>Available Ton-Miles</b>							
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%
<b>Tons of Bag. &amp; Cargo Emp.</b>							
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

## LATIN AMERICAN RATE AREA

	American	Delta	United	Total
<u>Unit Cost of Fuel</u>				
Year Ended June 30, 1999	\$0.0547	\$0.0484	\$0.0467	\$0.0520
Year Ended June 30, 2000	\$0.0634	\$0.0784	\$0.0593	\$0.0640
Percentage Change	15.90%	61.98%	26.98%	23.08%

<u>Unit Cost of Nonfuel</u>				
Year Ended June 30, 1999	\$0.2704	\$0.2211	\$0.2128	\$0.2509
Year Ended June 30, 2000	\$0.2710	\$0.3066	\$0.2210	\$0.2632
Percentage Change	0.22%	38.67%	3.85%	4.90%

<u>Unit Cost of Fuel + Nonfuel</u>				
Year Ended June 30, 1999	\$0.3251	\$0.2695	\$0.2595	\$0.3030
Year Ended June 30, 2000	\$0.3344	\$0.3850	\$0.2803	\$0.3273
Percentage Change	2.86%	42.86%	8.02%	8.02%

<u>Unit Cost Terminal</u>				
Year Ended June 30, 1999	\$422.02	\$323.11	\$361.20	\$401.34
<b>Year Ended June 30, 2000</b>	<b>\$428.32</b>	<b>\$320.53</b>	<b>\$357.28</b>	<b>\$403.99</b>
<b>Percentage Change</b>	<b>1.49%</b>	<b>-0.80%</b>	<b>-1.09%</b>	<b>0.66%</b>

<u>Available Ton-Miles</u>				
Year Ended June 30, 1999	4,047,187	595,092	1,602,334	6,244,613
Year Ended June 30, 2000	4,169,873	656,113	1,441,963	6,267,949
Percentage Change	3.03%	10.25%	-10.01%	0.37%

<u>Tons of Bag. &amp; Cargo Emp.</u>				
Year Ended June 30, 1999	352,800	45,697	92,711	491,208
<b>Year Ended June 30, 2000</b>	<b>366,507</b>	<b>53,752</b>	<b>94,919</b>	<b>515,178</b>
<b>Percentage Change</b>	<b>3.89%</b>	<b>17.63%</b>	<b>2.38%</b>	<b>4.88%</b>

## COMPARISON OF UNIT COSTS BY CARRIER

## PACIFIC RATE AREA

	Continental Micronesia	Federal Express	Northwest	United	Total
<u>Unit Cost of Fuel</u>					
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%
<u>Unit Cost of Nonfuel</u>					
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%
<u>Unit Cost of Fuel ± Nonfuel</u>					
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%
<u>Unit Cost Terminal</u>					
Year Ended June 30, 1999	\$129.82	\$427.63	\$405.74	\$268.39	\$358.79
Year Ended June 30, 2000	\$128.72	\$484.33	\$364.78	\$278.91	\$381.36
Percentage Change	-0.85%	13.26%	-10.10%	3.92%	6.29%
<u>Available Ton-Miles</u>					
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%
<u>Tons of Bag. &amp; Cargo Emp.</u>					
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	USAirways	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	\$0.06620
Year Ended June 30, 2000	\$0.07272	\$0.10141	\$0.07176	\$0.09574	\$0.07443	\$0.10500	\$0.11078	\$0.08220
Percentage Change	18.13%	58.26%	-2.06%	39.52%	16.44%	65.69%	41.05%	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	\$0.27649
Year Ended June 30, 2000	\$0.24587	\$0.34675	\$0.25029	\$0.25302	\$0.28235	\$0.39699	\$0.27901	\$0.28084
Percentage Change	1.52%	1.77%	2.62%	-4.33%	1.55%	7.14%	-4.82%	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	\$0.34269
Year Ended June 30, 2000	\$0.31859	\$0.44816	\$0.32205	\$0.34876	\$0.35678	\$0.50200	\$0.38979	\$0.36305
Percentage Change	4.88%	10.71%	1.54%	4.70%	4.33%	15.69%	4.88%	5.94%
<u>Unit Cost A/C Svc. &amp; Gnd.</u>								
Year Ended June 30, 1999	\$0.06013	\$0.04571	\$0.06381	\$0.07618	\$0.06011	\$0.11320	\$0.03450	\$0.06646
Year Ended June 30, 2000	\$0.05852	\$0.04837	\$0.06181	\$0.07181	\$0.06274	\$0.13808	\$0.03558	\$0.06859
Percentage Change	-2.68%	5.82%	-3.13%	-5.74%	4.38%	21.98%	3.13%	3.20%
<u>Unit Cost Terminal</u>								
Year Ended June 30, 1999	\$645.93	\$262.14	\$287.99	\$592.05	\$436.41	\$427.60	\$165.95	\$430.57
Year Ended June 30, 2000	\$642.87	\$272.17	\$293.62	\$556.43	\$443.19	\$383.37	\$155.03	\$428.22
Percentage Change	-0.47%	3.83%	1.95%	-6.02%	1.55%	-10.34%	-6.58%	-0.55%
<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	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	71,184,864
Percentage Change	9.21%	4.57%	6.25%	12.14%	3.45%	5.98%	3.77%	6.72%
<u>Tons of Bag. &amp; 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	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	8,725,737
Percentage Change	6.23%	2.95%	-0.10%	14.52%	0.80%	-3.16%	8.01%	2.84%

Historical Trends in Costs Underlying International Mail Rates

ATLANTIC DATA BASE							LATIN DATA BASE				
Order Number	Year Ended	Fuel \$/ATM	Non-Fuel \$/ATM	Terminal \$/Ton	Order Number	Fuel \$/ATM	Non-Fuel \$/ATM	Terminal \$/Ton			
1.	90-1-59	\$0.0747	\$0.1852	\$396.32	90-1-59	\$0.0955	\$0.2238	\$270.79			
2.	91-8-5	\$0.0731	\$0.1967	\$475.33	91-8-5	\$0.0614	\$0.2692	\$261.26			
3.	91-8-5	\$0.0882	\$0.2060	\$508.24	91-8-5	\$0.1025	\$0.2713	\$295.57			
4.	92-4-30	\$0.1039	\$0.2444	\$657.51	92-4-30	\$0.1196	\$0.2640	\$352.64			
5.	94-8-27	\$0.0775	\$0.2161	\$617.80	94-8-27	\$0.0882	\$0.2764	\$367.71			
6.	95-6-32	\$0.0743	\$0.2141	\$563.42	95-6-32	\$0.0809	\$0.2625	\$295.28			
7.	95-6-32	\$0.0653	\$0.2077	\$470.30	95-6-32	\$0.0674	\$0.2521	\$277.17			
8.	97-5-23	\$0.0600	\$0.1976	\$465.09	97-5-23	\$0.0636	\$0.2471	\$308.47			
9.	97-5-23	\$0.0661	\$0.2071	\$469.76	97-5-23	\$0.0679	\$0.2568	\$338.34			
10.	99-4-1	\$0.0719	\$0.1967	\$457.22	99-4-1	\$0.0758	\$0.2518	\$324.00			
11.	99-4-1	\$0.0573	\$0.1949	\$443.61	99-4-1	\$0.0640	\$0.2572	\$358.10			
12.	99-10-23	\$0.0461	\$0.1975	\$483.96	99-10-23	\$0.0520	\$0.2509	\$401.34			
13.	New	\$0.0613	\$0.1906	<b>\$445.00</b>	New	\$0.0640	\$0.2632	<b>\$403.99</b>			

PACIFIC DATA BASE					TRANSBORDER DATA BASE				
Order Number	Year Ended	Fuel \$/ATM	Non-Fuel \$/ATM	Terminal \$/Ton	Order Number	Fuel \$/ATM	Other \$/ATM	Terminal \$/ATM	Terminal \$/TON
1.	90-1-59	\$0.0730	\$0.1490	\$211.67	90-1-59	\$0.0879	\$0.19361	\$0.05836	\$299.56
2.	91-8-5	\$0.0807	\$0.1724	\$259.58	91-8-5	\$0.0877	\$0.20371	\$0.06102	\$318.19
3.	91-8-5	\$0.0881	\$0.1809	\$269.40	91-8-5	\$0.1029	\$0.22114	\$0.06388	\$343.75
4.	92-4-30	\$0.1066	\$0.1870	\$328.19	92-4-30	\$0.1127	\$0.23374	\$0.06822	\$353.37
5.	94-8-27	\$0.0771	\$0.1925	\$331.93	94-8-27	\$0.0905	\$0.23443	\$0.06726	\$337.85
6.	95-6-32	\$0.0741	\$0.1871	\$322.75	95-6-32	\$0.0851	\$0.24185	\$0.06708	\$360.13
7.	95-6-32	\$0.0671	\$0.1931	\$345.47	95-6-32	\$0.0768	\$0.24608	\$0.06673	\$345.30
8.	97-5-23	\$0.0665	\$0.2038	\$391.95	97-5-23	\$0.0743	\$0.24389	\$0.06248	\$355.85
9.	97-5-23	\$0.0736	\$0.2125	\$378.83	97-5-23	\$0.0830	\$0.26021	\$0.06220	\$370.78
10.	99-4-1	\$0.0795	\$0.2115	\$372.36	99-4-1	\$0.0914	\$0.25464	\$0.06377	\$391.56
11.	99-4-1	\$0.0628	\$0.2178	\$345.92	99-4-1	\$0.0779	\$0.26798	\$0.06365	\$389.35
12.	99-10-23	\$0.0507	\$0.2200	\$358.79	99-10-23	\$0.0662	\$0.27649	\$0.06646	\$430.57
13.	New	\$0.0682	\$0.2090	<b>\$381.36</b>	New	\$0.0822	\$0.28084	\$0.06859	\$428.22