

U.S. PASSENGER AIRLINE COST INDEX: METHODOLOGY

SOURCE: U.S. DOT FORM 41

	<u>Components</u>	<u>Schedule</u>	<u>Account</u>
LABOR*	Salaries + Employee Benefits + Payroll Taxes	P6	8 + 11 + 12
<i>Average Full-Time Equivalents</i>	Full-Time Employees + 0.5 * (Part-Time Employees)	P10	DOT Employment Report
FUEL	Aircraft Fuels	P5.2	5145.1
<i>Gallons</i>	Total Fuels Issued	T2	921
AIRCRAFT RENTS & OWNERSHIP*	Aircraft Rentals + Aircraft Depreciation (Airframes + Aircraft Engines + Airframe Parts + Aircraft Engine Parts + Other Flight Equipment) + Amortization Expense, Capital Leases	P5.2	5147 + 7075.1 + 7075.2 + 7075.3 + 7075.4 + 7075.5 + 7076.1
<i>Seats</i>	Total Seat Count	F41	490
NON-AIRCRAFT RENTS & OWNERSHIP (Principally airport terminal rents)	Total Rentals + Depreciation + Amortization - Aircraft Ownership Costs (above)	P6, P5.2	(31 + 32 + 33) - Aircraft Ownership Costs
<i>Enplanements</i>	Revenue Passengers Enplaned	T1	Z110
PROFESSIONAL SERVICES	Professional Services	P6	28
<i>Available Seat Miles</i>	Available Seat Miles	T2	Z320
FOOD & BEVERAGE	Materials Purchased, Passenger Food	P6	18
<i>Revenue Passenger Miles</i>	Revenue Passenger Miles	T1	Z140
LANDING FEES	Landing Fees	P6	30
<i>Capacity Tons Landed</i>	(Available Ton Miles / Revenue Aircraft Miles Flown) * Revenue Aircraft Departures	T2	(Z280 / Z410) * Z510
MAINTENANCE MATERIAL	Materials Purchased, Maintenance Material	P6	17
<i>Aircraft Block Hours</i>	Aircraft Block Hours	T2	Z630
AIRCRAFT INSURANCE*	Airframe Insurance	P5.2	5155.1
<i>Hull Net Book Value</i>	Operating Property and Equipment, Net + Leased Operating Property under Capital Leases - Leased Operating Property under Capital Leases Amortization	B1	1675 + 1695 - 1696
NON-AIRCRAFT INSURANCE	Total Insurance - Airframe Insurance	P6, P5.2	24 - 5155.1
<i>Revenue Passenger Miles</i>	Revenue Passenger Miles	T2	Z140
PASSENGER COMMISSIONS	Services Purchased, Traffic Commissions	P6	26
COMMUNICATION	Services Purchased, Communication	P6	23
<i>Enplanements</i>	Revenue Passengers Enplaned	T1	Z110
ADVERTISING & PROMOTION	Services Purchased, Advertising and Other Promotions	P6	22
<i>Revenue Passenger Miles</i>	Revenue Passenger Miles	T1	Z140
UTILITIES & OFFICE SUPPLIES*	Utilities and Office Supplies	P6	19
<i>Average Full-Time Equivalents</i>	Full-Time Employees + 0.5 * (Part-Time Employees)	P10	DOT Employment Report
TRANSPORT RELATED EXPENSES	Expenses (transportation facilities, services, etc.) related to generation of transport related revenues	P1.2, P6	7100.35
OTHER OP. EXPENSES	Total Operating Expenses - Above Categories	P1.2	7199 - Above Categories
INTEREST*	Interest on Long-Term Debt and Capital + Other Interest Expenses	P12	8181 + 8182
<i>Average Book Debt Outstanding</i>	Current Maturities of Long-Term Debt + Notes Payable, Banks + Notes Payable, Others + Current Obligations Under Capital Lease + Long-Term Debt + Noncurrent Obligations Under Capital Lease	B1	2000 + 2005 + 2015 + 2080 + 2210 + 2280
<i>Estimated Off-Balance Sheet Debt</i>	Annualized Aircraft Rentals x 7	P5.2	5147
COMPOSITE	Weighted average of all components, including Interest		

*Cost annualized at 4 x quarterly value

Breakeven load factor: the load factor at which total operating revenues equal the sum of operating and nonoperating expenses.