

2002 ANNUAL REPORT



O beautiful

FOR SPACIOUS SKIES,



AIR TRANSPORT ASSOCIATION

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- Malcolm B. "Mac" Armstrong**
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- John M. Meenan**
Senior Vice President, Industry Policy
- Edward A. Merlis**
Senior Vice President,
Legislative and International Affairs
- Robert P. Warren**
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General Counsel and Secretary
- M. Bradley Ballance**
Vice President, E-Business
- James L. Casey**
Vice President and
Deputy General Counsel
- J. Donald Collier**
Vice President,
Engineering, Maintenance
and Materiel
- Albert H. Prest**
Vice President, Flight Operations
- Nestor N. Pylypec**
Vice President, Industry Services
- John R. Ryan**
Vice President, Air Traffic Management
- Michael D. Wascom**
Vice President, Communications
- Richard T. Brandenburg**
Treasurer and Chief Financial Officer
- David A. Swierenga**
Chief Economist

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CREDITS

Pages 1-26: Excerpt from America the Beautiful (1913 version), by Katharine Lee Bates.
Page 3: Landscape photograph Under the Rainbow, copyright Larry Kanfer, Minneapolis.

REPORT CONTENT

Unless otherwise noted, the data provided in this report reflects the activity of 100 U.S. scheduled airlines (Major, National and Regional passenger and cargo airlines as defined by the U.S. Department of Transportation under Chapter 411 of Title 49 of the U.S. Code—see page 19 of this report).

In some cases numbers in this report may not total, due to rounding. Certain historical data has been restated to reflect the most current information available.

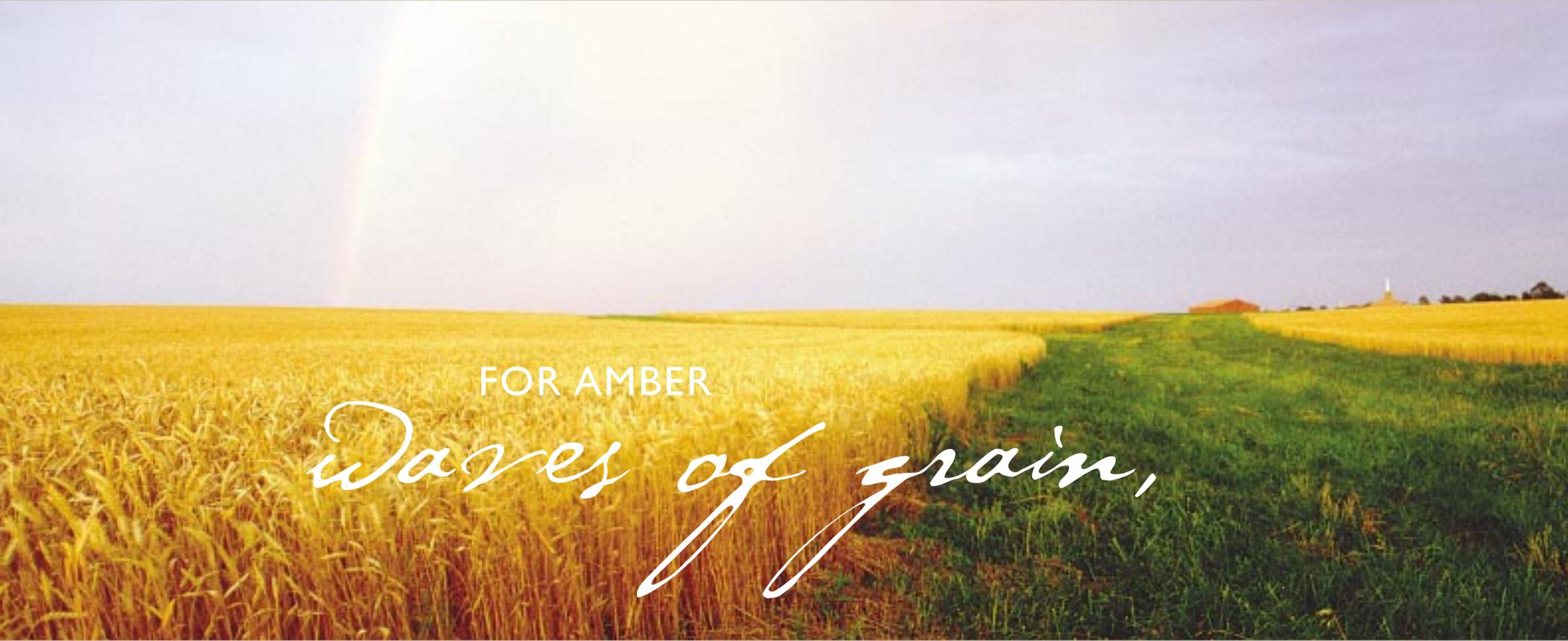
ATA MISSION

The Air Transport Association of America, Inc. serves its member airlines and their customers by:

- Assisting the airline industry in continuing to provide the world's safest system of transportation
- Transmitting technical expertise and operational knowledge among member airlines to improve safety, service and efficiency
- Advocating fair airline taxation and regulation worldwide, ensuring a profitable and competitive industry
- Developing and coordinating industry actions that are environmentally beneficial, economically reasonable and technologically feasible

AIRBORNE EXPRESS *Carl D. Donaway, Chairman and CEO, ABX Air, Inc.*

Seldom have the challenges facing global business been more starkly realized than during the past tumultuous year. Now, more than ever, our industry is being counted on to help meet these challenges. Cost efficiency, always in demand, has become an imperative to survival. Companies are increasingly demanding innovative ideas and flexible solutions. An intense dedication to customer service, now a competitive advantage, may soon become a prerequisite for success. The value equation I see emerging in this new marketplace is a combination of price, performance and people. Air transport companies that are best-equipped—financially, operationally and culturally—to deliver that value are likely to be the biggest winners in the fierce competition that lies ahead.



FOR AMBER
Waves of grain,

ALASKA AIRLINES, INC. *John F. Kelly, Chairman*

Despite one of the nation's and aviation's darkest moments, the men and women of Alaska Airlines clearly displayed the "right stuff" and responded with strength, spirit and good old-fashioned American gumption. Blessed to be able to keep our entire 11,000-member team intact, we resolved to climb up, build back and move forward. And we were good to our promise. So, we enter our 70th year as a company stronger than ever and determined to continue our commitment to be the best we can be for all those we serve.





ALOHA AIRLINES, INC. *Glenn R. Zander, President and CEO*

For more than 50 years, Aloha Airlines has served the communities of Hawaii, growing its inter-island business as tourism and the Hawaii economy expanded. In the new millennium, Aloha commenced expansion out of its traditional niche, becoming the first airline to certify the Boeing 737-700 for 180-minute extended-range operations for twin-engine aircraft. Service has been inaugurated from various points in Hawaii to Oakland and Orange County, California; Las Vegas, Nevada; and several Central Pacific islands. Aloha's plans call for continued expansion into these areas, as traffic and tourism to Hawaii recover from the aftermath of the tragic events of September 11.

FOR PURPLE

mountain majesties

ATA GOALS

The Air Transport Association of America (ATA) is the nation's oldest and largest airline trade association. U.S. members account for 95 percent of the passenger and cargo traffic carried by U.S. scheduled airlines.

In an extraordinarily dynamic industry, the ATA enables marketplace rivals to pool their unparalleled experience, technical expertise and operational knowledge, so that the industry as a whole can better serve the public and improve airline safety, service and efficiency.

The ATA also represents its members on major aviation

issues in the technical, legal and political arenas. Its activities are designed to advocate and support measures that enhance aviation safety, ensure efficiency, foster growth and protect the ability of the airline industry to invest in the future, in order to meet the emerging demands of customers.

While the ATA agenda of issues continuously changes, its major priorities remain constant. Those priorities include:

- Assisting the airline industry in providing the world's safest system of transportation

AMERICA'S AIRLINES...FROM SEA TO SHINING SEA

Last year, my message was about the challenges that lay ahead for the United States airline industry, and the confidence we had in our ability to master those challenges. The challenges we foresaw then now seem small indeed following the unthinkable outrage of September 11, 2001. The world has changed—but the strength, the resilience and the spirit of the people of our great nation have bound us together more tightly than ever.

That quality of the American spirit is, perhaps, nowhere better exemplified than among the men and women of the airline industry. Following the silence of grounded airplanes and empty airports, they knew their duty—to bring people home, to bring families and friends together, to protect our freedom to fly, to re-start the engine of commerce on which we all depend, and to tie us together from sea to shining sea. And they did just that! With an absolute sense of commitment and purpose, they gave America back its wings.

The road to restoring fully the strength of the airlines will be long and arduous. The industry, on which so much of our local and national economic vitality depends, continues to face unprecedented challenges. Working closely with government leaders, steps have been and are being taken to overcome some of those challenges. Coming together, we will accomplish our mission—linking our smaller communities and our shining cities from coast to coast with safe, secure and affordable air transportation—and bringing America together as we have always done.

Carol Hallett



Carol Hallett, President and CEO

- Advocating the modernization of the Federal Aviation Administration (FAA) air traffic control system, to improve service for airline customers and to benefit the environment
- Improving and refining the protection and security of airline passengers and cargo against threats directed at the United States
- Encouraging appropriate government action, while seeking to prevent legislative and regulatory intervention that would penalize airlines and their

customers by imposing rate, route, service and schedule controls on the industry

- Endeavoring to reduce the disproportionate share of taxes and fees paid by airlines and their customers at the federal, state and local levels
- Improving the industry's ability to attract the capital necessary to meet future demand
- Helping to shape international aviation policy, to ensure that U.S. and foreign carriers can compete on equal terms

During its more than 65-year history, the ATA has seen the airline industry grow from the small, pioneering companies of the 1930s into key players in the global transportation market. The ATA and its members continue to play a vital role in shaping the future of air transportation.

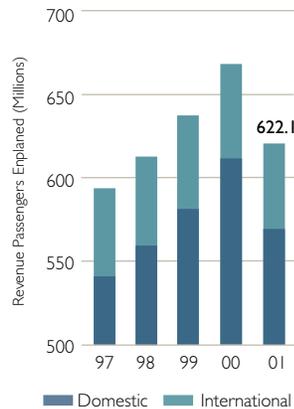


**AMERICA WEST
AIRLINES, INC.**
*W. Douglas Parker,
Chairman, President and CEO
America West Airlines and AWHC*

The year 2001 was the most difficult in the history of the U.S. airline industry. Yet, despite the circumstances and against great odds, airline employees have pulled together with resolve and determination to protect and preserve the greatest transportation system in the world. I am particularly proud of the 13,000 America West employees for their display of compassion, professionalism, loyalty and commitment to our customers.

America West is proud to play an integral role in this important industry and is committed to providing value to consumers for years to come.

PASSENGER VOLUMES
Scheduled Service



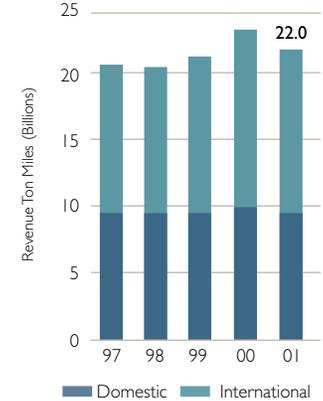
HIGHLIGHTS

TRAFFIC AND OPERATIONS

U.S. Scheduled Airlines—Scheduled Service
(In millions, except as noted)

	2000	2001	% Change
Revenue Passengers Enplaned	666.2	622.1	(6.6)
Domestic Service	610.6	570.1	(6.6)
International Service	55.6	52.0	(6.4)
Revenue Passenger Miles	692,757	651,663	(5.9)
Available Seat Miles	956,950	930,486	(2.8)
Passenger Load Factor (%)	72.4	70.0	-2.4 pts.
Cargo Revenue Ton Miles	23,888	21,997	(7.9)
Freight and Express	21,443	20,109	(6.2)
Mail	2,445	1,888	(22.8)
Total Revenue Ton Miles	93,163	87,164	(6.4)
Aircraft Departures (Thousands)	9,035	8,789	(2.7)

CARGO VOLUMES
Scheduled Service



FINANCIAL RESULTS

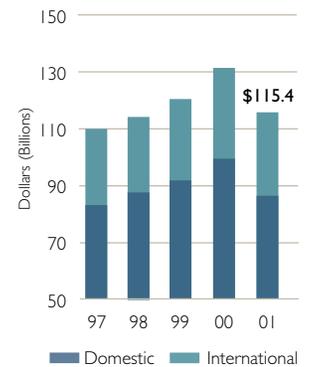
U.S. Scheduled Airlines—All Services
(In millions, except as noted)

	2000	2001	% Change
Passenger Revenue	\$93,622	\$80,936	(13.5)
Domestic Service	74,090	64,402	(13.1)
International Service	19,531	16,534	(15.3)
Cargo Revenue	14,456	12,950	(10.4)
Freight and Express	12,486	11,892	(4.8)
Mail	1,970	1,058	(46.3)
Charter Revenue	4,913	4,459	(9.3)
Other Revenue	17,848	17,081	(4.3)
Total Operating Revenues	130,839	115,425	(11.8)
Total Operating Expenses	123,840	125,489	1.3
Operating Profit (Loss)	\$6,999	(\$10,064)	(243.8)
Net Profit (Loss)	\$2,486	(\$7,710)	(410.1)
Operating Profit Margin (%)	5.3	(8.7)	-14.1 pts.
Net Profit Margin (%)	1.9	(6.7)	-8.6 pts.
Rate of Return on Investment (%)	6.4	(6.9)	-13.3 pts.

**TICKET PRICES VS.
CONSUMER PRICES**



OPERATING REVENUES



1991–2001 SUMMARY

U.S. Scheduled Airlines (In millions, except as noted)

	1991	1992	1993 ¹	1994	1995	1996	1997	1998	1999	2000	2001 ²
Traffic and Operations—Scheduled Service											
Revenue Passengers Enplaned	452.3	475.1	488.5	528.8	547.8	581.2	594.7	612.9	636.0	666.2	622.1
Revenue Passenger Miles	447,955	478,554	489,684	519,382	540,656	578,663	603,419	618,087	652,047	692,757	651,663
Available Seat Miles	715,199	752,772	771,641	784,331	807,078	835,071	857,232	874,089	918,419	956,950	930,486
Passenger Load Factor (%)	62.6	63.6	63.5	66.2	67.0	69.3	70.4	70.7	71.0	72.4	70.0
Average Trip Segment (Miles)	990	1,007	1,002	982	987	996	1,015	1,008	1,025	1,040	1,047
Cargo Ton Miles	12,130	13,199	14,120	16,062	16,921	17,754	20,513	20,496	21,613	23,888	21,997
Freight and Express	10,225	11,130	11,944	13,792	14,578	15,301	17,959	18,131	19,317	21,443	20,109
Mail	1,905	2,069	2,176	2,270	2,343	2,454	2,555	2,365	2,296	2,445	1,888
Revenue Aircraft Miles	4,416	4,661	4,846	5,033	5,293	5,501	5,659	5,838	6,168	6,574	6,514
Aircraft Departures (Thousands)	6,783	7,051	7,245	7,531	8,062	8,230	8,127	8,292	8,627	9,035	8,789
Average Stage Length (Miles)	651	661	669	668	657	668	696	704	715	728	741
Financial Results											
Passenger Revenue	\$57,092	\$59,844	\$64,288	\$65,690	\$69,835	\$75,515	\$79,540	\$81,052	\$84,383	\$93,622	\$80,936
Freight and Express Revenue	5,509	5,916	6,662	7,284	8,616	9,679	10,477	10,697	11,415	12,486	11,892
Mail Revenue	957	1,184	1,212	1,183	1,266	1,279	1,362	1,708	1,739	1,970	1,058
Charter Revenue	3,777	2,989	3,386	3,859	3,742	3,675	3,748	4,059	4,284	4,913	4,459
Other Revenue	7,900	8,424	9,750	11,020	11,658	12,296	14,790	16,294	17,634	17,848	17,081
Total Operating Revenues	75,234	78,357	85,298	89,037	95,117	102,444	109,917	113,810	119,455	130,839	115,425
Total Operating Expenses	77,021	80,803	83,884	86,299	89,266	96,300	101,375	104,528	111,119	123,840	125,489
Operating Profit (Loss)	(1,787)	(2,446)	1,415	2,738	5,852	6,143	8,542	9,283	8,337	6,999	(10,064)
Interest Income (Expense)	(1,778)	(1,743)	(2,052)	(2,352)	(2,426)	(1,989)	(1,738)	(1,753)	(1,833)	(2,193)	(2,485)
Other Income (Expense)	1,624	(598)	(1,541)	(727)	(1,143)	(1,427)	(1,686)	(2,682)	(1,226)	(2,320)	4,838
Net Profit (Loss)	(\$1,941)	(\$4,787)	(\$2,178)	(\$341)	\$2,283	\$2,727	\$5,119	\$4,847	\$5,277	\$2,486	(\$7,710)
Passenger Yield (¢ per Passenger Mile)	12.74	12.51	13.13	12.65	12.92	13.05	13.18	13.11	12.94	13.51	12.42
Passenger Unit Revenue (¢ per Seat Mile)	7.98	7.95	8.33	8.38	8.65	9.04	9.28	9.27	9.19	9.78	8.70
Freight and Express Yield (¢ per Ton Mile)	53.87	53.15	55.78	52.81	59.11	63.26	58.34	59.00	59.09	58.23	59.14
Mail Yield (¢ per Ton Mile)	50.25	57.24	55.68	52.14	54.00	52.13	53.32	72.23	75.76	80.60	56.00
Cargo Yield (¢ per Ton Mile)	53.30	53.79	55.77	52.72	58.40	61.72	57.71	60.53	60.86	60.52	58.87
Operating Profit Margin (%)	(2.4)	(3.1)	1.7	3.1	6.2	6.0	7.8	8.2	7.0	5.3	(8.7)
Net Profit Margin (%)	(2.6)	(6.1)	(2.6)	(0.4)	2.4	2.7	4.7	4.3	4.4	1.9	(6.7)
Rate of Return on Investment (%)	(0.7)	(9.0)	(0.4)	5.2	11.9	11.5	14.7	12.0	11.1	6.4	(6.9)
Employment (Full-Time Equivalents)	533,565	540,413	537,111	539,759	546,987	564,425	586,509	621,058	646,410	679,967	670,730

¹ Financial results exclude fresh-start accounting extraordinary gains of Continental and Trans World.

² Financial results include cash compensation remitted to air carriers under the Air Transportation Safety and System Stabilization Act (PL 107-42).



AMERICAN AIRLINES, INC. *Donald J. Carty, Chairman and CEO, American Airlines and AMR*

For the airlines, the travails of 2001 were worse than any of us could have imagined. At the same time, our fundamental strength—which is to say, the strength of our people—was never more evident. Going forward, our challenges are many. We must find innovative new ways to enhance security while streamlining the customer experience. We must find our way back to profitability, so we can rebuild our schedules and get all of our people back to work. And we must honor the strength of our people by continuing to create a workplace environment that acknowledges and respects every individual. The challenges are great, but if there's one thing that 2001 taught us, it's that there's no challenge we can't meet.



ABOVE THE

gruited plain!



AMERICAN TRANS AIR, INC. *John P. Tague, President and CEO*

During the last quarter of 2001, American Trans Air became the 10th largest carrier in the U.S., based on revenue passenger miles flown. At the same time, the entire airline industry faced dramatic and unprecedented challenges that would directly affect the way we conduct business. Our response has been to stay on course—enhancing our product (we've added 22 new aircraft to our fleet) and adding new flights and new markets while continuing to deliver everyday value. This strategy has helped us to better manage the many obstacles that have hampered the entire airline industry. Despite these challenges, American Trans Air remains on course.

2001 AIRLINE INDUSTRY REVIEW

The beginning of the 21st century will forever be marked by the September 11 terrorist attacks on our country. An immediate and obvious economic result of the attacks was the complete grounding of the airlines for several days, followed by an unprecedented decline in traffic and sales. Aircraft values plummeted along with airline credit ratings and the capital markets threatened to retreat, further compounding the crisis in liquidity. It is a tribute to both government and the airlines that they were able to meet and manage these immediate challenges. Quick stabilization measures, in the form of legislation authorizing cash compensation and the establishment of a federal loan guarantee program, prevented almost certain bankruptcy for many airlines. Nonetheless, even with this assistance, the industry reported a record loss of \$7.7 billion for the year.

TRAFFIC

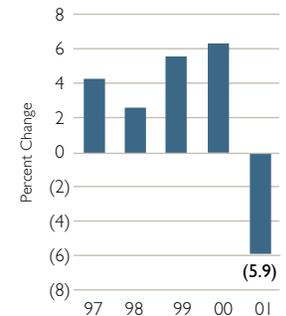
In 2001, revenue passenger miles declined 5.9 percent to 652 billion—the largest drop in U.S. history. Passenger enplanements declined 6.6 percent to 622 million. As 2001 unfolded, airlines saw a modest 2.8 percent growth in the first quarter, with no change in traffic during the second quarter. The terrorist attacks resulted in declines of 7.8 and 19.0 percent for the third and fourth quarters, respectively. The recession, which began early in 2001, hit business travel especially hard, as corporate earnings fell. Based on information from a sampling of ATA member airlines, domestic business traffic fell 5.5 percent during the first eight months of the year, while personal and pleasure traffic increased 5.1 percent. Over the last four months of the year, the decline in business traffic quadrupled to 24.2 percent and personal and pleasure traffic reversed its course, falling 18.0 percent.

For the full year, international passenger traffic—26 percent of total traffic—fell 7.1 percent, reflecting the post-September 11 security concerns of air travelers and a worldwide economic slump. Through August, while domestic travel was in decline, international travel recorded a small gain. After September 11, demand in all markets fell, with travel abroad falling more sharply than it did domestically. Travel across the Atlantic was the hardest hit—declining 8.5 percent for the year. Pacific travel fell 7.9 percent. Latin American travel, dominated by traffic to the Caribbean, was off 2.9 percent.

The unexpected drop in travel has given the industry and its customers momentary relief from growing airspace and airport congestion. However, the newest FAA forecast postpones by only three years the time when U.S. airlines are expected to enplane over one billion passengers annually. Throttling back the economy by attempting to regulate the availability of flights is no solution to congestion. Accommodating expected growth will require both federal and local commitments to enable significant and timely investments. The cost of expansion, as always, will be borne almost entirely by the users of the system—airlines and their customers—through landing fees, terminal rents and various taxes and charges.

Unchanged from 2000, Atlanta handled the largest number of arriving and departing passengers of all U.S. airports in 2001, followed by Chicago O'Hare, Los Angeles and Dallas/Fort Worth. The New York metro area, served by Newark, LaGuardia and John F. Kennedy airports, dominated the largest travel markets in America, appearing in 14 of the top 25 city pairs.

PASSENGER TRAFFIC GROWTH RATES
Revenue Passenger Miles—Scheduled Service



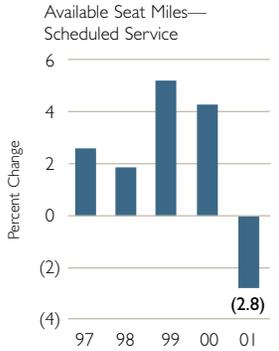
ATLAS AIR, INC. *Richard H. Shuyler, CEO*

2001 was a challenging year for Atlas Air, beginning in January with the loss of our founder, Michael A. Chowdry. Although we miss him, I know he would be proud of the way the employees of Atlas Air have persevered during the most difficult year the air cargo industry has seen in decades.

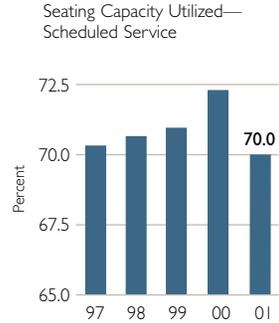
While grieving for those lost on September 11, Atlas Air employees worked tirelessly to restore normal operations quickly after the terrible events of that day. And we are proud to support Operation Enduring Freedom by flying for the U.S. Department of Defense Air Mobility Command, while maintaining normal operations for Atlas' airline customers worldwide. We join others in our nation and around the world in the hope for a future of peace and security for all.



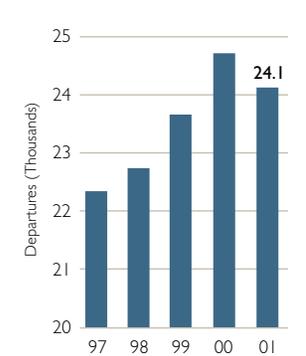
PASSENGER CAPACITY GROWTH RATES



PASSENGER LOAD FACTOR



DAILY DEPARTURES



CONTINENTAL AIRLINES, INC. *Gordon M. Bethune, Chairman and CEO*

For many years, Continental has focused on providing clean, safe and reliable transportation for customers while making the company a great place to work for employees. We take pride in the airline we built by working together. Continental, along with the nation, faced the unimaginable on September 11, 2001. The future of the industry was uncertain. Through constant communication and teamwork, my co-workers got Continental flying again, and I have never been more proud to be on their team. Continental is the same airline today with the same commitments to its customers and employees—we are just a smaller airline. Once again, we have proved that bigger isn't better—better is better.

Cargo traffic, measured by revenue ton miles, declined 7.9 percent in 2001. Mail revenue ton miles declined a staggering 22.8 percent—due largely to new security restrictions. Domestic cargo traffic fell 10.1 percent, reflecting the loss of U.S. mail traffic and a 6.3 percent decline in freight and express traffic. International ton miles, 59.7 percent of cargo traffic, declined 6.3 percent.

CAPACITY

Through August, seating capacity had increased a modest 3.3 percent. But after September 11, airlines made sharp cuts in capacity. Available seat miles declined 2.8 percent for the year. In the immediate aftermath, airlines cut their schedules by a fifth before adjusting those cuts to match the level of demand as traffic began to stabilize. For the full month, September showed an 18.3 percent decline in available seat miles. By December, capacity was down “only” 12.1 percent from year-ago levels. For the year, international capacity declines amounted to 3.0 percent, with the biggest decline in the Pacific.

As carriers struggled with a rapidly changing marketplace, regional jet service continued to grow—rising from 542 aircraft in 2000 to more than 700 in 2001. Smaller aircraft were much in demand, as carriers downsized the aircraft used to serve many markets. These smaller aircraft continue to benefit small and medium-size communities, allowing carriers to provide direct service even when traffic is declining. According to the FAA, regional jets are expected to number over 1,000 by the end of 2003.

Scheduled flights declined from 9.0 million in 2000 to 8.8 million

in 2001—down about 600 flights per day. The fourth-quarter decline, however, was closer to 3,000 flights per day. This tremendous cut in flight operations had the immediate consequence of vastly reducing air traffic control delays. Average daily delays in 2000 had reached a record of 1,200. By late 2001, this figure had declined to about 400 per day—clear and compelling evidence that airport runway capacity and the air traffic control system are lagging in their ability to handle the level of flights necessary to satisfy consumer needs.

Although airlines made quick, unprecedented adjustments in capacity, the average load factor fell 2.4 points to 70.0 percent in 2001—the first drop in nine years. Normally one of the principal measures of efficiency in the industry, load factor has become a less appropriate indicator of asset utilization. This decline is attributable to the large number of grounded aircraft with zero utilization. Moreover, a significant portion of expenses associated with those aircraft has not disappeared.

FLEET

In addition to reducing departures, overall, ATA members responded to the sharp decline in demand by shrinking their fleets to 4,717 airplanes. Airlines targeted less fuel-efficient and more maintenance-intensive aircraft when deciding which aircraft to ground. In addition to grounding aircraft, many airlines also postponed delivery dates for new aircraft, where possible. For deliveries in 2002 and 2003, there are now only 202 and 137 firm orders, respectively, compared to 283 and 186 as of December 2000. In addition to the fleet reductions prompted by declining traffic, carriers' massive financial losses will limit their ability to purchase large numbers of new aircraft for several years.



DELTA AIR LINES, INC. *Leo F. Mullin, Chairman and CEO*

On September 11, air service ground to a halt. During those days when the skies were empty of aircraft, the nation's business sector seemed suspended and unsure. Never before had the interdependence of a strong aviation sector and the economic health of the United States been more plain and this truth more evident: Our country needs an aviation sector that thrives, not just survives; and aviation needs to thrive because it is in the public interest that it thrive.

DHL AIRWAYS, INC. Joseph R. O’Gorman, Chairman, President and CEO

DHL Airways, a provider of air cargo service worldwide, remains optimistic about the future of our airline, the industry and the economy.

We believe the resilience and perseverance that are always displayed by the American people will again prevail. Our employees and those of the entire industry will rebuild, and we will return to prosperity once again.



REVENUES

Airline revenues fell 11.8 percent to \$115.4 billion—only the second annual decline in airline history. When this last happened, in 1991, following the outbreak of war in the Middle East, there was a similar sharp drop in airline traffic. In addition, at that time, the U.S. economy dropped into recession, further depressing demand. The events of September 11, however, have had a more pronounced impact on airline revenues, which have yet to recover despite signs of an improving economy.

Passenger revenue for 2001, which accounts for 70.1 percent of total operating revenues, fell 13.5 percent to \$80.9 billion. Domestic passenger revenue fell 13.1 percent, while international passenger revenue declined 15.3 percent. Hardest hit was the Pacific, where revenue fell 16.2 percent, followed by a 12.8 percent drop in Atlantic revenue and a 2.9 percent drop in Latin revenue. These reductions were driven by decreases in both volume and price. As traffic declined, airlines offered lower prices in an attempt to stimulate more volume. The average price of air travel, measured by passenger yield—the amount collected by airlines to fly one passenger one mile—decreased 8.1 percent. After the terrorist attacks and the consequent drop in demand, airlines reduced prices to levels not seen in more than a decade.

Without adjustment for inflation, airline prices have fallen 2.5 percent since 1991. During those same ten years, inflation measured by the Consumer Price Index increased 30.0 percent. When adjusted for inflation, airline prices have fallen 25.0 percent since 1991. Consumers continue to benefit from the intense competition and improved efficiency unleashed by airline deregulation. Since passenger deregulation in 1978, airline prices have fallen 44.9 percent in real terms. This tremendous

PASSENGER YIELD

Revenue per Passenger Mile (¢)

	1991	2000	2001
Domestic	13.24	14.57	13.41
International	11.32	10.59	9.65
Total	12.74	13.51	12.42

FREIGHT AND EXPRESS YIELD

Revenue per Freight and Express Ton Mile (¢)

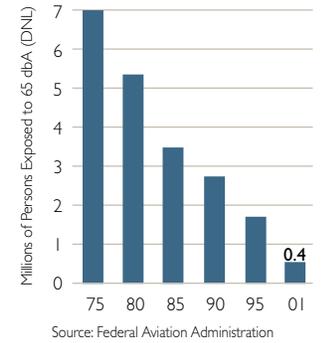
	1991	2000	2001
Domestic	64.82	77.98	78.07
International	43.61	46.58	47.99
Total	53.87	58.23	59.14

decline in price—which few if any other industries can match—is largely responsible for the long-term growth of air travel. The 2001 price declines were driven by marketplace conditions and occurred in spite of sharply rising labor costs. Coupled with the 2.4 point drop in load factor, the drop in yield drove an 11.0 percent decline in passenger revenue per available seat mile (RASM). This statistic, closely watched by airline management, measures how effectively carriers are using their capacity to generate revenue. The 2001 RASM of 8.70 cents, the lowest level since 1995, helps explain why airlines fell far short of covering unit costs.

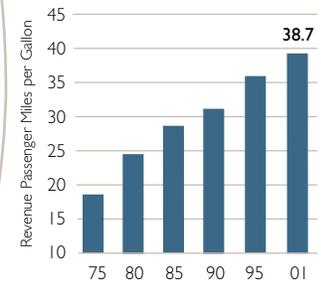
Cargo revenue decreased 10.4 percent to \$13.0 billion in 2001. Cargo prices fell 2.7 percent, as a 30.5 percent drop in the price of mail shipments offset a 1.6 percent rise in the price of freight shipments. Along with lower volumes, the drop in price reduced mail revenue by \$912 million. Freight and express revenue fell 4.8 percent.

These price reductions have driven the industry’s breakeven load factor to record levels. Once around 65 percent, the breakeven load factor for passenger operations is now in the high 70s. As prices fall, more seats need to be filled to generate the same amount of revenue. As noted, actual load factors did not increase, but fell. The hope is that as demand returns to normal, upward pressure on prices and load factors will help restore economic stability across the industry.

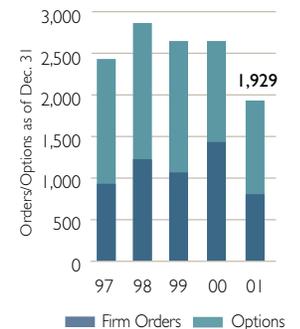
AIRLINE NOISE REDUCTION



AIRLINE FUEL EFFICIENCY
Passenger Operations



AIRCRAFT ORDERS
ATA U.S. Members





EMERY WORLDWIDE AIRLINES *Jerry Trimarco, CEO*

The year 2001 brought astounding changes for our country and our industry and the future will no doubt bring new challenges. However, regardless of any new obstacles, we will not be deterred. Like our country, the air cargo industry has stepped up to the plate and will keep the freight moving. Emery Forwarding, with the support of our dedicated employees and our faithful customers, is enthusiastic about our future and proud of our contribution to the air freight industry.

EXPENSES

Current market conditions may prevent carriers from raising prices to cover higher costs, but eventually prices must cover all costs. The history of airline price movement has closely tracked changes in costs—the difference being taken up by changes in airline profitability, always well below the average for U.S. corporations. In 2001, labor costs continued to rise sharply. These increases were occurring during a time of low inflation, so that real wages have also been rising sharply. These increases need not result in airfare increases, provided labor productivity increases at the same pace as wages. Unfortunately, labor productivity has shown no improvement since 1996. The average compensation of airline employees reached \$71,834 in 2001. One of the unfortunate outcomes of the terrorist attacks is that most airlines have had to reduce their workforces. Airlines initially announced layoffs and furloughs of roughly 100,000 employees. By using voluntary programs and work-sharing, this number was reduced to about 80,000 employees, or about 11 percent of the workforce. As traffic has begun to recover, airlines have been able to recall some of these employees. However, because of a slower than anticipated recovery, it is expected that it will take some time for the full workforce to return.

Jet fuel costs are the airlines' second largest expense item, following labor costs. After increasing steadily through 2000, prices began to fall with the slumping economy. With a worldwide decline in energy demand, crude oil prices fell from a high of nearly \$35 per barrel in late 2000 to \$20 per barrel in late 2001. This resulted in jet fuel prices falling from 92 to 60 cents per gallon by year-end. Normally over 20 billion gallons per

year, the post-September 11 reduction in flying lowered fuel consumption about 300 million gallons per month. For the full year, fuel expenses declined \$1.6 billion.

Due to the fourth-quarter plunge in fuel price and consumption, flying-operations costs, largely composed of cockpit crew, fuel and insurance costs, decreased \$0.6 billion. Insurance costs rose sharply after September 11, portending an annual increase exceeding \$1 billion in the years ahead. Airlines are pursuing the creation of

EMPLOYMENT

U.S. Scheduled Airlines—Full-Time Equivalents

	1991	2000	2001
Pilots and Copilots	49,232	72,379	71,266
Other Flight Personnel	8,033	10,819	9,554
Flight Attendants	81,794	112,623	112,866
Mechanics	58,819	72,092	70,017
Aircraft and Traffic Service Personnel	237,292	311,724	303,672
Office Employees	44,304	44,028	43,436
All Other	54,091	56,303	59,919
Total Employment	533,565	679,967	670,730
Average Compensation			
Salaries and Wages	\$40,376	\$54,489	\$55,846
Benefits and Pensions	7,231	10,180	12,089
Payroll Taxes	3,038	3,765	3,899
Total Compensation	\$50,645	\$68,434	\$71,834

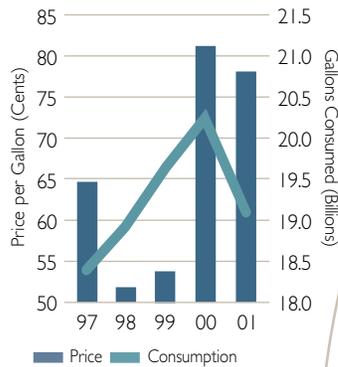


EVERGREEN INTERNATIONAL AIRLINES, INC. *Anthony E. Bauckham, President*

It would be remiss for me, having been so well supported this past year by Evergreen's employees, not to thank them personally. They have, under extremely tough conditions, provided this company with unbending willingness. Evergreen's patriotism is clear; volunteering its cargo capacity immediately to the Air Mobility Command in support of Operation Enduring Freedom. We all wish we knew what the future holds for our industry, but it still remains unclear. The federal government has demonstrated its support and its willingness to recognize the difficulties we face. In this time of war, a quote from one of the greatest war leaders seems apt. Winston Churchill once said to a group of young students, "Never give in...never, never, never, never." Let us follow this philosophy, ensuring the future of our industry.

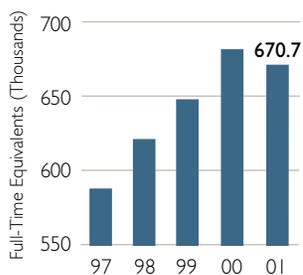
JET FUEL PRICE AND CONSUMPTION

Majors, Nationals and Large Regionals



EMPLOYEES

U.S. Scheduled Airlines



HAWAIIAN AIRLINES *Paul J. Casey, Vice Chairman, President and CEO*

As the world around us changes, the fundamental freedoms that Americans by the millions exercise every day as they travel freely throughout our country and the world are increasingly put to the challenge. And never has there been more attention focused on the job that we do as airline professionals. In this new and dynamic environment, the men and women of Hawaiian Airlines have proven themselves equal to the challenge of our industry's future—that of providing safe, reliable and convenient transportation while preserving a focus on hospitality and the needs of our individual customers.



a self-insurance plan that will help contain these terrorism-related costs. Security costs are also increasing sharply, especially since the Transportation Security Administration's assumption of security functions. These expenses have a direct negative impact on the airlines' bottom line. Rapid increases in security costs are resulting in an increase in the cost of air travel and further reducing the long-term growth rate of the industry.

BALANCE SHEET

The airline industry is a capital-intensive industry, requiring major investments in aircraft, facilities and equipment. The total value of these investments, net of depreciation, reached \$89.6 billion of assets totaling \$158.4 billion. The return on investment fell in 2001 to negative 6.9 percent. One of the outcomes of the terrorist attacks and the subsequent industry losses is that airlines, already more leveraged than other industries, will need to borrow significant amounts to cover losses. Long-term debt and other non-current liabilities increased a staggering \$14.4 billion. Part of the legislative stabilization package anticipated this borrowing and provided for loan guarantees to ensure access to the private capital markets. Even after the industry returns to profitability, it will take several years to reduce this higher debt burden to acceptable levels and to enable other uses of cash, including investments in people, systems, the fleet and related equipment.

EARNINGS

Airline earnings at the operating level began to fall in 1999. In 2000, operating earnings fell again, and net profits declined sharply. As of early September 2001, the industry was expecting to lose more than \$3 billion by year-end. Subsequently,

net losses escalated to \$7.7 billion on operating losses of \$10.1 billion. Without nearly \$4 billion in critical federal compensation, these record net losses would easily have reached double digits.

The outlook for air transportation depends on continued economic recovery and the return of both business and personal/pleasure travelers. The year 2001 was incredibly difficult for the United States and particularly hard for the airlines, because of the nature of the attacks on the nation. The industry has taken many positive, often difficult, steps to sustain its financial and operational wherewithal to respond to this situation. The goal is to be prepared to respond quickly to the economic recovery. Passenger and freight volumes should slowly improve, but it will take significantly longer to restore economic viability and vitality.

The challenge now is to sustain this essential industry—the key transportation link in our society—and to bring it into an extended period of financial health. To meet this challenge, we must work together. The airlines must continue to provide safe, secure, invitingly convenient and affordable air transportation. Airline workers must continue to seek new and better ways to improve efficiency and productivity. The government must do its part by investing in infrastructure and by meeting its new security responsibilities, in cooperation with airports and airlines, in a manner that invites travelers back into the air while resisting the urge to raise charges, taxes and fees.



FEDEX CORPORATION

*Frederick W. Smith
Chairman and CEO*

Today, aviation binds the world's trading partners together at an unprecedented level whether it involves the movement of people or the distribution of high-value goods. The importance of aviation to the global economy was never more apparent than it was following the tragic events of September 11.

I am extraordinarily proud of the men and women of the FedEx family of companies for their humanitarian assistance and their efforts to assist our customers during that difficult time.

Restoring confidence in the safety and security of the aviation industry is essential for restoring the world's economic health. FedEx is absolutely committed to doing whatever it takes to help achieve this goal.

A WORD FROM ATA ABOUT TAXES AND FEES

Since the earliest commercial flights, in recognition of the national interest in a strong transportation network, the federal government has played a key role in maintaining the nation's air transport infrastructure. It has recently expanded its role to include defending this infrastructure against terrorism. With respect to both elements, the question arises: To what degree does the national interest demand public support versus reliance on user funding?

The years 2001 and 2002 saw the introduction of new aviation taxes and fees and increases in many of those already in place. Consequently, a \$200 domestic roundtrip with one connection now includes more than \$50 in taxes and fees, up from \$15 in 1990. At lower fare levels these taxes and fees can constitute as much as 50 percent of the cost of a ticket. The effective tax rates on air travelers are higher than on consumers of just about any other U.S. product or service.

Rising taxes and fees dampen demand for air transportation, which leads directly to a slowing economy. (For every airline employee, there are some 15 non-airline employees whose jobs depend on commercial aviation.) While airlines and their customers expect to pay a fair share to support the aviation system, government must recognize that excessive reliance on direct user support runs a grave risk of "stalling" this vital economic engine.

THE AIRLINES' ENVIRONMENTAL PROGRESS

The airlines continue to make great environmental progress. According to the FAA, since 1995 critical noise levels have been reduced by an impressive 76 percent. Moreover, last year the carriers took a leadership role in the International Civil Aviation Organization (ICAO) to establish even more stringent noise standards for new design aircraft beginning in 2006.

On the emissions front, the fuel efficiency of passenger operations has climbed to 38.7 passenger miles per gallon—a 109 percent gain since 1975. Every increase in fuel efficiency translates into real reductions in emissions. Beginning in 1982, aviation was the first industry to adopt global standards to reduce nitrogen oxides, carbon monoxide and unburned hydrocarbons. In addition to their efforts to reduce emissions at ICAO, the ATA airlines are also actively engaged in a number of national and local efforts to reduce ozone-forming emissions.

Additionally, the carriers have taken a leadership role in reducing the impact of their operations on local water bodies. In addition to working with deicing fluid manufacturers to reduce deicing fluid toxicity, the airlines have implemented a number of innovative technologies that reduce the use of deicing fluid, while not compromising safety.



America! America!

GOD SHED HIS GRACE ON THEE



JETBLUE AIRWAYS CORP. *David G. Neeleman, CEO*

Airlines today operate in a completely changed environment. Before September 11, security was rarely a topic of communication between the airlines and the traveling public. A safe and secure flight is our customers' first priority...and the communication of new safety and security measures should be every airline's top priority, as the industry collaborates to return to pre-September traffic.

JetBlue was the first airline to bullet-proof our cockpit doors across the fleet and we're now installing a cabin surveillance system in all our passenger cabins. And you can bet we're not being quiet about it. It's our duty, as members of this great industry, to respond to our customers' concerns, restoring their faith in air travel and rebuilding the industry as we do it.

FACTS AND FIGURES

TRAFFIC AND OPERATIONS—DETAIL

U.S. Scheduled Airlines
(In millions, except as noted)

	2000			2001		
	Domestic	International	Total	Domestic	International	Total
Passenger Traffic—Scheduled Service						
Revenue Passengers Enplaned	610.6	55.6	666.2	570.1	52.0	622.1
Revenue Passenger Miles	508,403	184,354	692,757	480,313	171,350	651,663
Available Seat Miles	714,454	242,496	956,950	695,178	235,308	930,486
Passenger Load Factor (%)	71.2	76.0	72.4	69.1	72.8	70.0
Average Trip Segment (Miles)	833	3,319	1,040	842	3,295	1,047
Cargo Traffic—Scheduled Service						
Cargo Revenue Ton Miles	9,868	14,019	23,888	8,868	13,130	21,997
Freight and Express	7,953	13,490	21,443	7,452	12,657	20,109
Mail	1,916	529	2,445	1,415	473	1,888
Overall Traffic and Operations						
Total Revenue Ton Miles—Charter Service	5,886	2,707	8,593	5,046	2,167	7,214
Total Revenue Ton Miles—All Services	66,595	35,161	101,757	61,945	32,432	94,377
Total Available Ton Miles—All Services	115,468	58,312	173,781	114,500	57,498	171,998
Weight Load Factor—All Services (%)	57.7	60.3	58.6	54.1	56.4	54.9
Revenue Aircraft Departures—Scheduled Service (Thousands)	8,491	545	9,035	8,238	551	8,789
Revenue Aircraft Miles—Scheduled Service	5,396	1,179	6,574	5,336	1,178	6,514
Revenue Aircraft Hours—Scheduled Service (Thousands)	13,298	2,382	15,680	13,027	2,388	15,416
Average Stage Length—Scheduled Service (Miles)	635	2,164	728	648	2,139	741



MIDWEST EXPRESS AIRLINES, INC.

Timothy E. Hoeksema
Chairman, President and CEO

Despite the turbulence of 2001, we're very optimistic about the future of our airline and the industry. Increasing numbers of passengers returning to the skies illustrate the confidence the public has in our ability to provide a safe air travel experience.

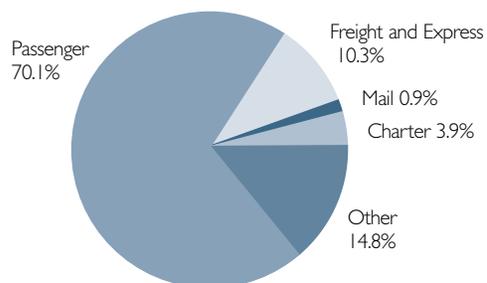
Much of that confidence is the result of the dedication and enduring spirit of our employees—a spirit reflective of that of the citizens of our country—that will, over time, allow us to heal, rebuild and thrive.

NORTHWEST AIRLINES, INC. *Richard H. Anderson, CEO*

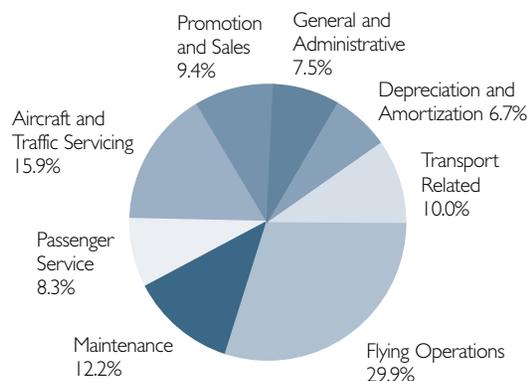
The year 2001 will long be remembered as one of the most challenging periods for commercial aviation, and for Northwest Airlines. However, it should also be remembered as a year in which Northwest and the entire industry came together to address a monumental national issue and restore America's confidence in our product. Our industry has faced tough times before, and each time we have risen to the challenge and grown stronger. I know all of us at Northwest are working hard to restore the airline to financial health. I firmly believe that we will look back on 2001 and say this was the beginning of a new era at our airline.



OPERATING REVENUES—2001



OPERATING EXPENSES—2001



INCOME STATEMENT

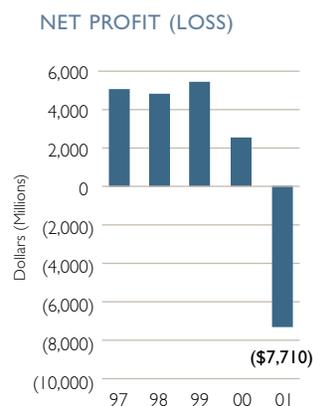
U.S. Scheduled Airlines
(In millions, except as noted)

	2000			2001		
	Domestic	International	Total	Domestic	International	Total
Operating Revenues						
Passenger	\$74,090	\$19,531	\$93,622	\$64,402	\$16,534	\$80,936
Freight and Express	6,201	6,284	12,486	5,818	6,074	11,892
Mail	1,688	283	1,970	811	247	1,058
Charter	3,744	1,170	4,913	3,247	1,212	4,459
Other	13,712	4,136	17,848	12,351	4,730	17,081
Total Operating Revenues	99,435	31,403	130,839	86,629	28,796	115,425
Operating Expenses						
Flying Operations	28,685	9,504	38,189	27,915	9,631	37,545
Maintenance	12,136	3,093	15,229	12,151	3,189	15,340
Passenger Service	7,355	3,211	10,566	7,217	3,254	10,471
Aircraft and Traffic Servicing	14,827	4,565	19,392	15,348	4,593	19,941
Promotion and Sales	10,089	3,282	13,371	8,936	2,826	11,761
General and Administrative	5,531	1,650	7,181	7,442	1,987	9,429
Depreciation and Amortization	5,153	1,751	6,905	6,227	2,191	8,418
Transport Related	10,328	2,680	13,008	9,507	3,076	12,583
Total Operating Expenses	94,104	29,736	123,840	94,743	30,746	125,489
Operating Profit (Loss)	\$5,331	\$1,668	\$6,999	(\$8,114)	(\$1,950)	(\$10,064)
Other Income (Expense)						
Interest Income (Expense)	(1,575)	(618)	(2,193)	(1,821)	(663)	(2,485)
Income Tax Credit (Provision)	(1,913)	(493)	(2,405)	1,577	856	2,433
Other	72	13	85	1,703	703	2,405
Net Profit (Loss)	\$1,915	\$571	\$2,486	(\$6,656)	(\$1,054)	(\$7,710)
Operating Profit Margin (%)	5.4	5.3	5.3	(9.4)	(6.8)	(8.7)
Net Profit Margin (%)	1.9	1.8	1.9	(7.7)	(3.7)	(6.7)

BALANCE SHEET

U.S. Majors, Nationals and Large Regionals
(In millions)

	2000	2001
Assets		
Current Assets	\$28,487	\$33,261
Investments and Special Funds	14,667	16,434
Flight Equipment Owned	98,404	102,924
Ground Equipment and Property	22,095	23,060
Reserve for Depreciation (Owned)	(41,880)	(42,397)
Leased Equipment and Property Capitalized	9,230	9,053
Reserve for Amortization (Leased)	(3,473)	(3,051)
Other Property	14,281	15,871
Deferred Charges	4,488	3,215
Total Assets	\$146,300	\$158,372
Liabilities and Stockholders' Equity		
Current Liabilities	\$38,654	\$41,541
Long-Term Debt	30,281	41,290
Other Non-Current Liabilities	22,757	26,181
Deferred Credits	16,860	17,175
Stockholders' Equity—Net of Treasury Stock	37,748	32,185
Preferred Stock	237	466
Common Stock	821	1,061
Other Paid-In Capital	18,454	19,881
Retained Earnings	21,841	14,689
Less: Treasury Stock	(3,604)	(3,911)
Total Liabilities and Stockholders' Equity	\$146,300	\$158,372



POLAR AIR CARGO *Jim Jensen, President and COO*

Polar Air Cargo is proud to have joined with others in the U.S. aviation community to support Operation Enduring Freedom by supplying airlift to the U.S. Department of Defense Air Mobility Command. Polar's employees displayed tremendous courage and dedication in the wake of that terrible morning of September 11, responding to the U.S. government's call for assistance while maintaining the commercial operations the shipping public required.

It is an honor to lead Polar, an organization of men and women who strive every day to provide safe and reliable transportation services around the world. Although we will never forget those who were lost in the tragedy of September 11, we strive to focus on what was gained—a renewed spirit for our nation and the promise of a secure future for all.



SOUTHWEST AIRLINES CO.
Herbert D. Kelleher, Chairman

Southwest Airlines has been part of the American dream for more than thirty years. And from the beginning, our Employees have been the heart of our airline, sharing love and laughter along the way. But on September 11, the laughter stopped. The attacks on our country broke our hearts—but not our Spirit. Our People returned to work with tears in their eyes and resolve in their hearts. They put aside personal concerns, working together to implement new security procedures and get our country flying again. They smiled and cared—for each other, their Customers and their communities—in the joyful, open, warm-hearted and humanitarian spirit that will always be Southwest Airlines.

ATA AIRLINE STATISTICS—2001

	Operating Aircraft (Year-End)	Employees*	Departures	Revenue Passengers (Thousands)	Revenue Passenger Miles (Millions)	Available Seat Miles (Millions)	Cargo Ton Miles (Millions)	Revenues			Profit (Loss)	
								Passenger (\$Millions)	Cargo (\$Millions)	Operating (\$Millions)	Operating (\$Millions)	Net (\$Millions)
Airborne Express	118	5,894	75,916	-	-	-	663	-	1,121	1,122	44	30
Alaska	101	10,087	171,413	13,639	12,229	17,881	63	1,565	78	1,763	(65)	(10)
Aloha	23	2,460	73,550	4,598	1,270	1,832	12	259	38	306	(24)	(11)
America West	146	12,219	210,294	19,578	19,060	26,503	75	1,933	34	2,035	(320)	(148)
American (includes TWA)	881	109,789	1,086,308	98,742	126,906	184,319	2,193	16,436	678	18,272	(3,061)	(1,729)
American Trans Air	59	7,234	54,781	6,515	8,321	10,824	18	778	5	1,154	(85)	(78)
Atlas Air	37	1,320	7,955	-	-	-	1,570	-	52	687	(38)	(67)
Continental	352	40,074	440,175	42,357	58,692	81,106	874	7,156	274	7,972	(342)	(95)
Delta	588	74,309	907,870	94,045	97,604	141,285	1,565	11,876	500	13,211	(972)	(1,107)
DHL Airways	34	10,074	68,501	-	-	-	430	-	966	1,463	(228)	(216)
Emery Worldwide	-	1,856	49,009	-	-	-	719	-	226	279	9	(3)
Evergreen International	18	337	9,837	-	-	-	616	-	235	250	18	(18)
FedEx	320	118,657	350,389	-	-	-	7,609	-	6,948	15,167	778	453
Hawaiian	31	3,061	59,565	5,459	4,145	5,348	50	488	21	612	(15)	5
JetBlue	21	1,565	26,335	3,056	3,277	4,260	2	310	1	320	35	32
Midwest Express	35	2,719	46,664	2,185	1,974	3,232	13	347	9	395	(23)	(12)
Northwest	440	49,354	578,352	52,271	73,111	98,335	2,161	8,219	715	9,592	(797)	(418)
Polar Air Cargo	15	754	5,269	-	-	-	950	-	272	311	(95)	(113)
Southwest	355	30,511	942,598	73,629	44,501	65,399	124	5,290	91	5,555	631	511
United	543	93,681	743,141	75,138	116,597	164,771	2,390	13,466	704	16,087	(3,743)	(2,110)
UPS Airlines	258	5,663	137,262	-	-	-	4,094	-	2,624	2,716	101	14
US Airways	342	42,579	692,839	56,105	45,933	66,680	425	6,580	161	8,253	(1,181)	(1,989)
Total U.S. Members	4,717	624,197	6,738,023	547,317	613,620	871,775	26,616	74,703	15,753	107,522	(9,373)	(7,079)
Aeromexico**	65	6,666	118,411	9,220	7,396	11,221	52	1,333	26	1,415	(60)	(47)
Air Canada***	240	37,476	281,000	23,100	41,495	56,742	1,170	5,109	364	6,045	(460)	(789)
KLM Royal Dutch****	132	30,381	216,421	15,949	35,350	44,918	2,512	3,477	882	5,680	(82)	(136)
Mexicana**	59	6,614	105,393	8,537	8,142	11,937	823	1,247	27	1,349	(61)	(94)
Total Associate Members	496	81,137	721,225	56,806	92,383	124,818	4,557	11,166	1,299	14,489	(663)	(1,066)
GRAND TOTAL	5,213	705,334	7,459,248	604,123	706,003	996,593	31,173	85,869	17,052	122,011	(10,036)	(8,145)

Note: Passenger traffic and capacity data reflects scheduled service only.
 * Full-time equivalents.
 ** Converted at 9.15 Mexican Pesos/USD.
 *** Converted at 1.59 Canadian Dollars/USD.
 **** Converted at 1.15 Euros/USD; fiscal year ended March 31, 2002.

TOP 25 AIRLINES—2001

		Passengers* (Thousands)	Revenue Passenger Miles* (Millions)		Freight and Express Ton Miles** (Millions)		Total Operating Revenues** (Millions)				
1	American***	98,742	1	American***	126,906	1	FedEx	7,564.8	1	American***	\$18,272
2	Delta	94,045	2	United	116,597	2	UPS Airlines	4,081.1	2	United	16,087
3	United	75,138	3	Delta	97,604	3	United	1,918.9	3	FedEx	15,167
4	Southwest	73,629	4	Northwest	73,111	4	Northwest	1,918.3	4	Delta	13,211
5	US Airways	56,105	5	Continental	58,692	5	American***	1,813.0	5	Northwest	9,592
6	Northwest	52,271	6	US Airways	45,933	6	Delta	1,268.9	6	US Airways	8,253
7	Continental	42,357	7	Southwest	44,501	7	Atlas Air	1,071.9	7	Continental	7,972
8	America West	19,578	8	America West	19,060	8	Polar Air Cargo	891.5	8	Southwest	5,555
9	Alaska	13,639	9	Alaska	12,229	9	Continental	727.2	9	UPS Airlines	2,716
10	American Eagle	11,984	10	American Trans Air	8,321	10	Airborne Express	663.4	10	America West	2,035
11	Continental Express	8,305	11	AirTran	4,509	11	Evergreen Int'l	616.0	11	Alaska	1,763
12	AirTran	8,303	12	Hawaiian	4,145	12	Gemini Air Cargo	507.0	12	DHL Airways	1,463
13	Atlantic Southeast	6,666	13	Continental Express	3,388	13	DHL Airways	458.2	13	American Eagle	1,244
14	American Trans Air	6,515	14	Spirit	3,323	14	Emery Worldwide	418.2	14	American Trans Air	1,154
15	Mesaba	5,909	15	American Eagle	3,283	15	US Airways	335.0	15	Airborne Express	1,122
16	Hawaiian	5,459	16	JetBlue	3,277	16	Arrow	235.8	16	Continental Express	980
17	Comair	4,753	17	National	3,160	17	Air Transport Int'l	208.1	17	Atlas Air	687
18	Horizon Air	4,668	18	Continental Micronesia	2,800	18	Tradewinds	157.8	18	AirTran	665
19	Aloha	4,598	19	Frontier	2,710	19	Kitty Hawk	135.1	19	Atlantic Southeast	636
20	Air Wisconsin	4,101	20	Atlantic Southeast	2,503	20	Hawaiian	73.2	20	Hawaiian	612
21	Spirit	3,187	21	Sun Country	2,294	21	Southwest	63.1	21	Continental Micronesia	451
22	JetBlue	3,056	22	Midwest Express	1,974	22	Amerijet Int'l	59.6	22	Frontier	447
23	Frontier	2,998	23	Comair	1,862	23	Capital Cargo	55.1	23	Mesaba	426
24	Midway	2,392	24	Mesaba	1,613	24	Alaska	55.0	24	Air Wisconsin	409
25	National	2,350	25	Horizon Air	1,351	25	Continental Micronesia	52.8	25	Horizon Air	408

* Scheduled service only. ** All services. *** Data includes TWA.
 ATA Member

U.S. SCHEDULED AIRLINES—2001

Majors (15) (Annual revenues over \$1 billion)		Nationals (39) (Annual revenues of \$100 million to \$1 billion)			Regionals (46) (Annual revenues under \$100 million)			
Airborne Express*	United	Air Transport Int'l	Evergreen Int'l	Midwest Express	Accessair	Express.Net	Pace Aviation	Sunworld
Alaska	UPS Airlines	Air Wisconsin	Executive	National	Alaska Central	Falcon Air	Pan Am	Tatonduk
America West	US Airways	AirTran	Express One	Polar Air Cargo	Allegiant	Florida West	Panagra	Trade Winds
American		Aloha	Fine	Reno	Amerijet Int'l	Gulf and Caribbean	Planet	Trans Air Link
American Eagle		Atlantic Southeast	Frontier	Ryan Int'l	Ameristar	Kalitta Air	Pro Air	Transmeridian
American Trans Air		Atlas Air	Gemini Air Cargo	Spirit	Arrow	Kiwi	Reeve Aleutian	UFS
Continental		Centurion	Hawaiian	Sun Country	Asia Pacific Int'l	Laker	Reliant	Zantop
Delta		Challenge	Horizon Air	Tower	Capital Cargo	Lorair	Renown	
DHL Airways		Champion Air	JetBlue	Trans States	Casino Express	Lynden	Sierra Pacific	
FedEx		Comair	Kitty Hawk	USA Jet	Chicago Express	Miami Air	Sky Trek	
Northwest		Continental Express	Legend	US Airways Shuttle	Custom Air	North American	Southeast	
Southwest		Continental Micronesia	Mesaba	Vanguard	Discovery	Northern Air	Southern	
		Emery Worldwide	Midway	World	Eastwind	Omni	Sun Pacific	

* Not included in summary industry data.
 ATA Member

OPERATING FLEET—ATA AIRLINES

(Mainline aircraft as of December 31, 2001)

	Airborne Express (GB)	Alaska (AS)	Aloha (AQ)	America West (HP)	American (AA)	American Trans Air (TZ)	Atlas Air (5Y)	Continental (CO)	Delta (DL)	DHL Airways (ER)	Emery Worldwide (EB)*	Evergreen Int'l (EZ)	FedEx (FX)	Hawaiian (HA)	JetBlue (B6)	Midwest Express (YX)	Northwest (NW)	Polar Air Cargo (PO)	Southwest (WN)	United (UA)	UPS Airlines (5X)	US Airways (US)	Total U.S. Members	Aeromexico (AM)	Air Canada (AC)	KLM Royal Dutch (KL)	Mexicana (MX)	Total All Members	
Airbus	A300				34					6			36								18		94					94	
	A310												43										43					43	
	A319			31													33			47		66	177		38		2	217	
	A320			46											21		74			86		24	251		47		23	321	
	A321																					23	23		5			28	
	A330																					9	9		8			17	
	A340																						-		12			12	
Boeing	B-717				30									13														43	
	B-727				33	10			47	21			139				22					61		333				347	
	B-737		69	23	56	77	14		244	142							22					139	1,277		42	46	14	1,365	
	B-747							37									47	15			355	158	174		7	36		217	
	B-757			13	144	20			43	121							53					97	75	34	600	8		8	616
	B-767	20							16	120				3								55	32	11	344	5	53	12	414
	B-777								16	7												56						119	
	DC-8	24																				49						80	
	DC-9	74										7																274	
	DC-10															23	170											111	
	MD-10												55	15			41											12	
	MD-11												35									3						53	
	MD-80		32			362			33	120						12							14	573	40		10	613	
	MD-90									16																		16	
Canadair	CL-65																								25			25	
Fokker	F-50																									13		13	
	F-70																									15		15	
	F-100					74																	22	96			12	108	
Lockheed	L-1011					15																	15					15	
Total		118	101	23	146	881	59	37	352	588	34	-	18	320	31	21	35	440	15	355	543	258	342	4,717	65	240	132	59	5,213

* Entire fleet was non-operational as of December 31, 2001.

() Airline Code

AIRCRAFT OPERATING STATISTICS—2001

(Figures are averages for most commonly used models)

	Seats	Cargo Payload (Tons)	Airborne Speed (Miles per Hour)	Stage Length (Statute Miles)	Fuel (Gallons per Hour)	Operating Cost (\$ per Hour) (¢ per Seat Mile)	
B747-400	369	7.31	537	4,445	3,429	8,158	4.37
B747-200/300	357	5.83	522	3,386	3,536	8,080	4.72
* B747-F	-	69.01	506	2,519	3,518	6,700	-
L-1011	339	1.04	493	1,396	2,140	8,721	6.10
DC-10-10	309	2.87	513	2,476	2,491	5,000	3.53
* DC-10-10-F	-	43.05	473	1,043	2,178	7,568	-
* DC-10-40	284	4.64	491	1,516	2,580	6,544	5.48
DC-10-30	273	5.11	520	3,292	2,651	6,388	4.91
B767-400	272	5.19	491	1,547	1,661	3,024	2.60
MD-11	270	7.25	525	3,648	2,181	7,474	5.70
B-777	266	9.38	525	3,557	2,134	4,878	3.76
A330	261	9.46	509	3,647	2,169	4,768	3.90
A300-600	228	4.02	479	1,513	1,743	5,145	5.46
B767-300ER	207	5.05	499	2,274	1,401	3,823	4.11
B767-200ER	176	3.99	487	2,083	1,459	4,406	5.75
B757-200	172	1.50	466	1,212	1,091	3,317	4.81
A321	169	0.54	468	1,406	927	1,927	2.78
MD-90	149	0.38	441	811	927	2,590	4.82
B737-800	148	0.45	454	1,058	834	2,255	3.98
B727-200	147	0.31	439	756	1,278	3,435	6.60
A320-100/200	146	0.44	454	1,090	822	2,492	4.40
B737-400	141	0.28	407	663	784	2,948	6.26
MD-80	135	0.27	431	780	960	2,725	5.72
B737-700LR	132	0.28	444	876	745	1,665	3.22
B737-300/700	131	0.25	408	580	785	2,417	5.45
DC-9-50	126	0.25	365	333	913	1,954	5.83
A319	122	0.33	445	933	758	1,987	4.34
* A310	-	24.90	454	800	1,547	8,758	-
B737-100/200	117	0.14	401	537	901	2,601	6.75
DC-9-40	111	0.22	380	465	850	1,845	5.78
B737-500	109	0.24	410	600	704	2,397	6.60
B717-200	106	0.27	374	331	629	2,212	7.56
* DC-9-30	97	0.29	392	509	827	2,218	7.45
F-100	88	0.08	380	473	658	3,015	11.67
DC-9-10	69	0.34	389	477	748	2,227	10.66
CRJ-145	50	-	389	488	358	1,033	6.79
ERJ-145	50	-	362	382	357	1,151	8.63
ERJ-135	37	-	363	400	310	1,028	10.36
SD 340B	34	-	228	199	130	831	15.52

* Data includes cargo operations.

UNITED AIRLINES, INC.

John W. Creighton, Jr., Chairman and CEO

The people of United Airlines will never forget the colleagues they lost in the tragic events of September 11, 2001, and our hearts are still heavy with grief for the many, many victims of the acts of terrorism that have forever changed the world. But, as I've learned in my brief tenure as United's CEO, airline folks are a resilient bunch. Despite unimaginable obstacles, the employees of this company have greeted every challenge with energy, determination and warmth. United is rebuilding itself from the ground up, and I'm proud to be associated with a team that I know will make United a great airline once again.



AP/WIDE WORLD PHOTOS



UPS AIRLINES
Thomas H. Weidemeyer, President

The employees of UPS Airlines continue to develop the frontiers of logistics, supply chain management and e-commerce, combining the flows of goods, information and funds so that our customers can compete effectively. Our commitment to our customers also extends to our communities, where our employees carry out a corporate commitment to community service. Since September 11, UPS has provided its people, vehicles, aircraft and expertise to numerous recovery activities. Additionally, The UPS Foundation has committed \$5 million in disaster relief funds. Moving forward, we are determined to keep commerce—and America—moving. We feel it is our obligation to our people, our customers and our communities.

SAFETY

U.S. Scheduled Airlines—Scheduled Service

Year	Departures (Millions)	Total Accidents	Fatal Accidents	Fatal Accident Rates*	Fatalities
1991	6.8	25	4	0.059	62
1992	7.1	16	4	0.057	33
1993	7.2	22	1	0.014	1
1994	7.5	19	4	0.053	239
1995	8.1	34	2	0.025	166
1996	8.2	32	3	0.036	342
1997	8.2	44	3	0.037	3
1998	8.3	43	1	0.012	1
1999	8.6	47	2	0.023	12
2000	9.0	51	3	0.033	92
2001	8.8	36	6	0.023	531

* Fatal accidents per 100,000 departures; excludes incidents of sabotage.
 Source: National Transportation Safety Board

AIRCRAFT ON ORDER—ATA U.S. MEMBERS

(As of December 31, 2001)

	Number		Firm Order Delivery Dates			
	Firm	Options	2002	2003	2004	2005+
Airbus	265	377	70	50	41	104
A318	15	8	-	5	10	-
A319	75	276	33	18	6	18
A320	122	58	28	21	17	56
A321	18	-	9	-	-	9
A330	25	20	-	6	8	11
A380	10	15	-	-	-	10
Boeing	477	810	132	87	87	171
B-717	20	30	-	6	6	8
B-737	344	519	67	48	74	155
B-747	7	-	6	1	-	-
B-757	38	75	28	9	1	-
B-767	41	84	21	17	3	-
B-777	27	102	10	6	3	8
Total	742	1,187	202	137	128	275

Note: The estimated value of firm aircraft orders was \$36.7 billion.

FAA AVIATION FORECASTS

U.S. Commercial Air Carriers—Fiscal Years 2002–2013

Fiscal Year	Scheduled Passengers (Millions)	Scheduled Passenger Miles (Billions)	Total Freight Ton Miles (Millions)	Total Mail Ton Miles (Millions)	Passenger Jet Aircraft	Cargo Jet Aircraft	Total Departures* (Thousands)
2002	565.1	601.5	25,240.1	2,132.1	4,913	1,066	6,587
2003	646.4	682.0	26,340.0	2,059.8	5,104	1,108	7,101
2004	673.5	717.7	27,981.3	2,116.3	5,335	1,156	7,299
2005	701.0	752.4	29,661.0	2,181.9	5,577	1,194	7,496
2006	728.6	788.1	31,376.9	2,246.7	5,843	1,232	7,691
2007	755.7	823.0	33,101.5	2,310.0	6,115	1,280	7,861
2008	784.3	860.0	34,903.6	2,373.1	6,438	1,324	8,057
2009	814.5	899.1	36,797.9	2,438.5	6,799	1,374	8,250
2010	846.7	940.3	38,783.0	2,506.5	7,270	1,422	8,465
2011	880.7	983.8	40,811.0	2,576.3	7,651	1,467	8,694
2012	916.5	1,029.4	42,892.2	2,648.1	8,067	1,513	8,937
2013	954.1	1,077.1	45,027.3	2,722.1	8,536	1,559	9,187

* Total departures based on projected air carrier operations at U.S. airports only; includes non-U.S. air carriers.

TOP 25 U.S. AIRPORTS—2001

Passengers (Arriving+Departing)	(000)	Cargo Metric Tons (Loaded+Unloaded)	(000)	Operations (Takeoffs+Landings)	(000)			
1	Atlanta (ATL)	75,849	1	Memphis (MEM)	2,631	1	Chicago O'Hare (ORD)	910
2	Chicago O'Hare (ORD)	66,805	2	Los Angeles (LAX)	2,123	2	Atlanta (ATL)	890
3	Los Angeles (LAX)	61,025	3	Anchorage (ANC)	1,691	3	Dallas/Fort Worth (DFW)	784
4	Dallas/Fort Worth (DFW)	55,151	4	Miami (MIA)	1,640	4	Los Angeles (LAX)	738
5	Denver (DEN)	36,087	5	New York Kennedy (JFK)*	1,500	5	Phoenix (PHX)	561
6	Phoenix (PHX)	35,482	6	Louisville (SDF)	1,469	6	Detroit (DTW)	522
7	Las Vegas (LAS)	35,196	7	Chicago O'Hare (ORD)	1,285	7	Minneapolis/St. Paul (MSP)	500
8	Minneapolis/St. Paul (MSP)	35,171	8	Indianapolis (IND)	1,151	8	Las Vegas (LAS)	494
9	Houston (IAH)	34,795	9	Newark (EWR)*	800	9	Denver (DEN)	484
10	San Francisco (SFO)	34,627	10	Dallas/Fort Worth (DFW)	794	10	St. Louis (STL)	474
11	Detroit (DTW)	32,294	11	Atlanta (ATL)	744	11	Miami (MIA)	471
12	Miami (MIA)	31,668	12	San Francisco (SFO)	635	12	Houston (IAH)	471
13	Newark (EWR)*	30,500	13	Oakland (OAK)	602	13	Philadelphia (PHL)	467
14	New York Kennedy (JFK)*	29,400	14	Dayton (DAY)	551	14	Charlotte (CLT)	461
15	Orlando McCoy (MCO)	28,167	15	Philadelphia (PHL)	536	15	Boston (BOS)	455
16	Seattle (SEA)	27,036	16	Ontario (ONT)	508	16	Pittsburgh (PIT)	452
17	St. Louis (STL)	26,719	17	Honolulu (HNL)	412	17	Newark (EWR)*	436
18	Boston (BOS)	24,200	18	Seattle (SEA)	400	18	Seattle (SEA)	399
19	Philadelphia (PHL)	23,927	19	Boston (BOS)	395	19	Orlando Sanford (SFB)	398
20	Charlotte (CLT)	23,166	20	Denver (DEN)	353	20	Cincinnati (CVG)	397
21	New York La Guardia (LGA)*	21,900	21	Minneapolis/St. Paul (MSP)	340	21	Washington Dulles (IAD)	397
22	Honolulu (HNL)	21,096	22	Cincinnati (CVG)	338	22	Oakland (OAK)	396
23	Baltimore (BWI)	20,370	23	Houston (IAH)	337	23	Memphis (MEM)	395
24	Pittsburgh (PIT)	19,945	24	Washington Dulles (IAD)	331	24	San Francisco (SFO)	388
25	Salt Lake City (SLC)	18,914	25	Toledo (TOL)	321	25	Orange County (SNA)	379

* Estimated.

Source: Airports Council International, preliminary data—March 2002

TOP 25 DOMESTIC AIRLINE MARKETS—2001*

Passengers (Thousands)**

1	New York	Fort Lauderdale	3,183	14	New York	West Palm Beach	1,495
2	New York	Orlando	2,808	15	Los Angeles	Chicago	1,461
3	New York	Los Angeles	2,652	16	Los Angeles	Oakland	1,436
4	New York	Chicago	2,466	17	New York	San Juan	1,370
5	New York	Atlanta	2,287	18	New York	Miami	1,360
6	Honolulu	Kahului, Maui	2,120	19	Chicago	Las Vegas	1,349
7	New York	Boston	1,192	20	New York	Tampa	1,304
8	Dallas/Fort Worth	Houston	1,789	21	Honolulu	Kona, Hawaii	1,218
9	New York	San Francisco	1,781	22	Chicago	Orlando	1,194
10	New York	Washington, D.C.	1,725	23	New York	Dallas/Fort Worth	1,183
11	Los Angeles	Las Vegas	1,632	24	Chicago	Atlanta	1,163
12	New York	Las Vegas	1,536	25	Honolulu	Hilo, Hawaii	1,132
13	Honolulu	Lihue, Kauai	1,528				

* Includes all commercial airports in a metropolitan area.

** Outbound plus inbound; does not include connecting passengers.



US AIRWAYS, INC.

*David N. Siegel, President and CEO
US Airways Group, Inc.*

The tragic events of September 11 have impacted Americans in ways that no one ever could have imagined. Airlines have been especially hard hit and we have experienced the steepest downturn in our industry's history. In spite of the challenges we face, each day, I learn of situations where our employees have gone to extraordinary lengths to ensure they provide the highest level of service to our customers. Their dedication and professionalism have shone bright through our industry's darkest hour and will most certainly lead the way to recovery.

DEFINITIONS OF TERMS

Air Cargo Total volume of freight, mail and express traffic transported by air. Statistics include the following:

Freight and Express Commodities of all kinds—includes small-package counter services, express services and priority reserved freight. **Mail** All classes of mail transported for the U.S. Postal Service.

Available Seat Mile One seat transported one mile.

Available Ton Mile One ton of capacity (passenger and/or cargo) transported one mile.

Load Factor The percentage of seating or freight capacity that is utilized.

Return on Investment Net profit plus interest expense (on long-term debt) divided by long-term debt plus stockholders' equity (net worth).

Revenue Passenger Enplanement

A revenue passenger boarding an aircraft, including origination, stopover and any connections.

Revenue Passenger Mile One fare-paying passenger transported one mile.

Revenue Ton Mile One ton of revenue traffic (passenger and/or cargo) transported one mile.

Scheduled Service Transport service operated over the routes of a U.S. scheduled airline, based on published flight schedules including extra sections.

Stage Length The distance traveled by an aircraft from takeoff to landing. Average is computed as the ratio of revenue aircraft miles flown to revenue aircraft departures completed.

Trip Segment Length The distance traveled by a passenger on a single flight number (i.e., coupon). Average is computed as the ratio of revenue passenger miles flown to revenue passengers enplaned.

U.S. Scheduled Airlines Carriers certificated under Chapter 411 of Title 49 of the U.S. Code (formerly Section 401 of the Federal Aviation Act), and which operate large aircraft designed to have a maximum seating capacity of more than 60 seats or a maximum payload of more than 18,000 pounds.

Yield Average revenue per revenue passenger mile or revenue ton mile.

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AEROMEXICO *Alfonso Pasquel, President and CEO*

Aeromexico was harshly affected by the events of September 2001 and by the economic downturn in the North American economies. Nevertheless, through ongoing improvement in business processes and a return to normal demand levels, we expect to return to profitability late in 2002.

As Mexico increases its integration in the global economic and political scenes, Aeromexico too is increasing its integration with the international aviation community. Our founding membership in SkyTeam is fundamental in this effort commercially, and our participation in key industry organizations such as ATA, IATA and AITAL enable us to wield influence in many industry and government areas crucial to our success.

AIR CANADA *Robert A. Milton, President and CEO*

At Air Canada, we shared with our industry colleagues a sense of solidarity as we rose to the challenges of 2001. Like all other full-service international carriers, Air Canada was impacted by the economic slowdown early in the year. At the onset, we initiated a comprehensive program to reduce costs and re-engineer the airline. Then came a turning point for us all: September 11. With the horrific images of that day still fresh in our collective mind, our employees worked tirelessly to help the tens of thousands of customers and staff on more than 200 aircraft diverted to Canadian airports. Teamwork allowed us to surmount these events, and it will be our key to success as we continue to transform the airline to meet new challenges facing the industry.





KLM ROYAL DUTCH AIRLINES *Leo M. van Wijk, President and CEO*

Our industry was hit hard during 2001, and KLM was no exception. The use of passenger planes as weapons has made the September 11 tragedy a disaster unlike any other. KLM acted swiftly and is determined to survive the worst crisis of our industry since World War II. Thanks to the solidarity of our staff, their ability to improvise and their flexibility, we are now slowly overcoming the unsurpassed difficulties of the past months.

Our target for fiscal year 2002-2003, which began on April 1, is to restore profitability. It is my conviction that the people of KLM have everything it takes to do just that.



FROM SEA TO

shining sea!



MEXICANA *Fernando Flores, President and CEO*

Mexicana Airlines has a very valuable asset—its employees. Being the fourth oldest airline in the world, Mexicana has grown hand in hand with aviation history and, over the years, has created a priceless team of highly committed people.

After the events of September 11, Mexicana had to respond, as did all airlines in the world. The urgent need to reduce costs and the call for employment preservation led us to very innovative solutions. Negotiation with our main unions allowed us to adjust supply to the market and still preserve our human capital. These innovative measures should allow us to get through this difficult period and allow us to climb again to high altitude in the near future—with our whole team.

AIR TRANSPORT ASSOCIATION (ATA) MEMBER AIRLINES—2002

MEMBERS

Airborne Express

145 Hunter Drive
Wilmington, OH 45177
937-382-5591
Carl D. Donaway*
Chairman and CEO
ABX Air, Inc.

Alaska Airlines, Inc.

P.O. Box 68900
Seattle-Tacoma Int'l Airport
Seattle, WA 98168
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John F. Kelly*
Chairman

Aloha Airlines, Inc.

P.O. Box 30028
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808-484-1111
Glenn R. Zander*
President and CEO

America West Airlines, Inc.

4000 E. Sky Harbor Blvd.
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W. Douglas Parker*
Chairman, President and CEO
America West Airlines and AWHC

American Airlines, Inc.

P.O. Box 619616
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817-963-1234
Donald J. Carty*
Chairman and CEO
American Airlines and AMR

American Trans Air, Inc.

P.O. Box 51609
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317-247-4000
John P. Tague*
President and CEO

Atlas Air, Inc.

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CEO

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Gordon M. Bethune*
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Delta Air Lines, Inc.

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Chairman and CEO

DHL Airways, Inc.

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Joseph R. O'Gorman*
Chairman, President and CEO

Emery Worldwide Airlines

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Evergreen International Airlines, Inc.

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1 Effective May 17, 2002, John W. Adams assumed the titles of Chairman, President and CEO.



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