

**Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
December 2002 Calendar Year**

| Financial Information (in millions except per share data) | Operating Expenses | Operating Loss | Pretax Loss | Net Loss (\$M) | Diluted EPS |
|---|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| GAAP | \$ 14,614 | \$ (1,309) | \$ (2,002) | \$ (1,272) | \$ (10.44) |
| Items excluded: | | | | | |
| Severance costs | (127) | 127 | 127 | 80 | 0.65 |
| Asset impairments | (257) | 257 | 257 | 162 | 1.31 |
| Surplus pilots / grounded aircraft | (93) | 93 | 93 | 59 | 0.48 |
| Aircraft deferral costs | (30) | 30 | 30 | 19 | 0.16 |
| 2002 closure of leased facilities | (14) | 14 | 14 | 9 | 0.07 |
| Restructuring and other reserve reversals | 82 | (82) | (82) | (52) | (0.42) |
| Stabilization Act compensation | 34 | (34) | (34) | (22) | (0.17) |
| Fair value adjustments of SFAS 133 derivatives | - | - | 39 | 25 | 0.20 |
| Extinguishment of ESOP debt | - | - | 42 | 26 | 0.21 |
| Other | - | - | 13 | 8 | 0.06 |
| Non-GAAP | <u>\$ 14,209</u> | <u>\$ (904)</u> | <u>\$ (1,503)</u> | <u>\$ (958)</u> | <u>\$ (7.89)</u> |

| Operating Statistics | Operating Margin | CASM (cents) | Non-Fuel CASM (cents) | Breakeven Passenger Load Factor |
|---|-------------------------|---------------------|------------------------------|--|
| GAAP | -9.8% | 10.31 | 9.12 | 79.64% |
| Items excluded: | | | | |
| Severance costs | 1.0% | (0.09) | (0.09) | -0.74% |
| Asset impairments | 1.9% | (0.18) | (0.18) | -1.50% |
| Surplus pilots / grounded aircraft | 0.7% | (0.07) | (0.07) | -0.54% |
| Aircraft deferral costs | 0.2% | (0.02) | (0.02) | -0.18% |
| 2002 closure of leased facilities | 0.1% | (0.01) | (0.01) | - |
| Restructuring and other reserve reversals | -0.6% | 0.06 | 0.06 | 0.39% |
| Stabilization Act compensation | -0.3% | 0.03 | 0.03 | 0.20% |
| Non-GAAP | <u>-6.8%</u> | <u>10.03</u> | <u>8.84</u> | <u>77.27%</u> |

Fuel price neutralized CASM¹:

(in millions, except where noted)

| | |
|---|--------------|
| Operating expenses | \$ 14,614 |
| Less fuel expense | (1,683) |
| Plus current year fuel gallons x prior year fuel price ² | 1,724 |
| Fuel price neutralized operating expenses | \$ 14,655 |
| ASMs | 141,719 |
| Fuel price neutralized CASM (cents) | <u>10.34</u> |
| vs. 2001 CASM (cents) | <u>10.47</u> |
| Change | <u>-1.2%</u> |

Fuel price neutralized CASM - excluding:

(in cents, except where noted)

| | |
|---|--------------|
| Fuel price neutralized CASM | 10.34 |
| Items excluded: | |
| Severance costs | (0.09) |
| Asset impairments | (0.18) |
| Surplus pilots / grounded aircraft | (0.07) |
| Aircraft deferral costs | (0.02) |
| 2002 closure of leased facilities | (0.01) |
| Restructuring and other reserve reversals | 0.06 |
| Stabilization Act compensation | 0.03 |
| Fuel price neutralized CASM - excluding | <u>10.06</u> |
| vs. 2001 CASM - excluding | <u>10.14</u> |
| Change | <u>-0.8%</u> |

¹ Operating cost per available seat mile (ASM), adjusting average fuel price per gallon for the period to equal the average fuel price per gallon for the corresponding period in the prior year.

² 2.514 billion gallons x 68.60 cents/gallon

2002 Cash Burn³

(in millions)

| | |
|--|-----------------|
| Net cash provided by operating activities - GAAP | \$ 285 |
| Less: | |
| Aircraft modifications and parts ⁴ | (230) |
| Ground property and equipment, net of reimbursements of \$65 related to Boston project | (299) |
| Amounts received under receivables securitization during 2002 | (38) |
| Add: | |
| Cash received from sale of priceline common stock | 24 |
| Change in restricted cash | 134 |
| 2002 Cash Burn | <u>\$ (124)</u> |

³ Defined as adjusted cash flow from operations plus non-fleet capital expenditures (CAPEX).

⁴ Included in additions of flight equipment in the Consolidated Statement of Cash Flows.

2002 Costs as a Percentage of Total Operating Expenses - Non-GAAP

(in millions)

| | |
|--|------------------|
| Salaries and related costs ("employment costs") | \$ 6,165 |
| Operating expenses - non-GAAP (see above) | \$ 14,209 |
| Employment costs as a percentage of total operating expenses - non-GAAP | 43% |
| | |
| Aircraft fuel ("fuel") | \$ 1,683 |
| Flight equipment depreciation ("fleet depreciation") ⁵ | 811 |
| Aircraft rent ("fleet rent") | 709 |
| Total fuel, fleet depreciation and fleet rent | <u>\$ 3,203</u> |
| Operating expenses - non-GAAP (see above) | <u>\$ 14,209</u> |
| Total fuel, fleet depreciation and fleet rent as a percentage of total operating expenses - non-GAAP | 23% |
| | |
| Operating expenses - non-GAAP (see above) | \$ 14,209 |
| Less: | |
| Salaries and related costs | (6,165) |
| Aircraft fuel | (1,683) |
| Flight equipment depreciation ⁵ | (811) |
| Aircraft rent | (709) |
| Total other operating expenses | <u>\$ 4,841</u> |
| Operating expenses - non-GAAP (see above) | <u>\$ 14,209</u> |
| Total other operating expenses as a percentage of total operating expenses - non-GAAP | 34% |

⁵ Flight equipment depreciation of \$811 million is a component of depreciation and amortization totaling \$1,148 million for 2002.

2002 Costs as a Percentage of Total Operating Revenues

(in millions)

| | |
|--|------------------|
| Operating expenses - non-GAAP (see above) | \$ 14,209 |
| Less: | |
| Salaries and related costs | (6,165) |
| Aircraft fuel | (1,683) |
| Depreciation and amortization | (1,148) |
| Aircraft rent | (709) |
| Total other operating expenses | <u>\$ 4,504</u> |
| Total operating revenues | <u>\$ 13,305</u> |
| Total other operating expenses as a percentage of total operating revenues | 34% |

2002 Mainline Costs per ASM

(in millions, except where noted)

| | |
|--|-----------------|
| Salaries and related costs ("employment costs") | \$ 6,165 |
| Less subsidiary employment costs expenses ⁶ | (486) |
| Mainline employment costs | <u>\$ 5,679</u> |
| Mainline ASMs | 131,140 |
| Mainline employment costs per ASM (cents) | 4.3 |
| | |
| Aircraft fuel ("fuel") | \$ 1,683 |
| Depreciation and amortization ("fleet depreciation") | 1,148 |
| Aircraft rent ("fleet rent") | 709 |
| Total fuel, fleet depreciation and fleet rent | <u>3,540</u> |
| Less subsidiary fuel, fleet depreciation and fleet rent ⁶ | (458) |
| Mainline fuel, fleet depreciation and fleet rent | <u>\$ 3,082</u> |
| Mainline ASMs | 131,140 |
| Mainline fuel, fleet depreciation and fleet rent per ASM (cents) | 2.4 |
| | |
| Operating expenses - non-GAAP (see above) | \$ 14,209 |
| Less subsidiary operating expenses ⁶ | (1,449) |
| Mainline operating expenses - non-GAAP | <u>12,760</u> |
| Less: | |
| Mainline employment costs (see above) | (5,679) |
| Mainline fuel, fleet depreciation and fleet rent (see above) | (3,082) |
| Mainline other operating expenses | <u>\$ 3,999</u> |
| Mainline ASMs | 131,140 |
| Mainline other operating expenses per ASM (cents) | 3.0 |

⁶ Represents operating expenses for our regional jet operations including Atlantic Southeast Airlines, Inc. and Comair, Inc., two of our wholly owned subsidiaries.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
December 2002 Quarter

| Financial Information | Operating Expenses | Operating Loss | Pretax Loss | Net Loss (\$M) | Diluted EPS |
|--|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| <i>(in millions except per share data)</i> | | | | | |
| GAAP | \$ 3,670 | \$ (362) | \$ (586) | \$ (363) | \$ (2.98) |
| Items excluded: | | | | | |
| Severance costs | (127) | 127 | 127 | 80 | 0.65 |
| Asset impairments | (37) | 37 | 37 | 23 | 0.19 |
| Surplus pilots / grounded aircraft | (12) | 12 | 12 | 8 | 0.06 |
| Aircraft deferral costs | (30) | 30 | 30 | 19 | 0.16 |
| 2002 closure of leased facilities | (14) | 14 | 14 | 9 | 0.07 |
| Restructuring and other reserve reversals | 69 | (69) | (69) | (44) | (0.35) |
| Fair value adjustments of SFAS 133 derivatives | - | - | 6 | 4 | 0.03 |
| Extinguishment of ESOP debt | - | - | 42 | 26 | 0.21 |
| Other | - | - | 13 | 8 | 0.06 |
| Non-GAAP | <u>\$ 3,519</u> | <u>\$ (211)</u> | <u>\$ (374)</u> | <u>\$ (230)</u> | <u>\$ (1.90)</u> |

| Operating Statistics | Operating Margin | CASM (cents) | Non-Fuel CASM (cents) | Breakeven Passenger Load Factor |
|---|-------------------------|---------------------|------------------------------|--|
| GAAP | -10.9% | 10.40 | 9.06 | 79.62% |
| Items excluded: | | | | |
| Severance costs | 3.8% | (0.36) | (0.36) | -2.96% |
| Asset impairments | 1.1% | (0.10) | (0.10) | -0.87% |
| Surplus pilots / grounded aircraft | 0.4% | (0.03) | (0.03) | -0.25% |
| Aircraft deferral costs | 0.9% | (0.09) | (0.09) | -0.71% |
| 2002 closure of leased facilities | 0.4% | (0.04) | (0.04) | -0.33% |
| Restructuring and other reserve reversals | -2.1% | 0.19 | 0.19 | 1.60% |
| Non-GAAP | <u>-6.4%</u> | <u>9.97</u> | <u>8.63</u> | <u>76.10%</u> |

Fuel price neutralized CASM:

(in millions, except where noted)

| | |
|---|----------|
| Operating expenses | \$ 3,670 |
| Less fuel expense | (475) |
| Plus current year fuel gallons x prior year fuel price ⁽¹⁾ | 388 |
| Fuel price neutralized operating expenses | \$ 3,583 |
| ASMs | 35,280 |
| Fuel price neutralized CASM (cents) | 10.15 |
| vs. December 2001 quarter CASM (cents) | 11.67 |
| Change | -13.0% |

Fuel price neutralized CASM - excluding:

(in cents, except where noted)

| | |
|--|--------|
| Fuel price neutralized CASM | 10.15 |
| Items excluded: | |
| Severance costs | (0.36) |
| Asset impairments | (0.10) |
| Surplus pilots / grounded aircraft | (0.03) |
| Aircraft deferral costs | (0.09) |
| 2002 closure of leased facilities | (0.04) |
| Restructuring and other reserve reversals | 0.21 |
| Fuel price neutralized CASM - excluding | 9.73 |
| vs. December 2001 quarter CASM - excluding | 10.12 |
| Change | -3.9% |

⁽¹⁾ 625 million gallons x 62.04 cents/gallon

Net Debt-to-Capital Ratio

(in millions)

| | |
|---|-----------|
| LT debt (including current maturities) and short-term obligations | \$ 10,740 |
| Capital leases (including current) | 127 |
| Net implied debt ⁽²⁾ | 6,218 |
| Net total debt | 17,085 |
| Net total debt | 17,085 |
| ESOP preferred stock | 264 |
| Shareowners' equity | 893 |
| Total capital | \$ 18,242 |
| Net debt-to-capital ratio | 94% |

⁽²⁾ Net implied debt represents the present value of our obligations under operating leases, net of cash, cash equivalents and short term investments.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
September 2002 Quarter

| Financial Information | Operating Expenses | Operating Loss | Pretax Loss | Net Loss (\$M) | Diluted EPS |
|--|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| (in millions except per share data) | | | | | |
| GAAP | \$ 3,805 | \$ (385) | \$ (527) | \$ (326) | \$ (2.67) |
| Items excluded: | | | | | |
| Asset impairments | (220) | 220 | 220 | 139 | 1.13 |
| Surplus pilots / grounded aircraft | (18) | 18 | 18 | 11 | 0.09 |
| Restructuring and other reserve reversals | 13 | (13) | (13) | (8) | (0.07) |
| Stabilization Act compensation | 34 | (34) | (34) | (22) | (0.18) |
| Fair value adjustments of SFAS 133 derivatives | - | - | (10) | (6) | (0.05) |
| Non-GAAP | <u>\$ 3,614</u> | <u>\$ (194)</u> | <u>\$ (346)</u> | <u>\$ (212)</u> | <u>\$ (1.75)</u> |

| Operating Statistics | Operating Margin | CASM (cents) | Non-Fuel CASM (cents) | Breakeven Passenger Load Factor |
|---|-------------------------|---------------------|------------------------------|--|
| GAAP | -11.3% | 10.33 | 9.06 | 83.29% |
| Items excluded: | | | | |
| Asset impairments | 6.4% | (0.60) | (0.60) | -5.16% |
| Surplus pilots / grounded aircraft | 0.5% | (0.05) | (0.05) | -0.42% |
| Restructuring and other reserve reversals | -0.4% | 0.04 | 0.04 | 0.31% |
| Stabilization Act compensation | -1.0% | 0.09 | 0.09 | 0.78% |
| Non-GAAP | <u>-5.7%</u> | <u>9.81</u> | <u>8.54</u> | <u>78.80%</u> |

Fuel price neutralized CASM:

(in millions, except where noted)

| | |
|---|--------------|
| Operating expenses | \$ 3,805 |
| Less fuel expense | (468) |
| Plus current year fuel gallons x prior year fuel price ⁽¹⁾ | 457 |
| Fuel price neutralized operating expenses | \$ 3,794 |
| ASMs | 36,840 |
| Fuel price neutralized CASM (cents) | <u>10.30</u> |
| vs. September 2001 quarter CASM (cents) | <u>9.67</u> |
| Change | <u>6.5%</u> |

Fuel price neutralized CASM - excluding:

(in cents, except where noted)

| | |
|---|--------------|
| Fuel price neutralized CASM | 10.30 |
| Items excluded: | |
| Asset impairments | (0.60) |
| Surplus pilots / grounded aircraft | (0.05) |
| Restructuring and other reserve reversals | 0.04 |
| Stabilization Act compensation | 0.09 |
| Fuel price neutralized CASM - excluding | <u>9.78</u> |
| vs. September 2001 quarter CASM - excluding | <u>9.94</u> |
| Change | <u>-1.6%</u> |

⁽¹⁾ 656 million gallons x 69.63 cents/gallon

Net Debt-to-Capital Ratio

(in millions)

| | |
|---|------------------|
| LT debt (including current maturities) and short-term obligations | \$ 10,141 |
| Capital leases (including current) | 75 |
| Net implied debt ⁽²⁾ | 6,331 |
| Net total debt | <u>16,547</u> |
| Net total debt | 16,547 |
| ESOP preferred stock | 250 |
| Shareowners' equity | 2,845 |
| Total capital | <u>\$ 19,642</u> |
| Net debt-to-capital ratio | <u>84%</u> |

⁽²⁾ Net implied debt represents the present value of our obligations under operating leases, net of cash, cash equivalents and short term investments.

**Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
June 2002 Quarter**

| Financial Information (in millions except per share data) | Operating Expenses | Operating Loss | Pretax Loss | Net Loss (\$M) | Diluted EPS |
|---|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| GAAP | \$ 3,601 | \$ (127) | \$ (287) | \$ (186) | \$ (1.54) |
| Items excluded: | | | | | |
| Surplus pilots / grounded aircraft | (23) | 23 | 23 | 15 | 0.12 |
| Fair value adjustments of SFAS 133 derivatives | - | - | 15 | 9 | 0.08 |
| Non-GAAP | <u>\$ 3,578</u> | <u>\$ (104)</u> | <u>\$ (249)</u> | <u>\$ (162)</u> | <u>\$ (1.34)</u> |

| Operating Statistics | Operating Margin | CASM (cents) | Non-Fuel CASM (cents) | Breakeven Passenger Load Factor |
|------------------------------------|-------------------------|---------------------|------------------------------|--|
| GAAP | -3.7% | 10.05 | 8.92 | 76.30% |
| Items excluded: | | | | |
| Surplus pilots / grounded aircraft | 0.7% | (0.07) | (0.06) | -0.51% |
| Non-GAAP | <u>-3.0%</u> | <u>9.98</u> | <u>8.86</u> | <u>75.79%</u> |

Fuel price neutralized CASM:

(in millions, except where noted)

| | |
|---|--------------|
| Operating expenses | \$ 3,601 |
| Less fuel expense | (401) |
| Plus current year fuel gallons x prior year fuel price ⁽¹⁾ | 431 |
| Fuel price neutralized operating expenses | \$ 3,631 |
| ASMs | 35,859 |
| Fuel price neutralized CASM (cents) | <u>10.13</u> |
| vs. June 2001 quarter CASM (cents) | <u>10.17</u> |
| Change | <u>-0.4%</u> |

Fuel price neutralized CASM - excluding:

(in cents, except where noted)

| | |
|---|---------------|
| Fuel price neutralized CASM | 10.13 |
| Items excluded: | |
| Surplus pilots / grounded aircraft | <u>(0.06)</u> |
| Fuel price neutralized CASM - excluding | <u>10.07</u> |
| vs. June 2001 quarter CASM - excluding | <u>10.02</u> |
| Change | <u>0.5%</u> |

⁽¹⁾ 635 million gallons x 67.95 cents/gallon

Net Debt-to-Capital Ratio

(in millions)

| | |
|---|------------------|
| LT debt (including current maturities) and short-term obligations | \$ 9,939 |
| Capital leases (including current) | 91 |
| Net implied debt ⁽²⁾ | <u>6,551</u> |
| Net total debt | <u>16,581</u> |
| Net total debt | 16,581 |
| ESOP preferred stock | 242 |
| Shareowners' equity | <u>3,179</u> |
| Total capital | <u>\$ 20,002</u> |
| Net debt-to-capital ratio | <u>83%</u> |

⁽²⁾ Net implied debt represents the present value of our obligations under operating leases, net of cash, cash equivalents and short term investments.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
March 2002 Quarter

| Financial Information | Operating Expenses | Operating Loss | Pretax Loss | Net Loss (\$M) | Diluted EPS |
|--|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| (in millions except per share data) | | | | | |
| GAAP | \$ 3,538 | \$ (435) | \$ (602) | \$ (397) | \$ (3.25) |
| Items excluded: | | | | | |
| Surplus pilots / grounded aircraft | (40) | 40 | 40 | 25 | 0.21 |
| Fair value adjustments of SFAS 133 derivatives | - | - | 28 | 18 | 0.14 |
| Non-GAAP | <u>\$ 3,498</u> | <u>\$ (395)</u> | <u>\$ (534)</u> | <u>\$ (354)</u> | <u>\$ (2.90)</u> |

| Operating Statistics | Operating Margin | CASM (cents) | Non-Fuel CASM (cents) | Breakeven Passenger Load Factor |
|------------------------------------|-------------------------|---------------------|------------------------------|--|
| GAAP | -14.0% | 10.49 | 9.48 | 79.26% |
| Items excluded: | | | | |
| Surplus pilots / grounded aircraft | 1.3% | (0.12) | (0.12) | -0.96% |
| Non-GAAP | <u>-12.7%</u> | <u>10.37</u> | <u>9.36</u> | <u>78.30%</u> |

Fuel price neutralized CASM:

(in millions, except where noted)

| | |
|---|--------------|
| Operating expenses | \$ 3,538 |
| Less fuel expense | (339) |
| Plus current year fuel gallons x prior year fuel price ⁽¹⁾ | 442 |
| Fuel price neutralized operating expenses | \$ 3,641 |
| ASMs | 33,740 |
| Fuel price neutralized CASM (cents) | <u>10.79</u> |
| vs. March 2001 quarter CASM (cents) | <u>10.49</u> |
| Change | <u>2.9%</u> |

Fuel price neutralized CASM - excluding:

(in cents, except where noted)

| | |
|---|--------------|
| Fuel price neutralized CASM | 10.79 |
| Items excluded: | |
| Surplus pilots / grounded aircraft | (0.12) |
| Fuel price neutralized CASM - excluding | <u>10.67</u> |
| vs. March 2001 quarter CASM - excluding | <u>10.49</u> |
| Change | <u>1.7%</u> |

⁽¹⁾ 599 million gallons x 73.81 cents/gallon

Net Debt-to-Capital Ratio

(in millions)

| | |
|---|------------------|
| LT debt (including current maturities) and short-term obligations | \$ 9,336 |
| Capital leases (including current) | 95 |
| Net implied debt ⁽²⁾ | 7,403 |
| Net total debt | <u>16,834</u> |
| Net total debt | 16,834 |
| ESOP preferred stock | 245 |
| Shareowners' equity | 3,411 |
| Total capital | <u>\$ 20,490</u> |
| Net debt-to-capital ratio | <u>82%</u> |

⁽²⁾ Net implied debt represents the present value of our obligations under operating leases, net of cash, cash equivalents and short term investments.