

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **January 22, 2004**

AirTran Holdings, Inc.

(Exact name of registrant as specified in its charter)

State of Incorporation: **Nevada**

9955 AirTran Boulevard, Orlando, Florida 32827

(Address of principal executive offices) (Zip Code)

(407) 251-5600

(Registrant's telephone number, including area code)

Commission file number: **1-15991** I.R.S. Employer Identification No: **58-2189551**

Item 7. Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are attached to this Current Report on Form 8-K (this "Report"):

99.1 Press Release dated January 22, 2004

Item 9. Regulation FD Disclosure.

On January 22, 2004, members of AirTran Holdings, Inc. (the "Company") management held a conference call with investors to discuss the release of the Company's financial results for the fourth quarter and twelve months ended December 31, 2003 as well as certain information regarding estimates for 2004.

During this call, management noted the following among other things:

- Highlighted significant balance sheet and liquidity improvements
 - Issued \$125 million of convertible debt at 7% in May 2003
 - Completed a stock offering for \$149.9 million in October 2003
 - Retired \$94.7 million of debt held by Boeing Capital
 - Year end cash balance was \$348.5 million
 - Total debt was \$246.8 million
 - Shareholders' equity increased to \$302.2 million
- Operating performance during the fourth quarter improved
 - Completion factor was 99.1%
 - Baggage claims were 2.8 per thousand passengers
 - On-time arrivals were 78.7%
- Took delivery of 23 717s and retired 15 DC9s in 2003
- Fleet now consists of 73 717 aircraft
- Fourth quarter average stage length was 616 miles, up 5.9% year over year
- Fourth quarter average yield declined 6.6% due to a significant increase in stage length as well as general price competition in the industry. A very competitive industry, business travelers paying less and the company's mix of routes also contributed to the yield performance.
- Fourth quarter operating costs per available seat mile declined 3.1% . These declines are a result of increased staff productivity improvements, scheduling efficiencies, lower distribution expenses and better fuel efficiencies. Unit maintenance costs were up year over year due to increased volumes and higher rates. Unit rental expense was up due to 23 leased aircraft which were added during the year.
- Over 50% of our fourth quarter bookings were made via www.airtran.com. Internet sales were up nearly 50% year over year.
- We expect 14 aircraft to be delivered in 2004
 - 6 717s - two in the first half of 2004 and 4 in the second half of 2004
 - 8 737s - two in June 2004, one in August 2004, two in September 2004, and one a month October to December 2004.
- 2004 capacity is expected to be up 18%. At this time, no new cities are planned for 2004.
 - Q1 up 19%
 - Q2 up 15%
 - Q3 up 15%
 - Q4 up 25%

- 2004 unit costs are expected to be down 1 - 2%
 - Q1 down 1% - 2%
 - Q2 flat to up 1%
 - Q3 flat to up 1%
 - Q4 down 2% - 4%
- 55% - 60% of Q1 expected fuel consumption is hedged at \$0.90 - \$0.95 per gallon all in
- 25% - 30% of Q2 expected fuel consumption is hedged at \$0.90 - \$0.95 per gallon all in
- 55% - 60% of Q3 and Q4 expected fuel consumption is hedged at \$0.85 - \$0.90 per gallon all in
- We currently expect our 2004 fuel expense to range between \$0.95 - \$1.00 all in
- Depreciation expense is expected to be between \$12 million and \$18 million for 2004
- Aircraft related capital expenditures is expected to be approximately \$10 million
- Non-aircraft capital expenditures is expected to be approximately \$20 million to \$25 million
- Expected tax rate for 2004 will be between 35% - 40%

The information contained in this Form 8-K, including the Exhibit, contains forward-looking statements. Statements regarding the Company's success, business model, improved operational performance and our ability to maintain or improve low costs are forward-looking statements and are not historical facts. Instead, they are estimates or projections involving numerous risks or uncertainties, including but not limited to, consumer demand and acceptance of services offered by the Company, the Company's ability to maintain current cost levels, fare levels and actions by competitors, regulatory matters and general economic conditions. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's annual report on Form 10-K for the year ended December 31, 2002. The Company disclaims any obligation or duty to update or correct any of its forward-looking statements.

Item 12. Results of Operations and Financial Condition.

On January 22, 2004, the Company issued an earnings release ("the Press Release") reporting the Company's results for the fourth quarter and twelve months ended December 31, 2003. A copy of the Press Release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The information contained in this Report, including the Exhibits, is furnished in accordance with general instruction B.6 of Form 8-K, and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section, unless specifically incorporated by reference in a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AirTran Holdings, Inc.

(Registrant)

Date: January 22, 2004

/s/ Stanley J. Gadek

Stanley J. Gadek

*Senior Vice President, Finance,
Treasurer and Chief Financial Officer
(Principal Accounting and Financial Officer)*

EXHIBIT 99.1

FOR IMMEDIATE RELEASE
January 22, 2004

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AIRTRAN HOLDINGS REPORTS SEVENTH CONSECUTIVE QUARTERLY PROFIT; RECORD REVENUES OF \$239 MILLION AND 3.0 MILLION PASSENGERS; OPERATING COSTS DECLINE 3.1%

ORLANDO, Fla. - Jan. 22, 2004 - AirTran Holdings, Inc., (NYSE:AAI), the parent company of AirTran Airways, Inc., today announced its seventh consecutive quarter of profitability and net income of \$21.7 million or \$0.24 per diluted share. Net income for the full year 2003 was \$100.5 million or \$1.21 per diluted share. Included in both the fourth quarter and full year 2003 results were special items described below. Excluding special items, AirTran earned \$16.0 million or \$0.18 per diluted share and \$59.6 million or \$0.74 per diluted share for the quarter and full year, respectively.

During the fourth quarter of 2003 AirTran reported record operating revenues of \$238.8 million representing a 19.3% increase over fourth quarter 2002 operating revenues of \$200.3 million. Passenger load factor increased 3.6 points on a capacity increase of 21.0% resulting in the record passenger count.

Fourth quarter 2003 results reflect the recording of a non-cash, pre-tax charge of \$10.4 million or \$0.10 per diluted share related to the early retirement of AirTran's 11.27% Senior Secured Notes held by Boeing Capital Loan Corporation (BCC). In addition, the Company recorded a non-cash credit for the reversal of a tax valuation allowance of \$15.9 million or \$0.16 per diluted share primarily related to the expected realization of net operating loss (NOL) carryforwards. Based on the Company's historic profitability, forecasts of future profits and actual financial performance relative to plan, management determined, and the Company's auditors have concurred, that a tax valuation allowance is no longer necessary.

The full year 2003 results include a \$38.1 million pre-tax cash reimbursement from the U.S. Government related to the Emergency Wartime Supplemental Appropriations Act of 2003, a \$1.8 million non-cash, pre-tax charge related to the conversion of the remaining portion of a convertible note by BCC, and the fourth quarter non-cash adjustment and credit previously described.

"The fourth quarter challenged us on many fronts as we grew revenues and capacity while contending with high fuel prices," said Joe Leonard, chairman and chief executive officer. "Nevertheless, we were able to more than double our fourth quarter net income before special items compared to the prior year. This performance reflects our growing customer base as well as the hard work of all AirTran Airways employees to control costs."

During the fourth quarter, traffic or revenue passenger miles increased 27.5% as AirTran continued to add fuel-efficient Boeing 717 aircraft to its fleet. Load factor for the quarter reached 69.8%, and yield was 12.35 cents.

Robert Fornaro, president and chief operating officer, remarked, "AirTran continues to expand its network with new airplanes, low fares and friendly crew members. During the fourth quarter we began service to San Francisco and Washington National offering new, quality low-fare service in historically high-priced markets. This fall, we will launch XM Satellite Radio, which will complement and enhance the service we provide our customers, both in Business Class and in coach."

AirTran's cost metrics continued to improve year-over-year on both a quarterly and full-year basis. Operating cost per available seat mile (CASM) dropped 3.1% to 8.12 cents in the fourth quarter and declined 2.7% to 8.28 cents for the year. On a fuel price neutral basis, CASM declined 4.2% to 8.03 cents for the quarter and 4.5% to 8.13 cents for the full year. Non-fuel CASM declined 1.4% to 6.44 cents and 2.1% to 6.50 cents for the quarter and year, respectively.

During 2003 the Company significantly strengthened its balance sheet with the following financings:

- Issued \$145.9 million in common stock equity
- Retired \$76.5 million of long term debt at 11.27%, \$12.7 million of long term debt at 13% and converted to equity \$5.5 million of convertible debt at 7.75%
- Issued \$125 million of convertible debt at 7%

At December 31, 2003, AirTran's cash balance totaled \$348.5 million compared to \$138.3 million at December 31, 2002, and shareholders' equity increased to \$302.2 million from \$51.9 million at December 31, 2002. Additionally, the Company's debt to equity ratio improved from 4.1 in the prior year to 0.8 at the end of 2003.

Commenting on the Company's cost performance, Stan Gadek, senior vice president of finance and chief financial officer said, "Our employees understand the importance of low costs in achieving profitability. Our fourth quarter performance reflects the hard work and cost discipline which everyone on the AirTran team can take credit for. In addition, productivity enhancements continue to push costs down despite quarterly and annual fuel price increases."

Highlights of AirTran's accomplishments during 2003 include:

- Launched westward expansion to Denver, Los Angeles, Las Vegas and San Francisco.
- Commenced new service to Ronald Reagan Washington National Airport.
- Announced an order for up to 100 Boeing 737-700/800 aircraft and 10 additional 717 aircraft.
- Took delivery of 23 Boeing 717 aircraft increasing the total fleet size to 73 units.
- Rolled out self-service kiosks at airport locations.
- Implemented online check-in over the Internet and other web-based customer service enhancements.
- Recognized the Company's 10-year anniversary on October 26, 2003.

The Company already has achieved the following milestones to start 2004:

- Retired all remaining DC-9 aircraft on January 5, 2004, resulting in the youngest all-Boeing fleet in America.
- Became launch customer for inflight XM Satellite Radio on January 7, 2004.

AirTran Airways is one of America's largest low-fare airlines - employing more than 5,600 professional Crew Members and operating 508 flights a day to 45 destinations. The airline's hub is at Hartsfield-Jackson Atlanta International Airport, the world's busiest airport by passenger volume, where it is the second largest carrier operating 188 flights per day. In the U.S. AirTran Airways is the 10th largest airline in terms of passenger volume. AirTran Airways, a subsidiary of AirTran Holdings (NYSE:AAI), is the world's largest operator of the Boeing 717 and has the youngest all-Boeing fleet of any airline. In 2004, the airline will begin taking delivery of new Boeing 737-700s. For reservations or more information, visit <http://www.airtran.com> (America Online Keyword: AirTran).

Editor's note: Statements regarding the Company's operational and financial success, business model, expectation about future success, improved operational performance and our ability to maintain or improve our low costs are forward-looking statements and are not historical facts. Instead, they are estimates or projections involving numerous risks or uncertainties, including but not limited to, consumer demand and acceptance of services offered by the Company, the Company's ability to maintain current cost levels, fare levels and actions by competitors, regulatory matters and general economic conditions. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's annual report on Form 10-K for the year ended December 31, 2002. The Company disclaims any obligation or duty to update or correct any of its forward-looking statements.

AirTran Holdings, Inc.
Consolidated Statements of Income

(In thousands, except per share data and statistical summary)

(Unaudited)

	Three Months Ended		
	December 31,		
	<u>2003</u>	<u>2002</u>	<u>Percent</u>
			<u>Change</u>
Operating Revenues:			
Passenger	\$231,360	\$194,347	19.0
Cargo	--	280	--
Other	<u>7,466</u>	<u>5,643</u>	32.3
Total operating revenues	238,826	200,270	19.3
Operating Expenses:			
Salaries, wages and benefits	60,221	55,563	8.4
Aircraft fuel	45,195	40,961	10.3
Aircraft rent	35,235	22,939	53.6
Distribution	10,935	10,184	7.4
Maintenance, materials and repairs	18,565	12,192	52.3
Landing fees and other rents	14,408	10,726	34.3
Aircraft insurance and security services	5,321	7,518	(29.2)
Marketing and advertising	5,222	4,365	19.6
Depreciation	2,683	4,411	(39.2)
Other operating	<u>20,197</u>	<u>17,050</u>	18.5
Total operating expenses	<u>217,982</u>	<u>185,909</u>	17.3
Operating Income	20,844	14,361	45.1
Other (Income) Expense:			
Interest income	(1,302)	(500)	--
Interest expense	5,225	7,358	(29.0)
Deferred debt discount/issuance cost amortization	<u>10,445</u>	<u>--</u>	--
Other (income) expense, net	<u>14,368</u>	<u>6,858</u>	--
Income Before Income Taxes	6,476	7,503	(13.7)
Income Tax Benefit	<u>(15,201)</u>	<u>--</u>	--
Net Income	\$21,677	\$7,503	--
	=====	=====	
Earnings per Common Share			
Basic	\$0.26	\$0.11	--
Diluted	\$0.24	\$0.10	--
Weighted-average Shares Outstanding			
Basic	83,806	70,992	18.0
Diluted	101,007	72,131	40.0
EBITDA	\$23,527	\$18,772	25.3
Operating margin	8.7 %	7.2 %	1.5 pts.
Net margin	9.1 %	3.7 %	5.4 pts.
Net margin-adjusted**	6.7 %	3.7 %	3.0 pts.

AirTran Holdings, Inc.
Statistical Summary

(Unaudited)

	Three Months Ended December 31,		Percent Change
	2003	2002	
Fourth Quarter Statistical Summary:			
Revenue passengers	3,008,111	2,509,191	19.9
Revenue passenger miles (000s)	1,873,930	1,469,616	27.5
Available seat miles (000s)	2,684,948	2,219,048	21.0
Block hours	72,461	62,557	15.8
Passenger load factor	69.8 %	66.2 %	3.6 pts.
Break-even load factor	67.8 %	63.7 %	4.1 pts.
Break-even load factor-adjusted**	64.7 %	63.7 %	1.0 pts.
Average fare	\$76.91	\$77.45	(0.7)
Average yield per RPM	12.35 ¢	13.22 ¢	(6.6)
Passenger revenue per ASM	8.62 ¢	8.76 ¢	(1.6)
Operating cost per ASM	8.12 ¢	8.38 ¢	(3.1)
Fuel price neutral cost per ASM	8.03 ¢	8.38 ¢	(4.2)
Non-fuel operating cost per ASM	6.44 ¢	6.53 ¢	(1.4)
Average cost of aircraft fuel per gallon	97.87 ¢	92.62 ¢	5.7
Gallons of fuel burned	46,176,789	44,223,337	4.4
Weighted-average number of aircraft	73	64	14.1

** Statistical calculations for 2003 may exclude deferred debt discount/issuance cost amortization of \$10.4 million and reversal of a tax valuation allowance of \$15.9 million.

AirTran Holdings, Inc.
Consolidated Statements of Income

(In thousands, except per share data and statistical summary)

(Unaudited)

	Year Ended December 31,		Percent Change
	<u>2003</u>	<u>2002*</u>	
Operating Revenues:			
Passenger	\$889,950	\$713,711	24.7
Cargo	715	1,206	(40.7)
Other	<u>27,375</u>	<u>18,453</u>	48.3
Total operating revenues	918,040	733,370	25.2
Operating Expenses:			
Salaries, wages and benefits	231,728	203,435	13.9
Aircraft fuel	178,737	154,467	15.7
Aircraft rent	124,203	72,690	70.9
Distribution	45,354	43,115	5.2
Maintenance, materials and repairs	63,600	47,288	34.5
Landing fees and other rents	52,810	42,291	24.9
Aircraft insurance and security services	19,684	29,323	(32.9)
Marketing and advertising	24,112	20,967	15.0
Depreciation	12,628	17,072	(26.0)
Other operating	<u>78,866</u>	<u>72,159</u>	9.3
Total operating expenses	<u>831,722</u>	<u>702,807</u>	18.3
Operating Income	86,318	30,563	--
Other (Income) Expense:			
Interest income	(3,345)	(2,102)	59.1
Interest expense	28,303	29,203	(3.1)
Government grant	--	(640)	--
Payment under the Emergency Wartime Supplemental Appropriations Act, 2003	(38,061)	--	--
Deferred debt discount/issuance cost amortization	12,257	--	--
SFAS 133 adjustment	<u>--</u>	<u>(5,857)</u>	--
Other (income) expense, net	<u>(846)</u>	<u>20,604</u>	--
Income Before Income Taxes	87,164	9,959	--
Income Tax Benefit	<u>(13,353)</u>	<u>(786)</u>	--
Net Income	\$100,517	\$10,745	--
	=====	=====	
Earnings per Common Share			
Basic	\$1.33	\$0.15	--
Diluted	\$1.21	\$0.15	--
Weighted-average Shares Outstanding			
Basic	75,345	70,409	7.0
Diluted	86,607	73,153	18.4
EBITDA	\$98,946	\$47,635	--
Operating margin	9.4 %	4.2 %	5.2 pts.
Net margin	10.9 %	1.5 %	9.4 pts.
Net margin-adjusted**	6.5 %	1.4 %	5.1 pts.

AirTran Holdings, Inc.
Statistical Summary
(Unaudited)

	Year Ended December 31,		Percent Change
	2003	2002*	
Twelve Month Statistical Summary:			
Revenue passengers	11,651,340	9,653,777	20.7
Revenue passenger miles (000s)	7,143,125	5,581,263	28.0
Available seat miles (000s)	10,046,385	8,255,809	21.7
Block hours	275,516	236,581	16.5
Passenger load factor	71.1 %	67.6 %	3.5 pts.
Break-even load factor	64.1 %	66.6 %	(2.5) pts.
Break-even load factor-adjusted**	66.2 %	66.7 %	(0.5) pts.
Average fare	\$76.38	\$73.93	3.3
Average yield per RPM	12.46 ¢	12.79 ¢	(2.6)
Passenger revenue per ASM	8.86 ¢	8.64 ¢	2.5
Operating cost per ASM	8.28 ¢	8.51 ¢	(2.7)
Fuel price neutral cost per ASM	8.13 ¢	8.51 ¢	(4.5)
Non-fuel operating cost per ASM	6.50 ¢	6.64 ¢	(2.1)
Average cost of aircraft fuel per gallon	98.39 ¢	90.37 ¢	8.9
Gallons of fuel burned	181,663,163	170,922,324	6.3
Weighted-average number of aircraft	70	62	12.9

* Certain 2002 amounts have been reclassified to conform to 2003 presentation.

** Statistical calculations for 2003 may exclude payment under the Emergency Wartime Supplemental Appropriations Act, 2003, deferred debt discount/issuance cost amortization and reversal of a tax valuation allowance of \$38.1 million, \$12.3 million and \$15.9 million, respectively. Statistical calculations for 2002 exclude government grant of \$0.6 million.

Reconciliation of GAAP Financial Information to Non-GAAP Financial Information
Three Months and Year Ended December 31, 2003 and 2002

Pursuant to the SEC Regulation G, we are providing further disclosure of the reconciliation of reported non-GAAP financial measures reported on a GAAP basis. It is our view that the reported non-GAAP financial measures are more consistent with our true operating performance and provide a more meaningful period to period comparison as they exclude special items. Furthermore, in preparing internal operating plans and forecasts, these special items are excluded from management's analysis. Additionally, these measures are more comparable to financial measures reported by other airlines.

A reconciliation of the components of the calculation of Earnings Per Share (EPS):

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(In thousands, except for share data) (Unaudited)			
Net Income	\$21,677	EPS	\$7,503	\$100,517
			EPS	\$10,745
Non-GAAP adjustments:				
Stabilization Act compensation	--	--	--	(640)
Payment received under the Wartime Act (net of tax)	--	--	(36,965)	(0.43)
Deferred debt discount/issuance cost amortization (net of tax)	10,144	0.10	11,904	0.14
Reversal of tax valuation allowance	<u>(15,860)</u>	<u>(0.16)</u>	<u>(15,860)</u>	<u>(0.18)</u>
Adjusted numerator used to calculate EPS using non-GAAP amounts	\$15,961	\$7,503	\$59,596	\$10,105
	=====	=====	=====	=====
Add interest expense related to convertible notes to numerator	2,124	--	4,565	--
Number of Diluted Shares	101,007	72,131	86,607	73,153
EPS using GAAP amounts	\$0.24	\$0.10	\$1.21	\$0.15
	=====	=====	=====	=====
EPS using non-GAAP amounts	\$0.18	\$0.10	\$0.74	\$0.14
	=====	=====	=====	=====

A reconciliation of the components of the calculation of earnings before interest, taxes, depreciation and amortization (EBITDA) is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(In thousands) (Unaudited)			
Net Income	\$21,677	\$7,503	\$100,517	\$10,745
Add back:				
Income tax benefit	(15,201)	--	(13,353)	(786)
Other (income) expense, net	14,368	6,858	(846)	20,604
Depreciation	<u>2,683</u>	<u>4,411</u>	<u>12,628</u>	<u>17,072</u>
EBITDA	\$23,527	\$18,772	\$98,946	\$47,635
	=====	=====	=====	=====

A reconciliation of the components of the calculation of net margin is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(In thousands) (Unaudited)			
Net income	\$21,677	\$7,503	\$100,517	\$10,745
Non-GAAP adjustments:				
Stabilization Act compensation	--	--	--	(640)
Payment received under the Wartime Act (net of tax)	--	--	(36,965)	--
Deferred debt discount/issuance cost amortization (net of tax)	10,144	--	11,904	--
Reversal of a tax valuation allowance	<u>(15,860)</u>	<u>--</u>	<u>(15,860)</u>	<u>--</u>
Adjusted net income used to calculate net margin	\$15,961 =====	\$7,503 =====	\$59,596 =====	\$10,105 =====
Operating revenues	\$238,826	\$200,270	\$918,040	\$733,370
Calculation of net margin using GAAP amounts	9.1 % =====	3.7 % =====	10.9 % =====	1.5 % =====
Calculation of net margin using non-GAAP amounts	6.7 % =====	3.7 % =====	6.5 % =====	1.4 % =====

A reconciliation of the components of the calculation of break-even load factor is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(In thousands) (Unaudited)			
Operating expenses	\$217,982	\$185,909	\$831,722	\$702,807
Other (income) expense	14,368	6,858	(846)	20,604
Cargo revenue	--	(280)	(715)	(1,206)
Other revenue	<u>(7,466)</u>	<u>(5,643)</u>	<u>(27,375)</u>	<u>(18,453)</u>
Passenger revenue (excluding charter and other revenue) required to break-even (based on GAAP amounts)	224,884	186,844	802,786	703,752
Non-GAAP adjustments:				
Stabilization Act compensation	--	--	--	640
Payment received under the Wartime Act	--	--	38,061	--
Deferred debt discount/issuance cost amortization	<u>(10,445)</u>	<u>--</u>	<u>(12,257)</u>	<u>--</u>
Passenger revenue (excluding charter and other revenue) required to break-even (based on adjusted amounts)	\$214,439	\$186,844	\$828,590	\$704,392
	=====	=====	=====	=====
	Three Months Ended December 31,		Year Ended December 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(Unaudited)			
Calculation of break-even load factor using GAAP amounts:				
Passenger revenue (excluding charter and other revenue) required to break-even (based on GAAP amounts) (000s)	\$224,884	\$186,844	\$802,786	\$703,752
Average yield per RPM (cents)	12.35	13.22	12.46	12.79
Available seat miles (000s)	2,684,948	2,219,048	10,046,385	8,255,809
Break-even load factor using GAAP amounts	67.8 %	63.7 %	64.1 %	66.6 %
	=====	=====	=====	=====
Calculation of break-even load factor using non-GAAP amounts:				
Passenger revenue (excluding charter and other revenue) required to break-even (based on adjusted amounts) (000s)	\$214,439	\$186,844	\$828,590	\$704,392
Average yield per RPM (cents)	12.35	13.22	12.46	12.79
Available seat miles (000s)	2,684,948	2,219,048	10,046,385	8,255,809
Break-even load factor using non-GAAP amounts	64.7 %	63.7 %	66.2 %	66.7 %
	=====	=====	=====	=====

A reconciliation of the components of the calculation of operating costs per ASM, operating costs per ASM excluding aircraft fuel and fuel price neutral costs per ASM is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
	(In thousands) (Unaudited)			
Operating expenses (based on GAAP amounts)	\$217,982	\$185,909	\$831,722	\$702,807
Less aircraft fuel	<u>45,195</u>	<u>40,961</u>	<u>178,737</u>	<u>154,467</u>
Operating expenses excluding aircraft fuel	<u>172,787</u>	<u>144,948</u>	<u>652,985</u>	<u>548,340</u>
	=====	=====	=====	=====
	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
	(Unaudited)			
Calculation of cost per ASM using GAAP amounts:				
Operating expenses (based on GAAP amounts) (000s)	\$217,982	\$185,909	\$831,722	\$702,807
Available seat miles (000s)	2,684,948	2,219,048	10,046,385	8,255,809
Operating cost per ASM using GAAP amounts (cents)	8.12	8.38	8.28	8.51
	=====	=====	=====	=====
Calculation of cost per ASM excluding fuel:				
Operating expenses excluding fuel (000s)	\$172,787	\$144,948	\$652,985	\$548,340
Available seat miles (000s)	2,684,948	2,219,048	10,046,385	8,255,809
Operating cost per ASM excluding fuel (cents)	6.44	6.53	6.50	6.64
	=====	=====	=====	=====
Calculation of fuel price neutral cost per ASM				
Average cost of aircraft fuel per gallon (cents)	97.87	92.62	98.39	90.37
Gallons of fuel burned	46,176,789		181,663,163	
Cost of current period fuel at prior year price (000s)	42,769		164,169	
Operating expenses excluding fuel (000s)	172,787		652,985	
Cost of current period fuel at prior year price (000s)	<u>42,769</u>		<u>164,169</u>	
Operating expenses with fuel price adjustment (000s)	215,556		817,154	
	=====		=====	
Available seat miles (000s)	2,684,948		10,046,385	
Fuel price neutral cost per ASM (cents)	8.03		8.13	
	=====		=====	
Prior year cost per ASM (cents)		8.38 (4.2%)		8.51 (4.5%)