



UNITED STATES TRANSPORTATION COMMAND

508 SCOTT DR
SCOTT AIR FORCE BASE, IL 62225-5357

1 Apr 16

MEMORANDUM FOR ALL CARRIERS

FROM: USTRANSCOM/TCAQ-P
508 Scott Drive
Scott AFB IL 62225-5357

SUBJECT: Administrative Update Effective 15 Apr 16 to Final Fiscal Year 2016 (FY16)
Uniform Rates and Rules for International Service – Solicitation Number
HTC711-15-R-C001

1. The Final FY16 final rates were initially posted to www.fbo.gov on 14 Aug 15 and subsequently revised on 21 Sep 15. Recently, USTRANSCOM was notified Defense Logistics Agency – Energy decreased its fuel prices for FY16, effective 1 Apr 2016. The FY16 original rates had established the pegged price of fuel based on DLA’s fuel price of \$2.95 per gallon. However, DLA’s actual fuel price is \$1.88 per Gallon. This is DLA’s second decrease in fuel prices in three months, the first of which USTRANSCOM did not adjust the pegged rate. USTRANSCOM considered this decrease significant enough to adjust the pegged fuel cost and the uniform rates, effective 15 Apr 16. The attached rates, effective 15 Apr 16, peg the fuel at \$1.89 per gallon for passenger and \$1.89 per gallon for cargo and combi.

2. The attached Revised Final FY16 Uniform Rates and Rules for International Service, dated 15 Apr 16, supersedes the Final FY16 Uniform Rates and Rules for International Service, dated 21 Sep 15.

3. The revised rates for various classes of service, effective 15 Apr 16, are as follows. All passenger rates are expressed per seat mile. All cargo rates are per ton mile and combi is per plane mile.

	<u>Effective Rate</u>	<u>Linehaul Rate</u>	<u>Stop Charge</u>
Large Class Passenger	\$0.10601		
Medium Class Passenger	\$0.13191		
Small Class Passenger		\$0.13788	\$2,000
Large Class Cargo	\$0.38054		
Medium Class Cargo	\$0.49893		
Combi Service	\$25.50646		

5. In accordance with our Memorandum of Understanding, please direct any questions or concerns to scott.e.rader.civ@mail.mil or 618-220-6711.

//SIGNED//

1 Apr 16

SCOTT E RADER
Branch Chief, TCAQ-P

DATE

Concur:

//SIGNED//

1 Apr 16

GREGORY V. HUNT
Contracting Officer, TCAQ-C

DATE

Attachment:

1. 15 Apr 16 Revised Final FY16 Uniform Rates and Rules for International Service

UNITED STATES TRANSPORTATION COMMAND

*FINAL
UNIFORM RATES AND RULES
FOR
INTERNATIONAL SERVICE*



FISCAL YEAR 2016

INTRODUCTION

The final FY16 USTRANSCOM Uniform Rates and Rules (hereafter referred to as “Rates”) have been developed using rate-making procedures in compliance with the Federal Acquisition Regulation (FAR), Memorandum of Understanding (MOU) for FY13 through FY17, and methodologies previously established by the Civil Aeronautics Board (CAB).

Effective 15 Apr 16 – 30 Sep 16: Significant decreases in both commercial and DLA fuel prices required a change in the pegged rate of fuel for the period beginning 15 Apr 16. The decreased fuel prices resulted in a **pegged fuel price of \$1.89 for passenger and \$1.89 per U.S. gallon, for cargo.** The pegged price includes into-plane fees and taxes. USTRANSCOM will continue to closely monitor the fuel prices for the remainder of this contract period.

Rate Overview

In addition to changes and adjustments based on carrier comments and negotiations, the final FY16 rates reflect updated pegged prices of fuel for both passenger and cargo categories as well as updated general escalation and FICA escalation factors. The updated pegged price of fuel for passenger is approximately 15.1% lower than the pegged price applied in the proposed FY16 rates while the pegged price of fuel for cargo categories is approximately 13.2% lower. The general escalation decreased by approximately 21% from 5.30% applied in the proposed rates and rules to the 4.20% applied in the final rates and rules. Further, the FICA escalation decreased from 5.91% to 1.99%. Due to these reduced parameters, five out of the six categories reflect an overall reduction as compared to the FY15 rates. However, when considering the rates excluding fuel costs, all with the exception of the large passenger category demonstrate an increase compared to the corresponding rate without fuel from FY15. USTRANSCOM has reviewed the costs for the large passenger category and the decrease is briefly explained below:

Large Passenger Class

Excluding fuel, the large passenger class rate is down 4.25%. This reduction is attributable to nearly a 6% reduction in the weighted average crew cost element which accounts for approximately 9% of this rate and to the reduction in the weighted average passenger service costs by over 15% which accounts for approximately 13% of this rate.

Carrier Comments

On 30 April 2015, USTRANSCOM posted the FY16 proposed rate to Federal Business Opportunities. On this date, USTRANSCOM also supplied each carrier its individual cut sheet detailing USTRANSCOM's adjustments to its individual proposed costs and statistical data as well as the carrier's individual profit calculation. Carriers were advised to provide comments, if applicable, no later than 5 Jun 2015. The FY16 final rates consist of a total of 17 proposals submitted by 11 carriers.

The following carriers provided feedback or written comments to the proposed rate: Air Transport International (ATI), Atlas Air (Atlas), Delta Airlines (Delta), Federal Express (FedEx), Miami Air International (Miami), Omni Air International (Omni), and United Airlines (United). The following topics address the general rate issues identified and USTRANSCOM's response.

General rate comments received during the FY16 rate discussions related to the following topics:

1. Atlas' B747-400 Allowable Cabin Load (ACL)
2. Weighted Guidelines (WGL) Profit
3. Lean Six Sigma (LSS) Cost Element Escalation
4. War Risk Insurance Cost Increases
5. Utilization
6. Base Year System Unit Cost and Footnote Appendix
7. FAR 117 Cost Adjustments

1. Atlas' B747-400 ACL

Atlas Comment: In the FY15 rates and rules and as published in the FY16 proposed rates and rules, USTRANSCOM increased certain cost elements of Atlas' B747-400 in the large passenger category by the ratio of the standard ACL (435) to the weighted average ACL during the cost base year (Jul 13 – Jun 14)¹. This adjustment was applied and rationalized based on a comment from Omni on the FY15 proposed rates. In the FY15 rates and in the FY16 proposed rates, USTRANSCOM agreed to increase certain cost elements likely understated and incommensurate with the standard ACL while continuing to divide the per mile costs by the standard ACL. The adjustment was applied to the fuel cost element, the aircraft and traffic servicing cost element and the passenger service cost element. This adjustment does not fully compensate Atlas for performance at the reduced ACL when performing fixed buy missions.

Recommendation: Instead of applying the adjustments to the selected Atlas' B747-400 FY15 cost elements, USTRANSCOM should divide Atlas' B747-400 total cost per mile by Atlas' weighted average ACL.

USTRANSCOM Response: USTRANSCOM agrees to implement the recommendation and divide Atlas' cost per mile by the weighted average ACL as opposed to the standard ACL. This recommendation is being accepted on the basis that Atlas' costs are likely to be affected when performing at the different ACL. Atlas may be required to transport more or fewer passengers depending on which ACL it is performing. To equitably compensate Atlas performing at different ACLs, and to avoid a rate distortion negatively affecting the other participants, the recommendation is adopted and reflected in the FY16 rates.

2. Weighted Guidelines (WGL) Profit Elements

Omni/United Comment: The weighted guidelines were introduced in the FY13 to FY17 MOU for industry ratemaking to provide a capital compensation element to carriers. The weighted guidelines methodology takes into account four profit factors: Performance Risk,

¹ Atlas' weighted average ACL for its B747-400 is 424 based on fixed buy revenues of \$39.4M and expansion buy revenues of \$91.2M where Atlas performs fixed buy missions at a 400 ACL and expansion buy missions at a 435 ACL.

Contract Type Risk, Facilities Capital Employed, and Cost Efficiency. Performance Risk is further comprised of an assessment of Technical Risk and Management / Cost Control.

Performance Risk - Technical Risk. CRAF contracts are more complex and higher risk than the majority of Department of Defense (DoD) service contracts. The DoD demands and places high importance on schedule reliability. The technical risk rating based on DFARs Part 215 can be justified as above normal based on the importance of delivery schedules, inherent risk of the program, DoD requirements, skill level of employees and type of risk associated with DoD airlift missions.

Performance Risk - Management / Cost Control. The management / cost control risk rating should be higher due to the logistics of providing crews and maintenance support for complex and costly worldwide operations. The logistics of providing crews and maintenance support for worldwide operations are complex and costly. Further, this factor should consider the carrier's ability to control costs while performing difficult requirements.

Contract Type Risk. Operating costs are assigned a value of 5% while fuel costs are assigned a value of 0%. The DFARs recommended range for Firm-Fixed Priced contracts with no financing is 4% to 6% with a normal value of 5%. Fuel cost should be included and compensated by this risk category since the fuel adjustment procedure is not a true cost reimbursement and places some risk on the carrier. Further, when considering the rate assigned for operating costs and the 0% assigned for fuel costs the composite value falls below the DFARs recommended range of 4% to 6%.

Cost Efficiency. The methodology for determining when to assign a cost efficiency factor is flawed. In order for carriers to realize a cost efficiency factor, it must reduce its costs by more than the general cost escalation in order to demonstrate a year-over-year cost reduction and receive credit in this category. Further, fixed costs cannot be controlled by carriers in the short term.

Recommendation: The following were recommendations regarding the specific risk elements from the weighted guidelines:

Performance Risk – Technical Risk. Assign higher than normal value to this risk element (range is 3% to 7%; normal value is 5%).

Performance Risk – Management / Cost Control. Assign higher than normal value to this risk element (range is 3% to 7%; normal value is 5%).

Contract Type Risk. Assign maximum value of 6% on all costs, including fuel.

Cost Efficiency. Use more reasonable methods to assign the rates for the cost efficiency factor.

USTRANSCOM Response: USTRANSCOM disagrees with the recommendations made regarding the specific risk elements. In considering the recommendations, USTRANSCOM considered each of the identified elements as well as the overall profit. The weighted profits realized² by category are as follows:

Large Class Passenger	13.4%
Medium Class Passenger	12.1%
Small Class Passenger	9.7%
Large Cargo	13.4%
Medium Cargo	8.0%
Combi	11.4%

USTRANSCOM reviewed the overall profits produced by the assigned risk element values. USTRANSCOM considers the overall profits to represent a fair profit allowance.

Performance Risk – Technical Risk. USTRANSCOM disagrees with the recommendation to assign a higher than the normal value for this risk element. The range for this risk element is 3% to 7%. DFARs states the normal value for this element is 5% and the normal value should represent average conditions on the prospective contract when compared to all goods and services acquired by DoD. This risk element addresses the contractor’s degree of risk in fulfilling the contract requirements due to the technical uncertainties of performance.

² The expected realized profit is determined for each carrier based on the difference between the applicable FY16 rate and a carrier’s operating costs per seat-mile (or ton-mile for cargo) divided by the applicable FY16 rate. The expected realized profits are then weighted according to the same weightings used to derive the rates for each category to arrive at the reported weighted profits realized.

USTRANSCOM considers the technical risk values assigned to be representative of the technical risk of the CRAF contract given the program's maturity, repetitive nature and routineness of the service compared to other services acquired by DoD.

Performance Risk – Management / Cost Control. USTRANSCOM disagrees with the recommendation to assign a higher than the normal value for this risk element. The range for this risk element is 3% to 7%. DFARS states the normal value for this element is 5% and the normal value should represent average conditions on the prospective contract when compared to all goods and services acquired by DoD. This risk element addresses the contractor's degree of risk in fulfilling the contract requirements by assessing the degree of management effort necessary to ensure contract requirements are met and to reduce and control costs. USTRANSCOM considers the management / cost control risk values to generally be representative of the normal level of management effort required to meet contract requirements compared to other DoD contracts. Where a carrier had demonstrated cost reductions, USTRANSCOM did consider an additional increase for this factor and assigned a higher than normal value.

Contract Type Risk. USTRANSCOM disagrees with the assignment of a risk value on fuel costs for this element. The value assigned on fuel of 0% and the value on other operating costs of 5% is specified in the MOU. These values result in a composite value for each carrier anywhere between 2.4% and 3.9%. The assertion that this composite value is below the designated range of 4% to 6% established for a firm-fixed-price contract type with no financing fails to consider the fuel economic price adjustment provision and the deviation from the Prompt Payment Act allowing CRAF carriers to be paid more expeditiously than other DoD contractors. These contract provisions reduce the contract type risk and provide a level of expedited financing that is not considered in the designated range of 4% to 6% for the firm-fixed-price, no financing contract type. USTRANSCOM does recognize there is some level of fuel risk since monthly reimbursable fuel costs are done according to an annually established fuel burn rate. However, the overall fuel price risk is reduced by the fuel EPA clause. The residual risk in fuel is accounted for by the assigned risk values on fuel in the performance risk categories.

Cost Efficiency. The MOU establishes a cost efficiency factor will be assigned based upon the individual carrier's percentage decrease in total operating cost less fuel compared to the carrier's total operating costs less fuel from the immediately preceding period.³

USTRANSCOM recognizes this may be a difficult threshold to meet. However, DFARs identifies that this factor is meant to provide a special incentive for contractors to reduce costs. This incentive and reward for reducing or controlling costs is already a feature of the uniform rates and rules methodology. The uniform rate methodology establishes rates based on a composite of several participants' costs for each category building in an incentive and profit reward for achieving lower costs. The development of a composite rate based proportionally on contractors' costs is unique among DoD service contracts. Since the purpose of the cost efficiency factor of promoting and rewarding cost control/reduction is provided for by the uniform rate methodology, USTRANSCOM does not agree the methodology for assigning a cost efficiency factor needs to be adjusted and the methodology is therefore unchanged. Further, of the 17 cost proposals, 7 were awarded a cost efficiency increase demonstrating that credit for this factor under the current guidelines is not unattainable.

3. Lean Six Sigma (LSS) Cost Element Escalation

Omni/United Comment: USTRANSCOM did not apply general escalation to the LSS cost categories: Insurance, Maintenance and Depreciation of General Ground Property, or Aircraft and Traffic Servicing costs. This approach applies costs from as far back as July 2013 to miles flown as far forward as September 2016. This significant time difference without appropriate escalation applied is a disadvantage to the carriers in cost categories making up a meaningful portion of the total cost per plane mile.

Recommendation: Apply general escalation to the LSS cost categories.

³ A carrier's year-to-year costs for the cost efficiency category were considered exclusive of the LSS cost elements since those were fixed this rate cycle for passenger categories and fixed last rate cycle for cargo categories.

USTRANSCOM Response: In response to this comment, USTRANSCOM applied general escalation to the LSS cost categories. Going forward, USTRANSCOM will abandon the practice of only determining the costs for these categories every other year as was recommended by the LSS study. These cost elements will be determined each year to ensure they are being accurately and adequately reflected within the Uniform Rates.

4. War Risk Insurance Cost Increases

Omni Comment: Premium war risk insurance is no longer available through the FAA and is now purchased in commercial markets. In December 2014, the FAA ceased its premium war risk insurance policies previously available to carriers. This has resulted in increased costs for this coverage. These costs are currently being incurred but are not accounted for within the Uniform Rate.

Recommendation: USTRANSCOM should work with carriers to account for this increased cost being incurred to fly DoD business.

USTRANSCOM Response: Omni was the only carrier that provided information supporting a war risk insurance cost increase. Omni's insurance cost element was adjusted to reflect the additional war risk insurance cost increases for both its B777 in the large passenger category as well as for its B767 in the medium passenger category. Escalation was not applied to the cost increases, but was applied to Omni's other insurance costs prior to the increase.

5. United B747 Utilization

Omni/United Comment: Utilization of 14.1 block hours per day for United's B747 is not logical for USTRANSCOM service. This utilization represents United's commercial service, but is not representative of DoD service.

Recommendation: USTRANSCOM should substitute United's utilization for a utilization rate reflective of DoD daily utilization.

USTRANSCOM Response: USTRANSCOM only considers DoD specific utilization in instances for carrier's that rely heavily on DoD business and only when the carrier can substantiate a specific DoD utilization. Each carrier's utilization is typically determined based on the carrier's Department of Transportation (DoT) Form 41 data of Airborne Hours (acct: Z610) divided by Aircraft Days Assigned to Service (acct: Z810). The utilization is used in calculating the forecast year Constructed Mileage Base (CMB). The CMB is then used as the divisor for the carrier's reported fixed costs to determine a cost per mile for the Direct Fixed cost elements. USTRANSCOM disagrees with the recommended adjustment to United's utilization rate because United does not rely heavily on DoD business and the carrier's "system" utilization rate is an equitable utilization for converting aggregate fixed costs into a per mile cost. Applying an unsubstantiated lower utilization rate unreasonably increases United's unit fixed costs and unfairly reduces the benefits to USTRANSCOM from United's economies of scale.

6. Base Year System Unit Cost and Footnote Appendix

Omni/United Comment: The proposed rate this year deleted base year system cost from the proposed rate Appendices C through H. The appendices also eliminated the footnotes which explained the adjustments to carrier data made by USTRANSCOM. This reduces transparency and the ability of industry to understand USTRANSCOM adjustments to the proposed cost data. The adjustments are at the macro level and should not be considered proprietary.

Recommendation: The base year systems costs and footnotes appendices should be provided for the proposed rates and not removed in future years.

USTRANSCOM Response: USTRANSCOM agrees to include the base year systems costs and footnotes appendices in future years.

7. FAR 117 Cost Adjustments

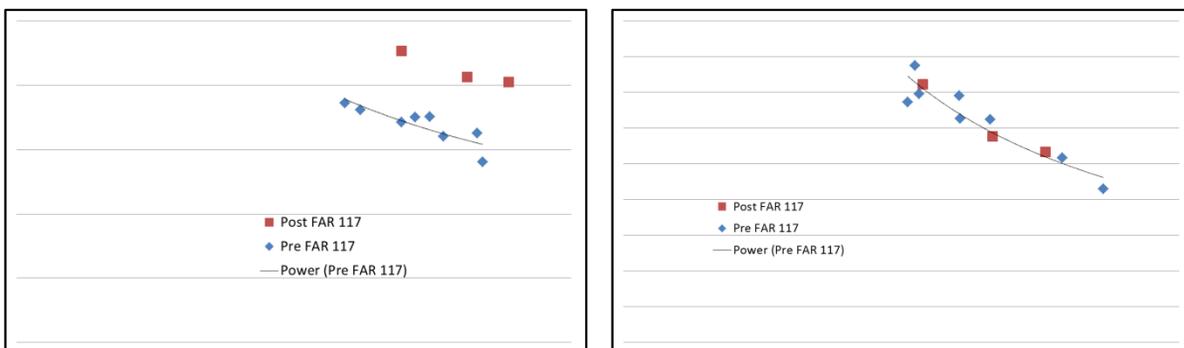
USTRANSCOM Response: In the FY16 proposed Uniform Rates and Rules, USTRANSCOM acknowledged the cost base year (Jul 2013 – Jun 2014) included two

quarters (3Q & 4Q of Calendar Year 2013) of cost data not reflective of costs associated with FAR 117 regulations affecting the passenger categories. In recognizing this, USTRANSCOM requested carriers to provide cost data support to substantiate any cost increases associated with FAR 117 requirements not fully reflected in the cost data from the cost base year. Omni Air provided support demonstrating a 15% increase to its personnel expense cost category for its B777 and an 18% increase to its personnel expense cost category for its B767. The data provided was accepted and is reflected in Omni's costs. Atlas Air provided support demonstrating an approximate increase of 18% to crew salaries and personnel expense cost categories for its B767. Atlas' data was accepted and is reflected in its costs. Miami Air provided information suggesting a cost increase due to FAR 117, but the data did not substantiate an overall cost increase.

For carriers that did not provide a response to FAR 117 cost increases and for Miami Air, USTRANSCOM reviewed each carrier's quarterly crew costs (accts: 5123, 5124, 5128.1), personnel expenses (acct: 5136) and reported revenue aircraft miles flown (acct: Z410) for the period from Q1 of CY 2012 through Q3 of CY 2014. Each carrier's crew costs and personnel expenses for each period were summed and divided by the revenue aircraft miles flown to calculate an average crew cost / personnel expense per mile for each quarter. These unit costs were then normalized to the 3Q of CY 2014 cost levels using a wage index for transportation (CEU4300000008). This index was chosen to normalize the cost data because it is the sub-index used to account for cost level changes in earnings applied in forecasting the Global Insight Index (GII) for Scheduled Air Freight. The normalized unit costs were then plotted against the revenue aircraft miles flown to generate a unit cost curve as a function of revenue aircraft miles. The comparison of the unit cost curves "pre-" and "post-" FAR 117 implementation was the basis for any adjustments applied to a carrier's crew cost and personnel expense cost elements.

The "pre-" FAR 117 cost curve function was used to estimate the unit costs for the CY14 data points based on the aircraft revenue miles for those periods. The percentage difference between the estimated unit costs relying on the "pre-" FAR 117 cost curve and the actual unit costs was calculated. The average difference for the three quarters (1Q-3Q of CY 2014) was

determined and then halved to calculate the adjustment to be applied. The average percent difference was halved to account for the fact the adjustment was only to be applied for 2 of the 4 quarters of cost data used in the cost base year. Below are examples of cost curves generated from DoT data, one showing support for an increase and one chart indicating no per-unit cost difference between “pre-” and “post-” FAR 117 implementation. The blue dots correspond to unit costs “pre-” FAR 117 implementation while the red dots correspond to unit costs “post-” FAR 117 implementation. In the chart on the left, there is a clear structural shift in the unit cost following FAR 117 implementation. The chart on the right does not demonstrate a clear unit cost increase following FAR 117 implementation.



This analysis supported a 15.5% increase to crew costs and personnel expense for United’s B747 and a 13.7% increase to crew costs and personnel expense for Delta’s B767. This analysis did not support adjustments to any other carriers. The net result of FAR 117 adjustments was an approximate 0.4% increase to the overall large passenger rate, all else equal, and an approximate 1.4% increase to the overall medium passenger rate, all else equal.

Fuel

The TCAQ pegged price of fuel is lower than was published with the FY16 Final Uniform Rates and Rules. The reduction to the pegged price of fuel compared to the prices published in the FY16 Final Rates and Rules is a result of reduced GII projections for the Jet Fuels Producer Price Index (PPI) during the performance period. To develop the proposed pegged price of fuel for each category, TCAQ used a projection of commercial fuel cost and the DLA fuel costs for the performance period and weighted them based on the historical proportions used for each aircraft category. The pegged price of fuel for each category is calculated based on the following equation:

$$\text{Pegged Price} = (\text{Wtg of Commercial Fuel}) * (\text{Forecasted Avg Cost of Commercial Fuel}) \\ + (\text{Wtg of DLA Fuel}) * (\text{Known/Projected Cost of DLA Fuel})$$

Cost of DLA Fuel. DLA-E published the FY16 Fuel Price Change, and the DLA-E JP-5 and JP-8 fuel prices for FY16 Fuel Price Change were used in determining the pegged price of fuel. A composite DLA fuel cost based on both JP-5 and JP-8 was developed using a weighted average cost of DLA's FY16 Fuel Price Change for JP-8 (\$1.88/gal) which received a 90% weighting and JP-5 (\$1.91/gal) which received a 10% weighting yielding a projected composite DLA fuel cost of \$1.88/gal.

Forecasted Average Cost of

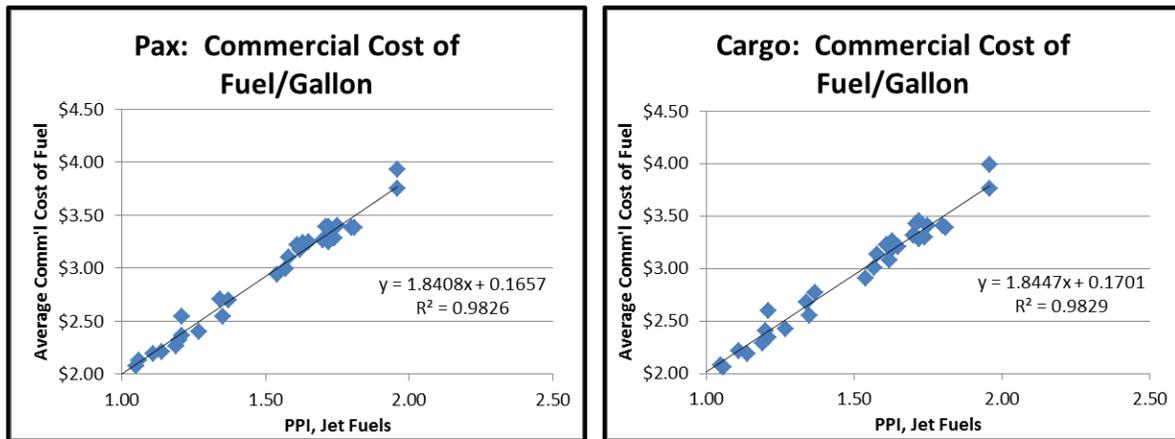
Commercial Fuel. To estimate the average price of commercial fuel during the FY16 Fuel Price Change performance period, USTRANSCOM relied on the relationship between the IHS Global Insight Index (GII) for Jet Fuels (PPI3241104Y) and the historical average quarterly cost of commercial fuel. To measure the relationship between the Jet Fuels PPI and the historical average commercial fuel cost, the historical fuel cost data as reported in the monthly fuel reports was aggregated for all carriers and converted to a quarterly average by taking the average of the three months cost representing each quarter. For example, the quarterly commercial fuel cost

	<u>Passenger</u>		<u>Cargo</u>	
QTR	COST/GAL	COST/GAL		PPI
2010 Q1	\$2.26	\$2.28		1.19
2010 Q2	\$2.40	\$2.42		1.27
2010 Q3	\$2.32	\$2.40		1.20
2010 Q4	\$2.54	\$2.55		1.35
2011 Q1	\$2.99	\$3.00		1.57
2011 Q2	\$3.38	\$3.40		1.80
2011 Q3	\$3.29	\$3.30		1.74
2011 Q4	\$3.25	\$3.28		1.72
2012 Q1	\$3.38	\$3.39		1.81
2012 Q2	\$3.39	\$3.45		1.72
2012 Q3	\$3.27	\$3.32		1.70
2012 Q4	\$3.39	\$3.42		1.71
2013 Q1	\$3.40	\$3.40		1.75
2013 Q2	\$3.11	\$3.14		1.58
2013 Q3	\$3.24	\$3.26		1.63
2013 Q4	\$3.22	\$3.22		1.61
2014 Q1	\$3.25	\$3.21		1.65
2014 Q2	\$3.23	\$3.19		1.63
2014 Q3	\$3.17	\$3.08		1.62
2014 Q4	\$2.70	\$2.77		1.37
2015 Q1	\$2.12	\$2.05		0.99
2015 Q2	\$2.13	\$2.06		1.06
2015 Q3	\$1.77	\$1.91		0.94
2015 Q4		\$1.71		0.84
2016 Q1				0.85
2016 Q2				0.94
2016 Q3				1.05
2016 Q4				1.15

Table 1: Average Qtrly Cost of Fuel & Jet Fuels PPI

for quarter 1 was calculated by averaging the fuel cost per gallon for January, February, and March. The table above (Table 1) reports the historical average commercial fuel costs for each quarter. The table also reports the updated PPI for each quarter, obtained from IHS Global Insights for PPI 3241104Y, Jet Fuels (the shaded values represent projections while the non-shaded values represent historical values).

The average commercial cost of fuel and the Jet Fuels PPI data was plotted graphically to examine the relationship between the PPI and the quarterly average cost of commercial fuel. Both categories, passenger and cargo, demonstrated a strong correlation between the PPI and the historical average cost of commercial fuel. The graphical charts for each category are shown below.



MS Excel was used to estimate a linear function describing the relationship between the Jet Fuels PPI and the average commercial cost of fuel which yielded two equations for forecasting the commercial price of fuel based on the Jet Fuels PPI projections, one for each category:

EQ (1): Average Quarterly Commercial Price (Pax)_t = 1.8408 * (PPI_t) + 0.1657

EQ (2): Average Quarterly Commercial Price (Cargo)_t = 1.8447 * (PPI_t) + 0.1701

Using these equations, the quarterly commercial fuel prices for both categories were forecasted for FY16 and is reported in table 2. Only the quarter of CY 2016 in which the fuel change will take effect was used to estimate fuel costs since it is the time period that corresponds with the FY16 Fuel Price Change performance period, 15 Apr 16 – 30 Sep 16.

Period	Forecasted Commercial Fuel Price		
	PPI	Passenger	Cargo
Apr-Jun 2016	0.94	\$1.90	\$1.90

Table 2: Forecasted Commercial Fuel Costs for FY16 Fuel Price Change

Weightings of DLA and Commercial Fuel. A review of carriers' recent monthly fuel reports shows cargo carriers receive 58.53 percent of their fuel at military installations and are charged the rate set by Defense Logistics Agency - Energy (DLA-E). Conversely, passenger carriers receive only 37.23 percent of their fuel at military installations.

Calculated Pegged Price of Fuel. The pegged price of fuel was then calculated for each category based on the input values and the Pegged Price of Fuel equation stated above.

$$\text{Pegged Price (Pax)} = (62.77\%) * (\$1.90) + (37.23\%) * (\$1.88) = \$1.89 / \text{gallon}$$

$$\text{Pegged Price (Cargo)} = (41.47\%) * (\$1.90) + (58.53\%) * (\$1.88) = \$1.89 / \text{gallon}$$

The pegged fuel price for passenger service is \$1.89 per gallon and \$1.89 per gallon for cargo service, and combi. The pegged price includes into-plane fees and taxes.

Live Mile Cargo Rate

In the FY16 proposed Uniform Rates and Rules, USTRANSCOM proposed a live mile rate for cargo service in lieu of the round-trip and one-way rate model. No carriers submitted any comments or objections to this proposal. Therefore, the FY16 Uniform Rates and Rules reflect a live mile rate and do not include a "round-trip" or a "one-way" rate. Under the live mile rate, cargo carriers will continue to receive any required "paid ferry", based on the ferry rate for positioning and depositioning miles. Paid depositioning mileage will not exceed the mileage required to return the aircraft to its originating station. Because this is considered ferry, all carriers will be required to file ferry declarations.

Ferry

USTRANSCOM changed the ferry rate in FY02 from 75 percent to 90 percent. The ferry rate is a reduced rate based on savings of flying an empty aircraft. An empty aircraft does not incur costs such as food, full cabin crew salary, and passenger liability insurance. The aircraft in empty service is more fuel-efficient and flies a more direct route. An empty aircraft in non-revenue service also incurs lower cost in "aircraft and traffic servicing." Non-revenue enroute stops do not incur cost related to traffic handling personnel, gate requirements, security, and

in some cases lower landing fees. USTRANSCOM reviewed the current cost levels in all cost categories. On the basis of this review, the ferry rate for FY16 is 90 percent of the effective rate for passenger and 88 percent of the effective rate for cargo.ⁱ Also see Appendix A for ferry rates.

Stop Charges

Stop charges were initially introduced as an attempt to better align carrier's revenues with the cost of operations where certain DOD missions had significantly more revenue stops and the stage length among carriers reflected significantly different averages. At that time, there were fewer rate classes, narrowbody passenger, widebody passenger and cargo. Carriers contended missions such as the Mediterranean channel produced a short stage length, low speed and significantly higher operating costs than the typical long range DoD mission. Carriers operating the inefficient routes with short stage lengths and low utilization experienced higher operating costs per mile, but were receiving the same compensation under the uniform rate. Stop charges were introduced in an effort to curve the revenues to accommodate for those inefficient routes with short stage lengths.

By FY10, USTRANSCOM had increased the number of rate classes to five (large, medium and small passenger plus large and medium cargo). Increasing the number of rate classes effectively eliminated the need for stop charges in all classes other than small passenger and medium cargo. Unlike the larger rate classes, the small passenger and medium cargo classes still contained a significant amount of inefficient routes with shorter stage lengths and lower utilization than other routes in the class. The linehaul rate is a mathematical equation derived from the effective rate, using weight averaged stage lengths, average tons/seats per mission and the stop charge rate.ⁱⁱ Paying the effective rate versus, a linehaul rate plus a stop charge, should be revenue neutral for all carriers provided the following conditions are met: one, the average stage length for all carriers within a rate class remains similar to the weight averaged stage length used in the class and two, no extreme differences exist between the stage lengths of carriers within the same class. Each rate review, USTRANSCOM reviews base year data to determine relevancy of a stop charge in the individual rate classes.

This year's analysis supports stop charges for the small passenger class only.ⁱⁱⁱ In order to increase payloads, USTRANSCOM buyers continue to routinely combine missions whenever possible. This practice does decrease the average stage length for some missions in all classes below the weight averaged stage length used in the linehaul calculation; however, the number of these lower stage length missions in the larger rate classes is too small to create a significant variation between the average stage length experienced by each carrier in the class and the weight averaged stage length. Consistent with previous rate reviews, however, requirements in the small passenger class continue to differ significantly in volume and areas of operation causing a significant variation in average stage length between carriers.

Aircraft Standards

On appendix A, paragraph B, the B737-900 was added to the aircraft standards table and was assigned a maximum standard payload of 165. This maximum standard payload was assigned based on this aircraft's capabilities and number of seats available based on comparison to other aircraft in this category.

Cost Escalation

The 27-month cost escalation factor is 4.20 percent for FY16. This is based on the calculations agreed upon in the FY13-17 MOU. This is a decrease from the 27 month factor of 5.30 percent for FY15. Appendix J provides detailed information on this calculation.

Eurocontrol

The FY16 Euro control surcharges have been calculated as follows: **2.0** percent for passenger, **2.1** percent for cargo missions, **0.25** percent for combi. This is a slight change from the FY15 Euro control of 2.1 percent, 2.7 percent and .31 percent for passenger, cargo and combi, respectively. The mission samples and analysis for euro control is provided at Appendix I.

Incremental Passenger Movement

In FY02, USTRANSCOM developed an incremental passenger service rate for periodical requirements requiring the use of extra seats above the standard ACL. The rate applies when the number of additional passengers above the standard ACL is identified in advance for an exercise, SAAM, or contingency. This is not authorized for additional passengers on channel missions. TCAQ updated all factors incorporated into this rate; and the FY16 Incremental Passenger Rate is \$178^{iv}. See Appendix A for details.

Appendices

Appendix A provides procedures and rules for the application of USTRANSCOM Rates. Appendix B provides the weighting and participation of carriers comprising the large, medium, and small class of passenger aircraft, the large and medium class of cargo aircraft, and combi aircraft rates, respectively. Appendices C through H illustrate individual treatment of each carrier's cost by aircraft type. Appendices I and J provide the Eurocontrol Surcharge and Cost Escalation Factor, respectively. Finally, Appendix K demonstrates the FICA calculation.

ⁱ The analysis of the Passenger ferry rate was performed using the Final FY16 Large Class passenger rate of \$0.11933 (effective rate) per seat mile. The passenger ferry rate and paid ferry return rate will be 90% of the effective rate. The analysis of the Cargo ferry rate was performed using the FY16 Large Class cargo rate of \$0.45659 (effective rate) per ton mile. The cargo ferry rate and paid ferry return rate will be 88% of the effective rate.

SUBJECT: FY16 Ferry Rate Passenger

Cost Category	Wgt'd Cost	Percentage Allowed	Cost Allowed	Ferry Rate %
Crew	1.0251	100%	1.0251	
Fuel, Oil & Supplies	4.0077	88%	3.5067	
Maintenance	1.3413	100%	1.3413	
Insurance	0.1593	100%	0.1593	
Rent	0.0293	100%	0.0293	
Depreciation	0.7155	100%	0.7155	
Preop	0.0000	100%	0.0000	
Capital Gains/Losses	0.0000	0%	0.0000	
Grd Property	0.0306	100%	0.0306	
Aircraft & Traffic Service	1.0736	85%	0.9125	
Passenger Service	1.5227	65%	0.9898	
G&A	0.4501	100%	0.4501	
Profit	1.5774	100%	1.5774	
Total	11.933		10.738	0.8999

SUBJECT: FY16 Cargo Ferry Rate

Cost Category	Wgt'd Cost	Percentage Allowed	Cost Allowed	Ferry Rate %
Crew	4.3805	100%	4.3805	
Fuel, Oil & Supplies	19.0835	75%	14.3127	
Maintenance	5.7637	100%	5.7637	

Insurance	0.1757	100%	0.1757	
Rent	3.2368	100%	3.2368	
Depreciation	2.0929	100%	2.0929	
Preop	0.0195	100%	0.0195	
Cap Gains/Losses	0.0182	0%	0.0000	
Grd Property	0.1871	100%	0.1871	
Aircraft & Traffic Service	3.3425	85%	2.8411	
G&A	1.4736	100%	1.4736	
Profit	5.8850	100%	5.8850	
Total	45.6593		40.3688	0.8841

ii Linehaul rate = Effective Rate - (Stop charge/(Average Stage Length * ACL))

The following example is for informational purposes only.

$$\$0.14973 = \$0.15911 - ((\$2,000 / (1,421 * 150))$$

iii

		Average Stage Length
Large Class Pax	Weighted Avg	2534
	GTI B747-400	2646
	OAE B777	2500
	UAL B747-400	2311
Medium Class Pax	Weighted Avg	2402
	GTI B767	2389
	DAL B767	2403
	OAE B767	2413
Small Class Pax	Weighted Avg	1295
	DAL A319	1246
	BSK B737	1343
	SCX B737	1462
	UAL B737	772
Large Class Cargo	Weighted Avg	2657
	GTI B747-400	2767
	FDX MD11	2117
	CKS B747-400	2835
	UPS MD11	1905
Medium Class Cargo	Weighted Avg	1458
	ABX B767-200	1544
	ATI B767-200	1373
Combi	ATI B757	2054

iv Incremental Passenger Rate calculation

	One-Way	Round-Trip	Total
Avg Live Pay Miles	710,257	4,032,715	4,742,972

FY16 Passenger Seat Mile Rate	0.18257	0.11933	
	51,974,211	192,876,131	
Total Dollars			244,850,343
Total Trips			406
Total Passengers			162,732
Avg Passenger per Trip			401
Avg Price Per Trip			603,079.66
Avg Seat Miles Per Trip			4,682,439.99
Avg Miles Per Trip			11,682
	Additional passenger service cost per trip		\$178

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APPENDIX A

**SCHEDULE OF UNIFORM NEGOTIATED RATES AND RULES (FINAL)
FISCAL YEAR 2016**

A. RATES. Air transportation services shall be paid for at the following rates. In addition, carriers' monthly USTRANSCOM revenues based on the uniform rate will be adjusted for the variance in fuel price as provided in paragraph C of this Appendix A.

**(1) 1 Jan 16 – 14 Apr 16 CHARTER PASSENGER
SERVICE PER SEAT MILE**

Large			
Live Effective Rate			\$0.11663
Ferry Rate (Base - Effective Rate)	90%		\$0.10497
Incremental Passenger			\$178
Fuel Pegged Rate			\$2.59
Medium			
Live Effective Rate			\$0.14245
Ferry Rate (Base - Effective Rate)	90%		\$0.12820
Incremental Passenger			\$178
Fuel Pegged Rate			\$2.59
Small			
Live Line Haul Rate			\$0.14704
Ferry Rate (Base - Effective Rate)	90%		\$0.14162
Stop Charge (Per Directed Landing)			\$2,000
Incremental Passenger			\$178
Fuel Pegged Rate			\$2.59

**15 Apr 16 – 30 Sep 16 CHARTER PASSENGER
SERVICE PER SEAT MILE**

Large			
Live Effective Rate			\$0.10601
Ferry Rate (Base - Effective Rate)	90%		\$0.09541
Incremental Passenger			\$178
Fuel Pegged Rate			\$1.89
Medium			
Live Effective Rate			\$0.13191
Ferry Rate (Base - Effective Rate)	90%		\$0.11872
Incremental Passenger			\$178
Fuel Pegged Rate			\$1.89
Small			
Live Line Haul Rate			\$0.13788
Ferry Rate (Base - Effective Rate)	90%		\$0.13338
Stop Charge (Per Directed Landing)			\$2,000
Incremental Passenger			\$178
Fuel Pegged Rate			\$1.89

**(2) 1 Jan 16 – 14 Apr 16 CHARTER CARGO SERVICE
PER TON MILE**

Large			
Live Effective Rate			\$0.43678
Ferry Rate (Base - Effective Rate)	88%		\$0.38436
Fuel Pegged Rate			\$2.75
Medium			
Live Effective Rate:			\$0.55638
Ferry Rate (Base - Effective Rate)	88%		\$0.48962
Fuel Pegged Rate			\$2.75

**15 Apr 16 – 30 Sep 16 CHARTER CARGO SERVICE
PER TON MILE**

Large			
Live Effective Rate			\$0.38054
Ferry Rate (Base - Effective Rate)	88%		\$0.33487
Fuel Pegged Rate			\$1.89
Medium			
Live Effective Rate:			\$0.49893
Ferry Rate (Base - Effective Rate)	88%		\$0.43906
Fuel Pegged Rate			\$1.89

**(3) 1 Jan 16 – 14 Apr 16 CHARTER COMBI SERVICE
PER PLANE MILE**

Live Effective Rate			\$27.83203
Ferry Rate (Base - Effective Rate)	88%		\$24.49219
Fuel Pegged Rate			\$2.75

**15 Apr 16 – 30 Sep 16 CHARTER COMBI SERVICE
PER PLANE MILE**

Live Effective Rate			\$25.50646
Ferry Rate (Base - Effective Rate)	88%		\$22.44569
Fuel Pegged Rate			\$1.89

(4) EUROCONTROL. Eurocontrol applies where a carrier is required to transit countries with an ICAO prefix of "E" or "L" (i.e., EDAF, LIRA), with the exception of EGYPT in the Falkland Islands. Eurocontrol will be paid on live miles only. On one way passenger missions when Eurocontrol is applicable to both the live and empty segment, Eurocontrol will be paid on the live miles plus an additional 85 percent of those miles (i.e., 6,000 mile one way passenger mission would be paid 2.0 percent on 6,000 miles + 5,100 miles). On one way cargo missions when Eurocontrol is applicable to both the live and empty segment, Eurocontrol will be paid on the live miles plus an

APPENDIX A

additional 30 percent of those miles (i.e., 6,000 mile one way cargo mission would be paid 2.1 percent on 6,000 miles + 1,800 miles). Combi Carriers will be paid the applicable rate plus a surcharge of 0.25 percent.

(5) **FERRY.** Ferry will be paid based on standard ACL or lesser amount.

- (a) Positioning and depositioning ferry: Positioning and depositioning ferry shall be included with the offer and negotiated at time of award. Paid depositioning mileage will not exceed the mileage required to return the aircraft to its originating station.
- (b) “Front/backhaul ferry” on one-way passenger and cargo missions will be applied to empty backhaul miles in addition to, and in the same manner as, positioning/depositioning ferry identified in subparagraph (a) above.

(6) **INCREMENTAL PASSENGER MOVEMENT.** The incremental passenger rate applies when the number of additional passengers above the standard ACL is identified for an exercise, SAAM or contingency. The incremental passenger movement rate is \$178 for each additional passenger over the standard ACL. In cases when the per seat cost is lower than USTRANSCOM’s incremental passenger rate, USTRANSCOM will pay the lesser amount.

(7) **TRIP CANCELLATION.** A cancellation charge will be paid on missions canceled with notification given within the time frames noted below (see contract Section H, TRIP CANCELLATION). Times are all prior to scheduled departure. Reference to days means a continuous 24-hour period. All “days” refers to “calendar days.” The cancellation charge will be applied to the trip price for the route segment only (ferry, stop charges, Eurocontrol surcharge or any other additional charges will not be included). Cancellation of one way passenger missions will be calculated on a trip price made up of the live miles plus 85 percent of those miles at the live mile rate (i.e., 6,000 mile one way mission would be paid the applicable cancellation percentage on 6,000 miles + 5,100 miles times the live mile rate). Cancellation of one way cargo missions will be calculated on a trip price made up of the live miles plus 30 percent of those miles at the live mile rate (i.e., 6,000 mile one way mission would be paid the applicable cancellation percentage on 6,000 miles + 1800 miles times the live mile rate) The charges are as follows:

Time Frame	Service Type	1 Jan 16-14 Apr 16	15 Apr 16-30 Sep 16
Seven days or less	Passenger and Combi:	31.79%	31.79%
	Cargo:	29.25%	29.25%
8 to 14 days	Passenger and Combi:	21.84%	21.84%
	Cargo:	23.63%	23.63%
15 to 30 days	Passenger and Combi:	18.68%	18.68%
	Cargo:	20.13%	20.13%
31 to 45 days	Passenger and Combi	8.36%	8.36%
31 to 75 days	Cargo	7.02%	7.02%
Beyond 45 days	Passenger and Combi	0%	0%
Beyond 75 days	Cargo	0%	0%
Missions awarded less than 14 days prior to operating date and subsequently cancelled	Passenger and Combi:	21.84%	21.84%
	Cargo:	23.63%	23.63%

(8) **DEMURRAGE.** Demurrage will be paid on completed cargo missions when departure is delayed over 3 hours beyond scheduled block time and the delay is Government controlled (see contract Section H, REIMBURSABLE SUBMISSION). Payment of delays of fractions of an hour will be calculated using normal rounding procedures, i.e., 29 minutes or less will be dropped, 30 minutes or more will be rounded to the next whole hour. Demurrage charges are as follows:

Aircraft Type	ACL	Demurrage
B747-100/200	90	\$1959
B747-400/400ER	100	\$2176

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Aircraft Type	ACL	Demurrage
MD11F	86	\$1871
MD11C	86	\$1871
B777F	88	\$1915
DC10-30/40	75	\$1632
A300-600ER	51	\$1905
A300-400F	50	\$1867
B767-200F	48	\$1793
DC8	45	\$1681

B. AIRCRAFT STANDARDS. The rate set forth in paragraph A shall be applied to the following standard aircraft loads. When an aircraft is offered for the fixed buy missions with fewer seats than the standard ACL, and the aircraft is not 34 inch seat pitch configuration, we will only pay for the actual number of seats.

PASSENGER AIRCRAFT		CARGO AIRCRAFT	
Aircraft Type	Maximum Standard Payload	Aircraft Type	Maximum Standard Payload
<u>Small Aircraft:</u>		<u>Small Aircraft:</u>	
A319	135	B737-200	14
MD80	140	B727-200	22
B737-400/700	140	L100	23
B737-800	150		
A320	150		
B737-900	165		
A321	170		
<u>Medium Aircraft:</u>		<u>Medium Aircraft:</u>	
B757-200/200ER	190	DC8	45
B757-300	200	B767-200F	48
B767-200/200ER	200	A300-B4(F)	50
A310	200	A300-600ER	51
B767-200 Charter Config.	207		
A300	210		
B767-300/300ER	240		
B767-400ER	260		
<u>Large Aircraft:</u>		<u>Large Aircraft:</u>	
A330-200	310	MD11	86
A330-300	330	B747-400	100
B777-200ER	330	B777F	88
DC10-30	330	B767-300F	61
A340	345	DC10-30/40	75
MD11/MD11ER	360	B747-100/200/300	90
B777 Charter Config.	380		
B747	400		
B747 Charter Config.	435		

APPENDIX A

C. FUEL ADJUSTMENTS.

(1) The carrier shall be compensated for variance in fuel prices incurred on USTRANSCOM contracted full paneload missions bought at the USTRANSCOM rate. Compensation will not be made to the prime or subservicing carrier for substitute service or subcontracted miles. Adjustments will be made upward or downward if the price of fuel varies by more than one cent per gallon from the pegged price (as stated in the USTRANSCOM Uniform Negotiated Rates and Rules) used in establishing the USTRANSCOM rates.

(2) The solicitation/contract addresses the current fuel adjustment procedures (see PWS, Appendix 3, FUEL ADJUSTMENT PROCEDURES).

D. COMPUTATION OF PASSENGER SEAT-MILES AND CARGO TON-MILES FOR PAY PURPOSES.

Long Range Service: Computation of miles and stop charges shall be computed as follows:

(1) If a live route segment is less than 4,000 miles, mileage shall be computed nonstop from origin to destination of that segment.

(2) When a live route segment is 4,000 miles or more the mileage shall be computed via an intermediate point(s) which yields the shortest mileage.

(3) The rate classes using a linehaul rate will receive a stop charge for enroute live and operational stops only.

Examples: KBWI*CYQX-EDDF-LTAG-EDDF*CYQX-KBWI-KCHS = 7 Paid Stops^{1/}

KCHS#MMCZ-MPTO=1 Paid Stop^{2/}

KWRI+KCOF-TAPA-FHAW-TAPA-KCOF+KWRI= 4 Paid Stops^{3/}

^{1/} * This symbol used in the above example indicates operational stops.

^{2/} # This symbol used in the above example indicates special miles for circumnavigating countries which will not grant over flight clearances—stop charges do not apply.

^{3/} + This symbol used in the above example indicates ferry leg for which stop charges do not apply.

^{4/} / This symbol used to indicate Backhaul Mileage.

^{5/} - This symbol used in the above example to indicate live stops.

E. DEFINITIONS.

“Charter Service” means USTRANSCOM contracted airlift for the transportation of passengers in full paneload lots on aircraft chartered from the commercial air industry and paid at the USTRANSCOM negotiated rate. These international charter flights are scheduled by AMC to and from designated commercial airports and/or AMC gateways and/or military aerial ports.

“Charter rate” means a commercial price that is in fact available to the general public for equivalent services. Missions bought at a commercial charter price are all inclusive of taxes, eurocontrol and any other ancillary cost and are not subject to adjustments for fuel prices.

“Stop charge” The stop charge is paid by the government in the case of government directed landings (enroute live and operational stops) identified by the contract or delivery order to support USTRANSCOM contracted missions. Operational stops allowed in accordance with Appendix A, Paragraph D (3) are considered directed stops.

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Landings made by the contractor of his own discretion for maintenance, aborted flights, fuel stops, crew changes, or emergency landings are not considered "directed landings," and therefore receive no stop charge.

"Pay miles" means the statute miles used to compute the price of the mission in accordance with COINS. COINS calculates distances based on longitude and latitude for geographical locations listed in the DoD Flight Information Publication (FLIP) and identified by location indicators assigned by the International Civil Aviation Organization (ICAO) and published in the Location Indicator, Doc 7910/67.

"Linehaul Rate" The Linehaul rate = Effective Rate - (Stop charge/(Average Stage Length * ACL))

APPENDIX B

**COMPUTATION
USTRANSCOM UNIFORM RATE
PASSENGER SERVICE
LARGE CLASS AIRCRAFT**

Carrier	Aircraft Type	USTRANSCOM Adjusted Rate Per Pax Mile	FY14 Passenger Revenues [000]	FY15 Passenger Revenues [000]	Total Passenger Revenues [000]	Wgt %	Weighted Rate
ATLAS AIR, INC.	B747-400	\$ 0.10071	\$ 114,418	\$ 107,010	\$221,429	41.05%	\$0.04134
OMNI AIR INTERNATIONAL INC	B777	\$ 0.11199	\$ 140,080	\$ 103,562	\$243,641	45.17%	\$0.05059
UNITED AIRLINES INC	B747-400	\$ 0.10222	\$ 37,118	\$ 37,208	\$74,327	13.78%	\$0.01409
					\$539,396	1.0000	

RATE -- WEIGHTED BY REVENUES

\$0.10601

Exclusive of Fuel

\$0.07865

APPENDIX B

**COMPUTATION
USTRANSCOM UNIFORM RATE
PASSENGER SERVICE
MEDIUM CLASS AIRCRAFT**

Carrier	Aircraft Type	USTRANSCOM Adjusted Rate Per Pax Mile	FY14 Passenger Revenues [000]	FY15 Passenger Revenues [000]	Total Passenger Revenues [000]	Wgt %	Weighted Rate
ATLAS AIR, INC.	B767-300	\$ 0.13987	\$ 106,405	\$ 119,508	\$225,913	41.62%	\$0.05821
DELTA AIR LINES INC	B767-300	\$ 0.12005	\$ 26,618	\$ 8,350	\$34,968	6.44%	\$0.00773
OMNI AIR INTERNATIONAL INC	B767-300	\$ 0.12700	\$ 154,244	\$ 127,730	\$281,974	51.94%	\$0.06597
					\$542,856	1.0000	
RATE -- WEIGHTED BY REVENUES							\$0.13191
Exclusive of Fuel							\$0.10464

**COMPUTATION
USTRANSCOM UNIFORM RATE
PASSENGER SERVICE
SMALL CLASS AIRCRAFT**

Carrier	Aircraft Type	USTRANSCOM Adjusted Rate Per Pax Mile	FY14 Passenger Revenues [000]	FY15 Passenger Revenues [000]	Total Passenger Revenues [000]	Wgt %	Weighted Rate
DELTA AIR LINES INC	A319	\$ 0.15363	\$ 902	\$ -	\$902	2.10%	\$0.00323
MIAMI AIR INTERNATIONAL INC	B737-800	\$ 0.16279	\$ 9,832	\$ 13,839	\$23,671	55.21%	\$0.08988
MN AIRLINES, LLC DBA SUN COUNTRY AIRLINES	B737-800	\$ 0.13223	\$ 6,041	\$ 6,264	\$12,305	28.70%	\$0.03795
UNITED AIRLINES INC	B737-800	\$ 0.12254	\$ 4,396	\$ 1,597	\$5,993	13.98%	\$0.01713
					\$42,870	1.0000	

RATE -- WEIGHTED BY REVENUES

\$0.14820

Exclusive of Fuel

\$0.12460

Effective Rate Per Seat Mile	Average Stage Length	Average Seats Per Mission	Rate Per Directed Landing	Linehaul Rate Per Paid Seat Mile
\$0.14820	1,295	150	\$2,000	\$0.13788

Note: The weighted average stage length and weighted average seats per mission are based on USTRANSCOM data from Jul 13 to Jun 14.

COMPUTATION USTRANSCOM UNIFORM RATE CARGO SERVICE <u>LARGE CLASS AIRCRAFT</u>

Carrier	Aircraft Type	USTRANSCOM Adjusted Rate Per Ton Mile	FY14 Cargo Revenues [000]	FY15 Cargo Revenues [000]	Total Cargo Revenues [000]	Wgt %	Weighted Rate
ATLAS AIR, INC.	B747-400	\$ 0.36991	\$ 94,748	\$ 108,298	\$203,046	53.67%	\$0.19851
FEDERAL EXPRESS CORPORATION	MD11	\$ 0.48647	\$ 20,297	\$ 16,251	\$36,547	9.66%	\$0.04699
KALITTA AIR, LLC	B747-400	\$ 0.34773	\$ 48,294	\$ 60,994	\$109,288	28.88%	\$0.10044
UNITED PARCEL SERVICE CO.	MD11	\$ 0.44405	\$ 15,165	\$ 14,311	\$29,476	7.79%	\$0.03459
			\$178,503	\$199,854			
					\$378,357	1.0000	

RATE -- WEIGHTED BY REVENUES

\$0.38054

Exclusive of Fuel

\$0.26263

**COMPUTATION
USTRANSCOM UNIFORM RATE
CARGO SERVICE
MEDIUM CLASS AIRCRAFT**

Carrier	Aircraft Type	USTRANSCOM Adjusted Rate Per Ton Mile	FY14 Cargo Revenues [000]	FY15 Cargo Revenues [000]	Total Cargo Revenues [000]	Wgt %	Weighted Rate
ABX AIR INC	B767-200F	\$ 0.49601	\$2,583	\$2,376	\$4,959	49.87%	\$0.24736
AIR TRANSPORT INTERNATIONAL LLC	B767-200F	\$ 0.50183	\$2,835	\$2,150	\$4,985	50.13%	\$0.25157
			\$5,418	\$4,527			
					\$9,945	1.0000	
RATE -- WEIGHTED BY REVENUES							\$0.49893
Exclusive of Fuel							\$0.37795

<p>COMPUTATION USTRANSCOM UNIFORM RATE COMBI SERVICE <u>COMBI AIRCRAFT</u></p>
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Carrier	Aircraft Type	USTRANSCOM Adjusted Rate Per Mile	FY14 Combi Revenues [000]	FY15 Combi Revenues [000]	Total Combi Revenues [000]	Wgt %	Weighted Rate
AIR TRANSPORT INTERNATIONAL LLC	B757	\$25.50646	\$81,217	\$89,968	\$171,185	100.00%	\$25.50646
					\$171,185	1.0000	
RATE -- WEIGHTED BY REVENUES							\$25.50646
Exclusive of Fuel							\$20.56893

**ATLAS AIRLINES (GTI)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B747-400
Passenger Service

FORECAST YEAR FY16

	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	1,904	1,904
AVERAGE DAILY AIRCRAFT UTILIZATION	7.8	7.8
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.9840	\$3.9637
Fuel, Oil, & Aircraft Supplies	20.8077	12.5679
Flight Equipment Maintenance	<u>4.1949</u>	<u>4.1510</u>
Total Direct Variable	<u>28.9866</u>	<u>20.6826</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.6075	0.6368
Aircraft Rentals & Miscellaneous	0.0814	0.0805
Flight Equipment Depreciation & Obsolescence	1.1988	1.1988
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>1.8877</u>	<u>1.9161</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.1174	0.1224
Aircraft & Traffic Servicing	4.2258	4.2920
Passenger Service	8.0793	7.8401
General & Administrative	<u>1.9761</u>	<u>1.9856</u>
Total Indirect	<u>14.3986</u>	<u>14.2401</u>
 TOTAL OPERATING COST	 <u>45.2729</u>	 <u>36.8388</u>
 Profit	 6.0372	 5.8629
 TOTAL COST	 <u>\$51.3101</u>	 <u>\$42.7017</u>
 Allowable Cabin Load	 435	 424
 RATE PER SEAT MILE	 \$0.11795	 <u>\$0.10071</u>

**OMNI AIR INTERNATIONAL (OAE)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B777-200CH
Passenger Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	2,886	2,886
AVERAGE DAILY AIRCRAFT UTILIZATION	8.5	8.5
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.8385	\$3.9778
Fuel, Oil, & Aircraft Supplies	14.2698	8.8630
Flight Equipment Maintenance	<u>6.7800</u>	<u>6.7186</u>
Total Direct Variable	<u>24.8883</u>	<u>19.5593</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.6075	0.6368
Aircraft Rentals & Miscellaneous	0.0282	0.0279
Flight Equipment Depreciation & Obsolescence	4.6166	4.6166
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>5.2523</u>	<u>5.2813</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.1174	0.1224
Aircraft & Traffic Servicing	4.1190	4.2920
Passenger Service	5.3308	5.2845
General & Administrative	<u>1.6035</u>	<u>1.6185</u>
Total Indirect	<u>11.1707</u>	<u>11.3173</u>
 TOTAL OPERATING COST	 <u>41.3113</u>	 <u>36.1580</u>
 Profit	 6.4400	 6.3985
 TOTAL COST	 <u>\$47.7513</u>	 <u>\$42.5565</u>
 Allowable Cabin Load	 380	 380
 RATE PER SEAT MILE	 \$0.12566	 <u>\$0.11199</u>

**UNITED AIRLINES INC (UAL)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B747-400
Passenger Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	766	766
AVERAGE DAILY AIRCRAFT UTILIZATION	14.1	14.1
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$4.4478	\$4.8925
Fuel, Oil, & Aircraft Supplies	21.8394	13.5333
Flight Equipment Maintenance	<u>4.1273</u>	<u>4.0876</u>
Total Direct Variable	<u>30.4145</u>	<u>22.5134</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.6075	0.6368
Aircraft Rentals & Miscellaneous	0.5271	0.5271
Flight Equipment Depreciation & Obsolescence	1.4713	1.4713
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>2.6059</u>	<u>2.6352</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.1174	0.1224
Aircraft & Traffic Servicing	4.1190	4.2920
Passenger Service	3.9589	3.9339
General & Administrative	<u>1.8446</u>	<u>1.9005</u>
Total Indirect	<u>10.0399</u>	<u>10.2487</u>
 TOTAL OPERATING COST	 <u>43.0604</u>	 <u>35.3973</u>
 Profit	 5.6232	 5.4899
 TOTAL COST	 <u>\$48.6836</u>	 <u>\$40.8873</u>
 Allowable Cabin Load	 400	 400
 RATE PER SEAT MILE	 \$0.12171	 <u>\$0.10222</u>

**ATLAS AIR, INC (GTI)
MEDIUM CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B767-300/ER
Passenger Service

FORECAST YEAR FY16

	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	2,752	2,752
AVERAGE DAILY AIRCRAFT UTILIZATION	6.5	6.5
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$5.4288	\$6.2586
Fuel, Oil, & Aircraft Supplies	10.5475	6.5360
Flight Equipment Maintenance	<u>2.5658</u>	<u>2.5390</u>
Total Direct Variable	<u>18.5421</u>	<u>15.3336</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.4033	0.4288
Aircraft Rentals & Miscellaneous	0.1464	0.1449
Flight Equipment Depreciation & Obsolescence	1.8983	1.8983
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>2.4480</u>	<u>2.4719</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.1081	0.1127
Aircraft & Traffic Servicing	3.4437	3.5883
Passenger Service	4.9782	4.9562
General & Administrative	<u>1.6905</u>	<u>1.7755</u>
Total Indirect	<u>10.2205</u>	<u>10.4327</u>
 TOTAL OPERATING COST	 <u>31.2106</u>	 <u>28.2382</u>
 Profit	 5.3883	 5.3298
 TOTAL COST	 <u>\$36.5989</u>	 <u>\$33.5680</u>
 Allowable Cabin Load	 240	 240
RATE PER SEAT MILE	 \$0.15250	 <u>\$0.13987</u>

**DELTA AIR LINES (DAL)
MEDIUM CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B767-300/ER
Passenger Service

FORECAST YEAR FY16

	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	835	835
AVERAGE DAILY AIRCRAFT UTILIZATION	11.5	11.5
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.9958	\$4.6229
Fuel, Oil, & Aircraft Supplies	10.7018	6.6321
Flight Equipment Maintenance	<u>2.6566</u>	<u>2.7679</u>
Total Direct Variable	<u>17.3542</u>	<u>14.0230</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.4033	0.4288
Aircraft Rentals & Miscellaneous	0.1233	0.1233
Flight Equipment Depreciation & Obsolescence	1.8258	1.8258
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>-0.0281</u>	<u>-0.0281</u>
Total Direct Fixed	<u>2.3243</u>	<u>2.3498</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.1081	0.1127
Aircraft & Traffic Servicing	3.4437	3.5883
Passenger Service	3.4500	3.4314
General & Administrative	<u>1.0147</u>	<u>1.0715</u>
Total Indirect	<u>8.0165</u>	<u>8.2039</u>
 TOTAL OPERATING COST	 <u>27.6950</u>	 <u>24.5766</u>
 Profit	 4.2665	 4.2346
 TOTAL COST	 <u>\$31.9616</u>	 <u>\$28.8112</u>
 Allowable Cabin Load	 240	 240
RATE PER SEAT MILE	 \$0.13317	 <u>\$0.12005</u>

**OMNI AIR INTERNATIONAL (OAE)
MEDIUM CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B767-300

Passenger Service

FORECAST YEAR FY16

	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	4,245	4,245
AVERAGE DAILY AIRCRAFT UTILIZATION	7.1	7.1
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.4233	\$3.5998
Fuel, Oil, & Aircraft Supplies	10.5153	6.5392
Flight Equipment Maintenance	<u>5.0917</u>	<u>5.0494</u>
Total Direct Variable	<u>19.0303</u>	<u>15.1885</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.4033	0.4288
Aircraft Rentals & Miscellaneous	0.7128	0.7126
Flight Equipment Depreciation & Obsolescence	1.9007	1.9007
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>3.0168</u>	<u>3.0421</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.1081	0.1127
Aircraft & Traffic Servicing	3.4437	3.5883
Passenger Service	4.3006	4.2656
General & Administrative	<u>1.2232</u>	<u>1.2404</u>
Total Indirect	<u>9.0757</u>	<u>9.2069</u>
 TOTAL OPERATING COST	 <u>31.1228</u>	 <u>27.4375</u>
 Profit	 3.0567	 3.0435
 TOTAL COST	 <u>\$34.1795</u>	 <u>\$30.4810</u>
 Allowable Cabin Load	 240	 240
RATE PER SEAT MILE	 \$0.14241	 <u>\$0.12700</u>

**DELTA AIR LINES (DAL)
SMALL CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type A319
Passenger Service

	FORECAST YEAR FY16	
	USTRANSCOM PROPOSED	FINAL ADJUSTED
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	47	47
AVERAGE DAILY AIRCRAFT UTILIZATION	6.7	6.7
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.2584	\$3.2398
Fuel, Oil, & Aircraft Supplies	5.1988	3.2224
Flight Equipment Maintenance	<u>4.1439</u>	<u>4.1083</u>
Total Direct Variable	<u>12.6011</u>	<u>10.5705</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1567	0.1633
Aircraft Rentals & Miscellaneous	0.1349	0.1349
Flight Equipment Depreciation & Obsolescence	1.3368	1.3368
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>-0.0482</u>	<u>-0.0482</u>
Total Direct Fixed	<u>1.5802</u>	<u>1.5867</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.2012	0.2096
Aircraft & Traffic Servicing	2.8589	2.9790
Passenger Service	1.4617	1.4518
General & Administrative	<u>0.8577</u>	<u>0.8622</u>
Total Indirect	<u>5.3794</u>	<u>5.5025</u>
 TOTAL OPERATING COST	 <u>19.5606</u>	 <u>17.6597</u>
 Profit	 3.1510	 3.0804
 TOTAL COST	 <u><u>\$22.7116</u></u>	 <u><u>\$20.7401</u></u>
 Allowable Cabin Load	 135	 135
 RATE PER SEAT MILE	 \$0.16823	 <u><u>\$0.15363</u></u>

MIAMI AIR INTERNATIONAL, INC (BSK)
SMALL CLASS AIRCRAFT
FY16 RATE REVIEW

Aircraft Type B737-800
 Passenger Service

	FORECAST YEAR FY16	
	USTRANSCOM PROPOSED	FINAL ADJUSTED
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	272	272
AVERAGE DAILY AIRCRAFT UTILIZATION	5.6	5.6
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$4.0188	\$3.7670
Fuel, Oil, & Aircraft Supplies	5.7422	3.5583
Flight Equipment Maintenance	<u>4.8447</u>	<u>4.8024</u>
Total Direct Variable	<u>14.6057</u>	<u>12.1277</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1567	0.1633
Aircraft Rentals & Miscellaneous	3.8636	3.8616
Flight Equipment Depreciation & Obsolescence	0.1239	0.1239
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>4.1442</u>	<u>4.1487</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.2012	0.2096
Aircraft & Traffic Servicing	2.8589	2.9790
Passenger Service	1.8597	1.8373
General & Administrative	<u>0.9986</u>	<u>0.9883</u>
Total Indirect	<u>5.9183</u>	<u>6.0143</u>
 TOTAL OPERATING COST	 <u>24.6682</u>	 <u>22.2907</u>
 Profit	 2.2321	 2.1274
 TOTAL COST	 <u><u>\$26.9003</u></u>	 <u><u>\$24.4181</u></u>
 Allowable Cabin Load	 150	 150
 RATE PER SEAT MILE	 \$0.17934	 <u><u>\$0.16279</u></u>

**SUN COUNTRY AIRLINES (SCX)
SMALL CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B737-800
Passenger Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	145	145
AVERAGE DAILY AIRCRAFT UTILIZATION	8.4	8.4
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.0184	\$2.9976
Fuel, Oil, & Aircraft Supplies	5.2019	3.2285
Flight Equipment Maintenance	<u>1.7868</u>	<u>1.7710</u>
Total Direct Variable	<u>10.0071</u>	<u>7.9971</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1567	0.1633
Aircraft Rentals & Miscellaneous	2.6755	2.6753
Flight Equipment Depreciation & Obsolescence	0.0390	0.0390
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>2.8712</u>	<u>2.8776</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.2012	0.2096
Aircraft & Traffic Servicing	2.8589	2.9790
Passenger Service	2.5704	2.5491
General & Administrative	<u>1.0990</u>	<u>1.1053</u>
Total Indirect	<u>6.7294</u>	<u>6.8430</u>
 TOTAL OPERATING COST	 <u>19.6076</u>	 <u>17.7176</u>
 Profit	 2.1557	 2.1166
 TOTAL COST	 <u>\$21.7634</u>	 <u>\$19.8342</u>
 Allowable Cabin Load	 150	 150
 RATE PER SEAT MILE	 \$0.14509	 <u>\$0.13223</u>

**UNITED AIRLINES (UAL)
SMALL CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B737-800
Passenger Service

FORECAST YEAR FY16

	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	240	240
AVERAGE DAILY AIRCRAFT UTILIZATION	11.0	11.0
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$2.5558	\$2.5436
Fuel, Oil, & Aircraft Supplies	6.6141	4.0986
Flight Equipment Maintenance	<u>2.1995</u>	<u>2.1790</u>
Total Direct Variable	<u>11.3695</u>	<u>8.8213</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1567	0.1633
Aircraft Rentals & Miscellaneous	0.9909	0.9908
Flight Equipment Depreciation & Obsolescence	0.6809	0.6809
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>1.8284</u>	<u>1.8349</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.2012	0.2096
Aircraft & Traffic Servicing	2.8589	2.9790
Passenger Service	1.0357	1.0293
General & Administrative	<u>1.0167</u>	<u>1.0258</u>
Total Indirect	<u>5.1125</u>	<u>5.2437</u>
 TOTAL OPERATING COST	 <u>18.3103</u>	 <u>15.8999</u>
 Profit	 2.5691	 2.4804
 TOTAL COST	 <u>\$20.8794</u>	 <u>\$18.3803</u>
 Allowable Cabin Load	 150	 150
 RATE PER SEAT MILE	 \$0.13920	 <u>\$0.12254</u>

**ATLAS AIRLINES (GTI)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B747-400
Cargo Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	1,787	1,787
AVERAGE DAILY AIRCRAFT UTILIZATION	7.5	7.5
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$4.0039	\$3.9834
Fuel, Oil, & Aircraft Supplies	19.5492	11.6555
Flight Equipment Maintenance	<u>4.4701</u>	<u>4.4234</u>
Total Direct Variable	<u>28.0232</u>	<u>20.0624</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1843	0.1843
Aircraft Rentals & Miscellaneous	4.9980	4.9966
Flight Equipment Depreciation & Obsolescence	1.5346	1.5346
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>6.7170</u>	<u>6.7156</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.0613	0.0613
Aircraft & Traffic Servicing	3.3626	3.3274
General & Administrative	<u>1.6586</u>	<u>1.6493</u>
Total Indirect	<u>5.0824</u>	<u>5.0380</u>
 TOTAL OPERATING COST	 <u>39.8226</u>	 <u>31.8160</u>
 Profit	 5.4697	 5.1746
 TOTAL COST	 <u>\$45.2922</u>	 <u>\$36.9907</u>
 Allowable Cabin Load	 100	 100
 RATE PER TON MILE	 \$0.45292	 <u>\$0.36991</u>

**FEDERAL EXPRESS CORPORATION (FDX)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type MD11
Cargo Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	312	312
AVERAGE DAILY AIRCRAFT UTILIZATION	6.5	6.5
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$5.6340	\$5.6340
Fuel, Oil, & Aircraft Supplies	17.9528	10.7422
Flight Equipment Maintenance	<u>6.9751</u>	<u>6.9751</u>
Total Direct Variable	<u>30.5619</u>	<u>23.3513</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.0797	0.0797
Aircraft Rentals & Miscellaneous	2.5793	3.4150
Flight Equipment Depreciation & Obsolescence	1.8459	1.8459
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>4.5049</u>	<u>5.3406</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.2586	0.2586
Aircraft & Traffic Servicing	4.1151	4.0721
General & Administrative	<u>1.5468</u>	<u>3.5075</u>
Total Indirect	<u>5.9205</u>	<u>7.8382</u>
 TOTAL OPERATING COST	 <u>40.9873</u>	 <u>36.5301</u>
 Profit	 5.5253	 5.3062
 TOTAL COST	 <u>\$46.5126</u>	 <u>\$41.8363</u>
 Allowable Cabin Load	 86	 86
 RATE PER TON MILE	 \$0.54084	 <u>\$0.48647</u>

**KALITTA AIR, LLC (CKS)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B747-400
Cargo Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	1,066	1,066
AVERAGE DAILY AIRCRAFT UTILIZATION	7.2	7.2
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$4.0078	\$4.0846
Fuel, Oil, & Aircraft Supplies	20.3520	12.1341
Flight Equipment Maintenance	<u>6.7638</u>	<u>6.9080</u>
Total Direct Variable	<u>31.1236</u>	<u>23.1268</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1944	0.1944
Aircraft Rentals & Miscellaneous	0.5905	0.5905
Flight Equipment Depreciation & Obsolescence	2.0624	2.0624
Amortization of Preoperating Expense	0.0676	0.0676
Capital Gains & Losses	<u>0.0075</u>	<u>0.0075</u>
Total Direct Fixed	<u>2.9224</u>	<u>2.9224</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.3784	0.3768
Aircraft & Traffic Servicing	2.7193	2.5279
General & Administrative	<u>0.2552</u>	<u>0.2557</u>
Total Indirect	<u>3.3530</u>	<u>3.1603</u>
 TOTAL OPERATING COST	 <u>37.3990</u>	 <u>29.2095</u>
 Profit	 5.8625	 5.5635
 TOTAL COST	 <u>\$43.2615</u>	 <u>\$34.7730</u>
 Allowable Cabin Load	 100	 100
 RATE PER TON MILE	 \$0.43262	 <u>\$0.34773</u>

**UNITED PARCEL SERVICE (UPS)
LARGE CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B747-400
Cargo Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	498	498
AVERAGE DAILY AIRCRAFT UTILIZATION	5.6	5.6
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$4.7651	\$4.7482
Fuel, Oil, & Aircraft Supplies	15.2506	9.0927
Flight Equipment Maintenance	<u>6.8055</u>	<u>6.7458</u>
Total Direct Variable	<u>26.8212</u>	<u>20.5866</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1293	0.1293
Aircraft Rentals & Miscellaneous	0.0138	0.0136
Flight Equipment Depreciation & Obsolescence	5.1477	5.1477
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.1776</u>	<u>0.1776</u>
Total Direct Fixed	<u>5.4683</u>	<u>5.4682</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.1812	0.1805
Aircraft & Traffic Servicing	4.1195	4.0765
General & Administrative	<u>1.3401</u>	<u>1.3326</u>
Total Indirect	<u>5.6409</u>	<u>5.5895</u>
 TOTAL OPERATING COST	 <u>37.9304</u>	 <u>31.6443</u>
 Profit	 6.7757	 6.5436
 TOTAL COST	 <u>\$44.7060</u>	 <u>\$38.1879</u>
 Allowable Cabin Load	 86	 86
 RATE PER TON MILE	 \$0.51984	 <u>\$0.44405</u>

**ABX AIR INC. (ABX)
MEDIUM CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B767-200F
Cargo Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	39	39
AVERAGE DAILY AIRCRAFT UTILIZATION	5.0	5.0
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.8157	\$3.7972
Fuel, Oil, & Aircraft Supplies	9.6154	5.7370
Flight Equipment Maintenance	<u>6.3485</u>	<u>6.2935</u>
Total Direct Variable	<u>19.7796</u>	<u>15.8277</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.0881	0.0881
Aircraft Rentals & Miscellaneous	4.8227	4.8196
Flight Equipment Depreciation & Obsolescence	0.0243	0.0243
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>4.9350</u>	<u>4.9320</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.0000	0.0000
Aircraft & Traffic Servicing	0.4109	0.4066
General & Administrative	<u>0.5774</u>	<u>0.5744</u>
Total Indirect	<u>0.9882</u>	<u>0.9809</u>
 TOTAL OPERATING COST	 <u>25.7029</u>	 <u>21.7407</u>
 Profit	 2.2139	 2.0679
 TOTAL COST	 <u>\$27.9168</u>	 <u>\$23.8085</u>
 Allowable Cabin Load	 48	 48
 RATE PER TON MILE	 \$0.58160	 <u>\$0.49601</u>

**AIR TRANSPORT INTERNATIONAL (ATN)
MEDIUM CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B767-200F
Cargo Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	172	172
AVERAGE DAILY AIRCRAFT UTILIZATION	5.0	5.0
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$4.0540	\$4.0285
Fuel, Oil, & Aircraft Supplies	9.8295	5.8761
Flight Equipment Maintenance	<u>7.4983</u>	<u>7.4276</u>
Total Direct Variable	<u>21.3819</u>	<u>17.3321</u>
 Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.0747	0.0730
Aircraft Rentals & Miscellaneous	3.3592	3.3592
Flight Equipment Depreciation & Obsolescence	0.0744	0.0744
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>0.0000</u>	<u>0.0000</u>
Total Direct Fixed	<u>3.5083</u>	<u>3.5066</u>
 Indirect:		
Maintenance & Depreciation-General Ground Property	0.0244	0.0244
Aircraft & Traffic Servicing	0.5251	0.4987
General & Administrative	<u>0.7731</u>	<u>0.7669</u>
Total Indirect	<u>1.3226</u>	<u>1.2900</u>
 TOTAL OPERATING COST	 <u>26.2127</u>	 <u>22.1287</u>
 Profit	 2.1104	 1.9589
 TOTAL COST	 <u>\$28.3232</u>	 <u>\$24.0876</u>
 Allowable Cabin Load	 48	 48
 RATE PER TON MILE	 \$0.59007	 <u>\$0.50183</u>

**AIR TRANSPORT INTERNATIONAL (ATI)
COMBI CLASS AIRCRAFT
FY16 RATE REVIEW**

Aircraft Type B757
Combi Service

	<u>FORECAST YEAR FY16</u>	
	<u>USTRANSCOM PROPOSED</u>	<u>FINAL ADJUSTED</u>
TOTAL REVENUE & BACKHAUL/PAID MILES (000)	2,506	2,506
AVERAGE DAILY AIRCRAFT UTILIZATION	5.8	5.8
 <u>COST PER REVENUE/PAID AIRCRAFT MILE</u>		
Direct Variable:		
Crew	\$3.8657	\$3.8457
Fuel, Oil, & Aircraft Supplies	8.9119	4.9375
Flight Equipment Maintenance	<u>4.2081</u>	<u>4.1706</u>
Total Direct Variable	<u>16.9856</u>	<u>12.9538</u>
Direct Fixed:		
Hull, Public Liability, & Property Damage Insurance	0.1070	0.1233
Aircraft Rentals & Miscellaneous	4.4252	5.1013
Flight Equipment Depreciation & Obsolescence	0.3529	0.4068
Amortization of Preoperating Expense	0.0000	0.0000
Capital Gains & Losses	<u>-0.0281</u>	<u>0.0000</u>
Total Direct Fixed	<u>4.8570</u>	<u>5.6314</u>
Indirect:		
Maintenance & Depreciation-General Ground Property	0.0128	0.0128
Aircraft & Traffic Servicing	0.9563	0.9463
Passenger Service	2.1489	2.1305
General & Administrative	<u>0.7972</u>	<u>0.8298</u>
Total Indirect	<u>3.9153</u>	<u>3.9194</u>
 TOTAL OPERATING COST	 <u>25.7579</u>	 <u>22.5047</u>
 Profit	 2.9490	 3.0018
 RATE PER PLANE MILE	 \$28.70684	 <u><u>\$25.50646</u></u>

EUROCONTROL SURCHARGE: PASSENGER

Carrier	Aircraft	ACL	Routing	USTRANSCOM Pay Miles	Trip Revenues	Euro Charges (USD)	Euro As Percent of Trip Rev
DELTA AIR LINES INC	A330-300	330	KATL KNGU EINN OTBH LRCK EINN KSDF KDTW	12,442	\$489,934	\$9,717.54	1.98%
ATLAS AIR, INC.	B747-400	400	KBWI EINN ETAR OTBH ETAR EINN KBWI	13,782	\$657,818	\$14,896.23	2.26%
ATLAS AIR, INC.	B747-400	400	KBWI EINN ETAR OTBH ETAR EINN KBWI	13,782	\$657,818	\$14,223.78	2.16%
UNITED AIRLINES INC	B747-400	400	KBWI EINN ETAR OKBK ETAR EINN KBWI	13,090	\$624,788	\$14,366.08	2.30%
UNITED AIRLINES INC	B747-400	400	KSFO KNGU EINN UATE UCFM UATE EINN KRDU KSFO	14,698	\$701,538	\$11,911.08	1.70%
UNITED AIRLINES INC	B747-400	400	KORD KNKT EINN LRCK EINN KNKT KGRK KORD	11,754	\$561,021	\$12,491.40	2.23%
UNITED AIRLINES INC	B747-400	400	KORD KBIF KGRK KNGU EINN LRCK OKBK LRCK EINN KGTB KORD	13,243	\$632,091	\$15,831.87	2.50%
ATLAS AIR, INC.	B747-400 ch 435		KIAH KSSC EINN LROP UCFM UGTB UCFM	9,233	\$479,254	\$6,914.28	1.44%
ATLAS AIR, INC.	B747-400 ch 435		KIAH KCOS KNGU EINN OKBK OMAM OTBH EINN KBWI KCHS KNGU	15,755	\$817,788	\$14,700.83	1.80%
ATLAS AIR, INC.	B747-400 ch 435		KIAH KGRK KCOS KMSP EINN LRCK OTBH EINN KOFF KIAH	14,398	\$747,351	\$14,399.20	1.93%
ATLAS AIR, INC.	B747-400 ch 435		KBWI KNKT LEMO LICZ CYQX KNKT KBWI	9,994	\$518,754	\$10,861.57	2.09%
ATLAS AIR, INC.	B747-400 ch 435		KBWI KBIF KNGU EINN OKBK OOTH OOMS OTBH EINN KBWI	17,093	\$887,239	\$14,286.34	1.61%
ATLAS AIR, INC.	B747-400 ch 435		KBWI KGRK KNKT EINN LRCK OTBH OKBK EINN KBWI KGRK KIAH	14,709	\$763,494	\$14,301.50	1.87%
ATLAS AIR, INC.	B747-400 ch 435		KBWI KGRK KDTW EINN EDDN LRCK EINN KDTW KGRK KBWI	11,704	\$607,515	\$11,426.39	1.88%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KBWI EINN ETAR OTBH ETAR EINN KBWI	13,782	\$624,927	\$12,552.11	2.01%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KBWI EINN ETAR LIPA OTBH OKBK LIPA ETAR EINN KBWI	13,854	\$628,191	\$12,912.71	2.06%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KBWI EINN ETAR OKBK ETAR EINN KBWI	13,090	\$593,549	\$13,262.40	2.23%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KBWI EINN ETAR OKBK ETAR EINN KBWI	13,090	\$593,549	\$13,119.01	2.21%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KBWI EINN ETAR LIPA LTAG LIPA ETAR EINN KBWI	11,356	\$514,923	\$12,912.65	2.51%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KDFW KCOS KMSP EINN OKBK LRCK EINN KNKT	12,922	\$585,931	\$13,610.53	2.32%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KDFW KCOS KMSP EINN OKBK EINN KMSP KCOS KPOB	15,332	\$695,209	\$13,308.36	1.91%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KBWI KPOB EINN LRCK EINN KDTW KGRK KRIV KBWI	12,779	\$579,447	\$10,491.38	1.81%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KSSC KNGU EINN OJAQ OTBH LRCK EINN KDTW KGRK KBIF KRIV	14,244	\$645,876	\$14,093.59	2.18%
OMNI AIR INTERNATIONAL INC	B777 - chart#380		KRIV CYWG EINN OJAQ OKBK LRCK EINN KHOP KDFW	14,203	\$644,016	\$13,595.36	2.11%
ATLAS AIR, INC.	B767-300	240	KIAH KBIF KGRK KNGU EINN LROP UCFM UGTB ETAR	12,596	\$438,822	\$6,983.46	1.59%

EUROCONTROL SURCHARGE: PASSENGER

Carrier	Aircraft	ACL	Routing	USTRANSCOM Pay Miles	Trip Revenues	Euro Charges (USD)	Euro As Percent of Trip Rev
ATLAS AIR, INC.	B767-300	240	KIND EINN OKBK EINN KIND	13,818	\$481,395	\$10,140.31	2.11%
ATLAS AIR, INC.	B767-300	240	KIND EINN OKBK EINN KIND	13,818	\$481,395	\$10,365.80	2.15%
ATLAS AIR, INC.	B767-300	240	KBIF KMSF EINN OKBK EINN KMSF KBIF	16,172	\$563,404	\$10,105.85	1.79%
ATLAS AIR, INC.	B767-300	240	KIAH KGRK KDTW EINN LRCK ETAR	7,343	\$255,817	\$5,600.01	2.19%
ATLAS AIR, INC.	B767-300	240	KGRK KBIF KMSF EINN LRCK KPSM KSEA PHIK KIAH	16,894	\$588,557	\$8,035.79	1.37%
ATLAS AIR, INC.	B767-300	240	KNGU EINN OKBK OTBH OKBK EINN KMSF KCOS	14,645	\$510,206	\$10,513.19	2.06%
ATLAS AIR, INC.	B767-300	240	KSEA KNGU EINN ETAR OKBK OTBH OKBK EINN KBWI KSEA	13,874	\$483,346	\$9,710.30	2.01%
ATLAS AIR, INC.	B767-300	240	KRME KPOB EINN LRCK HDAM LFPG EINN CYWG KNZY KBWI	14,515	\$505,677	\$9,441.06	1.87%
ATLAS AIR, INC.	B767-300	240	UGTB EDDN UGTB OKBK OTBH OJAQ EINN KSVN KCOS KIAH	11,028	\$384,196	\$9,560.11	2.49%
ATLAS AIR, INC.	B767-300	240	KIAH KBIF KMSF EINN OJAQ OKBK OJAQ EINN KIND KBIF KIAH	16,705	\$581,973	\$9,039.71	1.55%
ATLAS AIR, INC.	B767-300	240	KIAH KBIF KMSF EINN OJAQ OKBK OJAQ EINN KIND KBIF KIAH	16,705	\$581,973	\$9,175.02	1.58%
DELTA AIR LINES INC	B767-300	240	KIND EINN OKBK EINN KIND	13,818	\$481,395	\$9,757.09	2.03%
DELTA AIR LINES INC	B767-300	240	KDTW KIND EINN OKBK EINN KIND KDTW	13,818	\$481,395	\$10,138.23	2.11%
DELTA AIR LINES INC	B767-400	260	KATL KBIF KNGU EINN OTBH OKBK EINN KDTW KGRK KATL	16,863	\$636,433	\$10,692.32	1.68%
OMNI AIR INTERNATIONAL INC	B767-300	240	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$578,524	\$10,587.35	1.83%
OMNI AIR INTERNATIONAL INC	B767-300	240	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$578,524	\$11,292.14	1.95%
OMNI AIR INTERNATIONAL INC	B767-300	240	KBWI EINN ETAR EINN KBWI	8,032	\$279,821	\$4,534.71	1.62%
OMNI AIR INTERNATIONAL INC	B767-300	240	KBWI EINN ETAR EINN KBWI	8,032	\$279,821	\$4,298.80	1.54%
OMNI AIR INTERNATIONAL INC	B767-300	240	KBWI EINN ETAR EINN KBWI	8,032	\$279,821	\$4,758.18	1.70%
OMNI AIR INTERNATIONAL INC	B767-300	240	KDFW PANC UCFM LHBP UCFM UATE EINN KAGS KBIF KDFW	12,053	\$419,905	\$13,258.75	3.16%
OMNI AIR INTERNATIONAL INC	B767-300	240	KSEA KGRK KTCM PANC UCFM UATE EINN KBGR KGPT KSEA	16,418	\$571,974	\$3,871.18	0.68%
OMNI AIR INTERNATIONAL INC	B767-300	240	KSEA KBIF KIND EINN OKBK EINN KIND KBIF KSEA	16,314	\$568,351	\$5,369.37	0.94%
OMNI AIR INTERNATIONAL INC	B767-300	240	KSEA KGTB EINN UATE UCFM UGTB	8,447	\$294,279	\$3,983.81	1.35%
OMNI AIR INTERNATIONAL INC	B767-300	240	KSEA KNGU EINN ETAR OKBK OTBH OJAM EINN CYWG KRIV KSEA	15,757	\$548,946	\$10,624.53	1.94%
OMNI AIR INTERNATIONAL INC	B767-300	240	KDFW KBIF KIND EINN OKBK EINN KIND KBIF KDFW	16,314	\$568,351	\$10,707.39	1.88%

EUROCONTROL SURCHARGE: PASSENGER

Carrier	Aircraft	ACL	Routing	USTRANSCOM Pay Miles	Trip Revenues	Euro Charges (USD)	Euro As Percent of Trip Rev
OMNI AIR INTERNATIONAL INC	B767-300	240	KDFW KHRT CYQX EINN LIRN HDAM OKBK OTBH EINN KBWI KDFW	15,367	\$535,359	\$11,190.58	2.09%
OMNI AIR INTERNATIONAL INC	B767-300	240	KDFW KSZL EINN OKBK OTBH OKBK EINN KWRB KDFW	15,074	\$525,151	\$10,803.92	2.06%
OMNI AIR INTERNATIONAL INC	B767-300	240	KSEA KVAD EINN OJ40 LRCK EINN KNKT KRIV KSEA	14,154	\$493,100	\$11,008.18	2.23%
OMNI AIR INTERNATIONAL INC	B767-300	240	KBWI KAGS EINN OKBK OTBH ETAR	9,906	\$345,108	\$8,315.09	2.41%
OMNI AIR INTERNATIONAL INC	B767-300	240	KBWI KTCM CYEG EINN LRCK EINN KNKT KBWI	11,567	\$402,974	\$8,217.39	2.04%
OMNI AIR INTERNATIONAL INC	B767-300	240	KDFW KBIF KMSP EINN OKBK OOTH OKBK EINN KBWI KDFW	15,512	\$540,411	\$10,030.83	1.86%
OMNI AIR INTERNATIONAL INC	B767-300	240	KBWI KNKT EINN ETAR LRCK OKBK OTBH OMDM OKBK EINN CYWG KNZ'	16,079	\$560,164	\$10,661.81	1.90%
OMNI AIR INTERNATIONAL INC	B767-300	240	KDFW KPOB EINN LRCK EINN KHOP KDFW	10,938	\$381,061	\$8,839.92	2.32%
TOTAL:					\$31,459,646	\$611,798	2.0%

***Surcharge is based on the Final FY16 rate and rounded to the nearest tenths decimal point

EUROCONTROL SURCHARGE:							
CARGO							

Carrier	Aircraft	ACL	Routing	USTRANSCOM Pay Miles	Trip Revenues	Euro Charges (USD)	Euro As Percent of Trip Rev
ATLAS AIR, INC.	B747-400	100	KDOV-EINN-OAIX-LROP-EINN-KDOV	14,363	\$655,804	\$14,566.36	2.22%
ATLAS AIR, INC.	B747-400	100	KDOV-EINN-OAIX-LROP-EINN-KDOV	14,363	\$655,804	\$14,956.70	2.28%
ATLAS AIR, INC.	B747-400	100	KDOV-EINN-OAIX-LROP-EINN-KDOV	14,363	\$655,804	\$14,462.06	2.21%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-KWRI	7,788	\$355,594	\$6,033.08	1.70%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-KWRI	7,788	\$355,594	\$6,180.27	1.74%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-KWRI	7,788	\$355,594	\$6,052.86	1.70%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-KWRI	7,788	\$355,594	\$5,443.42	1.53%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-OTBH-OKBK-ETAR-KWRI	13,542	\$618,318	\$14,182.95	2.29%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-OJAQ-OTBH-OKBK-OJAQ-ETAR-KWRI	13,934	\$636,216	\$13,188.79	2.07%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-OJAQ-OTBH-OKBK-OJAQ-ETAR-KWRI	13,934	\$636,216	\$13,229.39	2.08%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-OJAQ-OTBH-OKBK-OJAQ-ETAR-KWRI	13,934	\$636,216	\$13,841.94	2.18%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-OTBH-OKBK-ETAR-KWRI	13,542	\$618,318	\$15,034.45	2.43%
ATLAS AIR, INC.	B747-400	100	KWRI-EGUN-ETAR-LPLA-KWRI	8,273	\$377,739	\$6,797.06	1.80%
ATLAS AIR, INC.	B747-400	100	KWRI-ETAR-LPLA-KDOV	8,324	\$380,068	\$6,616.61	1.74%
FEDERAL EXPRESS CORPORATION	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,599.04	1.93%
FEDERAL EXPRESS CORPORATION	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,601.74	1.93%
FEDERAL EXPRESS CORPORATION	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,652.41	1.94%
KALITTA AIR, LLC	B747-400	100	KWRI ETAR OTBH OKBK ETAR KWRI	13,542	\$618,318	\$14,123.91	2.28%
KALITTA AIR, LLC	B747-400	100	KWRI ETAR OTBH OKBK ETAR KWRI	13,542	\$618,318	\$14,501.36	2.35%
KALITTA AIR, LLC	B747-400	100	KWRI ETAR OTBH OKBK ETAR KWRI	13,542	\$618,318	\$14,271.21	2.31%

EUROCONTROL SURCHARGE: CARGO

Carrier	Aircraft	ACL	Routing	USTRANSCOM Pay Miles	Trip Revenues	Euro Charges (USD)	Euro As Percent of Trip Rev
KALITTA AIR, LLC	B747-400	100	KWRI ETAR OTBH OKBK ETAR KWRI	13,542	\$618,318	\$14,836.86	2.40%
KALITTA AIR, LLC	B747-400	100	KWRI ETAR OTBH OKBK ETAR KDOV	13,617	\$621,742	\$14,106.29	2.27%
KALITTA AIR, LLC	B747-400	100	KWRI EGUN ETAR LPLA KWRI	8,273	\$377,739	\$6,117.75	1.62%
KALITTA AIR, LLC	B747-400	100	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$758,218	\$16,540.17	2.18%
UNITED PARCEL SERVICE CO.	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,368.36	1.90%
UNITED PARCEL SERVICE CO.	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,554.99	1.93%
UNITED PARCEL SERVICE CO.	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,497.70	1.92%
UNITED PARCEL SERVICE CO.	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,679.22	1.94%
UNITED PARCEL SERVICE CO.	MD11	86	KNGU LERT LICZ OBBI HDAM OBBI LICZ LERT KNGU	16,606	\$652,067	\$12,630.64	1.94%
TOTAL					\$16,740,393.00	\$345,667.57	2.1%

***Surcharge is based on the Final FY16 rate and rounded to the nearest tenths decimal point

EUROCONTROL SURCHARGE: COMBI

Carrier	Aircraft	ACL	Routing	USTRANSCOM Pay Miles	Trip Revenues	Euro Charges (USD)	Euro As Percent of Trip Rev
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$340.02	0.21%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$389.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
AIR TRANSPORT INTERNATIONAL INC.	757-200	1	KWRI KBWI LPLA KBWI KWRI	5,520	\$158,158	\$402.25	0.25%
TOTAL					\$1,581,582.67	\$3,947.30	0.25%

***Surcharge is based on the Final FY16 rate

<p style="text-align: center;">COMPUTATION COST ESCALATION FACTOR</p>
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	WEIGHT	PERCENT CHANGE
1. Adjusted GII Scheduled Freight Air Transportation Index (YE JUN 14 VS YE SEP 16)	80%	4.50%
2. GII Travel Cost Index (YE JUN 14 VS YE SEP 16)	20%	3.04%
 27 MONTH - ESCALATION FACTOR		4.20%

Note 1: The 27 month escalation factor represents average of base year (YE Jun 14) to average of forecast year (FY16).

APPENDIX J

Adjusted GII Scheduled Freight Air Transportation

AVERAGE OF FOUR QUARTERS ENDING	INDEX	PERCENT CHANGE
Jun-14	74.14	
Sep-16	77.48	4.50%

GII Travel Cost Index

AVERAGE OF FOUR QUARTERS ENDING	INDEX	PERCENT CHANGE
Jun-14	1.227	
Sep-16	1.265	3.04%

Note 1: The GII Scheduled Freight Index is adjusted to remove direct labor, jet fuel, and capital equipment

Final FY16 FICA

Year (a)	FICA Base Tax			FICA Medicare Tax						FICA Escalation Calculation	
	Salary* (b)	FICA Base Rate* (c)	FICA Base Amount (d) (b*c)	Salary (e)	CPI Escalation** (f) (CPI Esc + 1)	FICA Medicare Base (g) (e*f)	Medicare Taxable Amount (h) (g-b)	Medicare Tax Rate (i)	FICA Medicare Amount (j) (h*i)	FICA Escalation Amount (k) (d+j)	Annual FICA Escalation Rate (l) (Current Esc FICA Amt / Previous Esc FICA Amount Less 1)
CY07	\$97,500	0.062	\$6,045	\$170,390	1.027	\$174,991	\$77,491	0.0145	\$1,124	\$7,169	
CY08	\$102,000	0.062	\$6,324	\$174,991	1.041	\$182,165	\$80,165	0.0145	\$1,162	\$7,486	104.4%
CY09	\$106,800	0.062	\$6,622	\$182,165	0.987	\$179,797	\$72,997	0.0145	\$1,058	\$7,680	102.6%
CY10	\$106,800	0.062	\$6,622	\$179,797	1.011	\$181,775	\$74,975	0.0145	\$1,087	\$7,709	100.4%
CY11	\$106,800	0.062	\$6,622	\$181,775	1.038	\$188,682	\$81,882	0.0145	\$1,187	\$7,809	101.3%
CY12	\$110,100	0.062	\$6,826	\$188,682	1.017	\$191,890	\$81,790	0.0145	\$1,186	\$8,012	102.6%
CY13	\$113,700	0.062	\$7,049	\$191,890	1.014	\$194,576	\$80,876	0.0145	\$1,173	\$8,222	102.6%
CY13	\$117,000	0.062	\$7,254	\$194,576	1.020	\$198,468	\$81,468	0.0145	\$1,181	\$8,435	102.6%
CY14	\$118,500	0.062	\$7,347	\$198,468	1.001	\$198,666	\$80,166	0.0145	\$1,162	\$8,509	100.9%

Annual FICA Escalation Converted to 28.5 Month Escalation

Annual FICA Escalation Rate 100.9% <--- Change to = last % amount in column N
 Monthly Escalation Rate 100.07%

27 Monthly Escalation Rate*
(Monthly Esc Rate ^ 27 - 1) 1.99%

* Attachment 1 - Social Security Web Page. <http://www.socialsecurity.gov/OACT/COLA/cbb.html>

** Attachment 2 - CPI Index (Dept. of Labor); Escalation Rate as of June 2015 = 0.1% (1+0.001=1.001) http://www.bls.gov/schedule/archives/cpi_nr.htm#current