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DEPT. OF TRANSPORTATION  
DOCKETS

BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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PETITION OF UNITED PARCEL SERVICE CO.  
TO INSTITUTE A PUBLIC INQUIRY INTO THE  
CITIZENSHIP AND FOREIGN CONTROL OF  
DHL AIRWAYS, INC.

Docket OST-2002-13089-1

PETITION OF UNITED PARCEL SERVICE CO.  
TO INSTITUTE A PUBLIC INQUIRY INTO THE CITIZENSHIP AND  
FOREIGN CONTROL OF DHL AIRWAYS, INC.

Communications with respect to this document should be served upon:

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Counsel for  
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August 9, 2002

**BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.**

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TO INSTITUTE A PUBLIC INQUIRY INTO THE  
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**PETITION OF UNITED PARCEL SERVICE CO.  
TO INSTITUTE A PUBLIC INQUIRY INTO THE CITIZENSHIP AND  
FOREIGN CONTROL OF DHL AIRWAYS, INC.**

United Parcel Service Co. ("UPS") hereby submits this Petition to Institute a Public Inquiry into the Citizenship and Foreign Control of DHL Airways, Inc. ("DHL Airways") to determine whether DHL Airways continues to be a U.S. citizen.<sup>1</sup> UPS, as well as Federal Express, filed a complaint regarding this matter in January 2001. In May 2001, the Department dismissed the complaints without reaching the merits, stating merely that the matter was under review.<sup>2</sup>

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<sup>1</sup> See 14 C.F.R. §385.12(a)(5) giving the Director, Office of Aviation Analysis, the authority to review "information concerning ... [a] carriers' fitness."

<sup>2</sup> According to DHL Airways' May 13, 2002, Form 41 filing, the Department concluded that review in 2001 and determined that DHL Airways met the citizenship requirements. UPS questions why the Department did not issue an order following that decision. Departmental policy is that "it is in the public interest for us to disclose the limited amount of information so that interested persons are provided a clearer picture of the Department's policies with respect to air carrier fitness and citizenship." *In the Matter of The Acquisition of Northwest Airlines by Wings Holdings, Inc.*, Docket 46371, at 2 fn. 2 (Sept. 29, 1989). If the Department did reach some sort of confidential decision that constitutes an order, then UPS requests that this Petition be considered as requesting review of staff action or reconsideration, as appropriate. See Order 2001-5-11, Dockets

(Continued...)

UPS submits that new and significant information and statements as to the complex corporate structure of DHL Airways and its affiliates raise serious grounds to question the U.S. citizenship of the company and add to a growing confusion as to the true ownership and control of this purported U.S. airline. Further, and in any event, UPS respectfully urges the Department to conduct the requested review in public, in a manner that allows UPS and other U.S. citizens to participate meaningfully in it.<sup>3</sup>

In support of this Petition, UPS respectfully states as follows:

1. UPS petitions the Department to institute a further review—one in which the public can meaningfully participate—to determine whether DHL Airways is in fact a U.S. citizen or, alternatively, is controlled by foreigners, in which case its air carrier certificate must be revoked.<sup>4</sup> The Department previously considered this issue only "informally," and in a closed-door setting in which UPS was precluded from participating.<sup>5</sup>

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(...Continued)

OST-2001-8736 & -8824 (May 11, 2001).

<sup>3</sup> In particular, the Department may appropriately choose to enlist more formal fact-finding procedures, including an administrative law judge, in light of the complex factual circumstances presented in this case.

<sup>4</sup> See 49 U.S.C. § 41110(e) (regarding DOT's statutory obligation to take affirmative action to affect the certificate of any carrier who fails to remain fit); 49 U.S.C. § 40102(a)(15) (defining "citizen" of the United States—a prerequisite to be a U.S. air carrier); 14 C.F.R. § 204.5 (regarding a carrier's obligation to file data regarding substantial changes in operations); 14 C.F.R. § 302.211 (regarding procedures in certificate cases involving continuing fitness).

<sup>5</sup> Order 2001-5-11, Dockets OST-2001-8736 & -8824 (May 11, 2001).

2. UPS urges the Department to reconsider its determination to address only "informally" and confidentially the serious questions that have been raised by UPS and Federal Express as to the professed U.S. citizenship of DHL Airways.<sup>6</sup> Recent developments—including on-the-record statements by various DHL entities that create even greater confusion as to who really owns and controls the airline—underscore the need for a thorough and public inquiry in which affected airlines and the public can meaningfully participate.

3. At least as important as the specific controversy at hand—whether DHL Airways should be entitled to the rights and privileges afforded U.S. carriers—are the implications of the Department's closed-door process for core principles of open government. At issue is nothing less than the right of the public and affected industries and workers to know of, and participate meaningfully in, regulatory decisions that significantly affect them.

4. This is not a matter of mere legalism—for example, whether federal law directly requires the Department staff to undertake specifically-defined procedural steps in deciding whether an airline is owned or controlled by foreign interests. Rather, it grows out of basic concepts of administrative fairness,<sup>7</sup> and the notion that open process is more likely to lead to correct and accurate decision-making than closed-door decisions based on undisclosed evidence and "informal" dialogue with only one side of a

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<sup>6</sup> See *id.* at 2 (dismissing, without reaching the merits, complaints requesting a public inquiry regarding the citizenship status and foreign control of DHL Airways).

<sup>7</sup> See Administrative Procedure Act, 5 U.S.C. § 551 *et. seq.* (applicable to all Executive Branch agencies).

controversy. As a general rule, the Department must start with the presumption that the public is entitled to know not only what the Department has decided, but also how it has decided it, and the facts on which it has relied in coming to a judgment.<sup>8</sup> In matters of far less broad-ranging significance than alleged foreign government/foreign monopoly control of a major airline—for example, whether a two-airplane air taxi business can become a scheduled airline—the Department conducts searching public review and extensive regulatory procedures.

5. In the instant case, the Department apparently found DHL Airways to be a U.S. citizen under the Act, but never informed the public of this finding or the reasons for it. Indeed, the public knew of no such finding until DHL Airways, in its Form 41 filing with the Department on May 13, 2002, stated that its filing was “based on the new company structure approved by the DOT in 2001.”<sup>9</sup> This unannounced DOT finding was itself apparently “based upon information and documents provided” by DHL Airways,

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<sup>8</sup> The U.S. Government’s policy in this regard is manifested in a series of statutes, including the Freedom of Information Act, 5 U.S.C. § 552 (applicable to all Executive Branch agencies), the Privacy Act, 5 U.S.C. § 552a, the Government in the Sunshine Act, 5 U.S.C. § 552b, and the Federal Advisory Committee Act, 5 U.S.C. App. I. Each of these statutes are closely related and they are designed to accomplish the same goal—open government. Further, there are numerous federal agency organic statutes and regulations promulgated thereunder that mandate due process and other open government principles. The fundamental review role played by the Judicial Branch also would not function if interested members of the public were barred from the agency decision-making process. Indeed, this appears to be the Department’s policy as well. *See supra* note 2.

<sup>9</sup> Report of Financial and Operating Statistics for Large Certificated Air Carriers, U.S. Department of Transportation, Research and Special Programs Administration (Form 41), filed by DHL Airways, Inc. for the Period Ending March 31, 2002 (signed and dated May 13, 2002) (attached hereto as Exhibit 1).

presumably also confidentially, in the course of a corporate reorganization.<sup>10</sup> Because of the non-public nature of this material and information proffered by DHL Airways, and the confidentiality of the Department's concerns and deliberations, it is impossible to assess, much less challenge legally, the basis and validity of this significant administrative determination. Indeed, this lack of public process effectively insulates the Department's key determinations from any sort of meaningful review, including judicial review.<sup>11</sup>

6. This is not to say that the Department must follow an elaborate, time-consuming, and detailed investigative process in all cases involving the citizenship of an airline. In the substantial majority of cases, this would be an unwarranted expenditure of Departmental resources. But the Department also cannot properly impose a blanket foreclosure of open process in all cases, at least without considering the nature and extent of any particular citizenship dispute. Such a denial of open process is most obviously inappropriate where the citizenship controversy arises, as in the instant case, from the alleged involvement of a foreign government, and a regulated foreign monopoly capable of massive subsidization of the airline whose citizenship is at issue.<sup>12</sup>

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<sup>10</sup> Letter from Steven Lachter, Counsel for DHL Airways, Inc., to Chief, Dockets Section, Department of Transportation, Docket OST-01-10052 (DHL's Mexico Certificate Authority Renewal Proceeding) (July 1, 2002).

<sup>11</sup> Indeed, if DHL's reorganization were undertaken in response to Departmental concerns about non-U.S. ownership and control of DHL Airways, DOT "approval" of a revamped corporate structure would amount to a "confidential consent decree" that sets important—but publicly unknown—precedent as to regulatory ownership and control tests.

<sup>12</sup> As is hereinafter set forth, there is substantial evidence that DHL Airways is ultimately controlled by the German government-controlled postal monopoly, Deutsche  
(Continued...)

7. At least in such important cases, where the Department is presented with substantial, credible grounds for questioning the citizenship of an airline, the Department cannot properly relegate its decision to a secret and "informal" review. This is especially true where, as in DHL Airways' case, little information about the company's citizenship is public, and what is public is mired in obscurity, contradiction and confusion.

8. This confusion as to true ownership and control, and the ground for concern, has only grown in the 14 months since the Department dismissed UPS' and Federal Express' requests for a public inquiry into DHL Airways' foreign ownership and control, without reaching the merits. Since then, further questions—and even DHL-supplied contradictory information—have emerged as to the ownership and control of DHL Airways, its parent DHL Holdings, and the parent of DHL Holdings, a non-U.S. firm named DHL International. Among the questions that arise from the contradictory filings of DHL Airways and other DHL-related entities are:

- Who is the "owner" of DHL Airways? A "Senior Manager" for DHL Worldwide Express<sup>13</sup> told the Federal Aviation Administration, in a March 13,

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(...Continued)

Post. The European Commission ("EC") has imposed an 800 million euro (including interest) repayment requirement on Deutsche Post for receiving unlawful state aid. See European Commission Press Release, IP/02/890, Brussels, June 19, 2002. Although the text of the decision has not yet been released, an official EC press release regarding this case was placed on the DOT record in Docket OST-2001-10052. See *Motion for Leave to File an Otherwise Unauthorized Document to Introduce New Evidence into the Record*, Docket OST-2001-10052, Exhibit A (June 20, 2002).

<sup>13</sup> DHL Worldwide Express, Inc. is the DHL-entity of record that holds a Foreign Air Freight Forwarder registration under Part 297 of the Department's rules. DHL Worldwide Express, Inc. is wholly-owned by DHL Worldwide Express, B.V. (Netherlands) which is wholly-owned by DHL International Limited (Bermuda). See (Continued...)

2002 presentation to the agency's Annual Forecast Conference, that DHL Holdings, Inc. is a "wholly-owned subsidiary of DHL International (Brussels)" and that DHL Holdings "own[s] a minority stake of DHL Airways."<sup>14</sup> This information contradicts DHL Airways' latest U.S. Government submission in which it informed the Federal Communications Commission ("FCC") that DHL Airways is a "wholly owned subsidiary of DHL Holdings (USA) Inc."<sup>15</sup> This FCC filing itself contradicts a press report, five months earlier, that DHL Holdings "owns 100% of DHL Worldwide Express and 45% of DHL Airways, but holds only 25% of DHL Airways' voting rights."<sup>16</sup> Thus, the true owner of DHL Airways could be any one of the following: (1) DHL Holdings; (2) "a U.S. citizen" that DHL refuses to disclose;<sup>17</sup> or (3) undisclosed non-U.S. citizens.<sup>18</sup>

- Who "controls" DHL Airways? In its Form 41 filing with the Department on May 13, 2002, DHL Airways revealed that DHL Holdings is its "primary

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(...Continued)

*Registration of DHL Worldwide Express, Inc.*, OST Form 4508 (Oct. 18, 2000).

<sup>14</sup> *Planning in an Uncertain Environment: An Integrator's Perspective*, Presentation by Tim Howard, Senior Manager, DHL Worldwide Express, at FAA-Airport Council International Commercial Aviation Forecast Conference (March 13, 2002) (attached hereto as Exhibit 2).

<sup>15</sup> Application for Assignment of Radio Licenses, FCC Form 603, FCC File No. 0000557562 (October 12, 2001) (attached hereto as Exhibit 3).

<sup>16</sup> John Croft & Michael Taverna, *FedEx, UPS Gripes Denied by Regulators*, Aviation Week & Space Technology, Vol. 154, No. 21 (May 21, 2001).

<sup>17</sup> Paul Page, *American Pie (DHL Worldwide Express)*, Air Cargo World, Vol. 91, Issue 6 (June 1, 2001).

<sup>18</sup> One of these owners is, at some level, Deutsche Post. *See infra* note 22.

customer" and that DHL Holdings pays for its fuel, landing fees, ground handling, aircraft service, and costs of loading and unloading.<sup>19</sup> In fact, it appears that DHL Holdings accounts for 99% of DHL Airways' revenue. Further, the Form 41 makes several references to an "ACMI agreement between DHL Airways and its primary customer DHL Holdings."<sup>20</sup> The Form 41 also refers to aircraft being operated by DHL Airways which "were kept in the books of DHL Holdings as a result of the company division. . . . They are leased back to DHL Airways and shown as a rental expense."<sup>21</sup> Since DHL Holdings provides DHL Airways with nearly all of its revenue, pays most of its costs, and even provides it with some of its aircraft, how can DHL Holdings not be in "control" of DHL Airways?

- Who owns DHL Holdings? Again, the most recent public statement from a DHL Worldwide Express official is that DHL Holdings (USA) is "wholly owned" by DHL International (Brussels).<sup>22</sup> If true, then a non-U.S. citizen is in control of DHL Airways. A contradictory statement contained in DHL Airways' FCC filing referred to above says that DHL Holdings is in part owned by three individuals: William A. Robinson (24.9% equity, 43.2% voting), John J. Atwood, Jr. (8.5% equity, 14.7% voting); and Kenneth J. Sato (4% equity, 7% voting). A

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<sup>19</sup> See *supra* note 9 (Form 41).

<sup>20</sup> See *id.*

<sup>21</sup> See *id.*

<sup>22</sup> See *supra* note 14; see also Kristin S. Krause, *DOT Clears DHL*, *Traffic World*, Vol. 256, Issue. 21 (May 21, 2001) (reporting that DHL Holdings is wholly-owned by DHL International, which is majority owned by the German postal monopoly).

1998 Tax Court case<sup>23</sup> identified the first two individuals as employees of the DHL organization. It is unclear whether these individuals remain employees or, if so, for which DHL entity they work. In any event, being employees of DHL raises issues regarding their independence.<sup>24</sup>

- What is the connection between Deutsche Post and DHL Airways? The Deutsche Post recently announced plans to increase its share in DHL International from slightly more than 50% to more than 75% by purchasing Lufthansa's interest in the company, and it plans to increase its stake to 100% in due course.<sup>25</sup> DHL International wholly-owns DHL Holdings (according to the DHL Worldwide Express presentation to the FAA), and DHL Holdings wholly-owns DHL Airways (according to the most recent FCC filing by DHL Holdings). In June 2002, the European Commission concluded an investigation of alleged unfair competitive practices in European markets by Deutsche Post imposing a repayment penalty (with interest) of approximately 800 million euros.<sup>26</sup> In addition, the Deutsche Post's 2002 second quarter financial statement shows that its profit was reduced

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<sup>23</sup> *DHL Corporation v. Commissioner of Internal Revenue*, T.C. Memo 1998-461; 1998 WL 906788 (U.S. Tax Ct.); 76 TCM (CCH) 1122, p.4.

<sup>24</sup> *See, e.g., Premiere Airlines, Fitness Investigation*, Order 82-5-11, Docket 38965, 39158 (May 5, 1982).

<sup>25</sup> *Deutsche Post to Buy DHL Stake from Lufthansa for \$597.9 Million*, Dow Jones Business News (July 5, 2002) (further stating that the German Government owns 70% of Deutsche Post).

<sup>26</sup> *See supra* note 12.

by DHL's consolidated losses.<sup>27</sup> Thus, if the Deutsche Post wholly-owns DHL Airways ultimate parent, and if the Deutsche Post can "cover" DHL Airways' losses in the US with its profits, does that not put the Deutsche Post in control of DHL Airways?

9. Untangling the confusion and contradiction surrounding DHL Airway's ownership and control—whether or not that complexity is intended by DHL Airways to obfuscate its true ownership structure—is not a simple task. Surely it merits public review and inquiry, and an opportunity to test the facts on which DHL Airways' claim to a U.S. citizen's rights and privileges is based.

10. In far less problematic cases, the Department has taken pains to ensure that the public is aware of its determinations regarding the citizenship qualifications of carriers. In numerous other circumstances, it has chosen to act publicly on the citizenship determination.<sup>28</sup>

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<sup>27</sup> *Deutsche Post World Net's half year figures*, Deutsche Post Press Release, Frankfurt (July 31, 2002) ("In the Express Division, € 82 million in profit from operating activities are the result of expected losses from DHL – caused alone by the US business – and a positive contribution from other segments. Where DHL is concerned, the Group expects to be in the black by the end of the year.") (emphasis supplied).

<sup>28</sup> See e.g., *Application of Wrangell Mountain Air, Inc. for a Certificate of Public Convenience and Necessity under 49 U.S.C. 41102 to Engage in Interstate Scheduled Air Transportation of Persons, Property and Mail*, Docket OST-99-5010, Order 99-3-13 (Mar. 18, 1999); *Air-Evac Air Ambulance, Inc. Concerning U.S. Citizenship*, Order 96-6-13 (June 6, 1996); *In re the Cancellation of the Operating Authority Issued to Wrangler Aviation, Inc. for Failure to Meet the Citizenship Requirements of the Section 101(16) of the Federal Aviation Act*, Docket 49038, Order 95-7-31 (July 25, 1995); *Third-Party Enforcement Complaint of Alas de Transporte Internacional SA against Challenge Air Cargo, Inc.*, Docket 46489, Order 93-7-25 (July 15, 1993); *In re Intera Arctic Services, Inc.*, Order 87-8-43 (Aug. 18, 1987); *In re Page Avjet, Citizenship*, Docket 40905, Order 84-8-12 (Aug. 2, 1984); *Premiere Airlines, Inc. Fitness Investigation*, Order 82-5-11

(Continued...)

11. As a matter of principle, this solicitude for public understanding is fully consistent with the very nature of an air carrier certificate—a valuable "public" privilege. Just as the public is entitled to know the full identity of the licensee and those controlling it in the initial licensing process, a public proceeding, so too should substantial changes in the citizenship "fitness" of that licensee be public matters.<sup>29</sup> (To the extent that the Department "privately" believes that DHL Airways is a U.S. citizen, UPS urges it, as a starting point in the inquiry, to follow its past precedent and make public the basis for that view, and the facts on which it relies.)

12. Especially in circumstances like those now swirling about the DHL Airways citizenship issue, the Department cannot lose sight of the fact that the burden is on the applicant to prove its qualifications, including demonstrating compliance with citizenship requirements. Moreover, there is no basis in logic or policy to prohibit the public from reasonable access to the data offered in support of the certificate holder's citizenship.

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(...Continued)

(May 5, 1982); *Imperial International Airlines, Charter Authority*, Dockets 33363, 38666 & 38667, Order 81-5-72 (May 14, 1981); *Willye Peter Daetwyler, d/b/a Interamerica Airfreight Co.*, Foreign Permit, 58 C.A.B. 118 (1971).

<sup>29</sup> The "continuing fitness" obligation imposed on certificate holders by Section 204.5 is properly understood as an extension of the initial licensing process, which is a public proceeding. Accordingly, such subsequent matters as changes in ownership and management, submitted to the DOT staff for review under Section 204.5 should also be placed in the Docket on the original application and thus be made available to the public for review and comment to the same effect as the original information. The same principles of public access and transparency should apply equally to material changes in the circumstances supporting the initial determination of fitness and entitlement to continuation of the public privilege.

13. In carrying out a reasonable and public approach to evaluating citizenship in cases like that of DHL Airways, it should not be necessary to insist on specific processes that must be rigidly applied in all such cases. The Department is capable of devising such public processes as will allow meaningful public access to the fact-testing and decision-making commensurate with the complexity and importance of the controversy. In some cases, this may mean only informal notice and comment; in others, unusual cases involving substantial allegations of foreign government involvement or cross-subsidization, it may be necessary to involve administrative law judges or formalized adversarial inquiries.

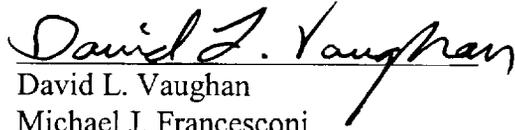
14. In any event, more open processes would not impose on the Department major new regulatory burdens, as there are only a relative handful of the most significant kinds of airline citizenship challenges – those involving alleged ownership or subsidization of major carriers by foreign governments or foreign regulated monopolies. Further, such processes are for the Department to formulate in the first instance, subject to the dictates of fairness, and the ability of the public to participate in testing the facts and the agency's conclusions.

15. For the reasons discussed herein, and in light of pervasive confusion involving DHL Airways' ownership and foreign control, UPS believes that this case demands, at a minimum, a searching Departmental inquiry in which the public can meaningfully participate. Based on that inquiry, UPS respectfully submits that DHL Airways will be found to be under the control of non-U.S. interests, including the German

postal monopoly. In that event, the Department will be required to revoke DHL Airways' air carrier certificate.

WHEREFORE, United Parcel Service Co. respectfully requests the Department of Transportation to grant the foregoing Petition and grant such other and further relief as may be found just or necessary.

Respectfully submitted,



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Counsel for  
UNITED PARCEL SERVICE CO.

August 9, 2002

**CERTIFICATE OF SERVICE**

I hereby certify that on this 9<sup>th</sup> day of August 2002, a copy of the foregoing document was sent, via first-class mail, postage prepaid to the following:

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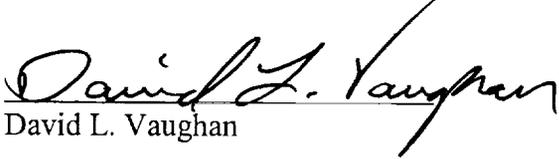
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David L. Vaughan

U.S. Department of Transportation  
Research and Special Programs  
Administration

REPORT OF FINANCIAL  
AND OPERATING STATISTICS FOR  
LARGE CERTIFICATED  
AIR CARRIERS

Period ended March 31, 2002

DHL Airways  
(Full name of reporting company)

CERTIFICATION\*

ER ✓

I, the undersigned CHI HOM  
(Title of officer in charge of accounts)

of the DHL AIRWAYS  
(Full name of reporting company)

do certify that this report and all schedules, ADP-media submissions, Passenger Origin-Destination Survey submissions and supporting documents which are submitted herewith or have been submitted heretofore as parts of this report filed for the above indicated period have been prepared under my direction; that I have carefully examined them and declare that they correctly reflect the accounts and records of the company, and to the best of my knowledge and belief are a complete and accurate statement, after adjustments to reflect full accruals, of the operating revenues and expenses, income items, assets, liabilities, capital, retained earnings, and operating statistics for the periods reported in the several schedules, the Schedule T-100 ADP-media submissions, and the Passenger Origin-Destination Survey; that the various items herein reported were determined in accordance with the Uniform System of Accounts and Reports for Large Certificated Air Carriers prescribed by the Department of Transportation; and that the data contained herein are reported on a basis consistent with that of the preceding report except as specifically noted in the financial and statistical statements.

Chi Hom  
(Signature)

50 California St. Suite 500  
San Francisco, CA 94111  
(Air Carrier Post Office Address)

Dated May 13, 2002

\*Title 18 U.S.C. Sec. 1001, Crimes and Criminal Procedure, makes it a criminal offense subject to a maximum fine of \$10,000 or imprisonment for not more than 5 years, or both, to knowingly and willfully make or cause to be made any false or fraudulent statements or representations in any matter within jurisdiction of any agency of the United States.

Form B7  
Revised  
First Quarter 2002

| US Department of Transportation<br>Research and Special Programs Administration |                                     |                                     |                          |                                      |                         |                                    |                              | Air Carrier <u>DHL Airways, Inc.</u><br>Quarter Ended <u>31-Mar</u> , 20 <u>    </u> : |                   |                            |             |                           |
|---|-------------------------------------|-------------------------------------|--------------------------|--------------------------------------|-------------------------|------------------------------------|------------------------------|--|-------------------|----------------------------|-------------|---------------------------|
| Airframe and Aircraft Engine Acquisitions and Retirements                       |                                     |                                     |                          |                                      |                         |                                    |                              |  |                   |                            |             |                           |
| L<br>i<br>n<br>e  | Year of first Delivery (Airframe)   | Airframe manufacturer Serial Number | Date Acquired or Retired | Acquisition or Retirement "A" or "R" | Airframe License Number | Number of Engines Acquired/Retired | Type, Model and Cabin Design | Maximum Takeoff Weight   | Cost              | Amortized/Depreciated Cost | Realization | Acquired From/Disposition |
|   | (1)                                 | (2)                                 | (3)                      | (4)                                  | (5)                     | (6)                                | (7)                          | (8)  | (9)               | (10)                       | (11)        | (12)                      |
|   | Operating Leases - Aircraft Engines |                                     |                          |                                      |                         |                                    |                              |  |                   |                            |             |                           |
| 1   | 1980                                | 21981                               | 2/6/02                   | A                                    | N7500H                  | 3                                  | 727-2M7                      | 172,800  | \$112,500 MONTHLY |                            |             | PEGASUS AVIATION          |
| 2   |                                     |                                     |                          |                                      |                         |                                    |                              |  |                   |                            |             |                           |
| 3   | 1979                                | 84                                  | Jan-02                   | R                                    | N362DH                  | 2                                  | A300B4-203                   | 363,000  |                   |                            |             | AIRBUS INDUSTRIES         |
| 4   | 1969                                | 48078                               | Jan-02                   | R                                    | 802DH                   | 4                                  | DCB-73F                      | 95,000   |                   |                            |             | DOUGLAS                   |
| 5   | 1968                                | 48129                               | Jan-02                   | R                                    | 803DH                   | 4                                  | DCB-73F                      | 95,000   |                   |                            |             | DOUGLAS                   |
| 6   | 1970                                | 48135                               | Jan-02                   | R                                    | 805DH                   | 4                                  | DCB-73F                      | 95,000   |                   |                            |             | DOUGLAS                   |

REVISED  
5/11/02

## STATEMENT OF OPERATIONS

Quarter Ended: March 31, 2002

Air Carrier: DHL Airways

Schedule P-1.2 Group III

Operation : Domestic ERD

| ACCT#                         | DESCRIPTION                             | AMOUNT     |
|-------------------------------|---|------------|
| OPERATING REVENUES            |   |            |
| 3901.1                        | Passenger - First Class                 | 0          |
| 3901.2                        | Passenger - Coach                       | 0          |
| 3901                          | Transport Revenues - Passenger          | 0          |
| 3905                          | Mail                                    | 258,221    |
| 3906.1                        | Property - Freight                      | 52,096,851 |
| 3906.2                        | Property - Excess Baggage               | 0          |
| 3907.1                        | Charter - Passenger                     | 0          |
| 3907.2                        | Charter - Property                      | 258,537    |
| 3919.1                        | Reserv. Cancellation Fees               | 0          |
| 3919.2                        | Misc. Operating Revenues                | 0          |
| 4808                          | Public Service Subsidy                  | 0          |
| 4898                          | Transport Related                       | 148,256    |
| 4999                          | Total Operating Revenue                 | 52,761,865 |
| OPERATING EXPENSES            |   |            |
| 5100                          | Flying Operations                       | 22,809,888 |
| 5400                          | Maintenance                             | 19,012,063 |
| 5500                          | Passenger Service                       | 0          |
| 6400                          | Aircraft & Traffic Servicing            | 1,803,195  |
| 6700                          | Promotion & Sales                       | 11,500     |
| 6800                          | General & Administrative                | 1,931,959  |
| 7000                          | Depreciation & Amortization             | 5,452,807  |
| 7100                          | Transport Related Expenses              | -2,806     |
| 7199                          | Total Operating Expenses                | 51,018,606 |
| 7999                          | Operating Profit or Loss                | 1,743,259  |
| NONOPERATING EXPENSE (INCOME) |   |            |
| 8181                          | Int. Exp. (Inc.) on L-T-D & Cap. Leases | 431,797    |
| 8182                          | Other Interest Expense (Income)         | 0          |
| 8185                          | Foreign Exchange Gain or Loss           | 0          |
| 8188.5                        | Capital (Gains)/Losses- Op.Prop.        | -103       |
|                               | Capital (Gains)/Losses- Other           |            |
| 8189                          | Other Expense (Income) - Net            | -11,446    |
| 8199                          | Nonoperating Expense (Income)           | 420,248    |
| 8999                          | Income Before Income Taxes              | 1,323,011  |
| 9100                          | Income Tax Expense                      | 587,259    |
| 9199                          | Inc. Bf. Disc. Ops & Other Items        | 735,752    |
| 9600                          | Discontinued Operations                 | 0          |
| 9796                          | Extraordinary Items                     | 0          |
| 9797                          | Inc. Tax Appl. To Extraord. Item        | 0          |
| 9799                          | Income Before Account. Changes          | 735,752    |
| 9800                          | Accounting Changes                      | 0          |
| 9899                          | Net Income                              | 735,752    |

## STATEMENT OF OPERATIONS

Quarter Ended: March 31, 2002  
 Schedule P-1.2 Group III  
 ACCT# DESCRIPTION

Air Carrier: DHL Airways  
 Operation : Atlantic ERA  
 AMOUNT

| ACCT#                         | DESCRIPTION                             | AMOUNT    |
|-------------------------------|---|-----------|
| OPERATING REVENUES            |   |           |
| 3901.1                        | Passenger - First Class                 | 0         |
| 3901.2                        | Passenger - Coach                       | 0         |
| 3901                          | Transport Revenues - Passenger          | 0         |
| 3905                          | Mail                                    | 239,024   |
| 3906.1                        | Property - Freight                      | 1,246,279 |
| 3906.2                        | Property - Excess Baggage               | 0         |
| 3907.1                        | Charter - Passenger                     | 0         |
| 3907.2                        | Charter - Property                      | 0         |
| 3919.1                        | Reserv. Cancellation Fees               | 0         |
| 3919.2                        | Misc. Operating Revenues                | 0         |
| 4808                          | Public Service Subsidy                  | 0         |
| 4898                          | Transport Related                       | 0         |
| 4999                          | Total Operating Revenue                 | 1,485,303 |
| OPERATING EXPENSES            |   |           |
| 5100                          | Flying Operations                       | 617,972   |
| 5400                          | Maintenance                             | 382,041   |
| 5500                          | Passenger Service                       | 0         |
| 6400                          | Aircraft & Traffic Servicing            | 36,760    |
| 6700                          | Promotion & Sales                       | 78        |
| 6800                          | General & Administrative                | 24,711    |
| 7000                          | Depreciation & Amortization             | 65,693    |
| 7100                          | Transport Related Expenses              | -204,617  |
| 7199                          | Total Operating Expenses                | 922,638   |
| 7999                          | Operating Profit or Loss                | 562,665   |
| NONOPERATING EXPENSE (INCOME) |   |           |
| 8181                          | Int. Exp. (Inc.) on L-T-D & Cap. Leases | 4,570     |
| 8182                          | Other Interest Expense (Income)         | 0         |
| 8185                          | Foreign Exchange Gain or Loss           | 0         |
| 8188.5                        | Capital (Gains)/Losses- Op. Prop.       | 0         |
|                               | Capital (Gains)/Losses- Other           |           |
| 8189                          | Other Expense (Income) - Net            | -208      |
| 8199                          | Nonoperating Expense (Income)           | 4,362     |
| 8999                          | Income Before Income Taxes              | 558,303   |
| 9100                          | Income Tax Expense                      | 189,547   |
| 9199                          | Inc. Bf. Disc. Ops & Other Items        | 368,756   |
| 9600                          | Discontinued Operations                 | 0         |
| 9796                          | Extraordinary Items                     | 0         |
| 9797                          | Inc. Tax Appl. To Extraord. Item        | 0         |
| 9799                          | Income Before Account. Changes          | 368,756   |
| 9800                          | Accounting Changes                      | 0         |
| 9899                          | Net Income                              | 368,756   |

## STATEMENT OF OPERATIONS

Quarter Ended: March 31, 2002

Air Carrier: DHL Airways

Schedule P-1.2 Group III

Operation : Latin ERL

| ACCT#                         | DESCRIPTION                             | AMOUNT    |
|-------------------------------|---|-----------|
| -----                         |   |           |
| OPERATING REVENUES            |   |           |
| 3901.1                        | Passenger - First Class                 | 0         |
| 3901.2                        | Passenger - Coach                       | 0         |
| 3901                          | Transport Revenues - Passenger          | 0         |
| 3905                          | Mail                                    | 56,133    |
| 3906.1                        | Property - Freight                      | 9,307,955 |
| 3906.2                        | Property - Excess Baggage               | 0         |
| 3907.1                        | Charter - Passenger                     | 0         |
| 3907.2                        | Charter - Property                      | 327,179   |
| 3919.1                        | Reserv. Cancellation Fees               | 0         |
| 3919.2                        | Misc. Operating Revenues                | 0         |
| 4808                          | Public Service Subsidy                  | 0         |
| 4898                          | Transport Related                       | 0         |
| 4999                          | Total Operating Revenue                 | 9,691,267 |
|                               |   |           |
| OPERATING EXPENSES            |   |           |
| 5100                          | Flying Operations                       | 4,279,630 |
| 5400                          | Maintenance                             | 3,229,820 |
| 5500                          | Passenger Service                       | 0         |
| 6400                          | Aircraft & Traffic Servicing            | 252,174   |
| 6700                          | Promotion & Sales                       | 39,918    |
| 6800                          | General & Administrative                | 256,916   |
| 7000                          | Depreciation & Amortization             | 935,634   |
| 7100                          | Transport Related Expenses              | -3,658    |
| 7199                          | Total Operating Expenses                | 8,990,434 |
| 7999                          | Operating Profit or Loss                | 700,833   |
|                               |   |           |
| NONOPERATING EXPENSE (INCOME) |   |           |
| 8181                          | Int. Exp. (Inc.) on L-T-D & Cap. Leases | 51,030    |
| 8182                          | Other Interest Expense (Income)         | 0         |
| 8185                          | Foreign Exchange Gain or Loss           | 0         |
| 8188.5                        | Capital (Gains)/Losses- Op. Prop.       | 103       |
|                               | Capital (Gains)/Losses- Other           |           |
| 8189                          | Other Expense (Income) - Net            | -1,231    |
| 8199                          | Nonoperating Expense (Income)           | 49,902    |
| 8999                          | Income Before Income Taxes              | 650,931   |
| 9100                          | Income Tax Expense                      | 236,092   |
| 9199                          | Inc. Bf. Disc. Ops & Other Items        | 414,839   |
| 9600                          | Discontinued Operations                 | 0         |
| 9796                          | Extraordinary Items                     | 0         |
| 9797                          | Inc. Tax Appl. To Extraord. Item        | 0         |
| 9799                          | Income Before Account. Changes          | 414,839   |
| 9800                          | Accounting Changes                      | 0         |
| 9899                          | Net Income                              | 414,839   |

## STATEMENT OF OPERATIONS

Quarter Ended: March 31, 2002  
 Schedule P-1.2 Group III  
 ACCT# DESCRIPTION

Air Carrier: DHL Airways  
 Operation : System ER S

| ACCT#                         | DESCRIPTION                             | AMOUNT     |
|-------------------------------|---|------------|
| -----                         |   |            |
| OPERATING REVENUES            |   |            |
| 3901.1                        | Passenger - First Class                 | 0          |
| 3901.2                        | Passenger - Coach                       | 0          |
| 3901                          | Transport Revenues - Passenger          | 0          |
| 3905                          | Mail                                    | 553,378    |
| 3906.1                        | Property - Freight                      | 62,651,085 |
| 3906.2                        | Property - Excess Baggage               | 0          |
| 3907.1                        | Charter - Passenger                     | 0          |
| 3907.2                        | Charter - Property                      | 585,716    |
| 3919.1                        | Reserv. Cancellation Fees               | 0          |
| 3919.2                        | Misc. Operating Revenues                | 0          |
| 4808                          | Public Service Subsidy                  | 0          |
| 4898                          | Transport Related                       | 148,256    |
| 4999                          | Total Operating Revenue                 | 63,938,435 |
|                               |   |            |
| OPERATING EXPENSES            |   |            |
| 5100                          | Flying Operations                       | 27,707,490 |
| 5400                          | Maintenance                             | 22,623,924 |
| 5500                          | Passenger Service                       | 0          |
| 6400                          | Aircraft & Traffic Servicing            | 2,092,129  |
| 6700                          | Promotion & Sales                       | 51,496     |
| 6800                          | General & Administrative                | 2,213,586  |
| 7000                          | Depreciation & Amortization             | 6,454,134  |
| 7100                          | Transport Related Expenses              | -211,081   |
| 7199                          | Total Operating Expenses                | 60,931,678 |
| 7999                          | Operating Profit or Loss                | 3,006,757  |
|                               |   |            |
| NONOPERATING EXPENSE (INCOME) |   |            |
| 8181                          | Int. Exp. (Inc.) on L-T-D & Cap. Leases | 487,397    |
| 8182                          | Other Interest Expense (Income)         | 0          |
| 8185                          | Foreign Exchange Gain or Loss           | 0          |
| 8188.5                        | Capital (Gains)/Losses- Op. Prop.       | 0          |
|                               | Capital (Gains)/Losses- Other           |            |
| 8189                          | Other Expense (Income) - Net            | -12,885    |
| 8199                          | Nonoperating Expense (Income)           | 474,512    |
| 8999                          | Income Before Income Taxes              | 2,532,245  |
| 9100                          | Income Tax Expense                      | 1,012,898  |
| 9199                          | Inc. Bf. Disc. Ops & Other Items        | 1,519,347  |
| 9600                          | Discontinued Operations                 | 0          |
| 9796                          | Extraordinary Items                     | 0          |
| 9797                          | Inc. Tax Appl. To Extraord. Item        | 0          |
| 9799                          | Income Before Account. Changes          | 1,519,347  |
| 9800                          | Accounting Changes                      | 0          |
| 9899                          | Net Income                              | 1,519,347  |

Air Carrier: DHL Airways, Inc.

Operation: Domestic

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| REPORT | LINE             | ITEM                                 | NOTE   |
|--------|------------------|--------------------------------------|--|
| P5.2   | 5128.1           | Pilot Trainees and Instructors       | Costs for trainees were allocated based upon the number of crew days/pilots by aircraft type.  |
| P5.2   | 5145.1           | Aircraft Fuels                       | Under the ACMI agreement between DHL Airways and its primary customer DHL Holdings, the customer pays for fuel. The only fuel on DHL Airways books is that from Charters sold by Airways to non-DHL entities. Usage of fuel stored in inventory is valued using FIFO accounting.   |
| P5.2   | 5169.0           | Taxes - Other than payroll           | Fuel tax and aircraft property tax.  |
| P5.2   | 5171.0           | Other Expenses                       | Primarily fuel flow fees. Fuel flow fees, like fuel are only generated by charters to non-DHL entities.  |
| P5.2   | 5225.1<br>5225.2 | Labor - Airframes<br>Labor - Engines | DHL keeps no job card system for aircraft mechanics and thus does not allocate their time between the categories shown below. The Aircraft Maintenance department estimates that productive hours are spent at the following rates:<br>*5225.1 Labor- airframes and other flight equipment: 70%<br>*5225.2 Labor- aircraft engines: 15%<br>*5225.9 Labor- ground property and equipment: 10%<br>*5328.2 Unallocated shop labor: 5% |
| P5.2   | 5243.1           | Airframe Repairs                     | DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using block hours.  |
| P5.2   | 5243.2           | Engine Repairs                       | DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using cycles.   |
| P5.2   | 5246.1           | Mntc materials-airframes             | DHL does not divide maintenance materials between airframes and engines. The Aircraft Maintenance department estimated that this division should be 60% airframes and 40% engines. DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using block hours.   |

Air Carrier: DHL Airways, Inc.

Operation: Domestic

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| REPORT     | LINE                                       | ITEM   | NOTE   |
|------------|--|--|--|
| P5.2       | 5246.2                                     | Mntc materials-engines   | DHL does not divide maintenance materials between airframes and engines. The Aircraft Maintenance department estimated that this division should be 60% airframes and 40% engines. DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using cycles.  |
| P5.2       | 5299.0                                     | Applied Maintenance Burden   | Not all Maintenance Burden costs are identified by aircraft type. For those that are not, costs were allocated to the DC8-73 and B727 aircraft type by block hours. Costs were also separated between B727-100s and B727-200s using block hours. Airport facility costs were allocated based on the average mntc hours at each station.  |
| P5.2<br>P6 | all<br>4, 5, 16, 17, 24,<br>25, 31         | Entity Allocations   | DHL keeps no cost data by entity. Entity allocations were based on the following:  |
|            |  |  | <ul style="list-style-type: none"> <li>• Pilots and co-pilots</li> <li>• Other flight personnel</li> <li>• Trainees and Instructors</li> <li>• Aircraft Oils</li> <li>• Rentals</li> <li>• Supplies</li> <li>• Aircraft Insurance/Ownership</li> <li>• Employee benefits and pensions</li> <li>• Taxes-payroll</li> <li>• All airframe mntc costs (labor incl)</li> <li>• All engine mntc costs (labor incl)</li> <li>• Function 64 costs</li> <li>• Airline Function 68 costs</li> <li>• Corporate Function 68 costs</li> </ul> <div style="display: inline-block; vertical-align: top; margin-left: 20px;"> <ul style="list-style-type: none"> <li>crew days</li> <li>crew days</li> <li>crew days</li> <li>block hrs</li> <li>block hrs</li> <li>crew days</li> <li>aircraft/rtis</li> <li>pilot costs</li> <li>pilot costs</li> <li>block hrs</li> <li>cycles</li> <li>lbs enplnd</li> <li>lbs enplnd</li> <li>rev split</li> </ul> </div> |
| P1.2       | 3905.1, 3905.2,<br>3906.1, 3907.2,<br>4898 | Mail, Property-Freight,<br>Charter-Property, Transport<br>Related Revenues | DHL's ACMI revenue was allocated to geographic entity using block hours.   |
| P1.2<br>P6 | 6400<br>Line 6                             | Aircraft and Traffic<br>Servicing  | Under the ACMI agreement with DHL Holdings, costs to load/unload or service aircraft including labor, landing fees and ground handling are born by the customer. Only those types of costs generated by Revenue Charters to non-DHL customers are borne by Airways.  |

Air Carrier: DHL Airways, Inc.

Operation: Domestic

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| REPORT     | LINE    | ITEM                                  | NOTE  |
|------------|---------|---------------------------------------|---|
| P1.2       | 9100    | Income Taxes                          | Income taxes were allocated to each entity based on operating profit.   |
| P1.2       | Mntc    | Transport vs. Transport related costs | The shared costs associated with each airport were allocated to DHL's airtsystem based on a comparison of DHL RTMs to outside air transportation RTMs and pick up and delivery RTMs for pounds originating or transiting the airport.   |
| B7<br>P5.2 | Rentals | Aircraft Additions and deletions      | B727-200 advanced aircraft (N751DH) was added as a leased aircraft to DHL Airway's fleet during this quarter. A-300 (362DH) and 3 DC8-73 aircraft (802DH, 803DH, and 805DH) were kept in the books of DHL Holdings as a result of the company division. These aircraft are listed as Aircraft deletions. They are leased back to DHL Airways and shown as rental expense. |

Air Carrier: DHL Airways, Inc.

Operation: Atlantic

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| <u>REPORT</u> | <u>LINE</u>      | <u>ITEM</u>                          | <u>NOTE</u>  |
|---------------|------------------|--------------------------------------|--|
| P5.2          | 5128.1           | Pilot Trainees and<br>Instructors    | Costs for trainees were allocated based upon the number of crew days/pilots by aircraft type.  |
| P5.2          | 5145.1           | Aircraft Fuels                       | Under the ACMI agreement between DHL Airways and its primary customer DHL Holdings, the customer pays for fuel. The only fuel on DHL Airways books is that from Charters sold by Airways to non-DHL entities. Usage of fuel stored in inventory is valued using FIFO accounting.   |
| P5.2          | 5169.0           | Taxes - Other than payroll           | Fuel tax and aircraft property tax.  |
| P5.2          | 5171.0           | Other Expenses                       | Primarily fuel flow fees. Fuel flow fees, like fuel are only generated by charters to non-DHL entities.  |
| P5.2          | 5225.1<br>5225.2 | Labor - Airframes<br>Labor - Engines | DHL keeps no job card system for aircraft mechanics and thus does not allocate their time between the categories shown below. The Aircraft Maintenance department estimates that productive hours are spent at the following rates:<br>*5225.1 Labor- airframes and other flight equipment: 70%<br>*5225.2 Labor- aircraft engines: 15%<br>*5225.9 Labor- ground property and equipment: 10%<br>*5328.2 Unallocated shop labor: 5% |
| P5.2          | 5243.1           | Airframe Repairs                     | DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using block hours.  |
| P5.2          | 5243.2           | Engine Repairs                       | DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using cycles.   |
| P5.2          | 5246.1           | Mntc materials-airframes             | DHL does not divide maintenance materials between airframes and engines. The Aircraft Maintenance department estimated that this division should be 60% airframes and 40% engines. DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using block hours.   |

Air Carrier: DHL Airways, Inc.

Operation: Atlantic

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| REPORT     | LINE                                      | ITEM   | NOTE  |
|------------|---|--|---|
| P5.2       | 5246.2                                    | Mntc materials-engines   | DHL does not divide maintenance materials between airframes and engines. The Aircraft Maintenance department estimated that this division should be 60% airframes and 40% engines. DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using cycles.   |
| P5.2       | 5299.0                                    | Applied Maintenance Burden   | Not all Maintenance Burden costs are identified by aircraft type. For those that are not, costs were allocated to the DC8-73 and B727 aircraft type by block hours. Costs were also separated between B727-100s and B727-200s using block hours. Airport facility costs were allocated based on the average mntc hours at each station.   |
| P5.2<br>P6 | all<br>4, 5, 16, 17, 24,<br>25, 31        | Entity Allocations   | DHL keeps no cost data by entity. Entity allocations were based on the following:   |
|            |   |  | <ul style="list-style-type: none"> <li>• Pilots and co-pilots</li> <li>• Other flight personnel</li> <li>• Trainees and Instructors</li> <li>• Aircraft Oils</li> <li>• Rentals</li> <li>• Supplies</li> <li>• Aircraft Insurance/Ownership</li> <li>• Employee benefits and pensions</li> <li>• Taxes-payroll</li> <li>• All airframe mntc costs (labor incl)</li> <li>• All engine mntc costs (labor incl)</li> <li>• Function 64 costs</li> <li>• Airline Function 68 costs</li> <li>• Corporate Function 68 costs</li> </ul> <div style="display: inline-block; vertical-align: top; margin-left: 20px;"> <ul style="list-style-type: none"> <li>crew days</li> <li>crew days</li> <li>crew days</li> <li>block hrs</li> <li>block hrs</li> <li>crew days</li> <li>aircraft/rts</li> <li>pilot costs</li> <li>pilot costs</li> <li>block hrs</li> <li>cycles</li> <li>lbs enplnd</li> <li>lbs enplnd</li> <li>rev split</li> </ul> </div> |
| P1.2       | 3905.1, 3905.2<br>3906.1, 3907.2,<br>4898 | Mail, Property-Freight, Charter-Property, Transport Related Revenues | DHL's ACMI revenue was allocated to geographic entity using block hours.  |
| P1.2<br>P6 | 6400<br>Line 6                            | Aircraft and Traffic Servicing                                       | Under the ACMI agreement with DHL Holdings, costs to load/unload or service aircraft including labor, landing fees and ground handling are born by the customer. Only those types of costs generated by Revenue Charters to non-DHL customers are borne by Airways.   |

Air Carrier: DHL Airways, Inc.

Operation: Atlantic

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| <u>REPORT</u> | <u>LINE</u> | <u>ITEM</u>                           | <u>NOTE</u>   |
|---------------|-------------|---------------------------------------|---|
| P1.2          | 9100        | Income Taxes                          | Income taxes were allocated to each entity based on operating profit.   |
| P1.2          | Mntc        | Transport vs. Transport related costs | The shared costs associated with each airport were allocated to DHL's airtsystem based on a comparison of DHL RTMs to outside air transportation RTMs and pick up and delivery RTMs for pounds originating or transiting the airport.   |
| B7<br>P5.2    | Rentals     | Aircraft Additions and deletions      | B727-200 advanced aircraft (N751DH) was added as a leased aircraft to DHL Airway's fleet during this quarter. A-300 (362DH) and 3 DC8-73 aircraft (802DH, 803DH, and 805DH) were kept in the books of DHL Holdings as a result of the company division. These aircraft are listed as Aircraft deletions. They are leased back to DHL Airways and shown as rental expense. |

Air Carrier: DHL Airways, Inc.

Operation: Latin America

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| REPORT | LINE             | ITEM                                 | NOTE   |
|--------|------------------|--------------------------------------|--|
| P5.2   | 5128.1           | Pilot Trainees and Instructors       | Costs for trainees were allocated based upon the number of crew days/pilots by aircraft type.  |
| P5.2   | 5145.1           | Aircraft Fuels                       | Under the ACMI agreement between DHL Airways and its primary customer DHL Holdings, the customer pays for fuel. The only fuel on DHL Airways books is that from Charters sold by Airways to non-DHL entities. Usage of fuel stored in inventory is valued using FIFO accounting.   |
| P5.2   | 5169.0           | Taxes - Other than payroll           | Fuel tax and aircraft property tax.  |
| P5.2   | 5171.0           | Other Expenses                       | Primarily fuel flow fees. Fuel flow fees, like fuel are only generated by charters to non-DHL entities.  |
| P5.2   | 5225.1<br>5225.2 | Labor - Airframes<br>Labor - Engines | DHL keeps no job card system for aircraft mechanics and thus does not allocate their time between the categories shown below. The Aircraft Maintenance department estimates that productive hours are spent at the following rates:<br>*5225.1 Labor- airframes and other flight equipment: 70%<br>*5225.2 Labor- aircraft engines: 15%<br>*5225.9 Labor- ground property and equipment: 10%<br>*5328.2 Unallocated shop labor: 5% |
| P5.2   | 5243.1           | Airframe Repairs                     | DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using block hours.  |
| P5.2   | 5243.2           | Engine Repairs                       | DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using cycles.   |
| P5.2   | 5246.1           | Mntc materials-airframes             | DHL does not divide maintenance materials between airframes and engines. The Aircraft Maintenance department estimated that this division should be 60% airframes and 40% engines. DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using block hours.   |

Air Carrier: DHL Airways, Inc.

Operation: Latin America

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| REPORT     | LINE                                      | ITEM   | NOTE   |
|------------|---|--|--|
| P5.2       | 5246.2                                    | Mntc materials-engines   | DHL does not divide maintenance materials between airframes and engines. The Aircraft Maintenance department estimated that this division should be 60% airframes and 40% engines. DHL does not distinguish between B727-100s and B727-200s. Costs were allocated to these aircraft types using cycles.  |
| P5.2       | 5299.0                                    | Applied Maintenance Burden   | Not all Maintenance Burden costs are identified by aircraft type. For those that are not, costs were allocated to the DC8-73 and B727 aircraft type by block hours. Costs were also separated between B727-100s and B727-200s using block hours. Airport facility costs were allocated based on the average mntc hours at each station.  |
| P5.2<br>P6 | all<br>4, 5, 16, 17, 24,<br>25, 31        | Entity Allocations   | DHL keeps no cost data by entity. Entity allocations were based on the following:  |
|            |   |  | <ul style="list-style-type: none"> <li>• Pilots and co-pilots</li> <li>• Other flight personnel</li> <li>• Trainees and Instructors</li> <li>• Aircraft Oils</li> <li>• Rentals</li> <li>• Supplies</li> <li>• Aircraft Insurance/Ownership</li> <li>• Employee benefits and pensions</li> <li>• Taxes-payroll</li> <li>• All airframe mntc costs (labor incl)</li> <li>• All engine mntc costs (labor incl)</li> <li>• Function 64 costs</li> <li>• Airline Function 68 costs</li> <li>• Corporate Function 68 costs</li> </ul> <div style="display: inline-block; vertical-align: top; margin-left: 20px;"> <ul style="list-style-type: none"> <li>crew days</li> <li>crew days</li> <li>crew days</li> <li>block hrs</li> <li>block hrs</li> <li>crew days</li> <li>aircraft/rtis</li> <li>pilot costs</li> <li>pilot costs</li> <li>block hrs</li> <li>cycles</li> <li>lbs enplnd</li> <li>lbs enplnd</li> <li>rev split</li> </ul> </div> |
| P1.2       | 3905.1, 3905.2<br>3906.1, 3907.2,<br>4898 | Mail, Property-Freight, Charter-Property, Transport Related Revenues | DHL's ACMI revenue was allocated to geographic entity using block hours.   |
| P1.2<br>P6 | 6400<br>Line 6                            | Aircraft and Traffic Servicing                                       | Under the ACMI agreement with DHL Holdings, costs to load/unload or service aircraft including labor, landing fees and ground handling are born by the customer. Only those types of costs generated by Revenue Charters to non-DHL customers are borne by Airways.  |

Air Carrier: DHL Airways, Inc.

Operation: Latin America

Period Ending: March 31, 2002

NOTES TO FORM 41 REPORT

\*\*\* Note that beginning with First Quarter 2002, DHL is reporting all Form 41 financial reports based on the new company structure approved by the DOT in 2001.

| <u>REPORT</u> | <u>LINE</u> | <u>ITEM</u>                           | <u>NOTE</u>   |
|---------------|-------------|---------------------------------------|---|
| P1.2          | 9100        | Income Taxes                          | Income taxes were allocated to each entity based on operating profit.   |
| P1.2          | Mntc        | Transport vs. Transport related costs | The shared costs associated with each airport were allocated to DHL's airtsystem based on a comparison of DHL RTMs to outside air transportation RTMs and pick up and delivery RTMs for pounds originating or transiting the airport.   |
| B7<br>P5.2    | Rentals     | Aircraft Additions and deletions      | B727-200 advanced aircraft (N751DH) was added as a leased aircraft to DHL Airway's fleet during this quarter. A-300 (362DH) and 3 DC8-73 aircraft (802DH, 803DH, and 805DH) were kept in the books of DHL Holdings as a result of the company division. These aircraft are listed as Aircraft deletions. They are leased back to DHL Airways and shown as rental expense. |

AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Qtr: March 31, 2002  
 Air Carrier: DHL Airways

| ACCT #                                       | DESCRIPTION                      | Operation: System      |                        |                               |                      | DC-8-73<br>Code 8642 |                      |
|--|----------------------------------|------------------------|------------------------|-------------------------------|----------------------|----------------------|----------------------|
|  |                                  | Total Exp<br>Code 9999 | BELL-206A<br>Code 3152 | ER 8<br>A300-600<br>Code 6912 | B-727-1<br>Code 7102 |                      | B-727-2<br>Code 7152 |
| <b>FLYING OPERATIONS</b>                     |                                  |                        |                        |                               |                      |                      |                      |
| 5123   | Pilots and Copilots              | 10,410,889             | 32,800                 | 2,518,979                     | 1,314,979            | 3,521,425            | 3,022,706            |
| 5124   | Other Flight Personnel           | 2,392,550              | 0                      | 521,480                       | 333,247              | 892,414              | 645,409              |
| 5128.1                                       | Trainees and Instructors         | 1,531,120              | 0                      | 407,549                       | 211,131              | 565,394              | 447,046              |
| 5136   | Personnel Expenses               | 1,619,830              | 0                      | 289,061                       | 271,106              | 768,333              | 291,330              |
| 5141   | Prof. & Tech. Fees & Exp.        | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 5143.7                                       | Aircraft Interch. -Outside       | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 5145.1                                       | Aircraft Fuel                    | 145,835                | 0                      | 0                             | 0                    | 23,618               | 122,217              |
| 5145.2                                       | Aircraft Oil                     | 18,238                 | 117                    | 1,417                         | 2,435                | 7,859                | 4,410                |
| 5147   | Aircraft Rentals                 | 6,296,770              | 0                      | 771,023                       | 27                   | 2,441,933            | 3,083,787            |
| 5153   | Other Supplies                   | 51,903                 | 234                    | 11,719                        | 7,051                | 18,881               | 14,018               |
| 5155.1                                       | Insur. Purch. - General          | 651,118                | 6,289                  | 150,340                       | 55,289               | 259,579              | 179,621              |
| 5157   | Empl. Benefits and Pensions      | 3,252,210              | 8,252                  | 757,685                       | 416,797              | 1,122,811            | 946,665              |
| 5158   | Injuries, Loss and Damage        | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 5159   | Taxes-Payroll                    | 1,146,833              | 3,237                  | 272,657                       | 148,041              | 396,442              | 326,436              |
| 5169   | Taxes-Other Than Payroll         | 4,193                  | 0                      | 0                             | 0                    | 443                  | 3,750                |
| 5171   | Other Expense                    | 86,021                 | 342                    | 14,116                        | 4,918                | 33,835               | 32,810               |
| 5199   | Total Flying Operations          | 27,707,490             | 51,271                 | 5,718,026                     | 2,765,021            | 10,052,967           | 9,120,205            |
| <b>DIRECT MAINTENANCE-FLIGHT EQUIP</b>       |                                  |                        |                        |                               |                      |                      |                      |
| 5225.1                                       | Maint Airfr. Labor               | 2,198,010              | 20,587                 | 313,739                       | 332,640              | 1,073,992            | 457,052              |
| 5225.2                                       | Maint Eng. Labor                 | 500,826                | 4,412                  | 56,344                        | 98,261               | 266,667              | 75,142               |
| 5243.1                                       | Maint Airfr. Outside Rep.        | 8,512,037              | 1,510                  | 2,171,147                     | 912,319              | 3,217,108            | 2,209,953            |
| 5243.2                                       | Maint Eng. Outside Rep.          | 1,069,564              | 0                      | 165,859                       | 354,348              | 447,786              | 103,571              |
| 5243.7                                       | Maint AC Interch. Chrgs-O/S      | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 5246.1                                       | Maint Materials - Airframe       | 315,498                | 882                    | 35,319                        | 64,607               | 194,044              | 20,646               |
| 5246.2                                       | Maint Materials - Engines        | 4,888                  | 0                      | 81                            | 702                  | 606                  | 3,493                |
| 5272.1                                       | Maint Airfrm Airworth. Provs.    | 271,156                | 0                      | 365,013                       | 0                    | -90,000              | -3,857               |
| 5272.3                                       | Maint Airfrm O/N Deferred        | 2,491,505              | 12,204                 | 93,829                        | 369,815              | 1,149,257            | 846,400              |
| 5272.6                                       | Maint AC Eng. Airworth. Prov     | 758,392                | 0                      | 209,986                       | -294,984             | 836,189              | 147,181              |
| 5272.8                                       | Maint AC Eng. O/N Def. (cr.)     | 1,130,308              | 22,998                 | 236,542                       | 436,263              | -319,786             | 754,281              |
| 5278   | Total Dir Maint-Flt. Eqpt        | 17,252,164             | 42,593                 | 3,647,859                     | 2,273,971            | 6,655,863            | 4,611,478            |
| 5279.6                                       | APPL. MAINT BURDEN FLT. EQ.      | 5,455,169              | 44,570                 | 863,164                       | 798,461              | 2,470,122            | 1,278,852            |
| 5299   | Total Flt. Eq. Maint. (Memo)     | 22,707,333             | 107,163                | 4,511,023                     | 3,072,432            | 9,125,985            | 5,890,730            |
| 7073.9                                       | NET OBSL & DETER. - EXP. PARTS   | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| <b>DEPRECIATION - FLIGHT EQUIPMENT</b>       |                                  |                        |                        |                               |                      |                      |                      |
| 7075.1                                       | Depr. Airframes                  | 2,952,612              | 0                      | 25,124                        | -526,726             | 2,961,213            | 493,001              |
| 7075.2                                       | Depr. Aircraft Engines           | 1,505,238              | 0                      | 254                           | 540,685              | 954,194              | 10,105               |
| 7075.3                                       | Depr. Airframe Parts             | 968,647                | 1,847                  | 374,848                       | 81,853               | 294,636              | 215,463              |
| 7075.4                                       | Depr. Engine Parts               | 6,240                  | 0                      | 179                           | 2,015                | 3,102                | 944                  |
| 7075.5                                       | Depr. Other Flt. Exp.            | 671,034                | 724                    | 158,924                       | 56,823               | 323,615              | 130,948              |
| 7076.1                                       | Amort. Cap. Leases Flt. Eqpt.    | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| <b>EXPENSE OF INTERCHANGE AIRCRAFT</b>       |                                  |                        |                        |                               |                      |                      |                      |
| 7098.1                                       | Exp. of Interch. AC- Flt. Ops    | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 7098.2                                       | Exp. of Interch. AC- Maint.      | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 7098.9                                       | Total Aircraft Operating Expense | 56,518,594             | 161,005                | 10,788,378                    | 5,992,103            | 23,715,712           | 15,861,396           |
| <b>OTHER DEPRECIATION &amp; AMORTIZATION</b> |                                  |                        |                        |                               |                      |                      |                      |
| 7074.1                                       | Amortization Developmental & Pre | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 7074.2                                       | Amortization Other Intangibles   | 0                      | 0                      | 0                             | 0                    | 0                    | 0                    |
| 7075.8                                       | Depreciation Hangar & Maint. Eq  | 239,205                | 0                      | 0                             | 0                    | 0                    | 0                    |
| 7075.9                                       | Depreciation Ground Property     | -94,087                | 0                      | 0                             | 0                    | 0                    | 0                    |
| 7076.2                                       | Amort. Capital Leases Other      | 205,245                | 0                      | 0                             | 0                    | 0                    | 0                    |

AIRCRAFT OPERATING EXP. - Sch. D-5.2 Grp II & III Ctr: March 31, 2002  
 Air Carrier: DHL Airways

| ACCT #                                     | DESCRIPTION                      | Operation: Domestic    |                        |                       |                      |                      |                      |
|--|----------------------------------|------------------------|------------------------|-----------------------|----------------------|----------------------|----------------------|
|  |                                  | Total Exp<br>Code 9999 | BELL-206A<br>Code 3152 | A300-600<br>Code 6912 | B-727-1<br>Code 7102 | B-727-2<br>Code 7152 | DC-8-73<br>Code 8642 |
| <b>FLYING OPERATIONS</b>                   |                                  |                        |                        |                       |                      |                      |                      |
| 5123                                       | Pilots and Copilots              | 9,031,639              | 32,800                 | 2,518,979             | 1,313,890            | 3,230,369            | 1,935,601            |
| 5124                                       | Other Flight Personnel           | 2,083,261              | 0                      | 521,480               | 332,971              | 818,653              | 410,157              |
| 5128.1                                     | Trainees and Instructors         | 1,425,933              | 0                      | 407,549               | 210,956              | 518,663              | 288,765              |
| 5136                                       | Personnel Expenses               | 1,380,898              | 0                      | 289,061               | 269,173              | 667,644              | 155,020              |
| 5141                                       | Prof. & Tech. Fees & Exp.        | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 5143.7                                     | Aircraft Interch. -Outside       | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 5145.1                                     | Aircraft Fuel                    | 89,751                 | 0                      | 0                     | 0                    | 23,618               | 66,133               |
| 5145.2                                     | Aircraft Oil                     | 15,289                 | 117                    | 3,417                 | 2,431                | 6,775                | 2,549                |
| 5147                                       | Aircraft Rentals                 | 4,377,766              | 0                      | 771,023               | 27                   | 2,290,327            | 1,316,389            |
| 5153                                       | Other Supplies                   | 45,373                 | 234                    | 11,719                | 7,045                | 17,320               | 9,055                |
| 5155.1                                     | Insur. Purch. - General          | 505,423                | 6,288                  | 150,340               | 55,113               | 215,275              | 78,406               |
| 5157                                       | Empl. Benefits and Penalties     | 2,809,697              | 8,252                  | 757,685               | 416,197              | 1,023,767            | 603,596              |
| 5158                                       | Injuries, Loss and Damage        | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 5168                                       | Taxes-Payroll                    | 998,345                | 3,237                  | 272,657               | 147,918              | 363,675              | 210,858              |
| 5169                                       | Taxes-Other Than Payroll         | 1,028                  | 0                      | 0                     | 0                    | 443                  | 585                  |
| 5171                                       | Other Expense                    | 45,485                 | 342                    | 14,116                | 4,773                | 14,859               | 11,395               |
| 5199                                       | Total Flying Operations          | 22,809,888             | 51,271                 | 5,718,026             | 2,760,694            | 9,191,388            | 5,088,509            |
| <b>DIRECT MAINTENANCE-FLIGHT EQUIP</b>     |                                  |                        |                        |                       |                      |                      |                      |
| 5225.1                                     | Maint Airf. Labor                | 1,856,425              | 20,587                 | 313,739               | 332,142              | 925,821              | 264,136              |
| 5225.2                                     | Maint Eng. Labor                 | 442,991                | 4,412                  | 56,344                | 98,038               | 238,641              | 45,556               |
| 5243.1                                     | Maint Airf. Outside Rep.         | 7,167,824              | 1,510                  | 2,171,147             | 910,897              | 2,804,139            | 1,280,131            |
| 5243.2                                     | Maint Eng. Outside Rep.          | 976,075                | 0                      | 165,859               | 353,542              | 394,997              | 61,677               |
| 5243.7                                     | Maint AC Interch. Chrgs-O/S      | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 5246.1                                     | Maint Materials - Airframe       | 280,122                | 882                    | 15,319                | 64,510               | 167,479              | 11,932               |
| 5246.2                                     | Maint Materials - Engines        | 1,433                  | 0                      | 81                    | 700                  | 527                  | 2,125                |
| 5272.1                                     | Maint Airframe Airworth. Provs.  | 285,201                | 0                      | 165,013               | 0                    | -77,583              | -2,229               |
| 5272.3                                     | Maint Airframe O/H Deferred      | 1,982,901              | 12,204                 | 93,829                | 369,262              | 1,018,461            | 489,145              |
| 5272.6                                     | Maint AC Eng. Airworth. Prov     | 648,466                | 0                      | 209,986               | -294,313             | 641,420              | 89,373               |
| 5272.8                                     | Maint AC Eng. O/H Def. (cr.)     | 848,165                | 22,998                 | 216,542               | 435,270              | -304,471             | 458,030              |
| 5278                                       | Total Dir Maint-Flt. Eqpt        | 14,489,807             | 62,593                 | 3,647,859             | 2,270,048            | 5,809,431            | 2,699,876            |
| 5279.6                                     | APPL. MAINT BURDEN FLT. EQ.      | 4,588,616              | 44,570                 | 863,164               | 797,055              | 2,145,507            | 738,320              |
| 5299                                       | Total Flt. Eq. Maint. (Memo)     | 19,078,423             | 107,163                | 4,511,023             | 3,067,103            | 7,954,938            | 3,438,196            |
| 7073.9                                     | NET OBSL & DETER. - EXP. PARTS   | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| <b>DEPRECIATION - FLIGHT EQUIPMENT</b>     |                                  |                        |                        |                       |                      |                      |                      |
| 7075.1                                     | Depr. Airframes                  | 2,345,168              | 0                      | 25,124                | -525,939             | 2,561,071            | 284,912              |
| 7075.2                                     | Depr. Aircraft Engines           | 1,393,875              | 0                      | 254                   | 519,455              | 848,030              | 6,136                |
| 7075.3                                     | Depr. Airframe Parts             | 837,734                | 1,847                  | 374,848               | 81,731               | 254,789              | 124,519              |
| 7075.4                                     | Depr. Engine Parts               | 5,511                  | 0                      | 179                   | 2,010                | 2,749                | 573                  |
| 7075.5                                     | Depr. Other Flt. Eqpt.           | 573,847                | 724                    | 158,924               | 56,738               | 280,744              | 76,717               |
| 7076.1                                     | Amort. Cap. Leases Flt. Eqpt.    | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| <b>EXPENSE OF INTERCHANGE AIRCRAFT</b>     |                                  |                        |                        |                       |                      |                      |                      |
| 7098.1                                     | Exp. of Interch. AC- Flt. Ops    | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 7098.2                                     | Exp. of Interch. AC- Maint.      | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 7098.9                                     | Total Aircraft Operating Expens  | 47,044,446             | 141,005                | 10,788,378            | 5,981,792            | 21,093,709           | 9,019,562            |
| <b>OTHER DEPRECIATION &amp; AMORTIZATI</b> |                                  |                        |                        |                       |                      |                      |                      |
| 7074.1                                     | Amortisation Developmental & Pre | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 7074.2                                     | Amortisation Other Intangibles   | 0                      | 0                      | 0                     | 0                    | 0                    | 0                    |
| 7075.8                                     | Depreciation Hangar & Maint. Eq  | 200,081                | 0                      | 0                     | 0                    | 0                    | 0                    |
| 7075.9                                     | Depreciation Ground Property     | -33,169                | 0                      | 0                     | 0                    | 0                    | 0                    |
| 7076.2                                     | Amort. Capital Leases Other      | 129,760                | 0                      | 0                     | 0                    | 0                    | 0                    |

AIRCRAFT OPERATING EXP - SCH. P-5-2 GSP II & III GCR: March 31, 2002  
 AIRCRAFT OPERATING EXP - SCH. P-5-2 GSP II & III GCR: March 31, 2002  
 Operation: Atlantic  
 Total Gsp DC-8-73  
 Code 9999 Code 8642

| ACCT # | DESCRIPTION                        |           |           |
|--------|------------------------------------|-----------|-----------|
| 5133   | PILOTS and COPILOTS                | 259,427   | 259,427   |
| 5134   | Other Flight Personnel             | 59,866    | 59,866    |
| 5135   | Personnel Expenses                 | 24,011    | 24,011    |
| 5136   | Prof. & Tech. Fees & Exp.          | 0         | 0         |
| 5137   | Aircraft Interch. - Outside        | 0         | 0         |
| 5138   | Aircraft Oil                       | 326       | 326       |
| 5139   | Aircraft Fuel                      | 131,650   | 131,650   |
| 5140   | Other Supplies                     | 1,091     | 1,091     |
| 5141   | Other Personnel                    | 6,558     | 6,558     |
| 5142   | Insur. Purch. - General            | 73,941    | 73,941    |
| 5143   | Insur. Purch. - General            | 0         | 0         |
| 5144   | Injuries, Loss and Damage          | 25,413    | 25,413    |
| 5145   | Taxes-Payroll                      | 0         | 0         |
| 5146   | Taxes-Payroll - Other Than Payroll | 886       | 886       |
| 5147   | Total Flying Operations            | 617,972   | 617,972   |
| 5225.1 | MAINT AIRCRAFT - FLIGHT EQUIP      | 33,814    | 33,814    |
| 5225.2 | MAINT AIRCRAFT - LABOR             | 2,539     | 2,539     |
| 5225.3 | MAINT AIRCRAFT - OUTSIDE REP.      | 158,617   | 158,617   |
| 5241.1 | MAINT AC INTERCH. - O/S            | 0         | 0         |
| 5241.2 | MAINT AC INTERCH. - O/S            | 3,293     | 3,293     |
| 5246.1 | MAINT MATERIALS - AIRCRAFT         | 1,527     | 1,527     |
| 5246.2 | MAINT MATERIALS - ENGINES          | 113       | 113       |
| 5272.1 | MAINT AIRCRAFT - PROVS.            | 285       | 285       |
| 5272.2 | MAINT AIRCRAFT - O/H DETACHED      | 62,618    | 62,618    |
| 5272.3 | MAINT AC ENG. AIRCRAFT PROV.       | 4,771     | 4,771     |
| 5272.4 | MAINT AC ENG. O/H DET.             | 24,451    | 24,451    |
| 5278   | TOTAL DIR MAINT - P.L.C. EQPT      | 291,460   | 291,460   |
| 5279.6 | APPL. MAINT BURDEN P.L.C. EQPT     | 93,108    | 93,108    |
| 5299   | APPL. MAINT BURDEN (Memo)          | 384,568   | 384,568   |
| 7073.9 | NET OBL. & DETER. - EXP. PARTS     | 0         | 0         |
| 7075.1 | DEPRECIATION - FLIGHT EQUIPMENT    | 36,473    | 36,473    |
| 7075.2 | DEPR. AIRCRAFT ENGINES             | 328       | 328       |
| 7075.3 | DEPR. AIRCRAFT PARTS               | 15,940    | 15,940    |
| 7075.4 | DEPR. ENGINE PARTS                 | 31        | 31        |
| 7075.5 | DEPR. OTHER P.L.C. EQPT.           | 8,213     | 8,213     |
| 7098.1 | EXP. OF INTERCH. AC - P.L.C. OPS   | 0         | 0         |
| 7098.2 | EXP. OF INTERCH. AC - MAINT.       | 0         | 0         |
| 7098.9 | TOTAL AIRCRAFT OPERATING EXPENSES  | 1,063,525 | 1,063,525 |
| 7074.1 | AMORTIZATION DEVELOPMENTAL EXP.    | 0         | 0         |
| 7074.2 | AMORTIZATION OTHER INANGIBLES      | 0         | 0         |
| 7074.3 | DEPRECIATION HANGAR & MAINT. BLDG  | 1,354     | 1,354     |
| 7074.4 | DEPRECIATION GROUND PROPERTY       | -51,868   | -51,868   |
| 7074.5 | AMORT. CAPITAL LEASES OTHER        | 53,222    | 53,222    |

| AIRCRAFT OPERATING EXP. - Sch. P-5.2 Grp II & III Ocr: March 31, 2002 |                                  |                        |                      |                      |                      |
|---|----------------------------------|------------------------|----------------------|----------------------|----------------------|
| Air Carrier: DHL Airways  |                                  |                        |                      |                      |                      |
| ACCT #  | DESCRIPTION                      | Operation: Latin       |                      |                      |                      |
|   |                                  | Total Exp<br>Code 9999 | B-727-1<br>Code 7102 | B-727-2<br>Code 7152 | DC-8-73<br>Code 8642 |
| <b>FLYING OPERATIONS</b>  |                                  |                        |                      |                      |                      |
| 5123  | Pilots and Copilots              | 1,119,823              | 1,089                | 291,056              | 827,678              |
| 5124  | Other Flight Personnel           | 249,423                | 276                  | 73,761               | 175,386              |
| 5128.1  | Trainees and Instructors         | 170,384                | 175                  | 46,731               | 123,478              |
| 5136  | Personnel Expenses               | 214,921                | 1,933                | 100,689              | 112,299              |
| 5141  | Prof. & Tech. Fees & Exp.        | 0                      | 0                    | 0                    | 0                    |
| 5143.7  | Aircraft Interch. -Outside       | 0                      | 0                    | 0                    | 0                    |
| 5145.1  | Aircraft Fuel                    | 56,084                 | 0                    | 0                    | 56,084               |
| 5145.2  | Aircraft Oil                     | 2,623                  | 4                    | 1,084                | 1,535                |
| 5147  | Aircraft Rentals                 | 1,787,354              | 0                    | 151,606              | 1,635,748            |
| 5153  | Other Supplies                   | 5,439                  | 6                    | 1,561                | 3,872                |
| 5155.1  | Insur. Purch. - General          | 139,137                | 176                  | 44,304               | 94,657               |
| 5157  | Empl. Benefits and Pensions      | 368,572                | 400                  | 99,044               | 269,128              |
| 5158  | Injuries, Loss and Damage        | 0                      | 0                    | 0                    | 0                    |
| 5168  | Taxes-Payroll                    | 123,055                | 123                  | 32,767               | 90,165               |
| 5169  | Taxes-Other Than Payroll         | 3,165                  | 0                    | 0                    | 3,165                |
| 5171  | Other Expense                    | 39,650                 | 145                  | 18,976               | 20,529               |
| 5199  | Total Flying Operations          | 4,279,630              | 4,327                | 861,579              | 3,413,724            |
| <b>DIRECT MAINTENANCE-FLIGHT EQUIP</b>                                |                                  |                        |                      |                      |                      |
| 5225.1  | Maint Airf. Labor                | 307,771                | 498                  | 148,171              | 159,102              |
| 5225.2  | Maint Eng. Labor                 | 55,296                 | 223                  | 28,026               | 27,047               |
| 5243.1  | Maint Airf. Outside Rep.         | 1,185,596              | 1,422                | 412,969              | 771,205              |
| 5243.2  | Maint Eng. Outside Rep.          | 90,196                 | 806                  | 52,789               | 36,601               |
| 5243.7  | Maint AC Interch. Chrgs-O/S      | 0                      | 0                    | 0                    | 0                    |
| 5246.1  | Maint Materials - Airframes      | 33,849                 | 97                   | 26,565               | 7,187                |
| 5246.2  | Maint Materials - Engines        | 1,342                  | 2                    | 79                   | 1,261                |
| 5272.1  | Maint Airfrm Airworth. Provs.    | -11,760                | 0                    | -12,417              | -1,343               |
| 5272.3  | Maint Airfrm O/H Deferred        | 445,986                | 553                  | 150,796              | 294,637              |
| 5272.6  | Maint AC Eng. Airworth. Prov     | 107,135                | -671                 | 54,769               | 52,037               |
| 5272.8  | Maint AC Eng. O/H Def. (cr.)     | 257,486                | 993                  | -15,315              | 273,808              |
| 5278  | Total Dir Maint-Flt.Eqpt         | 2,470,897              | 3,923                | 846,432              | 1,620,542            |
| 5279.6  | APPL. MAINT BURDEN FLT. EQ.      | 773,445                | 1,406                | 324,615              | 447,424              |
| 5299  | Total Flt. Eq. Maint. (Memo)     | 3,244,342              | 5,329                | 1,171,047            | 2,067,966            |
| 7073.9  | NET OBSL & DETER. - EXP. PARTS   | 0                      | 0                    | 0                    | 0                    |
| <b>DEPRECIATION - FLIGHT EQUIPMENT</b>                                |                                  |                        |                      |                      |                      |
| 7075.1  | Depr. Airframes                  | 570,971                | -787                 | 400,142              | 171,616              |
| 7075.2  | Depr. Aircraft Engines           | 111,035                | 1,230                | 106,164              | 3,641                |
| 7075.3  | Depr. Airframe Parts             | 114,973                | 122                  | 39,847               | 75,004               |
| 7075.4  | Depr. Engine Parts               | 698                    | 5                    | 353                  | 340                  |
| 7075.5  | Depr. Other Flt. Eqpt.           | 88,974                 | 85                   | 42,871               | 46,018               |
| 7076.1  | Amort. Cap. Leases Flt. Eqpt.    | 0                      | 0                    | 0                    | 0                    |
| <b>EXPENSE OF INTERCHANGE AIRCRAFT</b>                                |                                  |                        |                      |                      |                      |
| 7098.1  | Exp. of Interch. AC- Flt. Ops    | 0                      | 0                    | 0                    | 0                    |
| 7098.2  | Exp. of Interch. AC- Maint.      | 0                      | 0                    | 0                    | 0                    |
| 7098.9  | Total Aircraft Operating Expense | 8,410,623              | 10,311               | 2,622,003            | 5,778,309            |
| <b>OTHER DEPRECIATION &amp; AMORTIZATION</b>                          |                                  |                        |                      |                      |                      |
| 7074.1  | Amortization Developmental & Pre | 0                      |                      |                      |                      |
| 7074.2  | Amortization Other Intangibles   | 0                      |                      |                      |                      |
| 7075.8  | Depreciation Hangar & Maint. Eq  | 35,770                 |                      |                      |                      |
| 7075.9  | Depreciation Ground Property     | -9,050                 |                      |                      |                      |
| 7076.2  | Amort. Capital Leases Other      | 22,263                 |                      |                      |                      |

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-6

Air Carrier: DHL Airways  
 Operation : System ER S

| LINE#   | DESCRIPTION                     | AMOUNT     |
|---------|---------------------------------|------------|
| -----   |                                 |            |
|         | SALARIES & REL. FRINGE BENEFIT  |            |
|         | SALARIES:                       |            |
| Line 3  | General Mgmt. Per.              | 457,942    |
| Line 4  | Flight Personnel                | 12,803,439 |
| Line 5  | Maintenance Labor               | 4,592,202  |
| Line 6  | Aircr. & Traffic Hndl. Per.     | 650,605    |
| Line 7  | Other Personnel                 | 5,174,462  |
| Line 8  | Total Salaries                  | 23,678,650 |
|         | RELATED FRINGE BENEFITS         |            |
| Line 10 | Personnel Expense               | 105,067    |
| Line 11 | Empl. Benefits & Pensions       | 5,623,974  |
| Line 12 | Payroll Taxes                   | 1,724,212  |
| Line 13 | Total Fringe Benefits           | 7,453,253  |
| Line 14 | Total Salaries & Benefits       | 31,131,903 |
|         | MATERIALS PURCHASED             |            |
| Line 16 | Aircraft Fuel & Oil             | 168,266    |
| Line 17 | Maintenance Materials           | 596,536    |
| Line 18 | Passenger Food                  | 0          |
| Line 19 | Other Materials                 | 552,547    |
| Line 20 | Total Materials                 | 1,317,349  |
|         | SERVICES PURCHASED              |            |
| Line 22 | Advertising & Other Promotion   | 0          |
| Line 23 | Communications                  | 133,786    |
| Line 24 | Insurance                       | 1,488,351  |
| Line 25 | Outside Flight Eqpt. Maint.     | 12,909,209 |
| Line 26 | Traffic Commissions - Passenger | 0          |
| Line 27 | Traffic Commissions - Cargo     | 0          |
| Line 28 | Other Services                  | 399,119    |
| Line 29 | Total Services                  | 14,930,465 |
| Line 30 | LANDING FEES                    | 12,340     |
| Line 31 | RENTALS                         | 7,020,942  |
| Line 32 | DEPRECIATION                    | 6,248,889  |
| Line 33 | AMORTIZATION                    | 205,245    |
| Line 34 | OTHER                           | 275,625    |
| Line 35 | TRANSPORT RELATED EXPENSES      | -211,081   |
| Line 36 | TOTAL OPERATING EXPENSES        | 60,931,677 |

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-6

Air Carrier: DHL Airways  
 Operation : Domestic ERD

| LINE#   | DESCRIPTION                     | AMOUNT     |
|---------|---------------------------------|------------|
| -----   |                                 |            |
|         | SALARIES & REL. FRINGE BENEFIT  |            |
|         | SALARIES:                       |            |
| Line 3  | General Mgmt. Per.              | 385,672    |
| Line 4  | Flight Personnel                | 11,114,900 |
| Line 5  | Maintenance Labor               | 3,854,319  |
| Line 6  | Aircr. & Traffic Hndl. Per.     | 578,435    |
| Line 7  | Other Personnel                 | 4,424,602  |
| Line 8  | Total Salaries                  | 20,357,928 |
|         | RELATED FRINGE BENEFITS         |            |
| Line 10 | Personnel Expense               | 28,122     |
| Line 11 | Empl. Benefits & Pensions       | 4,854,954  |
| Line 12 | Payroll Taxes                   | 1,484,031  |
| Line 13 | Total Fringe Benefits           | 6,367,107  |
| Line 14 | Total Salaries & Benefits       | 26,725,035 |
|         | MATERIALS PURCHASED             |            |
| Line 16 | Aircraft Fuel & Oil             | 106,068    |
| Line 17 | Maintenance Materials           | 517,102    |
| Line 18 | Passenger Food                  | 0          |
| Line 19 | Other Materials                 | 481,776    |
| Line 20 | Total Materials                 | 1,104,946  |
|         | SERVICES PURCHASED              |            |
| Line 22 | Advertising & Other Promotion   | 0          |
| Line 23 | Communications                  | 116,661    |
| Line 24 | Insurance                       | 1,249,585  |
| Line 25 | Outside Flight Eqpt. Maint.     | 10,832,391 |
| Line 26 | Traffic Commissions - Passenger | 0          |
| Line 27 | Traffic Commissions - Cargo     | 0          |
| Line 28 | Other Services                  | 338,547    |
| Line 29 | Total Services                  | 12,537,184 |
| Line 30 | LANDING FEES                    | 4,859      |
| Line 31 | RENTALS                         | 4,985,015  |
| Line 32 | DEPRECIATION                    | 5,323,047  |
| Line 33 | AMORTIZATION                    | 129,760    |
| Line 34 | OTHER                           | 211,565    |
| Line 35 | TRANSPORT RELATED EXPENSES      | -2,806     |
| Line 36 | TOTAL OPERATING EXPENSES        | 51,018,605 |

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-6

Air Carrier: DHL Airways  
 Operation : Atlantic ERA

| LINE#   | DESCRIPTION                     | AMOUNT   |
|---------|---------------------------------|----------|
| -----   |                                 |          |
|         | SALARIES & REL. FRINGE BENEFIT  |          |
|         | SALARIES:                       |          |
| Line 3  | General Mgmt. Per.              | 8,972    |
| Line 4  | Flight Personnel                | 319,293  |
| Line 5  | Maintenance Labor               | 68,023   |
| Line 6  | Aircr. & Traffic Hndl. Per.     | 9,403    |
| Line 7  | Other Personnel                 | 88,903   |
| Line 8  | Total Salaries                  | 494,594  |
|         | RELATED FRINGE BENEFITS         |          |
| Line 10 | Personnel Expense               | 25       |
| Line 11 | Empl. Benefits & Pensions       | 115,323  |
| Line 12 | Payroll Taxes                   | 35,367   |
| Line 13 | Total Fringe Benefits           | 150,715  |
| Line 14 | Total Salaries & Benefits       | 645,309  |
|         | MATERIALS PURCHASED             |          |
| Line 16 | Aircraft Fuel & Oil             | 326      |
| Line 17 | Maintenance Materials           | 4,694    |
| Line 18 | Passenger Food                  | 0        |
| Line 19 | Other Materials                 | 3,947    |
| Line 20 | Total Materials                 | 8,967    |
|         | SERVICES PURCHASED              |          |
| Line 22 | Advertising & Other Promotion   | 0        |
| Line 23 | Communications                  | 1,192    |
| Line 24 | Insurance                       | 19,448   |
| Line 25 | Outside Flight Eqpt. Maint.     | 231,762  |
| Line 26 | Traffic Commissions - Passenger | 0        |
| Line 27 | Traffic Commissions - Cargo     | 0        |
| Line 28 | Other Services                  | 6,845    |
| Line 29 | Total Services                  | 259,247  |
| Line 30 | LANDING FEES                    | 0        |
| Line 31 | RENTALS                         | 143,745  |
| Line 32 | DEPRECIATION                    | 12,471   |
| Line 33 | AMORTIZATION                    | 53,222   |
| Line 34 | OTHER                           | 4,294    |
| Line 35 | TRANSPORT RELATED EXPENSES      | -204,617 |
| Line 36 | TOTAL OPERATING EXPENSES        | 922,638  |

OPERATING EXPENSES BY OBJECTIVE GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-6

Air Carrier: DHL Airways  
 Operation : Latin ERL

| LINE#   | DESCRIPTION                     | AMOUNT    |
|---------|---------------------------------|-----------|
| <hr/>   |                                 |           |
|         | SALARIES & REL. FRINGE BENEFIT  |           |
|         | SALARIES:                       |           |
| Line 3  | General Mgmt. Per.              | 63,298    |
| Line 4  | Flight Personnel                | 1,369,246 |
| Line 5  | Maintenance Labor               | 669,860   |
| Line 6  | Aircr. & Traffic Hndl. Per.     | 62,767    |
| Line 7  | Other Personnel                 | 660,957   |
| Line 8  | Total Salaries                  | 2,826,128 |
|         | RELATED FRINGE BENEFITS         |           |
| Line 10 | Personnel Expense               | 76,920    |
| Line 11 | Empl. Benefits & Pensions       | 653,697   |
| Line 12 | Payroll Taxes                   | 204,814   |
| Line 13 | Total Fringe Benefits           | 935,431   |
| Line 14 | Total Salaries & Benefits       | 3,761,559 |
|         | MATERIALS PURCHASED             |           |
| Line 16 | Aircraft Fuel & Oil             | 61,872    |
| Line 17 | Maintenance Materials           | 74,740    |
| Line 18 | Passenger Food                  | 0         |
| Line 19 | Other Materials                 | 66,824    |
| Line 20 | Total Materials                 | 203,436   |
|         | SERVICES PURCHASED              |           |
| Line 22 | Advertising & Other Promotion   | 0         |
| Line 23 | Communications                  | 15,933    |
| Line 24 | Insurance                       | 219,318   |
| Line 25 | Outside Flight Eqpt. Maint.     | 1,845,056 |
| Line 26 | Traffic Commissions - Passenger | 0         |
| Line 27 | Traffic Commissions - Cargo     | 0         |
| Line 28 | Other Services                  | 53,727    |
| Line 29 | Total Services                  | 2,134,034 |
| Line 30 | LANDING FEES                    | 7,481     |
| Line 31 | RENTALS                         | 1,892,182 |
| Line 32 | DEPRECIATION                    | 913,371   |
| Line 33 | AMORTIZATION                    | 22,263    |
| Line 34 | OTHER                           | 59,766    |
| Line 35 | TRANSPORT RELATED EXPENSES      | -3,658    |
| Line 36 | TOTAL OPERATING EXPENSES        | 8,990,434 |

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-7

Air Carrier: DHL Airways  
 Operation : System ER S

| LINE#   | DESCRIPTION                        | AMOUNT     |
|---------|------------------------------------|------------|
| <hr/>   |                                    |            |
|         | AIRCRAFT OPER. EXPENSES (DIRECT)   |            |
| Line 2  | Aircraft Operating Expenses        | 56,518,594 |
|         | SERV., SALES & GEN.OP.(INDIRECT)   |            |
|         | PASSENGER SERVICE EXPENSE:         |            |
| Line 5  | Flight Attendant Expense           | 0          |
| Line 6  | Food Expense                       | 0          |
| Line 7  | Other In-Flight Expense            | 0          |
| Line 8  | Total Passenger Service Exp.       | 0          |
|         | PASSENGER SERVICING EXPENSE:       |            |
| Line 10 | Line Servicing Expense             | 453,934    |
| Line 11 | Control Expense                    | 1,604,576  |
| Line 12 | Landing Fees                       | 12,340     |
| Line 13 | Total Aircraft Servicing Exp.      | 2,070,850  |
|         | TRAFFIC SERVICING EXPENSE:         |            |
| Line 15 | Directly Assignable- Psgr.         | 0          |
| Line 16 | Directly Assignable- Cargo         | 21,279     |
| Line 17 | Not Directly Assignable            | 0          |
| Line 18 | Total Traffic Servicing Exp.       | 21,279     |
|         | RESERVATIONS AND SALES EXPENSE:    |            |
| Line 20 | Directly Assignable- Psgr.         | 0          |
| Line 21 | Directly Assignable- Cargo         | 51,496     |
| Line 22 | Not Directly Assignable            | 0          |
| Line 23 | Total Reservat. & Sales Exp.       | 51,496     |
|         | ADVERTISING & PUBLICITY EXPENSE:   |            |
| Line 25 | Directly Assignable- Psgr.         | 0          |
| Line 26 | Directly Assignable- Cargo         | 0          |
| Line 27 | Not Directly Assignable            | 0          |
| Line 28 | Total Advertising & Prom. Exp      | 0          |
| Line 29 | GENERAL & ADMINISTRATIVE EXPENSE   | 2,213,586  |
|         | MAINT. & DEPREC. -GROUND PROP.&EQ. |            |
| Line 31 | Maintenance Ground Prop.&Eqpt.     | -83,409    |
| Line 32 | Depreciation Ground Prop.&Eqpt     | -94,087    |
| Line 33 | Total Maint.&Depr.- Ground P&E     | -177,496   |
| Line 34 | DEPR. EXPENSE - MAINTENANCE EQ.    | 239,205    |
| Line 35 | AMORT. (OTHER THAN FLIGHT EQ.)     | 205,245    |
| Line 36 | TOTAL SVCING, SALES & GEN.OP.EXP.  | 4,624,165  |
| Line 37 | TRANSPORT RELATED EXPENSES         | -211,081   |
| Line 38 | TOTAL OPERATING EXPENSES           | 60,931,678 |

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-7

Air Carrier: DHL Airways  
 Operation : Domestic ERD

| LINE#   | DESCRIPTION                        | AMOUNT     |
|---------|------------------------------------|------------|
|         | AIRCRAFT OPER. EXPENSES (DIRECT)   |            |
| Line 2  | Aircraft Operating Expenses        | 47,044,446 |
|         | SERV., SALES & GEN.OP.(INDIRECT)   |            |
|         | PASSENGER SERVICE EXPENSE:         |            |
| Line 5  | Flight Attendant Expense           | 0          |
| Line 6  | Food Expense                       | 0          |
| Line 7  | Other In-Flight Expense            | 0          |
| Line 8  | Total Passenger Service Exp.       | 0          |
|         | PASSENGER SERVICING EXPENSE:       |            |
| Line 10 | Line Servicing Expense             | 387,923    |
| Line 11 | Control Expense                    | 1,398,197  |
| Line 12 | Landing Fees                       | 4,859      |
| Line 13 | Total Aircraft Servicing Exp.      | 1,790,979  |
|         | TRAFFIC SERVICING EXPENSE:         |            |
| Line 15 | Directly Assignable- Psgr.         | 0          |
| Line 16 | Directly Assignable- Cargo         | 12,216     |
| Line 17 | Not Directly Assignable            | 0          |
| Line 18 | Total Traffic Servicing Exp.       | 12,216     |
|         | RESERVATIONS AND SALES EXPENSE:    |            |
| Line 20 | Directly Assignable- Psgr.         | 0          |
| Line 21 | Directly Assignable- Cargo         | 11,500     |
| Line 22 | Not Directly Assignable            | 0          |
| Line 23 | Total Reservat. & Sales Exp.       | 11,500     |
|         | ADVERTISING & PUBLICITY EXPENSE:   |            |
| Line 25 | Directly Assignable- Psgr.         | 0          |
| Line 26 | Directly Assignable- Cargo         | 0          |
| Line 27 | Not Directly Assignable            | 0          |
| Line 28 | Total Advertising & Prom. Exp      | 0          |
| Line 29 | GENERAL & ADMINISTRATIVE EXPENSE   | 1,931,959  |
|         | MAINT. & DEPREC. -GROUND PROP.&EQ. |            |
| Line 31 | Maintenance Ground Prop.&Eqpt.     | -66,360    |
| Line 32 | Depreciation Ground Prop.&Eqpt     | -33,169    |
| Line 33 | Total Maint.&Depr.- Ground P&E     | -99,529    |
| Line 34 | DEPR. EXPENSE - MAINTENANCE EQ.    | 200,081    |
| Line 35 | AMORT. (OTHER THAN FLIGHT EQ.)     | 129,760    |
| Line 36 | TOTAL SVCING, SALES & GEN.OP.EXP.  | 3,976,966  |
| Line 37 | TRANSPORT RELATED EXPENSES         | -2,806     |
| Line 38 | TOTAL OPERATING EXPENSES           | 51,018,606 |

OPERATING EXPENSES BY FUNCTIONAL GROUPING

Quarter Ended: March 31, 2002  
 Schedule P-7

Air Carrier: DHL Airways  
 Operation : Atlantic ERA

| LINE#   | DESCRIPTION                        | AMOUNT    |
|---------|------------------------------------|-----------|
|         | AIRCRAFT OPER. EXPENSES (DIRECT)   |           |
| Line 2  | Aircraft Operating Expenses        | 1,063,525 |
|         | SERV., SALES & GEN.OP.(INDIRECT)   |           |
|         | PASSENGER SERVICE EXPENSE:         |           |
| Line 5  | Flight Attendant Expense           | 0         |
| Line 6  | Food Expense                       | 0         |
| Line 7  | Other In-Flight Expense            | 0         |
| Line 8  | Total Passenger Service Exp.       | 0         |
|         | PASSENGER SERVICING EXPENSE:       |           |
| Line 10 | Line Servicing Expense             | 12,856    |
| Line 11 | Control Expense                    | 23,894    |
| Line 12 | Landing Fees                       | 0         |
| Line 13 | Total Aircraft Servicing Exp.      | 36,750    |
|         | TRAFFIC SERVICING EXPENSE:         |           |
| Line 15 | Directly Assignable- Psgr.         | 0         |
| Line 16 | Directly Assignable- Cargo         | 10        |
| Line 17 | Not Directly Assignable            | 0         |
| Line 18 | Total Traffic Servicing Exp.       | 10        |
|         | RESERVATIONS AND SALES EXPENSE:    |           |
| Line 20 | Directly Assignable- Psgr.         | 0         |
| Line 21 | Directly Assignable- Cargo         | 78        |
| Line 22 | Not Directly Assignable            | 0         |
| Line 23 | Total Reservat. & Sales Exp.       | 78        |
|         | ADVERTISING & PUBLICITY EXPENSE:   |           |
| Line 25 | Directly Assignable- Psgr.         | 0         |
| Line 26 | Directly Assignable- Cargo         | 0         |
| Line 27 | Not Directly Assignable            | 0         |
| Line 28 | Total Advertising & Prom. Exp      | 0         |
| Line 29 | GENERAL & ADMINISTRATIVE EXPENSE   | 24,711    |
|         | MAINT. & DEPREC. -GROUND PROP.&EQ. |           |
| Line 31 | Maintenance Ground Prop.&Eqpt.     | -2,527    |
| Line 32 | Depreciation Ground Prop.&Eqpt     | -51,868   |
| Line 33 | Total Maint.&Depr.- Ground P&E     | -54,395   |
| Line 34 | DEPR. EXPENSE - MAINTENANCE EQ.    | 3,354     |
| Line 35 | AMORT. (OTHER THAN FLIGHT EQ.)     | 53,222    |
| Line 36 | TOTAL SVCING,SALES & GEN.OP.EXP.   | 63,730    |
| Line 37 | TRANSPORT RELATED EXPENSES         | -204,617  |
| Line 38 | TOTAL OPERATING EXPENSES           | 922,638   |

# Planning in an Uncertain Environment: An Integrator's Perspective

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Tim Howard  
Senior Manager, FP&A  
DHL Worldwide Express  
March 13, 2002



# DHL Holdings, Inc. (USA)

- Wholly-owned subsidiary of DHL International (Brussels)
- Responsible for selling, transporting and servicing shipments originating in the U.S.
- Seamless delivery of shipments destined to the U.S. from abroad
- Own a minority stake of DHL Airways



Slide 2 of 13

# Key Point: Risk Is Not New

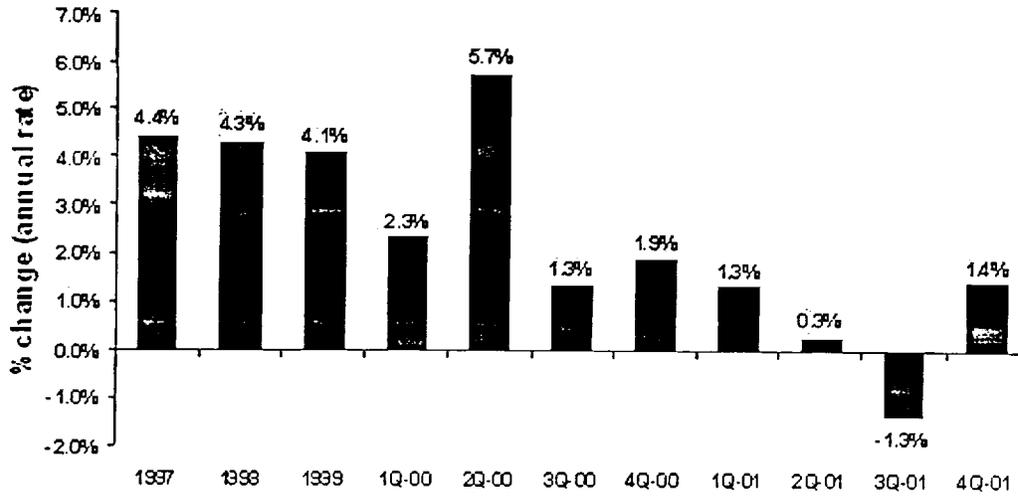
## Content:

- **Uncertainties facing integrators**
  - **Economic slowdown**
  - **Continued impact of 9-11**
  - **Increased competition**
  - **Changing customer needs**
- **DHL's revenue planning process**
- **Conclusions**



Slide 3 of 13

# US GDP



Source: Department of Commerce

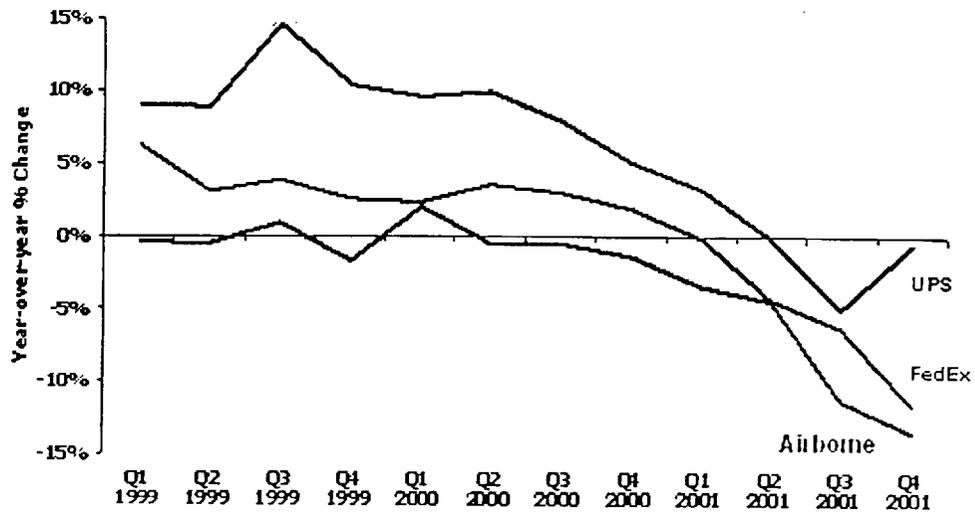
The economy began slowing in the second half of 2000.



Slide 4 of 13



# U.S. Domestic Express Shipments



Source: company financial reports

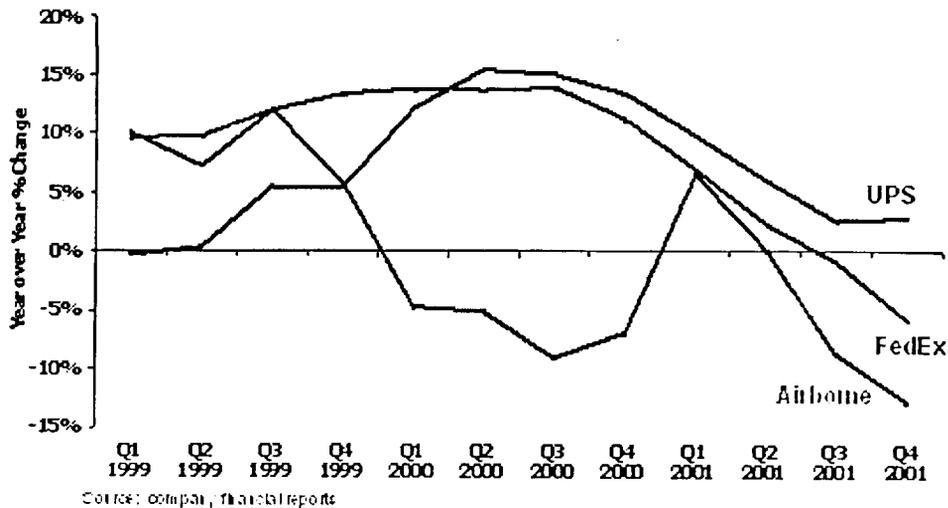
2001 was a tough year for everyone.



Slide 5 of 13



# Int'l Express Shipments

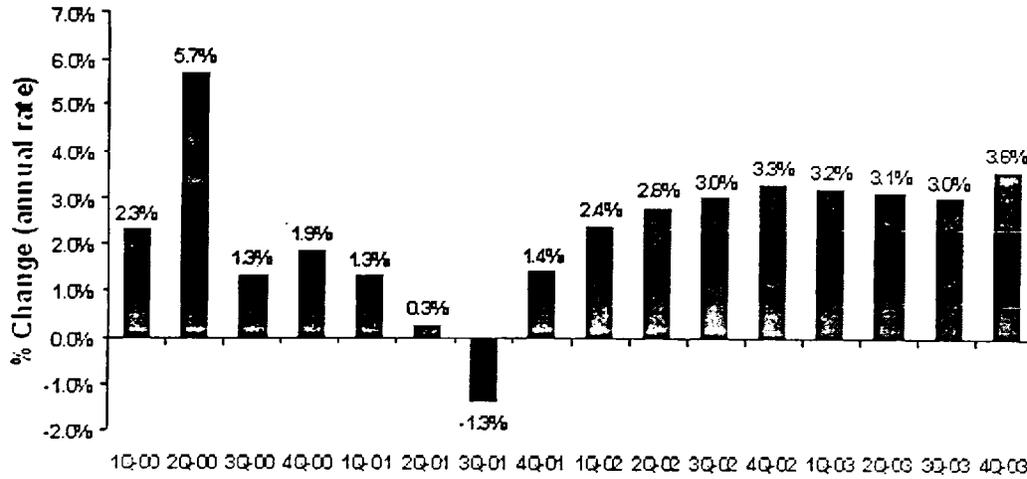


International express is not immune from the risk of slowing economies.



Slide 6 of 13

# US GDP Forecast



Source: Department of Commerce; Daiwa Securities America

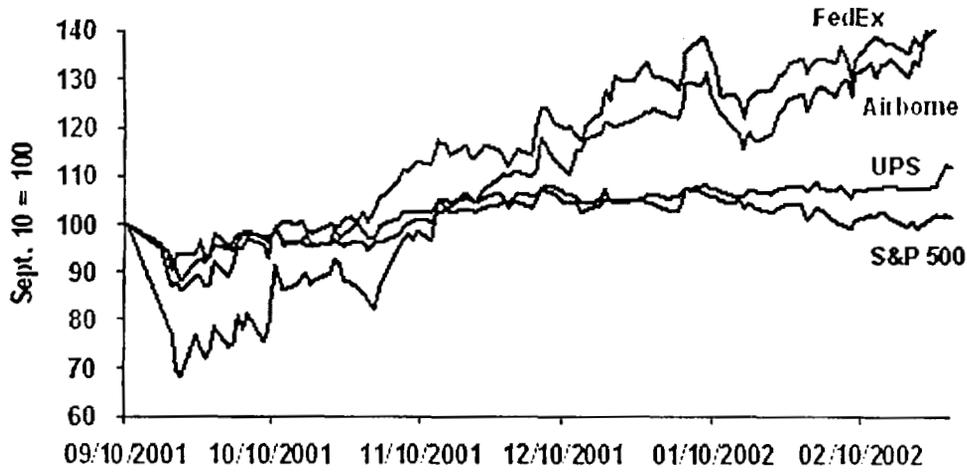
The economy is expected to be back on track in 2002.



Slide 7 of 13



# Stock Prices



Source: Yahoo!Finance

Integrators are expected to recover relatively fast from Sept. 11.

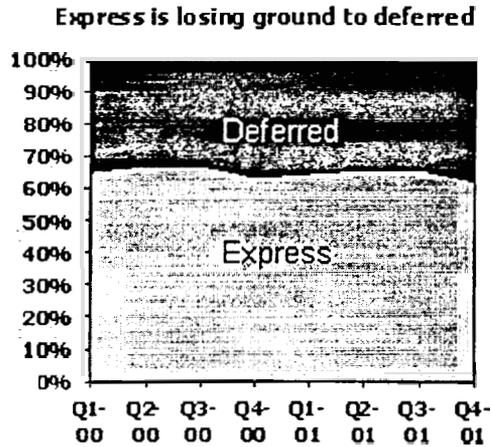


Slide 8 of 13



# Customer Needs

- Technology influence
- Time definite vs. express →
- One-stop shopping / product bundling



Changing customer needs is a source of uncertainty for integrators.



Slide 9 of 13

# DHL's Revenue Forecasting Process

- **Technical forecast - revenue group**
  - **Emersion in detailed data**
  - **Model trends and seasonality**
  - **Explicitly incorporate economic & competitive environment**
  - **Heavy dose of judgment**
  - **Call-out risks**
  - **Variance analysis, follow-up**



Slide 10 of 13

## DHL's Revenue Forecasting Process (con't)

- Incorporate sales & marketing manager's insight
  - Know the pulse of their customers
  - Spot competitive shifts early
  - Advise of upcoming promotions and sales strategies

Historical data do not reveal everything we need to know to forecast the future.



Slide 11 of 13

## DHL's Revenue Forecasting Process (con't)

- Blended forecast approach has proven quite successful
  - More accurate predictions
  - Heightened sales commitment to achieving planned results
  - Better able to make mid-course corrections to realize plans

DHL's revenue planning process reduces the risk of unexpected outcomes.



Slide 12 of 13



# Expect the Unexpected

- Understand the most important risks and monitor their indicators
  - Economic
  - Competitive
  - Regulatory
- Develop contingency plans in advance
- Adapt quickly to unanticipated structural change



|         |   |  |
|---------|---|--|
| FCC 603 | <b>FCC Wireless Telecommunications Bureau</b><br><b>Application for Assignments of Authorization</b><br><b>and Transfers of Control</b> | Approved by OMB<br>3060 - 0800<br>See instructions for<br>public burden estimate |
|         | [Handwritten: DTH, 1000 MHz, 2/27/01]   | Submitted 02/27/2001<br>at 01:00PM   |
|         |   | File Number:<br><b>0000480919</b>  |

1) Application Purpose: **Assignment of Authorization**

2a) If this request is for an Amendment or Withdrawal, enter the File Number of the pending application currently on file with the FCC. File Number: \_\_\_\_\_

2b) File numbers of related pending applications currently on file with the FCC: \_\_\_\_\_

**Type of Transaction**

3a) Is this a *pro forma* assignment of authorization or transfer of control? **Yes**

3b) If the answer to Item 3a is "Yes", is this a notification of a *pro forma* transaction being filed under the Commission's forbearance procedures for telecommunications licenses? **No**

4) For assignment of authorization only, is this a partition and/or disaggregation? **No**

5a) Does this filing request a waiver of the Commission rules? **No**  
 If "Yes", attach an exhibit providing the rule numbers and explaining circumstances. **No**

5b) If a feeable waiver request is attached, multiply the number of stations (call signs) times the number of rule sections and enter the result. \_\_\_\_\_

6) Are attachments being filed with this application? **Yes**

7a) Does the transaction that is the subject of this application also involve transfer or assignment of other wireless licenses held by the assignor/transferee or affiliates of the assignor/transferee (e.g., parents, subsidiaries, or commonly controlled entities) that are not included on this form and for which Commission approval is required? **No**

7b) Does the transaction that is the subject of this application also involve transfer or assignment of non-wireless licenses that are not included on this form and for which Commission approval is required? **No**

**Transaction Information**

8) How will assignment of authorization or transfer of control be accomplished? **Sale or other assignment or transfer of stock**  
 If required by applicable rule, attach as an exhibit a statement on how control is to be assigned or transferred, along with copies of any pertinent contracts, agreements, instruments, certified copies of Court Orders, etc.

9) The assignment of authorization or transfer of control of license is: **Voluntary**

**Licensee/Assignor Information**

10) FCC Registration Number (FRN): **0001516756**

11) First Name (if individual): \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix: \_\_\_\_\_

12) Entity Name (if not an individual): **DHL Airways Inc.**

13) Attention To: **TERRY SHERLIN**

14) P.O. Box: **75122** And / Or \_\_\_\_\_ 15) Street Address: \_\_\_\_\_

16) City: **CINCINNATI** 17) State: **OH** 18) Zip Code: **45275**

19) Telephone Number: **(859)283-2232** 20) FAX Number: **(859)525-1998**

21) E-Mail Address: \_\_\_\_\_

**22) Race, Ethnicity, Gender of Assignor/Licensee (Optional)**

|            |                                   |                         |                            |  |        |
|------------|-----------------------------------|-------------------------|----------------------------|--|--------|
| Race:      | American Indian or Alaska Native: | Asian:                  | Black or African-American: | Native Hawaiian or Other Pacific Islander: | White: |
| Ethnicity: | Hispanic or Latino:               | Not Hispanic or Latino: |                            |  |        |
| Gender:    | Female:                           | Male:                   |                            |  |        |

**Transferor Information (for transfers of control only)**

|   |          |                     |               |
|---|----------|---------------------|---------------|
| 23) FCC Registration Number (FRN):      |          |                     |               |
| 24) First Name (if individual):         | MI:      | Last Name:          | Suffix:       |
| 25) Entity Name (if not an individual): |          |                     |               |
| 26) P.O. Box:                           | And / Or | 27) Street Address: |               |
| 28) City:                               |          | 29) State:          | 30) Zip Code: |
| 31) Telephone Number:                   |          | 32) FAX Number:     |               |
| 33) E-Mail Address:                     |          |                     |               |

**Name of Transferor Contact Representative (if other than Transferor) (for transfers of control only)**

|                       |          |                     |               |
|-----------------------|----------|---------------------|---------------|
| 34) First Name:       | MI:      | Last Name:          | Suffix:       |
| 35) Company Name:     |          |                     |               |
| 36) P.O. Box          | And / Or | 37) Street Address: |               |
| 38) City:             |          | 39) State:          | 40) Zip Code: |
| 41) Telephone Number: |          | 42) FAX Number:     |               |
| 43) E-Mail Address:   |          |                     |               |

**Assignee/Transferee Information**

|   |          |  |                     |
|---|----------|--|---------------------|
| 44) The Assignee is a(n) Corporation                                  |          |  |                     |
| 45) FCC Registration Number (FRN):                                    |          |  |                     |
| 46) First Name (if individual):                                       | MI:      | Last Name:                                     | Suffix:             |
| 47) Entity Name (if other than individual): DHL WORLDWIDE EXPRESS INC |          |  |                     |
| 48) Name of Real Party in Interest:                                   |          |  | 49) TIN:            |
| 50) Attention To: SHAWN FARSCHI                                       |          |  |                     |
| 51) P.O. Box:   | And / Or | 52) Street Address: 50 CALIFORNIA ST SUITE 500 |                     |
| 53) City: SAN FRANCISCO   |          | 54) State: CA                                  | 55) Zip Code: 94111 |
| 56) Telephone Number: (415)677-6537                                   |          | 57) FAX Number: (415)677-7265                  |                     |
| 58) E-Mail Address:   |          |  |                     |

**Name of Assignee/Transferee Contact Representative (if other than Assignee/Transferee)**

|                       |          |                     |               |
|-----------------------|----------|---------------------|---------------|
| 59) First Name:       | MI:      | Last Name:          | Suffix:       |
| 60) Company Name:     |          |                     |               |
| 61) P.O. Box:         | And / Or | 62) Street Address: |               |
| 63) City:             |          | 64) State:          | 65) Zip Code: |
| 66) Telephone Number: |          | 67) FAX Number:     |               |
| 68) E-Mail Address:   |          |                     |               |

**Alien Ownership Questions**

|  |    |
|--|----|
| 69) Is the Assignee or Transferee a foreign government or the representative of any foreign government?  | No |
| 70) Is the Assignee or Transferee an alien or the representative of an alien?  |    |
| 71) Is the Assignee or Transferee a corporation organized under the laws of any foreign government?  |    |
| 72) Is the Assignee or Transferee a corporation of which more than one-fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?   |    |
| 73) Is the Assignee or Transferee directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country? If "Yes", attach exhibit explaining nature and extent of alien or foreign ownership or control. |    |

**Basic Qualification Questions**

|   |    |
|---|----|
| 74) Has the Assignee or Transferee or any party to this application had any FCC station authorization, license or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license, construction permit denied by the Commission? If "Yes", attach exhibit explaining circumstances.  | No |
| 75) Has the Assignee or Transferee or any party to this application, or any party directly or indirectly controlling the Assignee or Transferee, or any party to this application ever been convicted of a felony by any state or federal court? If "Yes", attach exhibit explaining circumstances.   | No |
| 76) Has any court finally adjudged the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or unfair methods of competition? If "Yes", attach exhibit explaining circumstances. | No |
| 77) Is the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee currently a party in any pending matter referred to in the preceding two items? If "Yes", attach exhibit explaining circumstances.  | No |

**78) Race, Ethnicity, Gender of Assignee/Transferee (Optional)**

|            |                                   |                         |                            |  |        |
|------------|-----------------------------------|-------------------------|----------------------------|--|--------|
| Race:      | American Indian or Alaska Native: | Asian:                  | Black or African-American: | Native Hawaiian or Other Pacific Islander: | White: |
| Ethnicity: | Hispanic or Latino:               | Not Hispanic or Latino: |                            |  |        |
| Gender:    | Female:                           | Male:                   |                            |  |        |

**Assignor/Transferor Certification Statements**

|  |       |                     |         |
|--|-------|---------------------|---------|
| 1) The Assignor or Transferor certifies either (1) that the authorization will not be assigned or that control of the license will not be transferred until the consent of the Federal Communications Commission has been given, or (2) that prior Commission consent is not required because the transaction is subject to streamlined notification procedures for <i>pro forma</i> assignments and transfers by telecommunications carriers. See <i>Memorandum Opinion and Order</i> , 13 FCC Red. 6293(1998). |       |                     |         |
| 2) The Assignor or Transferor certifies that all statements made in this application and in the exhibits, attachments, or in documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith.  |       |                     |         |
| 79) Typed or Printed Name of Party Authorized to Sign  |       |                     |         |
| First Name: VICTOR   | MI: A | Last Name: GUINASSO | Suffix: |
| 80) Title: CEO DHL AIRWAYS INC   |       |                     |         |
| Signature: VICTOR A GUINASSO   |       | 81) Date: 02/27/01  |         |

**Assignee/Transferee Certification Statements**

|   |  |
|---|--|
| 1) The Assignee or Transferee certifies either (1) that the authorization will not be assigned or that control of the license will not be transferred until the consent of the Federal Communications Commission has been given, or (2) that prior Commission consent is not required because the transaction is subject to streamlined notification procedures for <i>pro forma</i> assignments and transfers by telecommunications carriers. See <i>Memorandum Opinion and Order</i> , 13 FCC Red. 6293 (1998). |  |
| 2) The Assignee or Transferee waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests an authorization in accordance with this application.  |  |
| 3) The Assignee or Transferee certifies that grant of this application would not cause the Assignee or Transferee to be in violation of any pertinent cross-ownership, attribution, or spectrum cap rule.*<br>*If the applicant has sought a waiver of any such rule in connection with this application, it may make this certification subject to the outcome of the waiver request.  |  |
| 4) The Assignee or Transferee agrees to assume all obligations and abide by all conditions imposed on the Assignor or Transferor under the subject authorization(s), unless the Federal Communications Commission pursuant to a request made herein otherwise allows, except for liability for any act done by, or any right accrued by, or any suit or proceeding had or commenced against the Assignor or Transferor prior to this assignment.  |  |
| 5) The Assignee or Transferee certifies that all statements made in this application and in the exhibits, attachments, or in documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith.   |  |
| 6) The Assignee or Transferee certifies that neither it nor any other party to the application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998, 21 U.S.C. § 862, because of a conviction for possession or distribution of a controlled substance. See Section 1.2002(b) of the rules, 47 CFR § 1.2002(b), for the definition of "party to the application" as used in this certification.   |  |
| 7) The applicant certifies that it either (1) has an updated Form 602 on file with the Commission, (2) is filing an updated Form 602 simultaneously with this application, or (3) is not required to file Form 602 under the Commission's rules.  |  |

**82) Typed or Printed Name of Party Authorized to Sign**

|  |       |                     |         |
|--|-------|---------------------|---------|
| First Name: VICTOR   | MI: A | Last Name: GUINASSO | Suffix: |
| 83) Title: CEO DHL WORLDWIDE EXPRESS INC   |       |                     |         |
| Signature: VICTOR A GUINASSO   |       | 84) Date: 02/27/01  |         |
| WILLFUL FALSE STATEMENTS MADE ON THIS FORM OR ANY ATTACHMENTS ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. Code, Title 18, Section 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)), AND/OR FORFEITURE (U.S. Code, Title 47, Section 503). |       |                     |         |

**Authorizations To Be Assigned or Transferred**

| 85) Call Sign | 86) Radio Service | 87) Location Number | 88) Path Number (Microwave only) | 89) Lower or Center Frequency (MHz) | 90) Upper Frequency (MHz) | 91) Constructed Yes / No |
|---------------|-------------------|---------------------|----------------------------------|-------------------------------------|---------------------------|--------------------------|
| KNBL723       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNIS232       | AL                |                     |                                  |                                     |                           | Yes                      |
| WRH204        | AL                |                     |                                  |                                     |                           | Yes                      |
| WRE424        | AL                |                     |                                  |                                     |                           | Yes                      |
| WNSN712       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNSM289       | AL                |                     |                                  |                                     |                           | Yes                      |
| WPDZ958       | AL                |                     |                                  |                                     |                           | Yes                      |
| WPFC238       | AL                |                     |                                  |                                     |                           | Yes                      |
| KFY993        | AL                |                     |                                  |                                     |                           | Yes                      |
| WNVR894       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNGS442       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNIS322       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNIS233       | AL                |                     |                                  |                                     |                           | Yes                      |

|                            |   |  |
|----------------------------|---|--|
| FCC Form 603<br>Schedule A | Schedule for Assignments of Authorization<br>and Transfers of Control in Auctioned Services | Approved by OMB<br>3060 - 0800<br>See instructions for public<br>burden estimate |
|----------------------------|---|--|

**Assignments of Authorization**

**1) Assignee Eligibility for Installment Payments (for assignments of authorization only)**

Is the Assignee claiming the same category or a smaller category of eligibility for installment payments as the Assignor (as determined by the applicable rules governing the licenses issued to the Assignor)?

If "Yes", is the Assignee applying for installment payments?

**2) Gross Revenues and Total Assets Information (if required) (for assignments of authorization only)**

Refer to applicable auction rules for method to determine required gross revenues and total assets information

|                                 |                       |                       |               |
|---------------------------------|-----------------------|-----------------------|---------------|
| Year 1 Gross Revenues (current) | Year 2 Gross Revenues | Year 3 Gross Revenues | Total Assets: |
|---------------------------------|-----------------------|-----------------------|---------------|

**3) Certification Statements**

**For Assignees Claiming Eligibility as an Entrepreneur Under the General Rule**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

**For Assignees Claiming Eligibility as a Publicly Traded Corporation**

Assignee certifies that they are eligible to obtain the licenses for which they apply and that they comply with the definition of a Publicly Traded Corporation, as set out in the applicable FCC rules.

**For Assignees Claiming Eligibility Using a Control Group Structure**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

Assignee certifies that the applicant's sole control group member is a pre-existing entity, if applicable.

**For Assignees Claiming Eligibility as a Very Small Business, Very Small Business Consortium, Small Business, or as a Small Business Consortium**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

Assignee certifies that the applicant's sole control group member is a pre-existing entity, if applicable.

**For Assignees Claiming Eligibility as a Rural Telephone Company**

Assignee certifies that they meet the definition of a Rural Telephone Company as set out in the applicable FCC rules, and must disclose all parties to agreement(s) to partition licenses won in this auction. See applicable FCC rules.

**Transfers of Control**

**4) Licensee Eligibility (for transfers of control only)**

As a result of transfer of control, must the licensee now claim a larger or higher category of eligibility than was originally declared?

declared?  
If "Yes", the new category of eligibility of the licensee is:

**Certification Statement for Transferees**

Transferee certifies that the answers provided in Item 4 are true and correct.

**Attachment List**

| Attachment Type | Date     | Description      | Contents                      |
|-----------------|----------|------------------|-------------------------------|
| Other           | 02/27/01 | OTHER ATTACHMENT | 0176580940844726698201230.pdf |

## DESCRIPTION OF TRANSACTION

This application seeks Commission approval for the pro forma assignment of certain licenses currently held by DHL Airways, Inc. ("Airways") to DHL Worldwide Express, Inc. ("Express"), a newly created, wholly owned subsidiary of Airways. This assignment is part of a reorganization of the existing DHL corporate structure. Currently, Airways, a Nevada corporation, operates the integrated DHL air express package delivery business, including both airline and ground operations. After the reorganization, Airways will operate the airline operations, and the ground operations will be operated by Express, a Delaware corporation.

Following the restructuring, all airline operations and assets, including aircraft licenses and aviation radionavigation licenses, will be retained by Airways. All ground operations and assets, including the land mobile radio licenses, that are used in the package delivery business will be transferred to Airways' new subsidiary, Express.

Airways is a wholly owned subsidiary of DHL Holdings (USA), Inc. ("Holdings"). No individual shareholder holds a majority voting interest in Holdings.<sup>1/</sup> DHL Worldwide Express B.V. ("Express B.V.") has an approximately 52% equity interest, but only a 22.8% voting interest, in Holdings. Express B.V., in turn, is wholly owned by DHL International Limited ("DHLI").

---

<sup>1/</sup> Larry L. Hillblom, one of the founders, owned and controlled approximately 62% of the shares of the entity now known as Holdings at the time of his death in 1995. In 1998, that entity acquired his interest from his estate.

**Certification under Anti-Drug Abuse Act of 1988**

DHL Airways, Inc. ("Airways") and DHL Worldwide Express, Inc. ("Express") certify that none of their officers, directors, or individual shareholders holding 5% or more of the outstanding stock is subject to a denial of federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance.

Express will be a wholly owned subsidiary of Airways. Airways is a wholly owned subsidiary of DHL Holdings (USA), Inc. ("Holdings"). Only three individuals (as opposed to corporations) will have a 5% or greater interest in Holdings: William A. Robinson (24.9% equity, 43.2% voting); John J. Atwood, Jr. (8.5% equity, 14.7% voting); and Kenneth D. Sato (4% equity, 7% voting). None of them is subject to a denial of federal benefits. The remaining shareholders with 5% or greater interests in Holdings are corporations. Applicants have ascertained that, applying the multiplier rule in 47 C.F.R. § 73.3555 note 2(d), which is applicable to certifications under the Anti-Drug Abuse Act, see Report and Order, *Amendment of Part 1 of the Commission's Rules to Implement Section 5301 of the Anti-Drug Abuse Act of 1988*, 6 FCC Rcd 7551 ¶ 16 n.36 (1991), no individual shareholder of any such corporate investor in Holdings would be attributable for these purposes.

WILMER, CUTLER & PICKERING

2445 M STREET, N.W.  
WASHINGTON, D.C. 20037-1420

TELEPHONE (202) 663-6000  
FACSIMILE (202) 663-6363  
WWW.WILMER.COM

MARK S. MORELLI  
DIRECT LINE (202) 663-6990  
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100 LIGHT STREET  
BALTIMORE, MD 21203  
TELEPHONE (410) 966-2600  
FACSIMILE (410) 966-2626

520 MADISON AVENUE  
NEW YORK, NY 10022  
TELEPHONE (212) 230-8800  
FACSIMILE (212) 230-8888

4 CARLTON GARDENS  
LONDON SW1Y 5AA  
TELEPHONE 011 44 20 7772 1000  
FACSIMILE 011 44 20 7739 3937

RUE DE LA LOI 18 WETSTRAAT  
B-1040 BRUSSELS  
TELEPHONE 011 32 21 285 4900  
FACSIMILE 011 32 21 285 4949

FRIEDRICHSTRASSE 66  
D-10117 BERLIN  
TELEPHONE 011 49 30 2022 8400  
FACSIMILE 011 49 30 2022 8500

May 8, 2001



Ms. Kelly Lawver  
Federal Communications Commission  
1270 Fairfield Road  
Gettysburg, PA 17325-7245

Re: KEY993, KNBL723, WNGS442, WNIS232, WNIS233, WNIS322, WNMK289,  
WNSN712, WNVN894, WPDZ958, WPFC238, WRE424, WRH204

Dear Ms. Lawver:

I am writing to you regarding the application filed on February 27, 2001 by licensee DHL Airways, Inc. for the pro forma assignment of the above-referenced land mobile licenses to its newly created, wholly owned subsidiary, DHL Worldwide Express. The Commission granted special temporary authority (STA) for the assignment on February 28, 2001. The parties consummated the assignment, also on February 28, 2001.

*Feb 2001*

We understand that the Commission has been unable to locate copies of the underlying application for the assignment. As requested by Commission staff, we have attached a date-stamped photocopy of the February 27 application (with original signatures added), along with a copy of the STA request.

In addition, I have enclosed a copy of the 603 Schedule D, informing the Commission that the assignment was consummated on February 28, 2001. We have been unable to complete the form because the applications do not have a file number.

Please let me know if you need additional information.

Sincerely,

Mark S. Morelli

|                |   |  |
|----------------|---|--|
| <b>FCC 603</b> | <b>FCC Wireless Telecommunications Bureau<br/>Application for Assignments of Authorization<br/>and Transfers of Control</b> | Approved by OMB<br>3060 - 0800<br>See instructions for<br>public burden estimate |
|                | <i>(Handwritten: 10-12-2001)</i>  | Submitted 10/12/2001<br>at 03:15PM   |
|                |   | File Number:<br><b>000557562</b>   |

1) Application Purpose: **Amendment**

2a) If this request is for an Amendment or Withdrawal, enter the File Number of the pending application currently on file with the FCC. File Number:  
**000557562**

2b) File numbers of related pending applications currently on file with the FCC:

**Type of Transaction**

3a) Is this a *pro forma* assignment of authorization or transfer of control? **No**

3b) If the answer to Item 3a is 'Yes', is this a notification of a *pro forma* transaction being filed under the Commission's forbearance procedures for telecommunications licenses?

4) For assignment of authorization only, is this a partition and/or disaggregation?

5a) Does this filing request a waiver of the Commission rules?  
If 'Yes', attach an exhibit providing the rule numbers and explaining circumstances. **No**

5b) If a feeable waiver request is attached, multiply the number of stations (call signs) times the number of rule sections and enter the result.

6) Are attachments being filed with this application? **Yes**

7a) Does the transaction that is the subject of this application also involve transfer or assignment of other wireless licenses held by the assignor/transferor or affiliates of the assignor/transferor (e.g., parents, subsidiaries, or commonly controlled entities) that are not included on this form and for which Commission approval is required? **Yes**

7b) Does the transaction that is the subject of this application also involve transfer or assignment of non-wireless licenses that are not included on this form and for which Commission approval is required? **No**

**Transaction Information**

8) How will assignment of authorization or transfer of control be accomplished? **Sale or other assignment or transfer of stock**  
If required by applicable rule, attach as an exhibit a statement on how control is to be assigned or transferred, along with copies of any pertinent contracts, agreements, instruments, certified copies of Court Orders, etc.

9) The assignment of authorization or transfer of control of license is: **Voluntary**

**Licensee/Assignor Information**

10) FCC Registration Number (FRN): **0005748595**

11) First Name (if individual):  MI:  Last Name:  Suffix:

12) Entity Name (if not an individual): **DHL WORLDWIDE EXPRESS INC**

13) Attention To: **SHELLEY WARD**

14) P.O. Box:  And / Or  15) Street Address: **333 TWIN DOG PHIN DR THIRD FLOOR**

16) City: **REDWOOD CITY** 17) State: **CA** 18) Zip Code: **94065**

19) Telephone Number: **(650)802-4934** 20) FAX Number: **(650)508-5003**

21) E-Mail Address:

**22) Race, Ethnicity, Gender of Assignor/Licensee (Optional)**

|            |                                   |                         |                            |  |        |
|------------|-----------------------------------|-------------------------|----------------------------|--|--------|
| Race:      | American Indian or Alaska Native: | Asian:                  | Black or African-American: | Native Hawaiian or Other Pacific Islander: | White: |
| Ethnicity: | Hispanic or Latino:               | Not Hispanic or Latino: |                            |  |        |
| Gender:    | Female:                           | Male:                   |                            |  |        |

**Transferor Information (for transfers of control only)**

|   |          |                               |                     |
|---|----------|-------------------------------|---------------------|
| 23) FCC Registration Number (FRN): 0004512158             |          |                               |                     |
| 24) First Name (if individual):                           | MI:      | Last Name:                    | Suffix:             |
| 25) Entity Name (if not an individual): DILL Airways Inc. |          |                               |                     |
| 26) P.O. Box: 75122                                       | And / Or | 27) Street Address:           |                     |
| 28) City: CINCINNATI                                      |          | 29) State: OH                 | 30) Zip Code: 45275 |
| 31) Telephone Number: (859)283-2232                       |          | 37) FAX Number: (859)525-1998 |                     |
| 33) E-Mail Address:                                       |          |                               |                     |

**Name of Transferor Contact Representative (if other than Transferor) (for transfers of control only)**

|                       |          |                     |               |
|-----------------------|----------|---------------------|---------------|
| 34) First Name:       | MI:      | Last Name:          | Suffix:       |
| 35) Company Name:     |          |                     |               |
| 36) P.O. Box:         | And / Or | 37) Street Address: |               |
| 38) City:             |          | 39) State:          | 40) Zip Code: |
| 41) Telephone Number: |          | 42) FAX Number:     |               |
| 43) E-Mail Address:   |          |                     |               |

**Assignee/Transferee Information**

|  |          |                               |                     |
|--|----------|-------------------------------|---------------------|
| 44) The Assignee is a(n): Corporation                            |          |                               |                     |
| 45) FCC Registration Number (FRN):                               |          |                               |                     |
| 46) First Name (if individual):                                  | MI:      | Last Name:                    | Suffix:             |
| 47) Entity Name (if other than individual): DHL HOLDINGS USA INC |          |                               |                     |
| 48) Name of Real Party in Interest:                              |          |                               | 49) TIN:            |
| 50) Attention To: TERRY SHERLIN                                  |          |                               |                     |
| 51) P.O. Box: 75122  | And / Or | 52) Street Address:           |                     |
| 53) City: CINCINNATI   |          | 54) State: OH                 | 55) Zip Code: 45275 |
| 56) Telephone Number: (859)283-2232                              |          | 57) FAX Number: (859)525-1998 |                     |
| 58) E-Mail Address:  |          |                               |                     |

**Name of Assignee/Transferee Contact Representative (if other than Assignee/Transferee)**

|                       |          |                     |               |
|-----------------------|----------|---------------------|---------------|
| 59) First Name:       | MI:      | Last Name:          | Suffix:       |
| 60) Company Name:     |          |                     |               |
| 61) P.O. Box:         | And / Or | 62) Street Address: |               |
| 63) City:             |          | 64) State:          | 65) Zip Code: |
| 66) Telephone Number: |          | 67) FAX Number:     |               |
| 68) E-Mail Address:   |          |                     |               |

**Alien Ownership Questions**

|  |    |
|--|----|
| 69) Is the Assignee or Transferee a foreign government or the representative of any foreign government?  | No |
| 70) Is the Assignee or Transferee an alien or the representative of an alien?  |    |
| 71) Is the Assignee or Transferee a corporation organized under the laws of any foreign government?  |    |
| 72) Is the Assignee or Transferee a corporation of which more than one-fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?   |    |
| 73) Is the Assignee or Transferee directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country? If "Yes", attach exhibit explaining nature and extent of alien or foreign ownership or control. |    |

**Basic Qualification Questions**

|   |    |
|---|----|
| 74) Has the Assignee or Transferee or any party to this application had any FCC station authorization, license or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license, construction permit denied by the Commission? If 'Yes', attach exhibit explaining circumstances.  | No |
| 75) Has the Assignee or Transferee or any party to this application, or any party directly or indirectly controlling the Assignee or Transferee, or any party to this application ever been convicted of a felony by any state or federal court? If 'Yes', attach exhibit explaining circumstances.   | No |
| 76) Has any court finally adjudged the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or unfair methods of competition? If 'Yes', attach exhibit explaining circumstances. | No |
| 77) Is the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee currently a party in any pending matter referred to in the preceding two items? If 'Yes', attach exhibit explaining circumstances.  | No |

**78) Race, Ethnicity, Gender of Assignee/Transferee (Optional)**

|            |                                   |        |                            |  |        |
|------------|-----------------------------------|--------|----------------------------|--|--------|
| Race:      | American Indian or Alaska Native: | Asian: | Black or African-American: | Native Hawaiian or Other Pacific Islander: | White: |
| Ethnicity: | Hispanic or Latino:               |        | Not Hispanic or Latino:    |  |        |
| Gender:    | Female:                           |        | Male:                      |  |        |

**Assignor/Transferor Certification Statements**

|  |
|--|
| 1) The Assignor or Transferor certifies either (1) that the authorization will not be assigned or that control of the license will not be transferred until the consent of the Federal Communications Commission has been given, or (2) that prior Commission consent is not required because the transaction is subject to streamlined notification procedures for <i>pro forma</i> assignments and transfers by telecommunications carriers. See <i>Memorandum Opinion and Order</i> , 13 FCC Rcd. 6293(1998). |
| 2) The Assignor or Transferor certifies that all statements made in this application and in the exhibits, attachments, or in documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith.  |
| 79) Typed or Printed Name of Party Authorized to Sign  |
| First Name: Terry   MI:   Last Name: Sherlin   Suffix:   |
| 80) Title: Manager, Flight Control   |
| Signature: Terry Sherlin   81) Date: 10/12/01  |

**Assignee/Transferee Certification Statements**

|   |
|---|
| 1) The Assignee or Transferee certifies either (1) that the authorization will not be assigned or that control of the license will not be transferred until the consent of the Federal Communications Commission has been given, or (2) that prior Commission consent is not required because the transaction is subject to streamlined notification procedures for <i>pro forma</i> assignments and transfers by telecommunications carriers. See <i>Memorandum Opinion and Order</i> , 13 FCC Rcd. 6293 (1998). |
| 2) The Assignee or Transferee waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests an authorization in accordance with this application.  |
| 3) The Assignee or Transferee certifies that grant of this application would not cause the Assignee or Transferee to be in violation of any pertinent cross-ownership, attribution, or spectrum cap rule.<br>*If the applicant has sought a waiver of any such rule in connection with this application, it may make this certification subject to the outcome of the waiver request.   |
| 4) The Assignee or Transferee agrees to assume all obligations and abide by all conditions imposed on the Assignor or Transferor under the subject authorization(s), unless the Federal Communications Commission pursuant to a request made herein otherwise allows, except for liability for any act done by, or any right accrued by, or any suit or proceeding had or commenced against the Assignor or Transferor prior to this assignment.  |
| 5) The Assignee or Transferee certifies that all statements made in this application and in the exhibits, attachments, or in documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith.   |
| 6) The Assignee or Transferee certifies that neither it nor any other party to the application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998, 21 U.S.C. § 862, because of a conviction for possession or distribution of a controlled substance. See Section 1.2002(b) of the rules, 47 CFR § 1.2002(b), for the definition of "party to the application" as used in this certification.   |
| 7) The applicant certifies that it either (1) has an updated Form 602 on file with the Commission, (2) is filing an updated Form 602 simultaneously with this application, or (3) is not required to file Form 602 under the Commission's rules.  |

**82) Typed or Printed Name of Party Authorized to Sign**

|   |
|---|
| First Name: Terry   MI:   Last Name: Sherlin   Suffix:  |
| 83) Title: Manager, Flight Control  |
| Signature: Terry Sherlin   84) Date: 10/12/01   |
| <b>WILLFUL FALSE STATEMENTS MADE ON THIS FORM OR ANY ATTACHMENTS ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. Code, Title 18, Section 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)), AND/OR FORFEITURE (U.S. Code, Title 47, Section 503).</b> |

**Authorizations To Be Assigned or Transferred**

| 85) Call Sign | 86) Radio Service | 87) Location Number | 88) Path Number (Microwave only) | 89) Lower or Center Frequency (MHz) | 90) Upper Frequency (MHz) | 91) Constructed Yes / No |
|---------------|-------------------|---------------------|----------------------------------|-------------------------------------|---------------------------|--------------------------|
| KNBL723       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNIS232       | AL                |                     |                                  |                                     |                           | Yes                      |
| WRH204        | AL                |                     |                                  |                                     |                           | Yes                      |
| WRE424        | AL                |                     |                                  |                                     |                           | Yes                      |
| WNSN712       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNNK289       | AL                |                     |                                  |                                     |                           | Yes                      |
| WPDZ958       | AL                |                     |                                  |                                     |                           | Yes                      |
| WPFC238       | AL                |                     |                                  |                                     |                           | Yes                      |
| KEY993        | AL                |                     |                                  |                                     |                           | Yes                      |
| WNVK894       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNIS233       | AL                |                     |                                  |                                     |                           | Yes                      |
| WNIS322       | AL                |                     |                                  |                                     |                           | Yes                      |

|                            |   |  |
|----------------------------|---|--|
| FCC Form 603<br>Schedule A | <b>Schedule for Assignments of Authorization<br/>and Transfers of Control in Auctioned Services</b> | Approved by OMB<br>3060 - 0800<br>See instructions for public<br>burden estimate |
|----------------------------|---|--|

**Assignments of Authorization**

**1) Assignee Eligibility for Installment Payments (for assignments of authorization only)**

Is the Assignee claiming the same category or a smaller category of eligibility for installment payments as the Assignor (as determined by the applicable rules governing the licenses issued to the Assignor)?

If "Yes", is the Assignee applying for installment payments?

**2) Gross Revenues and Total Assets Information (if required) (for assignments of authorization only)**

Refer to applicable auction rules for method to determine required gross revenues and total assets information

| Year 1 Gross Revenues (current) | Year 2 Gross Revenues | Year 3 Gross Revenues | Total Assets |
|---------------------------------|-----------------------|-----------------------|--------------|
|---------------------------------|-----------------------|-----------------------|--------------|

**3) Certification Statements**

**For Assignees Claiming Eligibility as an Entrepreneur Under the General Rule**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

**For Assignees Claiming Eligibility as a Publicly Traded Corporation**

Assignee certifies that they are eligible to obtain the licenses for which they apply and that they comply with the definition of a Publicly Traded Corporation, as set out in the applicable FCC rules.

**For Assignees Claiming Eligibility Using a Control Group Structure**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

Assignee certifies that the applicant's sole control group member is a pre-existing entity, if applicable.

**For Assignees Claiming Eligibility as a Very Small Business, Very Small Business Consortium, Small Business, or as a Small Business Consortium**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

Assignee certifies that the applicant's sole control group member is a pre-existing entity, if applicable.

**For Assignees Claiming Eligibility as a Rural Telephone Company**

Assignee certifies that they meet the definition of a Rural Telephone Company as set out in the applicable FCC rules, and must disclose all parties to agreement(s) to partition licenses won in this auction. See applicable FCC rules.

**Transfers of Control**

**4) Licensee Eligibility (for transfers of control only)**

As a result of transfer of control, must the licensee now claim a larger or higher category of eligibility than was originally declared?

If "Yes", the new category of eligibility of the licensee is:

If 'Yes', the new category of eligibility of the licensee is:

**Certification Statement for Transferees**

Transferee certifies that the answers provided in Item 4 are true and correct.

**Attachment List**

| Attachment Type | Date     | Description      | Contents                      |
|-----------------|----------|------------------|-------------------------------|
| Other           | 05/03/01 | OTHER ATTACHMENT | 0176783420181021135151910.pdf |

## DESCRIPTION OF TRANSACTION

This application seeks Commission approval for the transfer of control of licensee DHL Worldwide Express, Inc. ("Express"), a Delaware corporation, in conjunction with a reorganization of the existing DHL corporate structure. Currently, DHL Airways, Inc. ("Airways"), a Nevada corporation, operates the airline operations of the DHL air express package delivery business.<sup>1/</sup> Airways is wholly owned by its current parent company, DHL Holdings (USA) Inc. ("Holdings"). Express operates the ground operations of the package delivery business and holds land mobile licenses.<sup>2/</sup> Express is currently a wholly owned subsidiary of Airways. As a result of the contemplated transaction, Holdings will acquire all of the shares of Express from Airways.

As noted above, at the present time, Express is a wholly owned subsidiary of Airways, and Airways is a wholly owned subsidiary of Holdings. DHL Worldwide Express B.V. ("Express B.V.") has an approximately 52% equity interest, but only a 22.8% voting interest, in Holdings. Currently, no single shareholder holds a majority of the voting interest in Holdings.<sup>3/</sup> Express B.V., in turn, is wholly owned by DHL International Limited.

As a result of the transaction, there will be a transfer of control of Express. As noted above, Airways will no longer own Express. Instead, Airways' current parent, Holdings, will own all the shares of Express. Express B.V. will acquire all the shares of Holdings. ✓

Thus, as a result of the transaction, all airline operations and assets, including aircraft licenses and aviation radionavigation licenses, will be retained by Airways as a separate operating entity. All ground operations and assets, including the land mobile radio licenses, that are used in the package delivery business will be retained by Express, and Holdings will be the parent of Express. Airways and Express will enter into several agreements under which Airways will continue to provide air carrier service to the DHL package delivery service operated by Express, and Express will provide certain administrative support services to Airways.

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<sup>1/</sup> The parties are filing a separate application for Commission approval for the transfer of control of Airways, which holds aviation radionavigation and aircraft licenses.

<sup>2/</sup> On February 28, 2001, the Commission granted special temporary authority for the pro forma assignment of the land mobile licenses from Airways to Express. The assignment was consummated that same day.

<sup>3/</sup> Larry L. Hillblom, one of the founders, owned and controlled approximately 62% of the shares of the entity now known as Holdings at the time of his death in 1995. In 1998, that entity acquired his interest from his estate.

### **Certification under Anti-Drug Abuse Act of 1988**

DHL Airways, Inc. ("Airways") and DHL Worldwide Express, Inc. ("Express") certify that none of their officers, directors, or individual shareholders holding 5% or more of the outstanding stock is subject to a denial of federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance.

Express is a wholly owned subsidiary of Airways. Airways is a wholly owned subsidiary of DHL Holdings (USA), Inc. ("Holdings"). Only three individuals (as opposed to corporations) have a 5% or greater interest in Holdings: William A. Robinson (24.9% equity, 43.2% voting); John J. Atwood, Jr. (8.5% equity, 14.7% voting); and Kenneth D. Satō (4% equity, 7% voting). None of them is subject to a denial of federal benefits. The remaining shareholders with 5% or greater interests in Holdings are corporations. Applicants have ascertained that, applying the multiplier rule in 47 C.F.R. § 73.3555 note 2(d), which is applicable to certifications under the Anti-Drug Abuse Act, *see* Report and Order, *Amendment of Part 1 of the Commission's Rules to Implement Section 5301 of the Anti-Drug Abuse Act of 1988*, 6 FCC Rcd 7551 ¶ 16 n.36 (1991), no individual shareholder of any such corporate investor in Holdings would be attributable for these purposes.

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August 8, 2001

To Whom It May Concern:

The licenses being transferred in the attached application were assigned to DHL Worldwide Express, File No. 0000480919. A consummation notice, File No. 0000549202, has been filed since the return of this application and it is now ready for processing. Thank you.

