



## ***Commercial Aviation: The Brakes are On***

**John Heimlich, VP & Chief Economist – Air Transport Association (Oct. 31, 2008)**

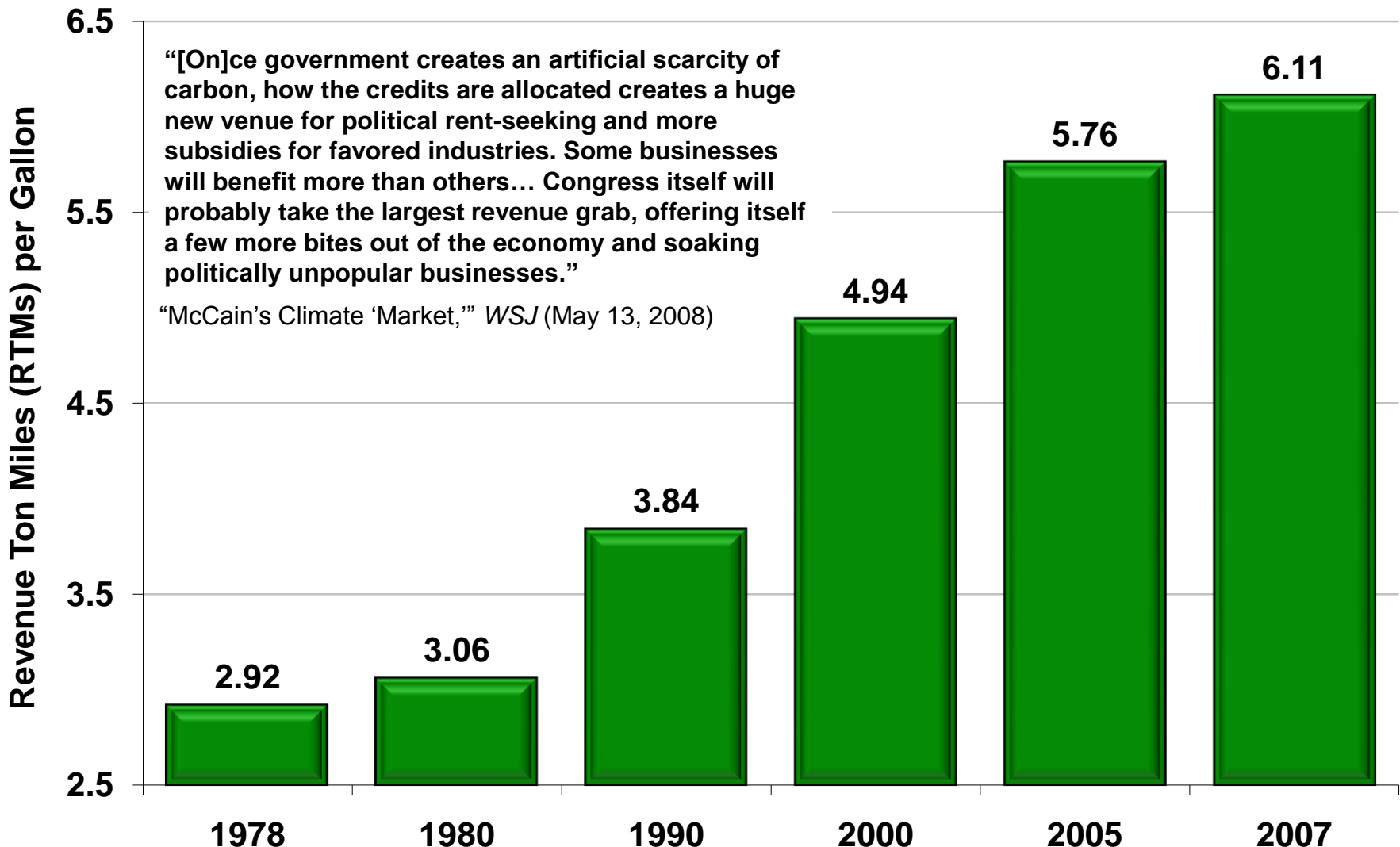
# Why Care?

**“Aviation is the glue that keeps the global economy together. Without widely accessible and well-priced air travel, the global economy will quickly become less global.”**

Dr. Mark Zandi, Chief Economist & Co-Founder,  
Moody's Economy.com (August 2008)

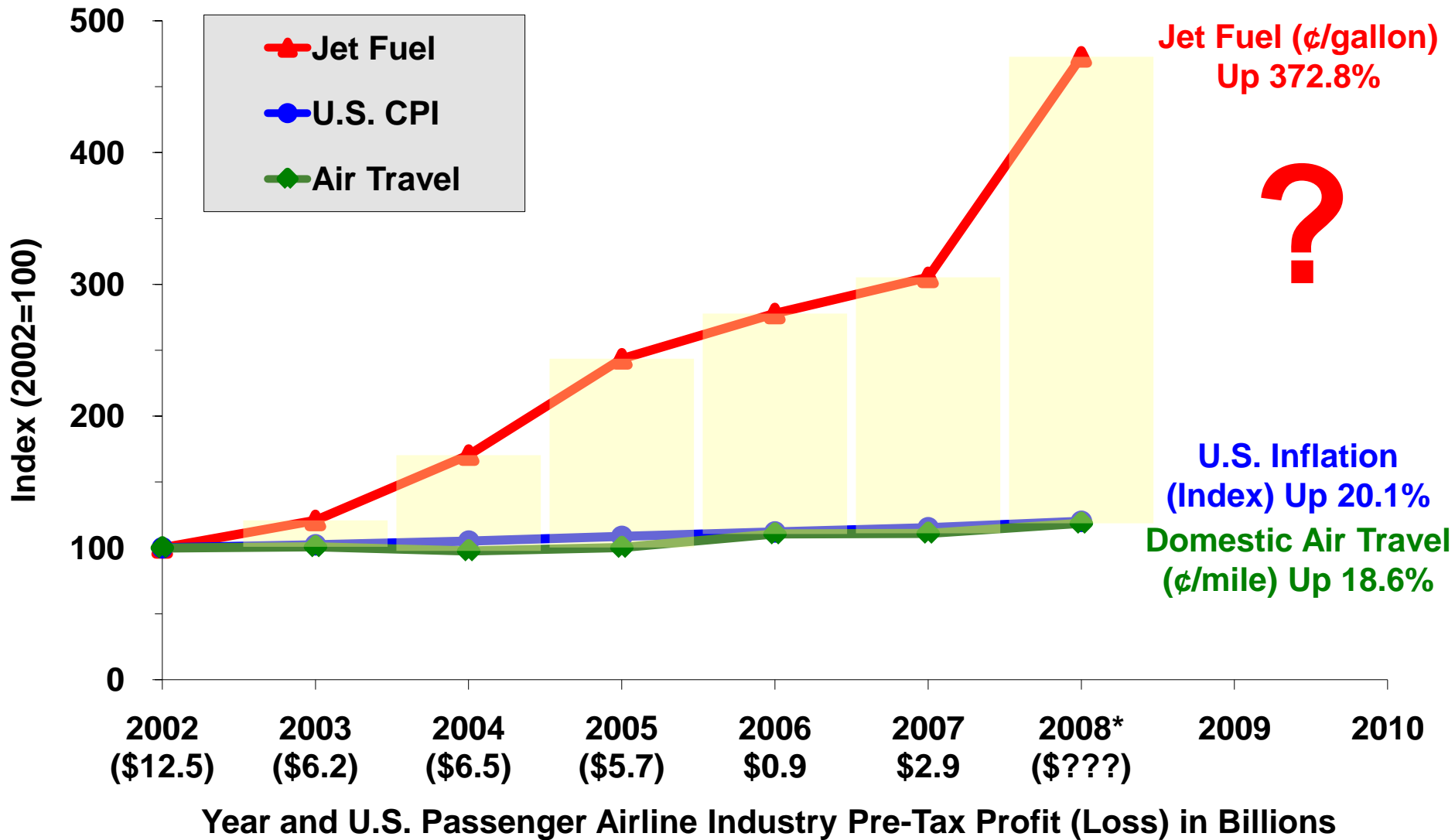
# U.S. Airlines\* Greener Than Ever

Fuel Efficiency Up 24% from 2000 to 2007 and 110% from 1978 to 2007

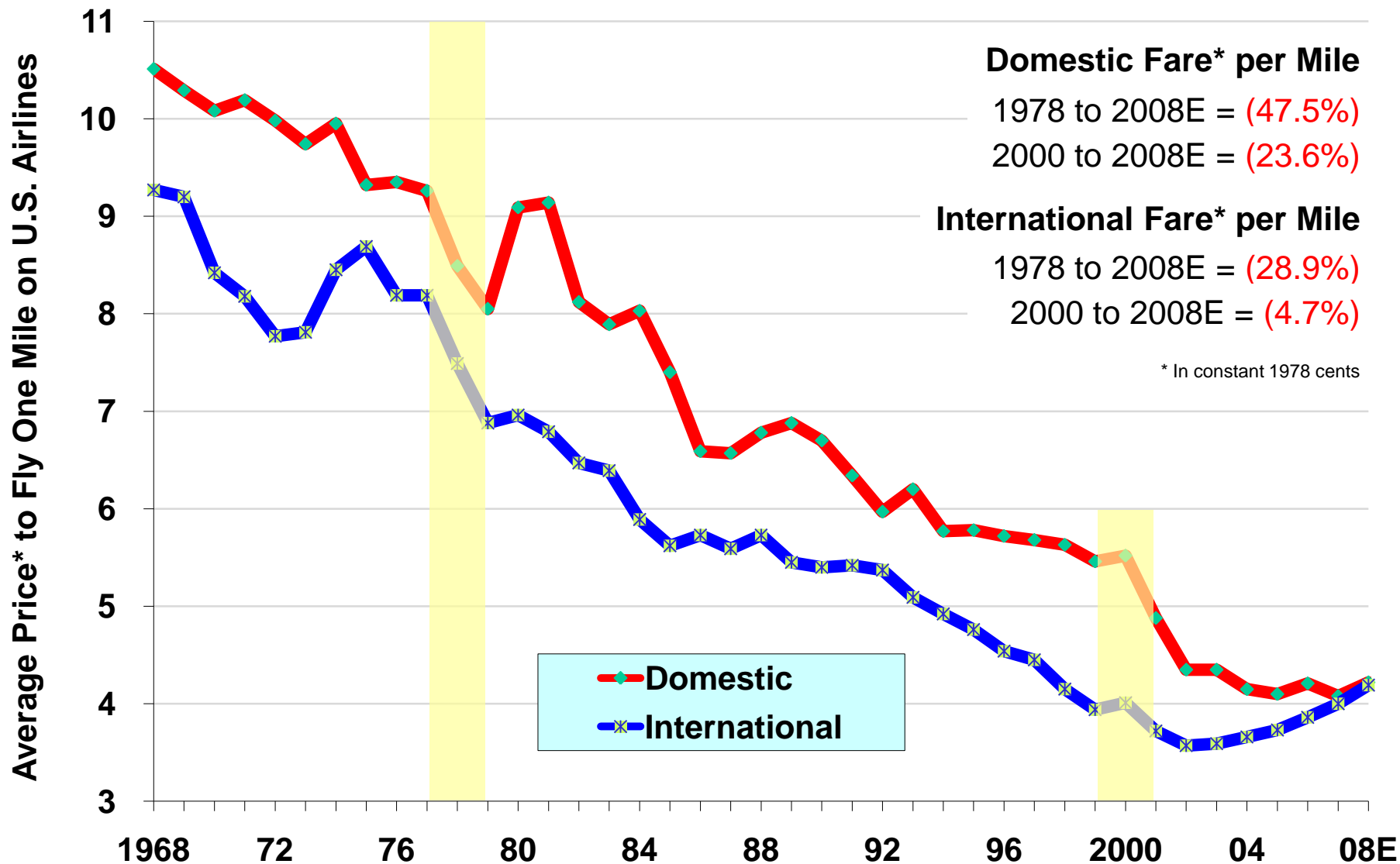


\* U.S. passenger and cargo airlines operating worldwide – passenger and cargo revenue ton miles (RTMs) in all services  
Source: ATA analysis of DOT Form 41 traffic data (T2-Z240) and gallons (T2-Z921)

# Cost of Jet Fuel Has Sharply Outpaced Cost of Air Travel



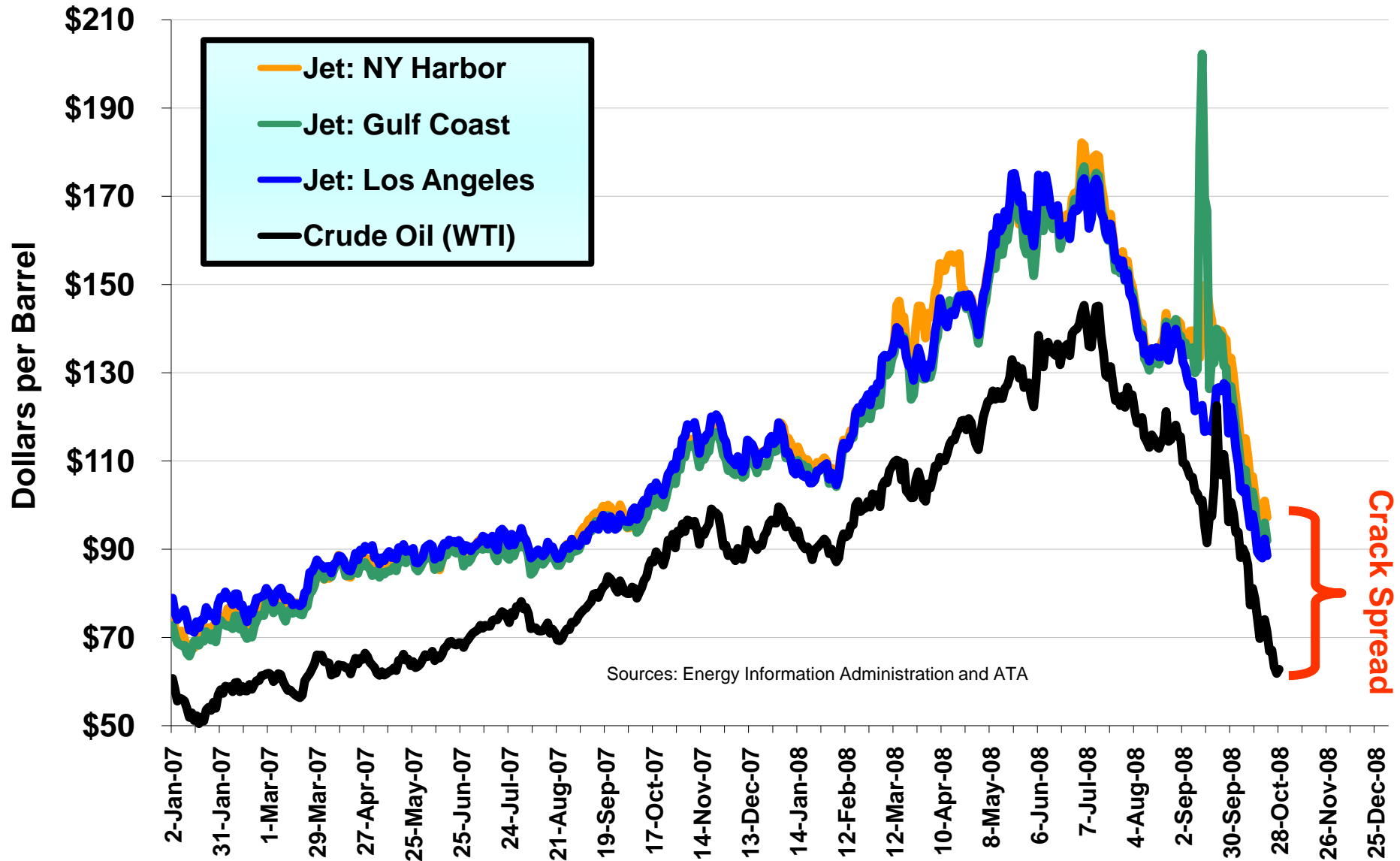
# Adjusted for Inflation, the Price of Domestic Air Travel is Down Sharply from 2000, Flat Since 2002



Sources: ATA analysis of data from the U.S. Department of Transportation and the U.S. Bureau of Labor Statistics

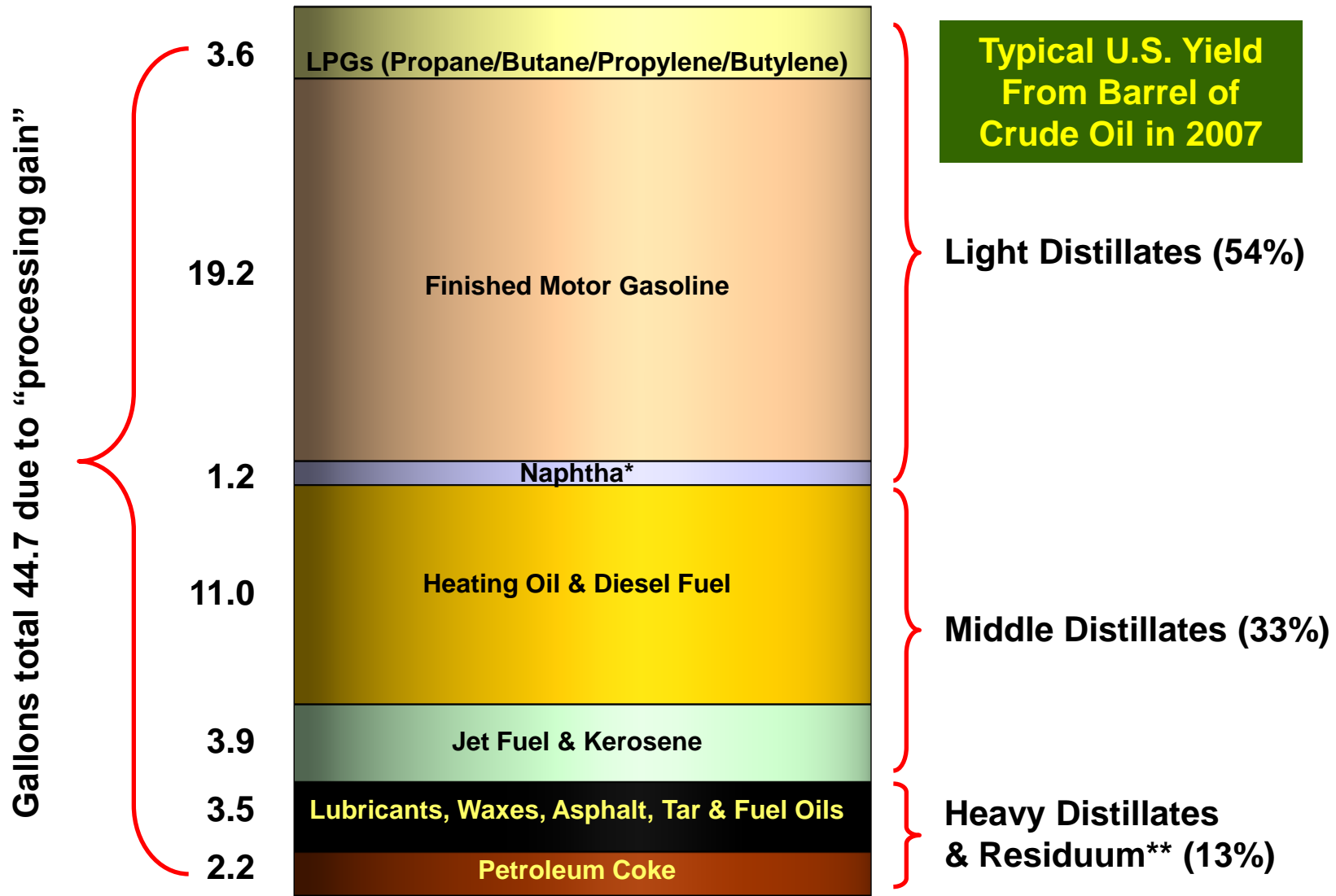
# Jet Fuel Prices Maintaining Premium to Volatile Crude Oil

Refining Crack Spread for Jet Averaging \$20-\$25 per Barrel



Sources: Energy Information Administration and ATA

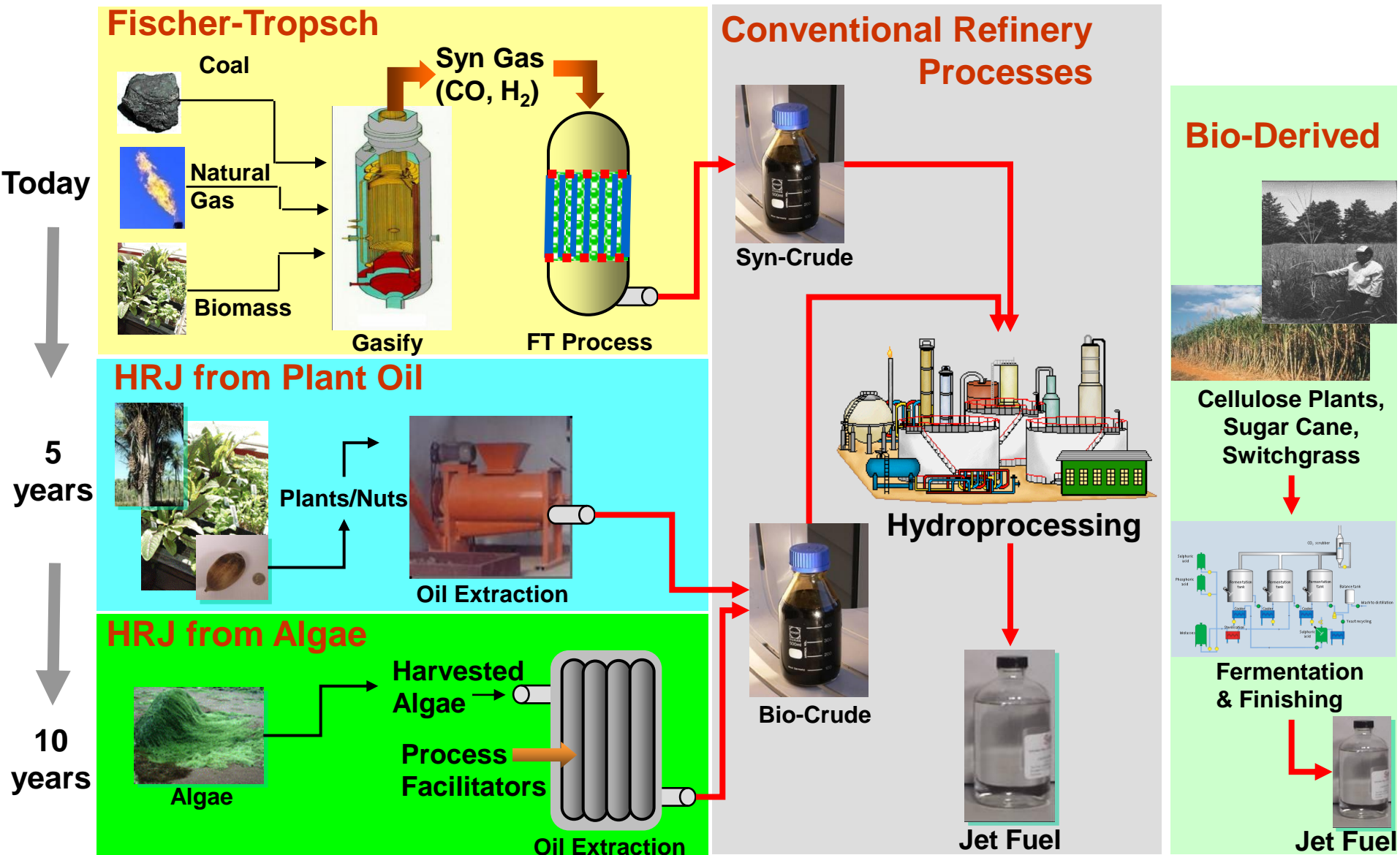
# Jet Fuel is a Drop in the Bucket: Airlines Beholden to Other Petroleum Segments, Given U.S. Refinery Configuration



\* Feedstock for high-octane gasoline, petrochemicals and solvents

\*\* Includes heavy oils used as in industry, marine transportation, electric power generation

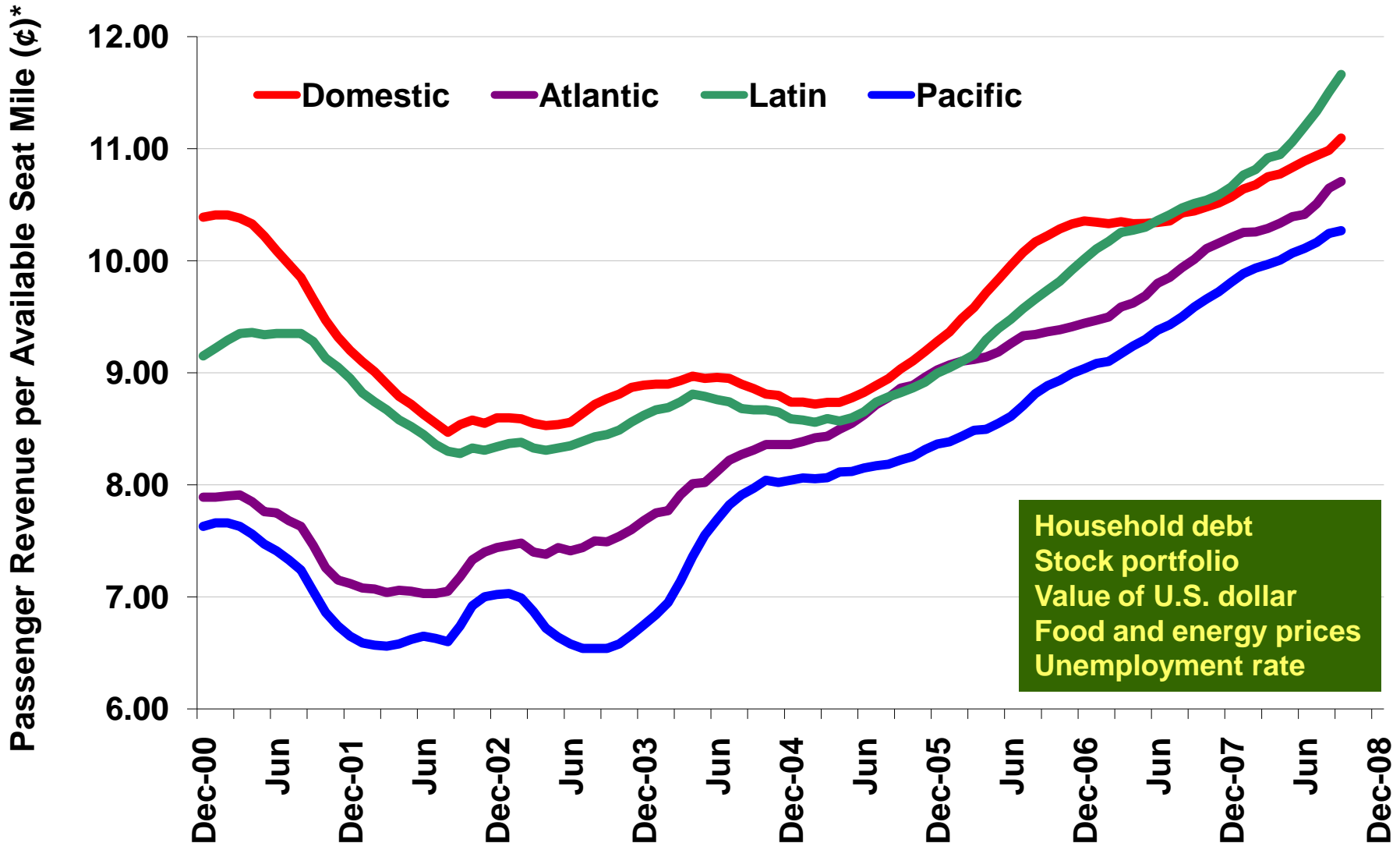
# Potential Alternative Aviation Fuels





# Airline Unit Revenue Bolstered by Non-U.S. Markets

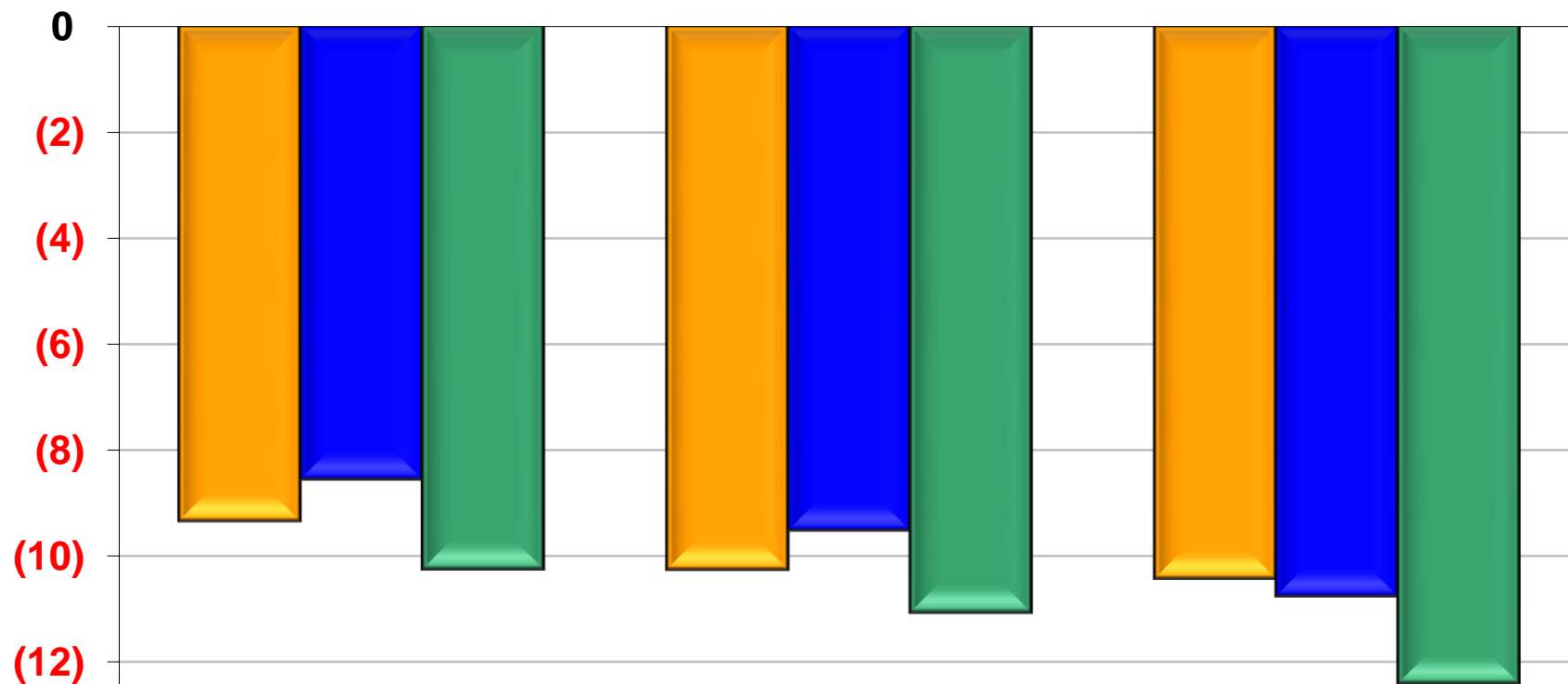
Latin America Leads the Pack; Domestic Stable on Right-Sizing of Seating Capacity



\* 12-month rolling average for Alaska, American, Continental, Delta, Northwest, United, US Airways

# Economic Circumstances Sustaining Industry Contraction

Reductions in Scheduled Domestic Air Service vs. Same Quarters in 2007



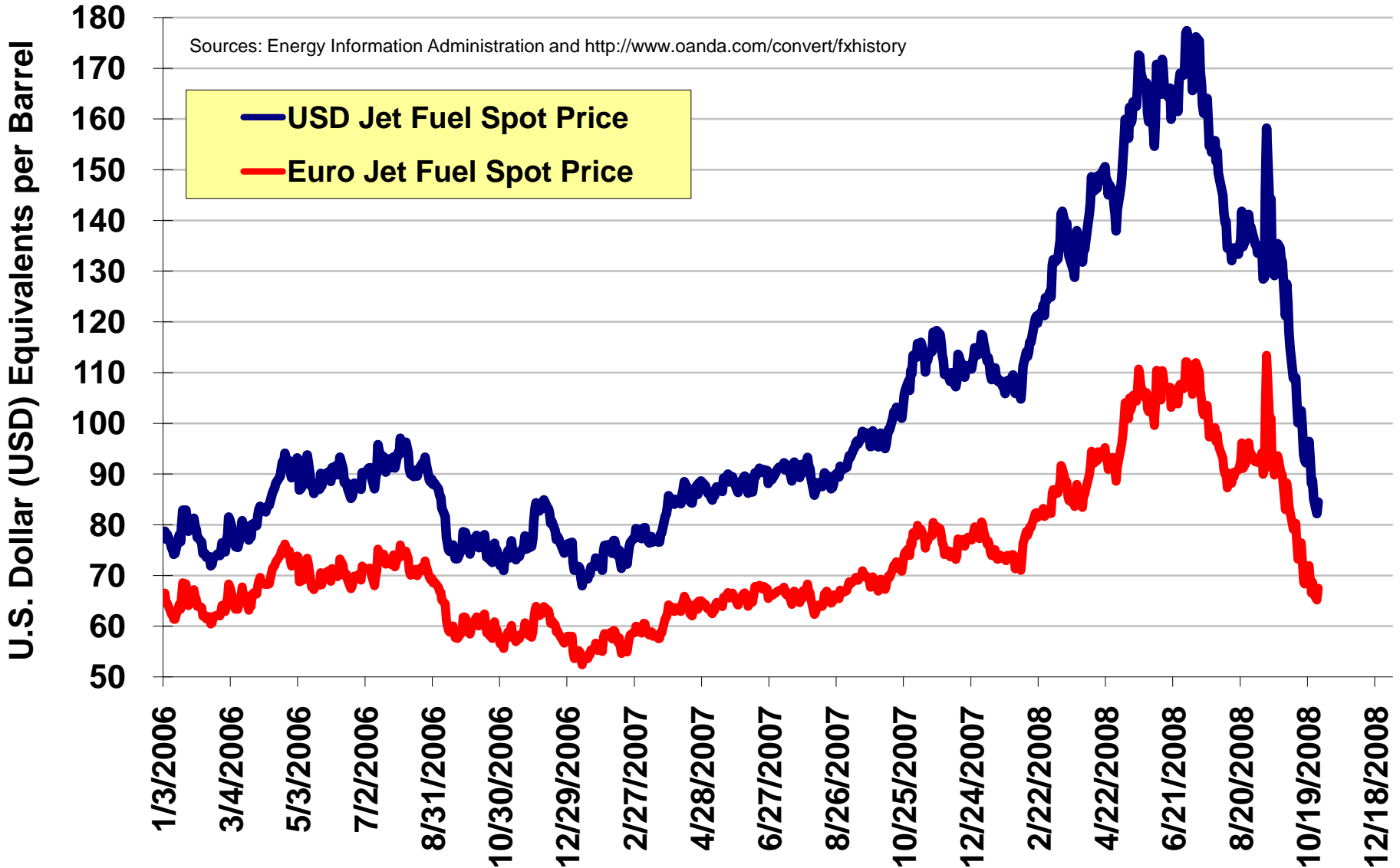
	4Q08 vs. 4Q07	1Q09 vs. 1Q07	2Q09 vs. 2Q07
■ Flights	(9.3)	(10.2)	(10.4)
■ Seats	(8.5)	(9.5)	(10.8)
■ ASMs*	(10.2)	(11.1)	(12.4)

\* An available seat mile (ASM) is one seat flown one mile and is the standard unit of capacity in the passenger airline sector

Source: ATA analysis of Seabury APGDat airline schedules as of Oct. 27, 2008

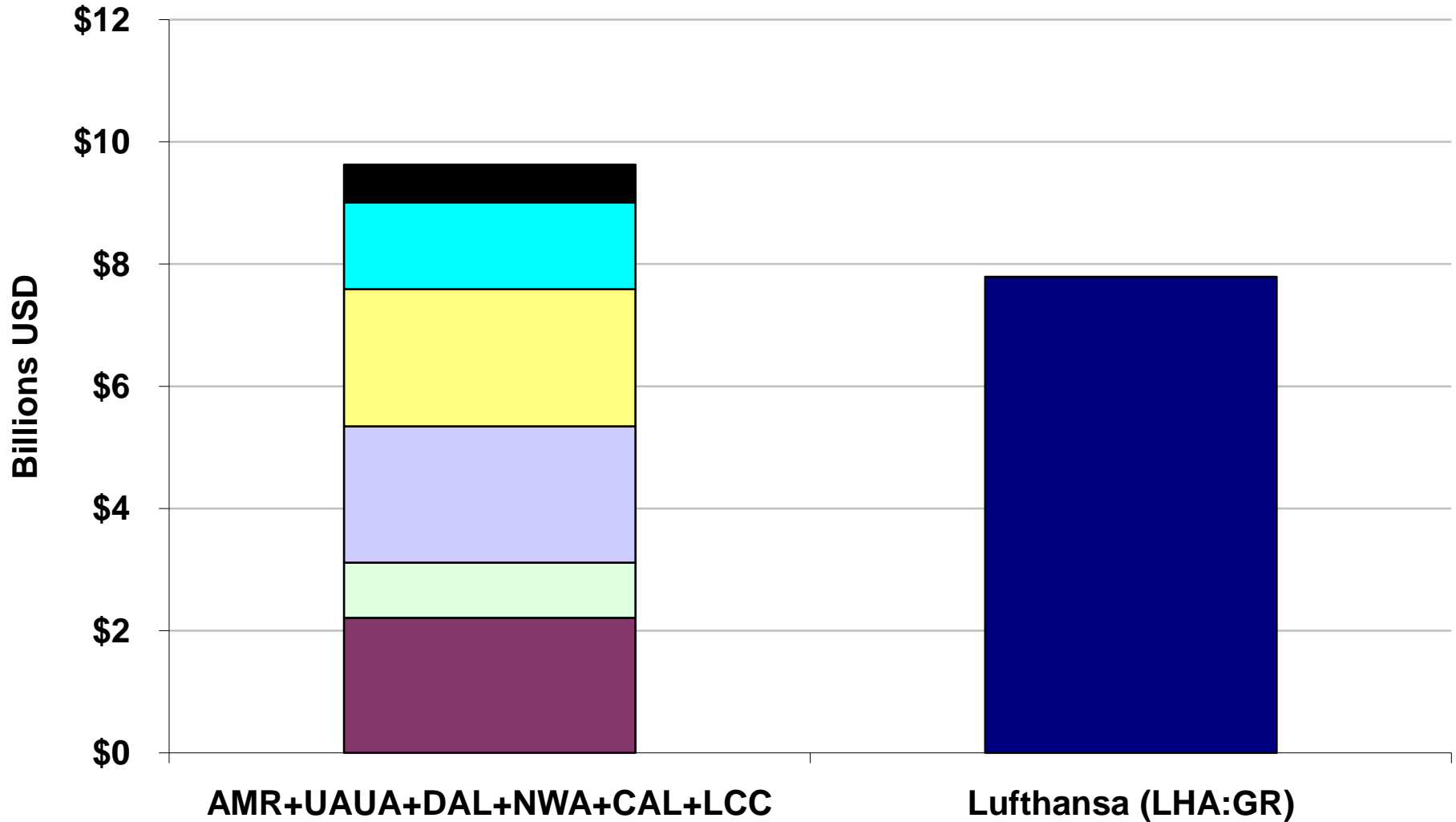
# U.S. Airlines Paying Transatlantic Premium for Jet Fuel

USD-Euro Exchange Rate Has Boosted Fuel Price Differential to 35%-60%



# The Transatlantic Blues: Serious Competitive Implications

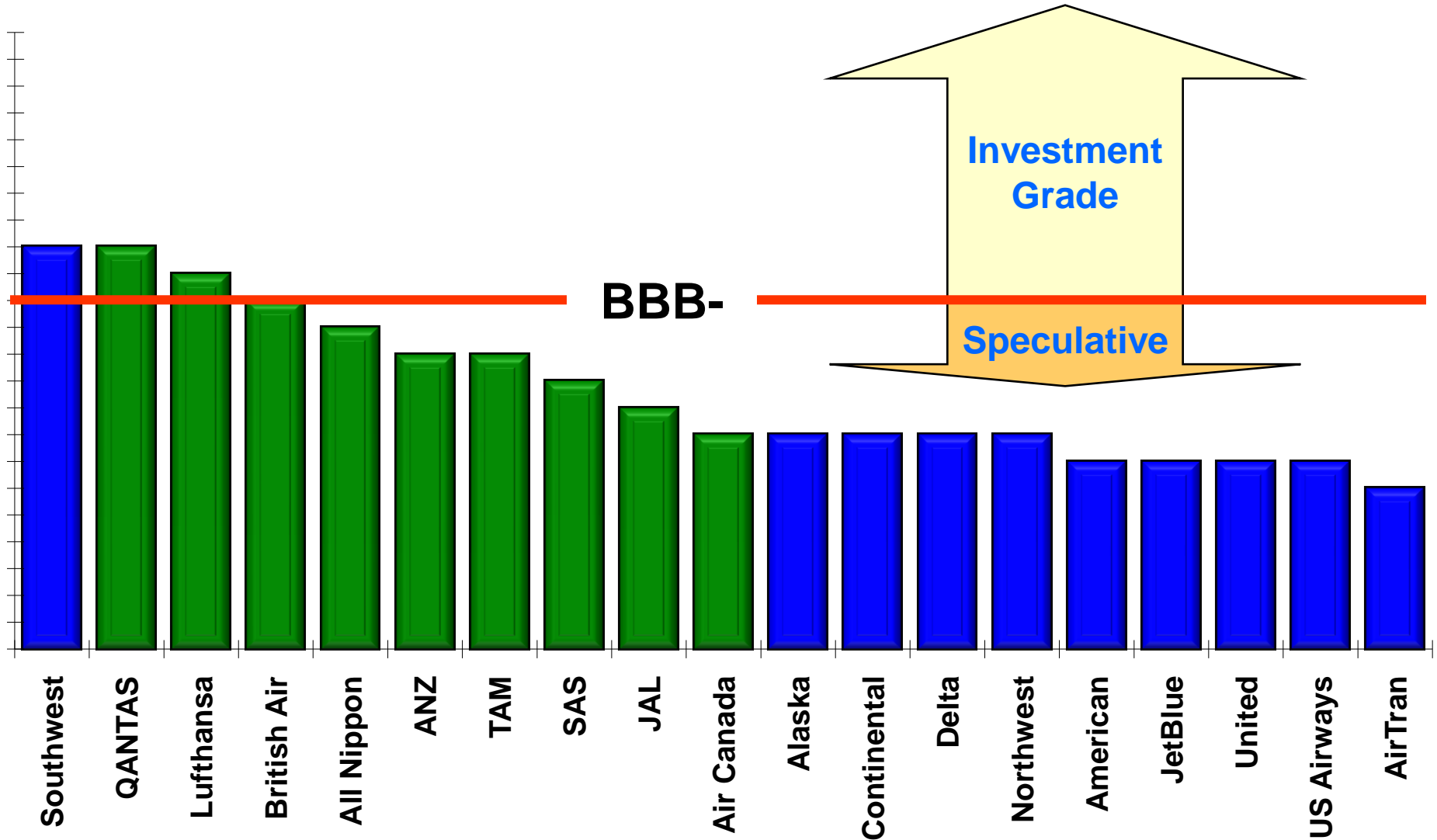
Equity Market Capitalization at Oct. 14, 2008 Settlement



Sources: Bloomberg (for Deutsche Lufthansa AG – LHA:GR) and MSN

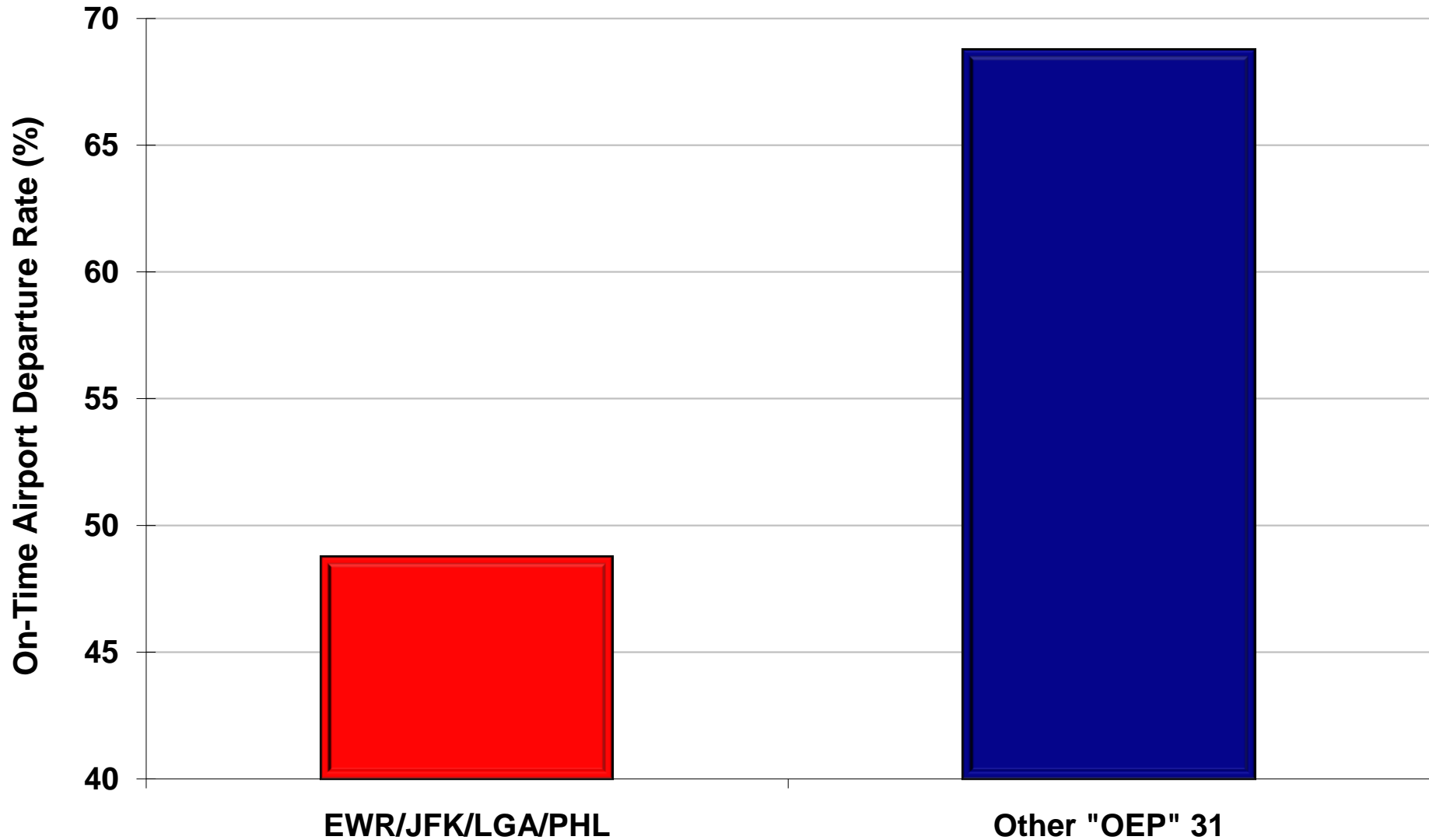
# U.S. Carriers Characterized by Comparatively Weak Credit

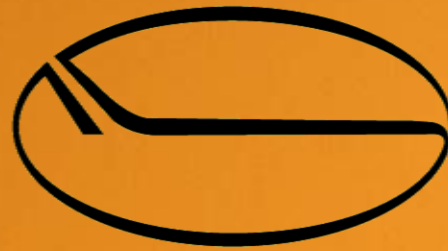
Standard & Poor's (S&P) Corporate Credit Ratings as of Oct. 30, 2008



# On-Time Airport Departure Rate Much Lower From NY-Area

Translates to Unnecessary Fuel Burn at Gate, on Tarmac and En Route





AIR TRANSPORT ASSOCIATION

