

When america flies, it works

2010
Economic
Report



AIR TRANSPORT ASSOCIATION

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U.S. Airlines by Aircraft Departures Performed – 2009**At Least 100,000****AirTran Airways**

Air Wisconsin Airlines

Alaska Airlines**American Airlines**

American Eagle Airlines

Atlantic Southeast Airlines

Cape Air

Chautauqua Airlines

Colgan Air

Comair

Continental Airlines**Delta Air Lines**

ExpressJet Airlines

FedEx Express

Horizon Air

JetBlue Airways

Mesa Airlines

Mesaba Airlines

Piedmont Airlines

Pinnacle Airlines

PSA Airlines

Republic Airlines

Shuttle America

SkyWest Airlines

Southwest Airlines**United Airlines****UPS Airlines****US Airways****10,000 to 99,999****ABX Air**

Allegiant Air

Arctic Transportation

Atlas Air

Bering Air

Capital Cargo International

Commutair

Compass Airlines

Continental Micronesia

Empire Airlines

Era Aviation

Executive Airlines

Freedom Air

Freedom Airlines

Frontier Airlines

Frontier Flying Service

GoJet Airlines

Grant Aviation

Great Lakes Airlines

Gulfstream International Airlines

Hageland Aviation Service

Hawaiian Airlines

Homer Air

Island Air Hawaii

Kenmore Air Harbor

Lynx Aviation

Pacific Wings Airlines

Peninsula Airways

PM Air

Scenic Airlines

Seaborne Aviation

Spirit Airlines

Sun Country Airlines

Trans States Airlines

Virgin America

Warbelow's Air Ventures

West Isle Air

Wings of Alaska

World Airways

Wright Air Service

Yute Air Alaska

1,000 to 9,999

Air Choice One

Air Transport International

Alaska Central Express

Alaska Seaplane Service

Aloha Air Cargo

Amerijet International

Arctic Circle Air Service

Arrow Air

ASTAR Air Cargo

Casino Express

Centurion Cargo

Evergreen International Airlines

Florida West Airlines

Gulf and Caribbean Cargo

Iliamna Air Taxi

Inland Aviation Services

Island Air Service

Kalitta Air

Katmai Air

Lynden Air Cargo Airlines

Miami Air International

Murray Air

New England Airlines

North American Airlines

Northern Air Cargo

Omni Air Express

Pace Airlines

Pacific Airways

Polar Air Cargo

Ryan International Airlines

Servant Air

Sky King

Smokey Bay Air

Southern Air

Spernak Airways

Tanana Air Service

Taquan Air Service

Tatonduk Flying Service

Tradewind Aviation

USA Jet Airlines

USA 3000 Airlines

US Helicopter

Vieques Air Link

Vision Airlines

Fewer Than 1,000

Aerodynamics

Air Excursions

Ameristar Air Cargo

Asia Pacific Airlines

Avjet

Bemidji Airlines

Ellis Air Taxi

Falcon Air Express

40-Mile Air

Harris Air Services

Kalitta Charters II

NetJets

Sierra Pacific Airlines

Swift Air

Tradewinds Airlines

Ward Air

Wings Air

■ Member, Air Transport Association of America, Inc. (as of July 2010)

Report Content

Unless otherwise noted, the data provided in this report reflects the worldwide operations of the 130 U.S. passenger and cargo airlines shown above, as recorded by the Bureau of Transportation Statistics (BTS) in 2009, under Chapter 411 of Title 49 of the U.S. Code. Data for Delta Air Lines reflects the combined results of Delta and Northwest. Data for Republic Airlines reflects the combined results of Republic and Midwest. Due to rounding, in some cases, the sum of numbers in this report may not match the printed total. Also, certain historical data has been restated to reflect the most current information available. For a glossary of terms and other information regarding this report and previous editions, visit www.airlines.org.

Founded in 1936, the Air Transport Association of America, Inc. (ATA) is the nation's oldest and largest airline trade association. The association's fundamental purpose is to foster a business and regulatory environment that ensures safe and secure air transportation and enables U.S. airlines to flourish, stimulating economic growth locally, nationally and internationally. By working with its members in the technical, legal and political arenas, ATA leads industry efforts to fashion crucial aviation policy and supports measures that enhance aviation safety, security and well-being. During its nearly 75-year history, ATA has seen the airline industry grow from the small, pioneering companies of the 1930s into indispensable facilitators of the global economy. ATA and its members continue to play a vital role in shaping the future of air transportation.

about ata

Mission

Consistent with its founding principles, the Air Transport Association serves its member airlines and their customers by:

- Assisting the airline industry in continuing to provide the world's safest system of transportation
- Transmitting technical expertise and operational knowledge to improve safety, service and efficiency
- Advocating fair airline taxation and regulation worldwide to foster a healthy, competitive industry
- Developing and coordinating industry

actions that are environmentally beneficial, economically reasonable and technologically feasible

Goals

- Championing the world's safest transportation system
- Protecting airline passengers, crew members, aircraft and cargo, working collaboratively with the Department of Homeland Security (DHS) and the Transportation Security Administration (TSA)
- Modernizing the U.S. air traffic

management system via the Federal Aviation Administration (FAA)

- Challenging government policies that impose unwise regulatory burdens or impinge on marketplace freedoms
- Reducing the disproportionate share of taxes and fees paid by airlines and their customers
- Improving the industry's ability to attract the capital necessary to meet future demands
- Shaping international aviation policy to ensure that U.S. and foreign carriers can compete on equal terms

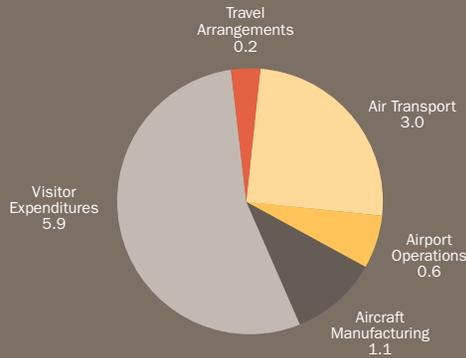


Annual U.S. GDP Contribution of Commercial Aviation

\$731.5 Billion

U.S. Job Impact by Commercial Aviation Activity

In Millions



Total: 10.9 Million U.S. Jobs

Source: Federal Aviation Administration, "The Economic Impact of Civil Aviation on the U.S. Economy," (December 2009)



Highlights

Highlights

	2008	2009	Change (#)	Change (%)
Traffic and Capacity (Millions)¹				
Passengers Enplaned	743.3	703.9	(39.4)	(5.3)
Revenue Passenger Miles (RPMs)	812,360	769,485	(42,875)	(5.3)
Cargo Revenue Ton Miles (RTMs)	28,375	25,002	(3,373)	(11.9)
Aircraft Departures	10.9	10.1	(0.8)	(7.0)
Aircraft Miles	7,889	7,317	(573)	(7.3)
Aircraft Hours	18.9	17.5	(1.4)	(7.5)
Available Seat Miles (ASMs)	1,021,348	957,198	(64,150)	(6.3)
Operating Statistics¹				
Passenger Load Factor (%)	79.5	80.4	0.9	nm
On-Flight Trip Length (Miles)	1,093	1,093	0	0.0
Flight Stage Length (Miles)	724	722	(2)	(0.3)
Income Statement (Billions)				
Operating Revenues	\$186.1	\$154.7	(\$31.4)	(16.9)
Operating Expenses	189.5	152.3	(37.2)	(19.6)
Operating Profit (Loss)	(3.3)	2.4	5.8	nm
Net Profit (Loss)	(23.7)	(2.5)	21.2	nm
Financial Ratios				
Passenger Yield (¢/RPM) ¹	13.73	11.87	(1.86)	(13.6)
Passenger Unit Revenue (¢/ASM) ¹	10.92	9.54	(1.38)	(12.6)
Cargo Yield (¢/RTM) ¹	102.88	91.65	(11.23)	(10.9)
Net Profit Margin (%)	(12.8)	(1.6)	11.1	nm

¹ Scheduled service only.
nm = not meaningful

Source: ATA and Bureau of Transportation Statistics

When America Flies, It Works

The theme for this year's economic report – When America Flies, It Works – was chosen to communicate the critical role that commercial aviation plays in virtually every facet of our economy and our daily lives. As the national and world economies begin to recover from the serious turmoil of the recent past, it is a particularly opportune time to focus on the contributions that a strong commercial aviation sector has, can and will make to a revitalized job market and a brighter future for everyone.

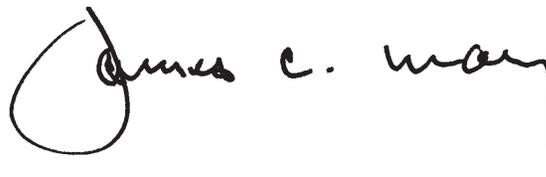
Some of the most recent government data tells us that commercial aviation helps generate more than \$1.2 trillion in economic activity and almost 11 million U.S. jobs. Remarkable, but like a lot of statistics, the raw data does not always connect us to the real story – the faces and families that numbers can never fully capture.

The story is not just about the important business trip, the quick family vacation or the more than half a million jobs in the airline industry. Nor is it just about the travel and entertainment industry jobs or the jobs in the emerging market for sustainable alternative aviation fuels, which the airlines are leaders in pursuing, or the more than a million other jobs of every description that are generated with every aviation job. It is not just about the farm worker in California producing fresh lettuce for the New York market or the Alaskan boat captain delivering tomorrow's salmon for the Florida restaurant trade. It is not just about the Internet-enabled catalog business that delivers products and supplies across the country with the click of a mouse – or the job multiplier that this economic activity produces. It is, in fact, about all of these and millions upon millions more jobs – and the faces and families they represent – that are created, fostered and powered by commercial aviation.

As we all work toward a stronger economic future, it is indeed an opportune time to focus on the importance of what *The Economist* recently described so well as, “the silver needles that sew the world together.” Those silver needles not only enable us to stay close to family and friends across the country and around the world – they also help us secure the fabric of our economy and our lives.

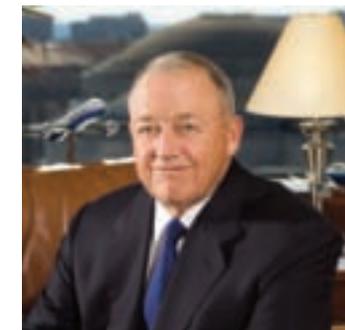
In 2010 and beyond, it is more important than ever for both the airline industry and those in government to make the right choices to foster prudent investment in commercial aviation. Just as important will be the decisions to finance and develop the national infrastructure essential to enhancing aviation efficiency while optimizing environmental performance.

We are pledged and honored to do our part.



Officers

- James C. May**
President and Chief Executive Officer
- John M. Meenan**
Executive Vice President and Chief Operating Officer
- Paul R. Archambeault**
Vice President, Chief Financial Officer and Treasurer
- David A. Berg**
Vice President, General Counsel and Secretary
- James L. Casey**
Vice President, Industry Services and Deputy General Counsel
- David A. Castelveter**
Vice President, Communications
- John P. Heimlich**
Vice President and Chief Economist
- Thomas L. Hendricks**
Vice President, Operations and Safety
- Patricia G. Higginbotham**
Vice President, Policy and Chief of Staff
- Sharon L. Pinkerton**
Vice President, Government Affairs
- Nancy N. Young**
Vice President, Environmental Affairs



When
america
flies, it

produces

Commercial Aviation Contribution to U.S. Economy

	Aviation Impact
U.S. Economic Output	\$1.225 trillion/year
Contribution to U.S. GDP	\$731.5 billion/year
Share of U.S. GDP	5.2 percent
U.S. Job Impact	10.88 million

Source: Federal Aviation Administration, "The Economic Impact of Civil Aviation on the U.S. Economy," (December 2009)

Employment – 2009

U.S. Airlines – Average Full-Time Equivalents (In thousands)

Pilots and Other Flight Personnel	74.8
Flight Attendants	93.1
Maintenance and Engineering	50.4
Aircraft and Traffic Handling	252.2
Office Employees	24.9
All Other	40.8
Total	536.2

Source: Bureau of Transportation Statistics

Air transportation lies at the heart of modern, globalized economies: Approximately 2.5 billion passengers and 50 million tons of freight are flown worldwide annually. In the United States, every 100 aviation jobs yield some 330 jobs in other industries – from taxi drivers, waiters and retailers to construction workers, bellhops and bankers. For every dollar invested in business travel, the National Business Travel Association estimates that U.S. companies realize \$12.50 in incremental revenue – offering consumers a true product of value. Ultimately,

Civil Aviation¹ Job Impact by Industry

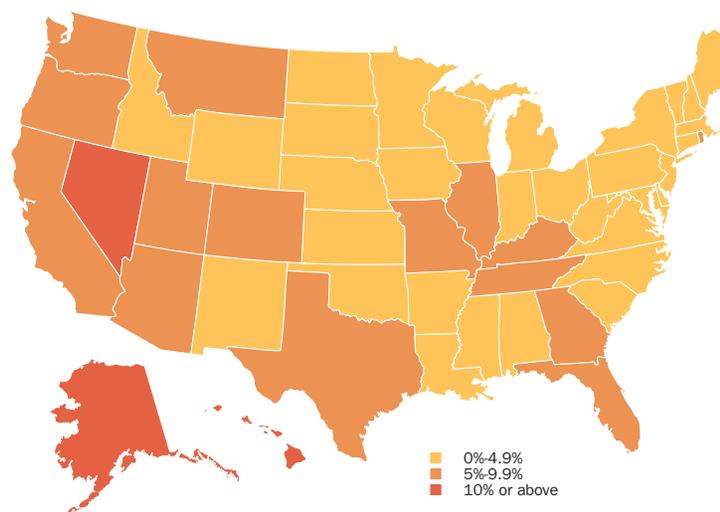
	Thousands
Accommodation and food services	3,753
Transportation and warehousing	1,667
Administrative, waste and support services	896
Manufacturing	871
Health care and social assistance	781
Retail trade	780
Professional, scientific and technical services	450
Finance and insurance	400
Real estate and rental/leasing	265
Wholesale trade	254
Information	183
Educational services	182
Arts, entertainment and recreation	180
Agriculture, forestry, fishing and hunting	147
Management of companies and enterprises	126
Construction	71
Utilities	38
Mining, quarrying and oil/gas extraction	30
Other services	438
Total	11,512

1 Includes commercial and general aviation.

Source: Federal Aviation Administration, "The Economic Impact of Civil Aviation on the U.S. Economy," (December 2009)

Civil Aviation¹ Job Impact by State

Aviation-Related Percent of State Employment



1 Includes commercial and general aviation.

Source: Federal Aviation Administration, "The Economic Impact of Civil Aviation on the U.S. Economy," (December 2009)

When America flies, it cares



Every day, airlines and their employees work together to assist those in need, quickly delivering emergency supplies, medical devices, pharmaceuticals and blood products where they are needed most.

commercial aviation drives nearly 11 million jobs and \$1.2 trillion in annual economic activity. According to "Aviation: The Real World Wide Web," if aviation were a country, it would rank as the world's 21st largest economy – eighth if factoring in its supply-chain contribution to tourism and employee spending.

Airlines are critical to the stability of our local, national and global economies and our 21st century way of life, quickly spanning great distances and safely carrying people and products to and from every corner of the

world. Integrated airline networks facilitate trade – for fishermen, farmers and florists, as well as for contractors, consultants and chief executives – enabling businesses of every size and shape to distribute their products and services to a greatly expanded marketplace. Airlines use those networks to extend next-day markets to remote and rural communities, and to enhance inventory-management practices for organizations worldwide. In 2009, the value of U.S. exports transported by air was 145 times the value of exports transported by sea – a reflection

of the critical importance of moving high-value, time-sensitive goods by air.

Maintaining a safe, secure, sustainable and competitive U.S. airline industry is vital to facilitate commerce and to create jobs and, with those jobs, the economic stability and prosperity of our local, national and global economies.

**When America Produces, It Flies.
When America Flies, It Produces.**



Top 25 U.S. Airlines – 2009

Aircraft Departures ¹	Thousands	Passengers Enplaned ²	Millions	Revenue Passenger Miles ²	Billions	Cargo Revenue Ton Miles ⁴	Millions	Operating Revenues ¹	Millions
1 Southwest	1,126	1 Delta	108.6	1 Delta	162.8	1 FedEx	9,685	1 Delta	\$28,910
2 Delta	849	2 Southwest	101.3	2 American	122.4	2 UPS	6,457	2 FedEx	19,963
3 American	683	3 American	85.7	3 United	100.3	3 Atlas	2,381	3 American	19,898
4 SkyWest	571	4 United	56.0	4 Continental	77.7	4 Delta	2,287	4 United	16,359
5 American Eagle	461	5 US Airways	51.0	5 Southwest	74.5	5 American	1,664	5 Continental	12,361
6 US Airways	461	6 Continental	43.9	6 US Airways	57.9	6 United	1,603	6 US Airways	10,781
7 United	435	7 AirTran	24.0	7 JetBlue	25.9	7 Polar	1,215	7 Southwest	10,350
8 ExpressJet	361	8 JetBlue	22.4	8 AirTran	18.5	8 Southern	1,019	8 UPS	4,421
9 Continental	346	9 SkyWest	21.2	9 Alaska	18.3	9 Kalitta	945	9 JetBlue	3,287
10 FedEx	334	10 American Eagle	16.0	10 SkyWest	11.7	10 Continental	901	10 Alaska	3,006
11 Atlantic Southeast	303	11 Alaska	15.5	11 Frontier	8.9	11 World	635	11 AirTran	2,341
12 Pinnacle	271	12 ExpressJet	13.3	12 Hawaiian	8.1	12 Evergreen International	631	12 American Eagle	1,846
13 AirTran	252	13 Atlantic Southeast	13.2	13 ExpressJet	8.0	13 Arrow	443	13 SkyWest	1,731
14 Mesa	243	14 Mesa	11.0	14 American Eagle	7.1	14 ABX	361	14 Hawaiian	1,184
15 JetBlue	216	15 Pinnacle	10.7	15 Spirit	5.9	15 US Airways	269	15 Frontier	1,113
16 Mesaba	200	16 Frontier	9.8	16 Atlantic Southeast	5.8	16 Air Transport International	185	16 Atlas	980
17 Chautauqua	169	17 Republic	9.6	17 Republic	5.5	17 Centurion	181	17 Atlantic Southeast	883
18 Air Wisconsin	157	18 Hawaiian	8.3	18 Virgin America	5.4	18 Southwest	110	18 Comair	861
19 Republic	157	19 Horizon	6.8	19 Mesa	4.8	19 Capital Cargo	102	19 Mesa	833
20 Comair	156	20 Mesaba	6.7	20 Pinnacle	4.6	20 Florida West	100	20 Spirit	699
21 Alaska	151	21 Comair	6.3	21 Allegiant	4.5	21 Hawaiian	75	21 ABX	697
22 UPS	137	22 Spirit	6.1	22 Mesaba	3.3	22 ASTAR	72	22 ExpressJet	682
23 Horizon	137	23 Chautauqua	6.0	23 Comair	3.2	23 Alaska	58	23 World	658
24 Cape	131	24 Air Wisconsin	5.6	24 Shuttle America	3.1	24 Continental Micronesia	49	24 Horizon	654
25 Piedmont	127	25 Shuttle America	5.2	25 Chautauqua	2.5	25 Tradewinds	48	25 Kalitta	644

¹ All services.

² Scheduled service only.

Source: Bureau of Transportation Statistics

■ Member, Air Transport Association of America, Inc. (as of July 2010)



2009 Industry Review

2009 was a story of recession – the worst global recession, in fact, since the 1930s. With the United States, Japan and Europe concurrently in recession for the first time since World War II, it came as little surprise that U.S. airlines saw operating revenues plunge 17 percent, leading to the deepest two-year contraction in the industry's history, and extending industry losses to \$58 billion over a nine-year period beginning in 2001. The 2009 loss of \$2.5 billion further reduced airline creditworthiness, heightening the urgency of carrier efforts to restore balance sheets to enable reinvestment in the years ahead.

Traffic and Operations

Passenger traffic, as measured in system-wide revenue passenger miles (RPMs), fell in every month of 2009 except September and November. The full-year decline of 5.3 percent resulted in the lowest RPM total in five years. Seating capacity, measured in available seat miles (ASMs), fell in all 12 months, down 6.3 percent on a full-year basis. Notably, the 7 percent drop in domestic ASMs was the sharpest year-over-year decline in 67 years. Moreover, the years 2008-2009 joined war years 1942-1943 and post-9/11 years 2001-2002 as the only periods in which U.S. airline seating

capacity dropped two years consecutively. The depths of the 2008 and 2009 cuts effectively erased 10 years of industry growth, leaving domestic ASMs 1.3 percent below 1999 levels.

With carriers quick to cut capacity as fuel prices spiked in 2008, and reluctant to return seats to the skies as 2009 revenues sank precipitously, the 2009 industry load factor exceeded 80 percent for the first time in history, averaging 80.4 percent for the year. Meanwhile, air cargo traffic, as measured in revenue ton miles (RTMs), decreased 12 percent – the largest ever year-over-year drop and the most substantial since the 11 percent decline from 1973 to 1974. Cargo movements fell in each of the first 10 months of 2009 but crossed into positive territory in November as the economy began to recover.

With respect to operations, the industry posted an on-time arrival rate of 79.5 percent despite persistent challenges in the National Airspace System (NAS). Given the substantial number of flights that intersect New York airspace, it is notable that, according to Federal Aviation Administration (FAA) data, only 56 percent of departures left New York-area airports on time in 2009 versus 73 percent at the other major U.S. airports.

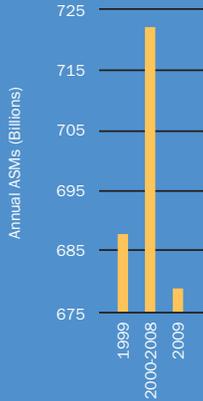
Unfortunately, delays in the New York area have grown disproportionately in recent times, rising from 36 percent of major-airport delay minutes in 2005 to 51 percent in 2009.

The New York metropolitan area was included in nine of the 10 most traveled domestic city pairs, led by New York-Los Angeles, which averaged 4,106 local passengers per day, each way. For 2009 activity at U.S. airports, Hartsfield-Jackson Atlanta International topped the list with 42.2 million passenger enplanements and 970,258 aircraft takeoffs and landings. Chicago's O'Hare International Airport ranked second in both categories, with 31.1 million passengers and 827,899 takeoffs and landings. Memphis International Airport, home to FedEx Express, remained the busiest air cargo facility, enplaning 2.0 million tons of freight and mail, followed by Louisville Standiford Field, home to UPS Airlines, which enplaned 1.1 million tons of cargo.

Revenues

With simultaneous declines in passenger and cargo traffic and yield, 2009 industry operating revenues sank 16.9 percent to \$155 billion on a \$6.3 billion drop in passenger revenue and a \$20.2 billion drop in cargo revenue. Cargo sales, which

Domestic Capacity Trend

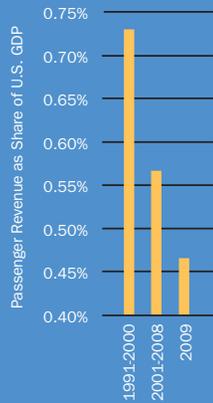


Source: ATA and Bureau of Transportation Statistics

2009 Industry

review

Domestic Demand Trend



Source: ATA and Bureau of Economic Analysis

accounted for 15 percent of 2009 total industry revenues, fell 21.5 percent on an unprecedented slowdown in global demand. The average cargo yield dropped 11 percent to 92 cents per ton per mile, compounding the 12 percent drop in RTMs.

Passenger revenue fell 18.1 percent as a 13.6 percent drop in the average price paid (excluding taxes) to fly one mile exacerbated a 5.3 percent decline in miles flown by paying passengers. Unfortunately, relative to the size of the U.S. economy, domestic passenger revenue shrank for the third consecutive year. Accounting for 46.5 cents of every \$100 of U.S. GDP, it stood 26.3 cents below the 1991-2000 average, translating in historical terms to a staggering \$37.5 billion revenue shortfall for the industry in 2009. Along with a steady climb in jet-fuel prices, which ranged from \$1.13 per gallon to \$2.13 per gallon – the equivalent of a \$42-per-barrel difference within the year – the deepening of the recession compelled most carriers to further trim their published schedules and broaden the implementation of ancillary revenue programs.

In stark contrast to 2008, the industry experienced declines in both domestic and international yields, which translated into a

systemwide drop of 13.6 percent, easily outpacing the 0.4 percent decline in the U.S. Consumer Price Index (CPI). Meanwhile, according to the Bureau of Transportation Statistics (BTS) National-Level Average Fare Series, from the fourth quarter of 2000 to the fourth quarter of 2009, airfares declined 6.1 percent whereas the CPI rose 24.1 percent.

Relative to 1978, when domestic air service was deregulated, passenger yield rose just 42 percent domestically and 52 percent internationally, significantly trailing the 229 percent increase in the CPI. Consequently, inflation-adjusted passenger yield for U.S. airlines fell 57 percent domestically and 54 percent internationally from 1978 to 2009.

Expenses

With so little positive financial news in 2009, it bears noting that industry operating expenses, down 19.6 percent from 2008, fell even more sharply than operating revenues, helping put the industry back in the black on an operating basis. Flying operations, which constituted 35 percent of industry costs, declined 33 percent on a \$26 billion year-over-year drop in fuel expense to \$32 billion. The average price paid for a gallon of jet fuel sank to \$1.90 from the 2008

all-time high of \$3.07. Transport-related expense, the industry’s second-largest cost center, was reduced 16 percent to \$26 billion. General and administrative costs fell 17 percent on cuts in management staffing and corporate overhead while promotion and sales costs fell 11 percent. Outlays for aircraft and traffic servicing, maintenance, passenger service, and aircraft and other ownership costs also declined.

For U.S. passenger airlines, the average cost of employing a full-time worker rose \$5,000 from 2008 to 2009, exceeding \$80,000 for the first time. The increase stemmed from an 11.5 percent increase in benefits and pension expense, which more than offset reductions in wages and payroll taxes. Factoring in the 6 percent reduction in capacity, the average cost of labor per ASM rose from 3.01 cents to 3.24 cents.

Earnings

On May 19, 2010, longtime equity analyst Michael Derchin observed the following in a CRT Capital research note: “Everyone knows that the airline industry is fundamentally challenged...Yet, in the last downturn, arguably the worst in history with a trifecta of troubles – recession, credit shutdown and volatile oil prices – operating losses were

2009



marginal and no major bankruptcies occurred. What happened? Managements had already restructured in previous downturns, opted to build cash war chests instead of ordering new aircraft, and quickly grounded inefficient fleets and cut marginal flying at the first signs of trouble. It was not easy but the airlines survived.”

The 2009 recession followed a 2008 fuel-price roller coaster in which crude oil costs ranged from \$147 per barrel to \$33 per barrel within five months’ time. Despite closing the gap between revenues and expenses relative to 2008 and, after factoring in \$4.3 billion in interest expense and a variety of additional nonoperating items, U.S. airlines reported an aggregate net loss of \$2.5 billion.

From 2001 through 2009, U.S. passenger and cargo airlines reported a cumulative deficit of \$58 billion, culminating in deep cuts in capacity across most large and medium U.S. hub airports and many smaller communities. From the May 2001 all-time peak to the end of 2009, U.S. passenger airlines shed 165,000 full-time-equivalent jobs.

Financial Condition

At the time of publication, not a single U.S. passenger airline holds a Standard and Poor’s

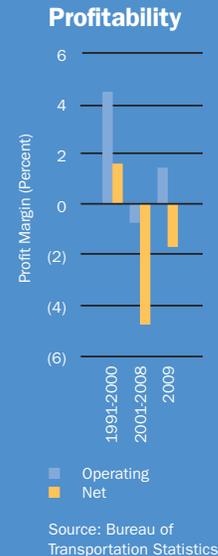
corporate credit rating of BBB-plus or better; only one holds an investment-grade rating. Meanwhile, the equity market capitalization of oil giant ExxonMobil was eight times that of the entire U.S. passenger airline industry. Similarly, the market value of Goldman Sachs was more than double that of the U.S. airlines. As Fitch Ratings Analyst William Warlick noted in his April 2010 *Airline Credit Navigator*, “Given the urgent need for balance sheet deleveraging through the next industry demand cycle as the key to ratings improvement, Fitch will be focused first and foremost on the free cash flow generation performance of U.S. carriers as the recovery takes hold in 2010...”

Put simply, the U.S. airline industry continues to be confronted by a systemic inability to cover its cost of investor capital or, for that matter, to exceed break-even profitability on a sustainable basis. Reduced access to affordable capital directly hinders the airlines’ ability to acquire new aircraft and ground equipment, to deploy and upgrade passenger amenities, to provide optimal service and, ultimately, to compete effectively in the increasingly global aviation marketplace.

The United States needs a healthy aviation sector to help reestablish and enable a

thriving national economy. If the industry is to do more for all of its constituents – passengers, shippers, communities, airports, employees, investors, governments and everyone else who enjoys the benefits of commercial air transportation – we must find a way to enable its investments in the future – in people, planes and products. Particularly for the nearly 11 million Americans whose jobs are integrally linked to a thriving commercial aviation sector, “When America Flies, It Works” is more than a catch phrase, it is their job.

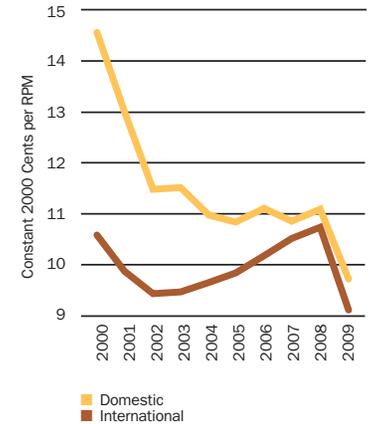
As the airline industry moves into 2010, it is proud of its survival skills but wary of a regulatory climate that too often imposes new, unnecessary and ill-timed costs on a financially fragile sector that is central to economic and employment growth. It is indeed an era of volatility – of demand for the industry’s product and of the magnitude of its largest cost: fuel. Can a labor-intensive, capital-intensive industry conduct multiyear planning amid such economic and regulatory uncertainty? What is needed is greater certainty and truly enlightened regulation focused on competitiveness and job creation.





When america flies, it moves

Passenger Yield Trend



Source: ATA and Bureau of Transportation Statistics

America and its people are a nation on the move, and America's airlines make that possible.

Every day, two million people, 50,000 tons of cargo and more than one million bags travel onboard 25,000 flights to destinations near and far; the reasons are as varied as the passengers who board our flights. Many are traveling for business: sales calls, meetings, conventions, continuing education, commuting between job sites or relocation. Others are

traveling for leisure: weekend getaways, weddings, family gatherings and reunions, honeymoons, spring breaks, travel tours or sport, recreational and cultural pursuits of every variety. Still others are patients seeking medical care, students flying to or from college or performers traveling between venues.

Regardless of where or why they are flying, today's affordable, reliable and convenient air service safely links both business and

Passenger Yield Analysis

U.S. Airlines

		1978 ¹	2008	2009	2009 vs. 1978 (%)	2009 vs. 2008 (%)
Current Yield	Domestic	8.49	13.84	12.07	42.2	(12.8)
	International	7.49	13.46	11.37	51.7	(15.5)
	Total	8.29	13.73	11.87	43.2	(13.6)
U.S. CPI	1982-84 = 100	65.2	215.3	214.5	229.0	(0.4)
Constant Yield (2009 Cents)	Domestic	27.94	13.79	12.07	(56.8)	(12.5)
	International	24.65	13.41	11.37	(53.9)	(15.2)
	Total	27.28	13.68	11.87	(56.5)	(13.2)

1 Congress enacted legislation deregulating domestic airline passenger service in October 1978.

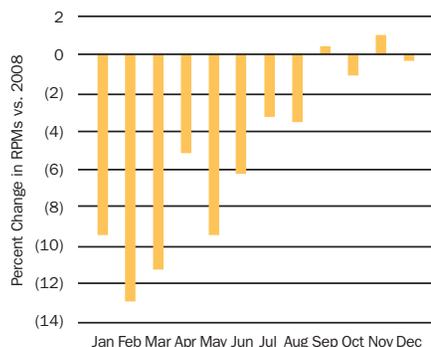
Note: Yield is measured in cents paid by an airline passenger, excluding taxes, to fly one mile.
Source: ATA, Bureau of Transportation Statistics and Bureau of Labor Statistics

Price of Air Travel vs. Other U.S. Goods and Services

Product (Unit)	1978	2009	% Change
College Tuition – Public (Year) ¹	\$688	\$7,020	920
College Tuition – Private (Year) ¹	\$2,958	\$26,273	788
Prescription Drugs (Index) ²	61.6	391.1	535
New Vehicle ³	\$6,470	\$28,966	348
New Single-Family Home ⁴	\$55,700	\$216,700	289
Unleaded Gasoline (Gallon) ⁵	\$0.67	\$2.35	251
CPI (All Items)²	65.2	214.5	229
Movie Ticket ⁶	\$2.34	\$7.50	221
First-Class Domestic Stamp ⁷	\$0.15	\$0.44	193
Whole Milk (Index) ²	81.0	183.2	126
Grade-A Large Eggs (Dozen) ²	\$0.82	\$1.66	103
Air Travel – International (Mile)⁸	7.49¢	11.37¢	52
Air Travel – Domestic (Mile)⁸	8.49¢	12.07¢	42
Television (Index) ²	101.8	10.6	(90)

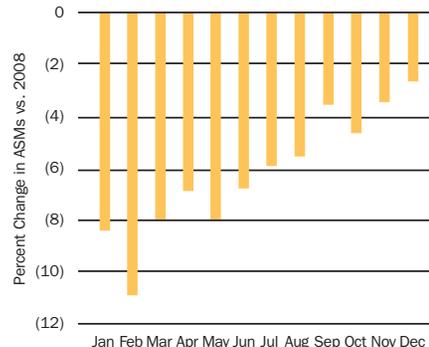
- The College Board (based on beginning of academic year).
- Bureau of Labor Statistics (includes hedonic "quality-change" adjustments).
- National Automobile Dealers Association – www.nada.org (average retail selling price).
- Census Bureau – www.census.gov/const/uspriceann.pdf (median).
- Department of Energy – www.eia.doe.gov/emeu/mer/pdf/mer.pdf, Table 9.4.
- National Association of Theatre Owners – www.natooonline.org (average U.S. ticket prices).
- Postal Service – www.usps.com/postalhistory/welcome.htm, Publication 100.
- ATA via Bureau of Transportation Statistics – www.airlines.org.

Passenger Traffic – 2009



Source: Bureau of Transportation Statistics

Seating Capacity – 2009



Source: Bureau of Transportation Statistics



leisure passengers through a remarkably complex yet highly accessible travel network to communities large and small – around the country and across the globe.

When being there really matters, we all count on America's airlines. You've got things to do and places to go, and our airlines and their employees are working hard to move you and your products via the world's safest and most efficient mode of transportation. Airlines are working tirelessly to deploy

more sophisticated technologies that will help to further minimize hassles for leisure travelers and enable business travelers to maximize their productivity while staying close to their customers.

When America Moves, It Flies.
When America Flies, It Moves.

When America flies, it cares



The men and women in our armed forces serve our country every day, none more selflessly or with more valor than those who have received the Congressional Medal of Honor. For decades, our airlines have been proud to provide travel support to these American heroes.

city pairs



Top 40 U.S. City Pairs – 2009

Origin-Destination Market ¹	Daily Passengers Average, Each Way	Average One-Way Ticket Price		
		2008	2009	Change (%)
1 Los Angeles-New York	4,106	\$278.73	\$233.50	(16.2)
2 Fort Lauderdale-New York	4,093	124.41	121.14	(2.6)
3 Chicago-New York	3,914	164.53	139.23	(15.4)
4 New York-Orlando	3,675	123.60	118.12	(4.4)
5 New York-San Francisco	3,140	277.60	236.38	(14.8)
6 New York-Atlanta	3,086	140.79	134.17	(4.7)
7 Los Angeles-San Francisco	2,564	85.71	69.69	(18.7)
8 Miami-New York	2,225	144.64	136.83	(5.4)
9 Las Vegas-New York	2,186	203.76	174.34	(14.4)
10 New York-West Palm Beach	1,951	134.42	131.49	(2.2)
11 New York-Tampa	1,815	125.53	123.31	(1.8)
12 Chicago-Los Angeles	1,784	188.83	171.71	(9.1)
13 Boston-New York	1,751	164.30	133.12	(19.0)
14 Las Vegas-San Francisco	1,727	85.92	74.81	(12.9)
15 Orlando-Philadelphia	1,708	105.41	94.57	(10.3)
16 Chicago-Orlando	1,703	125.64	108.70	(13.5)
17 Dallas/Fort Worth-Houston	1,694	99.32	99.73	0.4
18 Dallas/Fort Worth-New York	1,684	251.37	226.73	(9.8)
19 Chicago-Las Vegas	1,674	152.41	144.87	(4.9)
20 Chicago-Washington	1,664	156.10	134.51	(13.8)
21 New York-San Juan	1,577	171.45	162.70	(5.1)
22 Los Angeles-Washington	1,550	223.59	195.91	(12.4)
23 Atlanta-Washington	1,544	149.29	131.44	(12.0)
24 Chicago-Phoenix	1,520	151.75	141.26	(6.9)
25 Las Vegas-Seattle	1,514	120.56	105.79	(12.3)
26 Chicago-Minneapolis/St. Paul	1,513	157.07	92.51	(41.1)
27 Boston-Washington	1,484	164.00	152.98	(6.7)
28 Atlanta-Chicago	1,480	135.55	109.63	(19.1)
29 New York-Washington	1,476	144.72	119.69	(17.3)
30 Los Angeles-Honolulu	1,446	231.83	214.69	(7.4)
31 Chicago-Denver	1,444	127.67	128.72	0.8
32 Charlotte-New York	1,418	130.13	112.74	(13.4)
33 Houston-New York	1,362	240.87	220.25	(8.6)
34 Denver-New York	1,343	191.97	169.29	(11.8)
35 Detroit-New York	1,335	141.02	127.32	(9.7)
36 Denver-Phoenix	1,328	100.20	83.31	(16.9)
37 Las Vegas-Los Angeles	1,321	89.99	83.87	(6.8)
38 Chicago-Dallas/Fort Worth	1,319	160.92	159.97	(0.6)
39 Denver-Los Angeles	1,293	127.33	112.65	(11.5)
40 Chicago-Philadelphia	1,267	137.07	122.62	(10.5)
Composite	76,678	\$158.87	\$142.12	(10.5)

¹ Chicago (MDW/ORD), Dallas (DAL/DFW), Houston (HOU/IAH), New York (EWR/JFK/LGA), Tampa (PIE/TPA) and Washington (DCA/IAD) include multiple airports.

Source: Bureau of Transportation Statistics

NextGen/NowGen

“NextGen lays a foundation that will continually improve and accommodate future needs of air travel while strengthening the economy with one seamless global sky.”

“Why NextGen Matters,” www.faa.gov

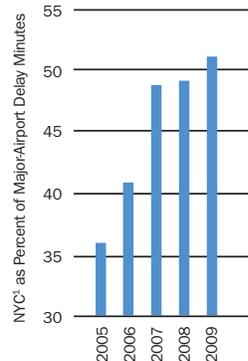
Our industry is poised for the greatest infrastructure transformation of the last half century. ATA airlines are aggressively engaged in helping shape this critical vision of the future.

Clearly, there is a strong consensus around the basics – new technology and procedures are badly needed to add system capacity and reduce the unacceptable level of delays while improving the customer experience. Those delays will surely return and worsen as the level of operations increases. There is consensus too about the environmental and economic benefits to be had from optimized routings and, again, reduced delays and greater efficiency. There is even consensus concerning the basic system components, though more work remains in deciding exactly how to optimize the investment cycle and sequencing of projects.

It is on that final point that consensus – and forward progress – begins to stall slightly. As the airline industry continues to struggle to establish firm financial footing, it is absolutely essential that any investment of industry resources in NextGen/NowGen equipage be based on a demonstrable, benefit-to-cost-justified return on that investment. The business case must be clear, concise and subject to independent validation. To the extent the government fails to base any industry equipage requirements on that type of solid foundation, it will inevitably result in unnecessary resistance and program delay and, if investments are not cost-justified, further contraction of both air service and employment – results that no one wants to see. Again, consensus but not the positive variety.

Fortunately, there appears to be widespread agreement for recognizing the absolute linkage between the industry's

Airport Delay Rates



1 EWR, JFK, LGA and PHL.
Source: FAA OPSNET for OEP 35 airports

economic viability and securing stable and sufficient funding for future aviation systems. Indeed, these joined goals are identified as two of the top priorities to be advanced by the Department of Transportation's ongoing Future of Aviation Advisory Committee. We applaud that work and stand ready to assist and advise in any way that might prove helpful.

Going forward, there is an absolute imperative for strong leadership to deliver the funding, the technology and the all-essential procedural changes that enable the realization of economic

On-Time Performance by Region – 2009

On-Time Airport Departure Rate (Percent)



1 EWR, JFK, LGA and PHL.
Source: ATA and FAA

benefits in real time. We need leadership that “connects the dots” between an economically vibrant airline industry; strong, growing international competition; long-term rewarding airline jobs; extensive domestic and international air service; optimized environmental performance; and, ultimately, deployment of a NextGen/NowGen air traffic management system.

We have the elements of consensus – now we need decisive leadership to get things accomplished.



Environment

“We are America’s airlines – *Connecting and Protecting Our Planet.*®”

Air Transport Association



These words are part of our covenant with those who fly – and our impressive record demonstrates this unflinching commitment. Federal Aviation Administration (FAA) confirms that the number of people in the United States affected by aircraft noise has diminished yet again, by more than 94 percent since 1975 – 56 percent just since 2000 – though passenger boardings have increased almost fourfold. At the same time, we’ve flown progressively more fuel-efficient and cleaner aircraft. For example, we’ve improved our fuel efficiency 110 percent since the late 1970s – saving more than 2.9 billion metric tons of carbon dioxide (CO₂). These savings are equivalent to taking approximately 19 million cars off the road each of those years – fairly remarkable since Environmental Protection Agency data confirms that commercial aviation accounts for only 2 percent of the nation’s greenhouse gas emissions.

But we are not resting on our record; we are committed to continuing to do more to protect our planet. To do so, we are driving technology, operations and infrastructure toward further noise and emissions savings.

In technology, ATA continues its role as a founding and leading member of the Commercial Aviation Alternative Fuels Initiative (CAAFI), a consortium of airlines, manufacturers, airports, energy producers, researchers and government agencies dedicated to the development and deployment of environmentally friendly alternative fuels. In addition to a string of successful test flights with alternative fuels, in 2009 CAAFI ushered in a new jet-fuel specification for such fuels, which ensures that tomorrow’s fuels will be as safe

as today’s. In operations, we continue to implement innovative flight procedures within the limits of the existing air traffic management (ATM) system to further reduce noise and emissions. And we are working toward a modernized ATM system that will reduce not only delays but also undue emissions.

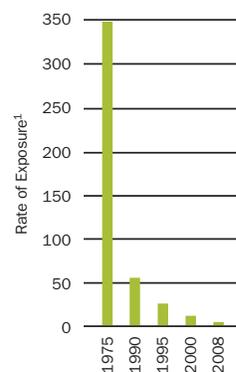
As part of our overall commitment, we have joined airlines around the world in adopting an ambitious set of targets to mitigate emissions associated with climate change under a global framework, including collective industry commitments to: (1) improve fuel (and, hence, CO₂) efficiency by an annual average of 1.5 percent per year through 2020; (2) cap industrywide CO₂ emissions from 2020 (carbon-neutral growth), subject to critical aviation infrastructure and technology advances achieved by the industry and government; and (3) reduce CO₂ emissions by 50 percent by 2050, relative to 2005 levels.

For U.S. airlines alone, these commitments will result in additional emissions savings of 1.1 billion metric tons of CO₂ from 2010 through 2030 – equivalent to taking an average of 10 million cars off the road every year during that period.

To meet our targets, we must be able to invest – in newer aircraft, fleet upgrades, alternative fuels and other emissions- and noise-saving measures. While we are committed to doing all that we can, government also has a role to play. First, it must not add to the already significant tax burden of the airline industry through emissions taxes or cap-and-trade requirements, which siphon away the very funds we need to continue to improve. Second, government must do its part by reinstating funding in aviation research and development programs and by making necessary ATM infrastructure investments on the ground and in the air.

We want to continue to connect people in America with the rest of the world and vice versa while transporting goods critical to the American economy. To do this, we must continue to act responsibly – protecting our planet.

Noise Reduction



¹ Number of U.S. residents exposed to significant noise levels per 10,000 passengers enplaned on U.S. airlines.

Source: ATA and FAA

Safety & Security

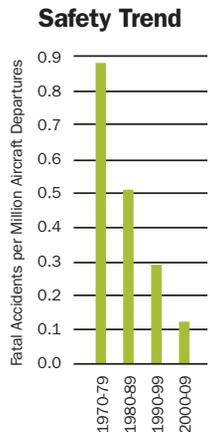
“Aviation is proof that given the will, we have the capacity to achieve the impossible.”

Eddie Rickenbacker, World War I Flying Ace

Nothing is more important to the airline industry than safety of flight. That is not just a rote recitation but, rather, a code of conduct “built into the DNA” of the airlines from their earliest days.

The facts speak clearly to the nature of the airlines’ commitment to safety – and to improving on their already remarkable safety record. The National Transportation Safety Board tells us that from 2000 to 2009, it was more than twice as safe to fly as it was in the preceding decade – and more than seven times safer than in the 1970s.

That record is a result of constant commitment, hard work and the prudent application of resources. At the core of improvements in safety performance is a recognition that data and trend analysis – looking for any possible accident precursors well before they can actually cause any problems – is critical.



Source: NTSB

Working cooperatively with the Federal Aviation Administration and our labor partners, ATA airlines have worked aggressively to develop Aviation Safety Action Programs (ASAPs) to provide actionable information based on voluntary reports of observed safety concerns by employees. This type of “reporting culture” is an invaluable tool for revealing possible safety problems that would otherwise remain unknown until they caused a problem.

Another example of the core safety-analysis programs so important to continuing safety improvements are Flight Operational Quality Assurance (FOQA) programs, which collect hundreds of flight parameters, including speed, altitude, rate of climb/descent and engine performance, as often as eight times per second for every flight, looking for any possible

signs of trouble. On the pilot front, a variety of sophisticated training and awareness programs are deployed to identify and trap errors before they become a risk. Recently, the ATA Board of Directors publicly endorsed expanding these types of programs across the industry, including to the regional airlines.

On the security front, the airlines’ commitment is just as strong and forward-looking. In working with security experts in the Department of Homeland Security (DHS), the Transportation Security Administration (TSA) and Customs and Border Protection (CBP), two important developments slated for 2010 provide prime examples of a continually transforming suite of security protocols, and of close government/industry partnership and cooperation:

Secure Flight

Under this important program, DHS, including components of both TSA and CBP, has assumed full responsibility for the preflight vetting of all passengers against its various selectee, no-fly and related lists. In moving to maximize security with minimum passenger inconvenience, a tremendous development effort between government and industry is ongoing to assure appropriate data collection, provide system performance and reliability assurances, and resolve a vast array of critical details.

One Hundred Percent Cargo Screening for Passenger Flights

Effective August 2010, 100 percent of all cargo carried onboard any passenger aircraft must meet the TSA cargo screening mandate. Work is well advanced through close cooperation between industry and security authorities to meet this challenging deadline with procedures and technology deployed across the cargo supply chain. This effort has involved an unprecedented level of cooperation between cargo shippers, freight forwarders, cargo supply-chain experts, the entire airline industry and the government.

In the end, it is all about the safety and security of air transportation, and the well-being of our passengers and crews. That has always been and remains our highest priority.



Innovation

“Heavier than air flying machines are impossible.”

Lord Kelvin, president, Royal Society, 1895

Thank goodness the Wright Brothers ignored Lord Kelvin’s proclamation. It is hard to imagine our lives today without safe, efficient and affordable air transportation connecting thousands of communities around the world. We’ve come a long way in the first century of powered flight, and when technological advances and innovations are coupled with dedicated airline employees, there is no limit to how far air travel can evolve in the future.

On those early commercial flights, nervous passengers flew with their parasols, opened windows to avoid the smell of hot oil and hoped strong winds wouldn’t divert the flights – amazed at the wonder of being able to travel from New York to Chicago in less than a day. Today, passengers travel from New York to Singapore in less than a day, enjoying the latest personal entertainment communications and game systems – little noticing the decades of innovation and hard work that made their journey possible.

And that’s just the way it should be.

Safety, of course, is our number one priority. Our highly qualified workforce and sophisticated technologies have produced a safety record that is the gold standard for the world. Airlines also want passengers and shippers to have as seamless an experience as possible. What was impossible yesterday is commonplace today, and we are already looking beyond today’s amenities to innovations that will make the journey even more pleasant in the future.

Airlines know that passengers want transparency for fares, fees and services, and are constantly upgrading technologies to ensure that the most up-to-date, complete information is available online and through airline representatives – and airline systems are getting smarter. For example, if a passenger calls from a number in his personal profile on the day of his flight, some systems are now smart enough to provide updated flight status without prompting.

Passengers want to be fully informed throughout the process – from reservations to check-in to baggage claim. Today, airlines provide real-time information about flight cancellations or delays via text messages or e-mail. Just as it is already standard practice to be able to track your cargo shipments online, those types of innovations are becoming available for passengers as well. Passengers are beginning to use boarding passes sent to them via e-mail or text and displayed on their PDAs to pass more easily through security checkpoints. With Secure Flight in place, the government has assumed responsibility for all passenger prescreening, further integrating the booking, check-in and screening processes. To further reduce wait times, passengers soon will be able to file lost-luggage reports on airport kiosks, initiate the trace process immediately and easily check the status, rather than waiting at baggage claim. Similarly, when flights are cancelled or delayed, passengers will be able to rebook themselves using convenient airport kiosks. No more waiting in line at customer-service desks and returning through security screening.

The possibilities are endless and, in spite of the fact that passengers and shippers are no longer amazed by the wonder of air travel, airlines and their dedicated employees will continue to innovate and push the envelope to enhance the journey even further. We know that when America flies, it works...for everyone.



Income Statement

U.S. Airlines (In millions, except as noted)

	2008	2009	Change (%)	Share (%)
Operating Revenues				
Passenger	\$111,542	\$91,331	(18.1)	59.0
Cargo	29,192	22,914	(21.5)	14.8
Charter (Passenger and Property)	4,338	3,709	(14.5)	2.4
Reservation Cancellation Fees	1,669	2,371	42.1	1.5
Transport Related	35,893	31,006	(13.6)	20.0
Other	3,485	3,388	(2.8)	2.2
Total Operating Revenues	186,119	154,719	(16.9)	100.0
Operating Expenses				
Flying Operations	\$79,678	\$53,260	(33.2)	35.0
Maintenance	17,016	16,094	(5.4)	10.6
Passenger Service	9,017	8,853	(1.8)	5.8
Aircraft and Traffic Servicing	22,669	21,421	(5.5)	14.1
Promotion and Sales	8,514	7,556	(11.2)	5.0
General and Administrative	13,657	11,301	(17.3)	7.4
Depreciation and Amortization	7,641	7,537	(1.4)	4.9
Transport Related	31,276	26,289	(15.9)	17.3
Total Operating Expenses	189,466	152,310	(19.6)	100.0
Operating Profit (Loss)	(3,348)	2,409	nm	nm
Interest Income (Expense)	(3,769)	(4,267)	nm	nm
Foreign Exchange Gains (Losses)	(183)	(121)	nm	nm
Capital Gains (Losses)	(3,323)	(819)	nm	nm
Other	(13,859)	(59)	nm	nm
Total Nonoperating Income (Expenses)	(21,135)	(5,267)	nm	nm
Pretax Profit (Loss)	(24,483)	(2,858)	nm	nm
Income Tax Credit (Provision)	878	442	nm	nm
Other Income (Expense)	(143)	(112)	nm	nm
Net Profit (Loss)	(\$23,747)	(\$2,528)	nm	nm

nm = not meaningful

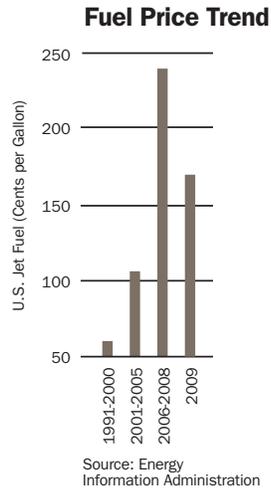
Source: Bureau of Transportation Statistics



When America flies, it cares

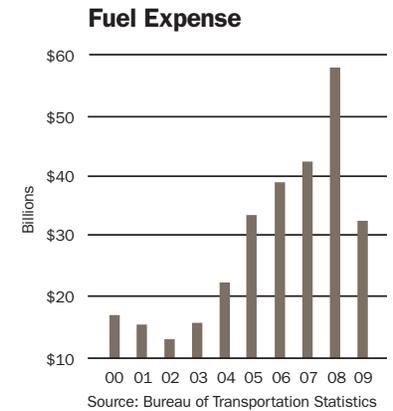
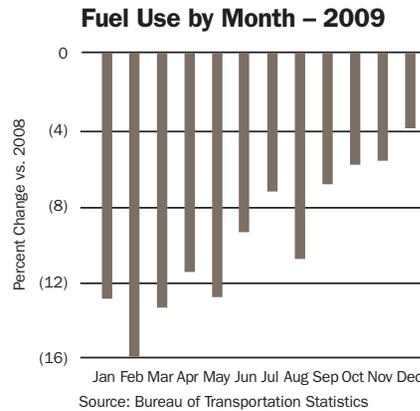
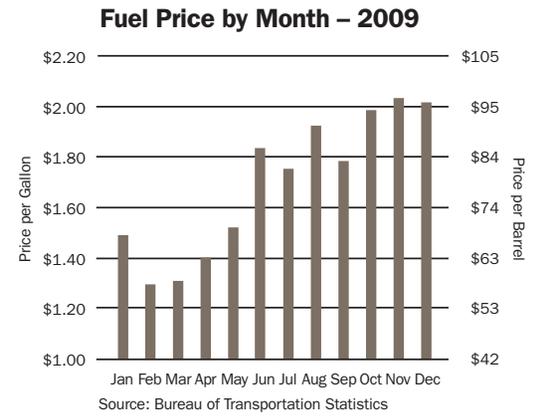
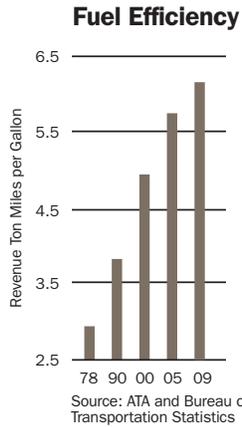
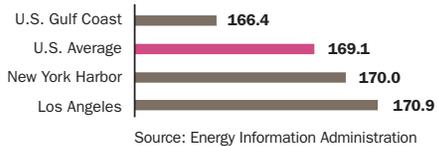


Airlines, in cooperation with other organizations and supported by their passengers and employees, enable children with life-threatening illnesses to travel with their families to the destinations of their dreams.



Fuel Price by Region – 2009

Average Cents per Gallon



Imagination and innovation enable all of us to reach beyond our daily lives – to dream impossible dreams and create a limitless future where anything is possible.

When America's airlines and our aviation partners dream, we see a future of even quieter, cleaner airplanes – smarter airplanes that fly our passengers and their products safely and more efficiently than today. One of the great things about the airline industry is its ability to transform yesterday's dreams into tomorrow's reality. To make those dreams a reality, a cadre of talented and



When
america
flies, it

dreams

dedicated aviation and engineering professionals are working on breakthrough technologies, undertaking innovative research and implementing cutting-edge development – with a shared goal of aviation excellence for generations to come.

Driving our investment in aircraft and engines has been the airlines’ steadfast commitment to the environment and, specifically, to improving fuel efficiency and reducing noise. Over the past three decades, U.S. airlines have increased their fuel efficiency by more than 110

percent while shrinking the population exposed to high noise levels by 94 percent. Our commitment to continuous improvement is also driving investment in the development and deployment of environmentally friendly, operationally reliable, economically viable alternative fuels to enhance the security of our energy supply and reduce emissions associated with petroleum.

But preparing to meet tomorrow’s aviation demand also requires government action to deliver a satellite-oriented, digitally enabled, next-generation ATM system that maximizes

the efficient movement of aircraft – not in 20 years, but now. ATA is committed to advancing the necessary government-industry partnership to accelerate the delivery of this critical investment on a solid business basis – and, with it, enhanced safety, job creation and an improved future for all of us.

**When America Dreams, It Flies.
When America Flies, It Dreams.**

Operating Fleets of Selected U.S. Airlines – 2009

	A300	A310	A318	A319	A320	A321	A330	B-717	B-727	B-737	B-747	B-757	B-767	B-777	DC-8	DC-9	MD-10	MD-11	MD-80	MD-90	E190	Total 2009	Total 2008
AirTran								86		52												138	136
Alaska										115												115	110
Allegiant																			46			46	38
American										107		124	73	47					257			608	625
Continental										232		59	26	20								337	350
Delta¹				57	69		31			81	16	181	91	16		66			116	16		740	755
Frontier			9	38	4																	51	52
Hawaiian								15					18									33	32
JetBlue					110																41	151	142
Southwest										537												537	537
Spirit				26		2																28	28
United				55	97						25	96	35	52								360	409
US Airways				93	70	51	14			64		28	10								19	349	354
Virgin America				10	18																	28	28
Subtotal	-	-	9	279	368	53	45	101	-	1,188	41	488	253	135	-	66	-	-	419	16	60	3,521	3,596
ABX													27									27	57
ASTAR															8							8	44
Atlas²										28												28	27
Evergreen Int'l										12												12	12
FedEx Express	71	58							77			34		3			76	59				378	357
UPS	53									12	75	34						38				212	235
Subtotal	124	58	-	-	-	-	-	-	77	-	52	109	61	3	8	-	76	97	-	-	-	665	732
Grand Total	124	58	9	279	368	53	45	101	77	1,188	93	597	314	138	8	66	76	97	419	16	60	4,186	4,328

1 Includes data for Northwest Airlines.

2 Includes data for Polar Air Cargo.

Note: Values reflect year-end mainline aircraft counts.

Source: Company reports

■ Member, Air Transport Association of America, Inc. (as of July 2010)

U.S. Air Carrier Fleet – 2009

Operator	Narrowbody	Widebody	Other	Total
Mainline Passenger/Combination (Jet)	3,050	516	100	3,666
Regional Passenger (Jet)	-	-	1,710	1,710
Regional Passenger (Other)	-	-	902	902
All-Cargo	298	556	-	854
Total	3,348	1,072	2,712	7,132

Source: Federal Aviation Administration

Operating Statistics of Selected U.S. Airlines – 2009

	Operating Aircraft ¹	Employment (Thousand FTEs)	Aircraft Departures ² (Thousands)	Passengers Enplaned ³ (Millions)	RPMs ³ (Billions)	ASMs ³ (Billions)	Load Factor ³ (Percent)	Cargo RTMs ² (Millions)	Operating Revenues ² (Billions)
AirTran	138	8.2	252	24.0	18.5	23.3	79.5	-	\$2.3
Alaska	115	8.9	151	15.5	18.3	23.1	79.4	58	3.0
Allegiant	46	1.5	41	4.9	4.5	4.9	90.4	-	0.5
American	608	66.5	683	85.7	122.4	151.7	80.7	1,664	19.9
Continental	337	38.7	346	43.9	77.7	94.3	82.4	901	12.4
Delta	740	76.2	849	108.6	162.8	196.5	82.9	2,287	28.9
Frontier	51	4.8	95	9.8	8.9	11.0	80.8	7	1.1
Hawaiian	33	3.6	74	8.3	8.1	9.7	83.9	75	1.2
JetBlue	151	10.6	216	22.4	25.9	32.6	79.7	24	3.3
Southwest	537	34.9	1,126	101.3	74.5	98.0	76.0	110	10.4
Spirit	28	1.9	54	6.1	5.9	7.5	79.5	-	0.7
United	360	46.6	435	56.0	100.3	122.5	81.9	1,603	16.4
US Airways	349	31.3	461	51.0	57.9	70.7	81.8	269	10.8
Virgin America	28	1.4	34	3.6	5.4	6.5	82.8	-	0.5
Subtotal	3,521	335.2	4,815	541.3	691.2	852.2	81.1	6,999	111.4
ABX	27	1.4	17	-	-	-	-	361	0.7
ASTAR	8	0.6	6	-	-	-	-	72	0.3
Atlas⁴	28	1.4	16	-	-	-	-	3,596	1.4
Evergreen Int'l	12	0.4	4	-	-	-	-	631	0.5
FedEx Express	378	123.2	334	-	-	-	-	9,685	20.0
UPS	212	5.9	137	-	-	-	-	6,457	4.4
Subtotal	665	132.9	514	-	-	-	-	20,803	27.3
Other	n/a	68.1	5,044	162.7	78.3	105.0	74.6	3,896	16.1
Total Industry	n/a	536.2	10,373	703.9	769.5	957.2	80.4	31,698	\$154.7

1 At end of fiscal year.

2 All services.

3 Scheduled service only.

4 Includes data for Polar Air Cargo.

n/a = not available

Source: ATA and Bureau of Transportation Statistics

■ Member, Air Transport Association of America, Inc. (as of July 2010)

When America flies, it cares



Not-for-profit organizations of every shape and size benefit from the generosity of America's airlines. Sponsored fundraisers, teams of employee volunteers and ticket donations are just a few of the ways that airlines are giving back to the communities that they serve.

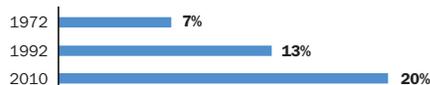
Special Aviation Tax Rates – Jan. 1, 2010

Tax	Rate
Passenger Ticket Tax (Domestic)	7.5%
Flight Segment Tax (Domestic)	\$3.70
Frequent Flyer Tax	7.5%
International Departure Tax	\$16.10
International Arrival Tax	\$16.10
Cargo Waybill Tax (Domestic)	6.25%
Commercial Jet-Fuel Tax (Domestic)	4.3¢
Noncommercial Jet-Fuel Tax (Domestic)	21.8¢
Noncommercial Avgas Tax (Domestic)	19.3¢
LUST Fuel Tax (Domestic)	0.1¢
Passenger Facility Charge (Maximum)	\$4.50
September 11th Fee	\$2.50
Aviation Security Infrastructure Fee	Varies
APHIS Passenger Fee	\$5.00
APHIS Aircraft Fee	\$70.50
Customs User Fee	\$5.50
Immigration User Fee	\$7.00

Source: Air Transport Association

Ticket Tax Trend

Share of \$300 Domestic Ticket¹



¹ Assumes one-stop domestic round trip with maximum passenger facility charge per airport.

Source: Air Transport Association



Our nation's airlines power the economy and enable the movement of people and goods necessary to compete effectively in today's global marketplace. Unfortunately, the airlines' ability to operate efficiently is being stifled by outdated policies and practices that constrain competition and threaten the industry's financial viability. With nearly \$60 billion in losses since 2000, more rational government policies would help airlines facilitate our nation's economic recovery.

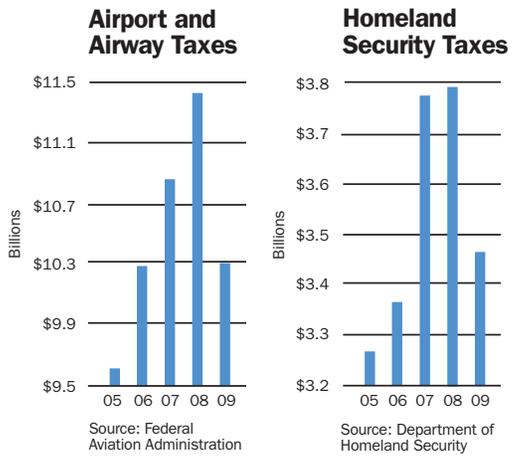
Today, U.S. airlines and their customers pay about \$60 in taxes or 20 percent of

the price of a typical \$300 domestic round-trip ticket. That contributes to the \$23 billion in taxes and fees paid annually to airports, FAA and the Department of Homeland Security. These excessive costs make travel and shipping less affordable and inhibit airlines from making needed investments in the future, ultimately harming the people and businesses that rely on air transportation.

This tremendous drag on profitability also harms our employees; airlines have lost 30 percent of their workforce since 2001. It harms the communities that have lost and

continue to lose service; the companies that sell aviation equipment and technologies; and the travel and tourism sector that depends on robust air service. It harms U.S. global competitiveness and threatens our longstanding position of aviation leadership. The industry's economic viability is closely tied to the nation's economic viability. The challenge is to achieve a tax structure that is fair yet allows the sustainable returns that are essential to future investments.

The removal of barriers – restrictive policies that perpetuate excessive taxation, outdated



When
america
flies, it

competes



infrastructure and sometimes inefficient business arrangements – is critical to the long-term vitality and profitability of the industry, and in the best interest of our nation’s economic recovery and global competitiveness. The government must adopt a more disciplined “do no harm” approach that sustains a vibrant, globally competitive airline industry and the nearly 11 million jobs that rely on its economic well-being.

**When America Competes, It Flies.
When America Flies, It Competes.**

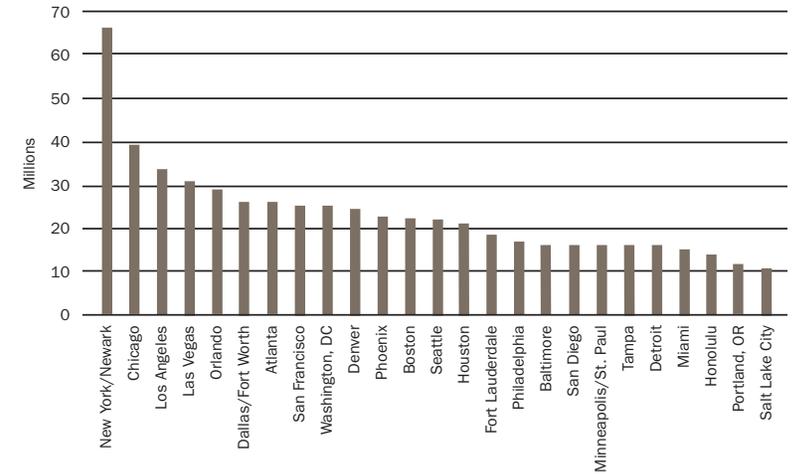
Top 25 U.S. Air Travel Markets – 2009

Systemwide Local (Inbound + Outbound) Passenger Revenue

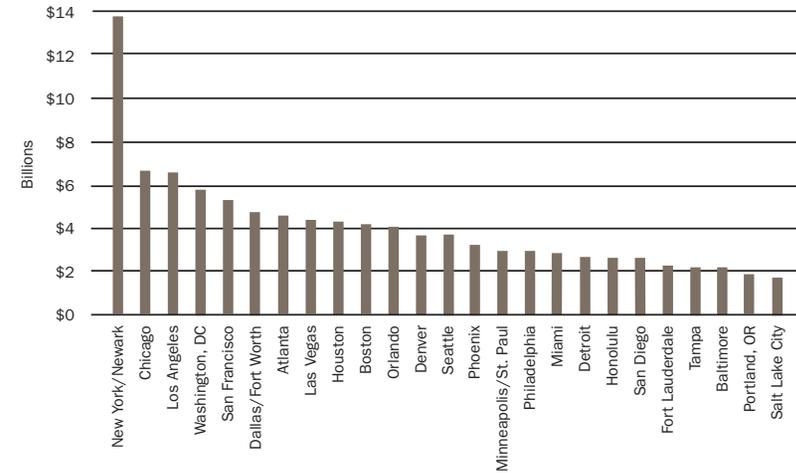
City	Passengers (Millions)	Revenue (Millions)
New York/Newark	66.2	\$13,636
Chicago	39.3	6,726
Los Angeles	33.7	6,609
Washington, DC	24.9	5,760
San Francisco	25.0	5,335
Dallas/Fort Worth	26.4	4,773
Atlanta	26.4	4,649
Las Vegas	30.7	4,445
Houston	21.4	4,241
Boston	21.8	4,192
Orlando	28.8	4,070
Denver	24.4	3,712
Seattle	21.6	3,696
Phoenix	22.1	3,288
Minneapolis/St. Paul	16.0	3,004
Philadelphia	17.3	2,936
Miami	13.2	2,895
Detroit	14.9	2,700
Honolulu	12.0	2,695
San Diego	16.1	2,669
Fort Lauderdale	17.9	2,297
Tampa	15.9	2,233
Baltimore	16.4	2,190
Portland, OR	11.0	1,911
Salt Lake City	10.1	1,689

Source: DOT O&D survey

Systemwide Local (Inbound + Outbound) Passengers



Systemwide Local (Inbound + Outbound) Passenger Revenue



Top 40 U.S. Airports – 2009

Passengers Enplaned ¹		Thousands	Cargo Tons Enplaned ¹		Thousands	Aircraft Takeoffs/Landings ^{1,2}		Thousands			
1	ATL	Hartsfield-Jackson Atlanta Int'l	42,180	1	MEM	Memphis Int'l	2,045	1	ATL	Hartsfield-Jackson Atlanta Int'l	970
2	ORD	Chicago O'Hare Int'l	31,135	2	SDF	Louisville Standiford Field	1,116	2	ORD	Chicago O'Hare Int'l	828
3	LAX	Los Angeles Int'l	27,449	3	MIA	Miami Int'l	798	3	DFW	Dallas/Fort Worth Int'l	639
4	DFW	Dallas/Fort Worth Int'l	26,616	4	LAX	Los Angeles Int'l	782	4	DEN	Denver Int'l	612
5	DEN	Denver Int'l	23,969	5	ANC	Ted Stevens Anchorage Int'l	748	5	LAX	Los Angeles Int'l	545
6	JFK	John F. Kennedy Int'l	22,710	6	ORD	Chicago O'Hare Int'l	583	6	IAH	George Bush Intercontinental	539
7	LAS	Las Vegas McCarran Int'l	19,294	7	JFK	John F. Kennedy Int'l	576	7	LAS	Las Vegas McCarran Int'l	511
8	IAH	George Bush Intercontinental	19,289	8	IND	Indianapolis Int'l	501	8	CLT	Charlotte Douglas Int'l	509
9	PHX	Phoenix Sky Harbor Int'l	18,569	9	EWR	Newark Liberty Int'l	397	9	PHL	Philadelphia Int'l	473
10	SFO	San Francisco Int'l	18,462	10	DFW	Dallas/Fort Worth Int'l	310	10	PHX	Phoenix Sky Harbor Int'l	457
11	CLT	Charlotte Douglas Int'l	17,165	11	ATL	Hartsfield-Jackson Atlanta Int'l	308	11	MSP	Minneapolis-Saint Paul Int'l	433
12	EWR	Newark Liberty Int'l	16,659	12	OAK	Metropolitan Oakland Int'l	274	12	DTW	Detroit Metropolitan Wayne County	433
13	MCO	Orlando Int'l	16,379	13	PHL	Philadelphia Int'l	262	13	JFK	John F. Kennedy Int'l	422
14	MIA	Miami Int'l	16,188	14	ONT	Ontario Int'l	231	14	EWR	Newark Liberty Int'l	415
15	MSP	Minneapolis-Saint Paul Int'l	15,542	15	SFO	San Francisco Int'l	230	15	DVT	Phoenix Deer Valley	402
16	SEA	Seattle-Tacoma Int'l	15,257	16	IAH	George Bush Intercontinental	218	16	SFO	San Francisco Int'l	380
17	DTW	Detroit Metropolitan Wayne County	15,196	17	HNL	Honolulu Int'l	206	17	SLC	Salt Lake City Int'l	373
18	PHL	Philadelphia Int'l	15,004	18	SEA	Seattle-Tacoma Int'l	158	18	IAD	Washington Dulles Int'l	366
19	BOS	Boston Logan Int'l	12,582	19	IAD	Washington Dulles Int'l	141	19	BOS	Boston Logan Int'l	361
20	IAD	Washington Dulles Int'l	11,130	20	BOS	Boston Logan Int'l	133	20	LGA	LaGuardia	357
21	LGA	LaGuardia	11,111	21	PHX	Phoenix Sky Harbor Int'l	122	21	MIA	Miami Int'l	351
22	BWI	Baltimore/Washington Int'l	10,296	22	DEN	Denver Int'l	119	22	VNY	Van Nuys	351
23	FLL	Fort Lauderdale-Hollywood Int'l	10,235	23	MSP	Minneapolis-Saint Paul Int'l	110	23	GFK	Grand Forks	346
24	SLC	Salt Lake City Int'l	9,901	24	TOL	Toledo Express	108	24	MEM	Memphis Int'l	339
25	HNL	Honolulu Int'l	8,713	25	RFD	Chicago/Rockford Int'l	107	25	SEA	Seattle-Tacoma Int'l	318
26	DCA	Ronald Reagan Washington Nat'l	8,516	26	PDX	Portland Int'l	99	26	DAB	Daytona Beach Int'l	312
27	SAN	San Diego Int'l	8,449	27	CVG	Cincinnati/Northern Kentucky	89	27	MCO	Orlando Int'l	306
28	TPA	Tampa Int'l	8,269	28	ILN	Wilmington Clinton Field	84	28	LGB	Long Beach	297
29	MDW	Chicago Midway	8,252	29	SLC	Salt Lake City Int'l	81	29	SNA	John Wayne (Orange County)	296
30	PDX	Portland Int'l	6,427	30	DTW	Detroit Metropolitan Wayne County	76	30	HNL	Honolulu Int'l	275
31	STL	St. Louis Lambert Int'l	6,082	31	SJU	San Juan Luis Muñoz Marín Int'l	76	31	DCA	Ronald Reagan Washington Nat'l	274
32	CVG	Cincinnati/Northern Kentucky	5,194	32	MCO	Orlando Int'l	71	32	BWI	Baltimore/Washington Int'l	268
33	MEM	Memphis Int'l	5,054	33	SAN	San Diego Int'l	64	33	FLL	Fort Lauderdale-Hollywood Int'l	267
34	MCI	Kansas City Int'l	4,938	34	BDL	Hartford Bradley Int'l	63	34	BFI	Boeing Field/King County Int'l	266
35	CLE	Cleveland Hopkins Int'l	4,704	35	CLT	Charlotte Douglas Int'l	57	35	APA	Denver Centennial	263
36	OAK	Metropolitan Oakland Int'l	4,611	36	AFW	Forth Worth Alliance	57	36	ANC	Ted Stevens Anchorage Int'l	257
37	SMF	Sacramento Int'l	4,461	37	BFI	Boeing Field/King County Int'l	55	37	FFZ	Mesa Falcon Field	255
38	RDU	Raleigh-Durham Int'l	4,435	38	SAT	San Antonio Int'l	54	38	MDW	Chicago Midway	245
39	BNA	Nashville Int'l	4,384	39	CAE	Columbia Metropolitan	50	39	RVS	Tulsa R. Lloyd Jones	245
40	SNA	John Wayne (Orange County)	4,311	40	FLL	Fort Lauderdale-Hollywood Int'l	50	40	PRC	Prescott (Earneest A. Love Field)	240

1 All services (scheduled and nonscheduled) by U.S. and non-U.S. airlines.

2 Includes military and general aviation.

Source: Bureau of Transportation Statistics and Federal Aviation Administration



When
america
flies, it

Delivers

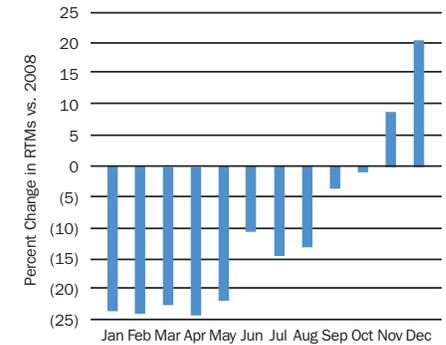
U.S. Export Value by Transport Mode

Dollars per Kilogram



Source: ATA and Census Bureau

Cargo Traffic – 2009



Source: Bureau of Transportation Statistics

So many of the products and processes that contribute to our quality of life are the result of innovations like just-in-time delivery and advanced logistics. In our time-sensitive lives, it has become standard practice to overnight important documents for a meeting, to receive a morning delivery of fresh seafood and flowers from a distant location for an afternoon wedding or to take delivery of critical parts or electronics to keep the machinery of modern life operating smoothly.

These marvelous innovations have become so much a part of the fabric of our lives that

U.S. Exports by Air – Top Commodities by Value

Commodity	\$ Billions
Electric machinery, sound and television equipment	71.1
Boilers, machinery and parts, and nuclear reactors	54.0
Optic, photo, medical and surgical instruments	47.8
Aircraft, spacecraft and parts thereof	44.3
Precious metals, pearls, stones and coins	35.4
Pharmaceutical products	32.4
Organic chemicals	7.0
Works of art, collectors' pieces and antiques	6.1
Miscellaneous chemical products	5.0
Plastics and articles thereof	3.1
Other	28.1
Total	334.4

Source: Census Bureau

U.S. Exports by Air – Top Destinations by Value

Destination	\$ Billions
United Kingdom	29.2
Germany	24.1
Japan	22.8
China	19.6
France	17.0
The Netherlands	16.6
Canada	15.8
Switzerland	15.7
Hong Kong	13.0
Singapore	12.0
Other	148.8
Total	334.4

Source: Census Bureau

U.S. Imports by Air – Top Commodities by Value

Commodity	\$ Billions
Electric machinery, sound and television equipment	93.4
Boilers, machinery and parts, and nuclear reactors	79.1
Pharmaceutical products	34.8
Precious metals, pearls, stones and coins	32.0
Optic, photo, medical and surgical instruments	30.1
Organic chemicals	28.2
Special classification provisions	22.7
Aircraft, spacecraft and parts thereof	5.1
Works of art, collectors' pieces and antiques	5.0
Apparel articles and accessories, knit or crochet	4.3
Other	32.1
Total	366.9

Source: Census Bureau

U.S. Imports by Air – Top Origins by Value

Origin	\$ Billions
China	73.4
Japan	26.0
United Kingdom	25.7
Germany	24.2
Ireland	22.1
France	16.1
South Korea	14.9
Malaysia	13.7
Israel	13.5
Switzerland	11.9
Other	125.5
Total	366.9

Source: Census Bureau



When disaster strikes, such as the 2009 earthquake in Haiti, America's airlines and their employees spring into action, delivering relief supplies, cash and in-kind donations, transportation and other life-saving aid.



it is easy to forget that the overnight shipping and advanced transportation and logistics industries that make them possible were created by the airline industry not that long ago. The result? Virtually any business located anywhere in the world can actively participate in the global economy and routinely deliver products to customers half a world away...tomorrow!

Sophisticated inventory-management practices that have become central to a vibrant economy, just like the availability of

fresh seafood and produce, gourmet foods, exotic flowers and ever expanding product offerings, as well as mission-critical business documents and materials, are made possible because of these airline innovations. Lifesaving medical, pharmaceutical and laboratory products and services, previously unavailable to distant locations, can now quickly reach those who need them most, exactly when they are needed.

Airlines are the heart of our just-in-time global economy – quite literally its circulatory

system – making millions of time-sensitive deliveries of an increasingly diverse range of documents, products and supplies to locations across the country and around the globe. Our lives, our economy and our future are all strengthened and enriched as a result, with the promise of still better things ahead.

**When America Delivers, It Flies.
When America Flies, It Delivers.**

Eleven-Year Summary

U.S. Airlines

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Traffic and Capacity¹											
Passengers Enplaned (Thousands)	635,959	666,149	622,129	614,338	647,470	703,692	738,628	744,728	769,622	743,306	703,944
Revenue Passenger Miles (Millions)	652,047	692,757	651,700	642,374	657,290	733,956	779,014	797,414	829,422	812,360	769,485
Cargo Revenue Ton Miles (Millions)	21,613	23,888	24,569	26,510	26,735	27,978	28,037	29,339	29,570	28,375	25,002
Aircraft Departures (Thousands)	8,627	9,035	8,888	9,307	10,896	11,429	11,564	11,268	11,399	10,896	10,132
Aircraft Miles (Millions)	6,168	6,574	6,597	6,626	7,090	7,668	7,920	7,923	8,116	7,889	7,317
Aircraft Hours (Thousands)	14,698	15,680	15,592	15,787	17,305	18,550	19,114	19,027	19,436	18,904	17,490
Available Seat Miles (Millions)	918,419	956,950	930,511	894,455	894,555	971,935	1,003,334	1,006,324	1,037,667	1,021,348	957,198
Operating Statistics											
Passenger Load Factor (%) ¹	71.0	72.4	70.0	71.8	73.5	75.5	77.6	79.2	79.9	79.5	80.4
On-Flight Trip Length (Miles) ¹	1,025	1,040	1,048	1,046	1,015	1,043	1,055	1,071	1,078	1,093	1,093
Flight Stage Length (Miles) ¹	715	728	742	712	651	671	685	703	712	724	722
Gallons Consumed (Millions)	20,061	20,974	20,120	18,154	17,806	19,782	20,185	19,978	20,131	19,378	17,711
Income Statement (Millions)											
Operating Revenues	\$118,892	\$130,248	\$115,227	\$107,125	\$117,768	\$134,660	\$151,544	\$165,532	\$174,696	\$186,119	\$154,719
Operating Expenses	110,489	123,234	125,546	115,690	119,861	136,150	151,097	157,892	165,353	189,466	152,310
Operating Profit (Loss)	8,403	7,014	(10,319)	(8,566)	(2,093)	(1,490)	448	7,640	9,344	(3,348)	2,409
Other Income (Expense)	(3,042)	(4,481)	2,052	(2,800)	377	(7,615)	(27,668)	10,546	(1,652)	(20,399)	(4,937)
Net Profit (Loss)	5,361	2,533	(8,267)	(11,365)	(1,715)	(9,104)	(27,220)	18,186	7,691	(23,747)	(2,528)
Financial Ratios											
Passenger Yield (¢/RPM) ¹	12.93	13.52	12.42	11.42	11.77	11.68	12.02	12.79	12.98	13.73	11.87
Passenger Unit Revenue (¢/ASM) ¹	9.18	9.79	8.70	8.20	8.65	8.82	9.33	10.13	10.38	10.92	9.54
Cargo Yield (¢/RTM) ¹	53.54	53.03	49.69	49.14	53.81	59.93	71.77	74.69	81.17	102.88	91.65
Net Profit Margin (%)	4.5	1.9	(7.2)	(10.6)	(1.5)	(6.8)	(18.0)	11.0	4.4	(12.8)	(1.6)
Employment (Thousand FTEs)											
Total Industry	651.5	679.7	639.7	604.1	588.4	585.2	576.2	565.0	576.0	559.6	536.2
Scheduled Passenger Airlines	479.7	520.6	520.1	471.6	444.7	441.4	421.6	405.4	414.0	407.8	386.1
Other Airlines	171.8	159.1	119.6	132.6	143.7	143.8	154.6	159.6	162.0	151.8	150.2
Safety^{1,2}											
Accidents (Total/Fatal)	40/2	49/2	41/6	34/0	51/2	23/1	34/3	26/2	26/0	20/0	26/1
Fatal Accidents per 100,000 Departures ³	0.018	0.018	0.019	-	0.020	0.009	0.027	0.019	-	-	0.010
Fatalities (Total/Aboard)	12/11	89/89	531/525	0/0	22/21	13/13	22/20	50/49	0/0	0/0	50/49

1 Scheduled service only.

2 Data from the National Transportation Safety Board reflecting scheduled operations under 14 CFR 121.

3 Excludes incidents resulting from illegal acts.

Source: ATA, Bureau of Transportation Statistics and National Transportation Safety Board

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