



**Airlines for America<sup>®</sup>**

**We Connect the World**

## **The State of U.S. Commercial Aviation**

Updated April 26, 2024

*“To suggest that the airlines should have better prepared for this environment seems akin to suggesting Pompeii should have invested more heavily in firefighting technology.” (JPMorgan, Mar. 22, 2020)*

<https://www.airlines.org/dataset/state-of-us-aviation/>

# Key Points

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- » The U.S. economy and air travel remain healthy. Air cargo demand has subsided materially since reaching an all-time high in 2021 but remains solidly above pre-pandemic levels.
- » Post-pandemic YOLOism and the prevailing (though not universal) shift toward hybrid work have been positive for the sector and bode well for the medium term.
- » Airlines of all shapes and sizes continue to retool products and networks to reflect the changing face of demand and to cope with inflation. Capacity growth rates—and profit margins—differ widely.
- » ATC issues, aircraft/engine deliveries, pilot supply/costs, maintenance sector bottlenecks and workforce productivity have curbed flight growth and accelerated up-gauging of domestic fleets.
- » U.S. airlines have faced widespread inflation (e.g., labor, fuel, maintenance, rents).
- » In large part, airlines have been using cash flow to add staff (most since Sept. 2001), renew fleets, upgrade IT and retire the massive debt accumulated in 2020 and 2021 to weather the pandemic.

# Airlines Are in Stage Three of the Multiyear Recovery From the Pandemic

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**Contain  
the Virus**



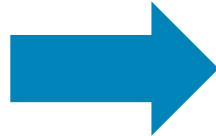
**Stabilize the  
Economy**



**Increase  
Efficiency**

**Aviation-Government Collaboration on Health/Facilitation/Safety/Technology**

**Traffic  
Recovery**



**Revenue  
Recovery**



**Financial  
Recovery**

**Cost-Reduction Initiatives + Business Model Adaptation + Debt Reduction**

**Reduce  
Cash Burn**



**Restore Profitability  
& Rebuild Margins**



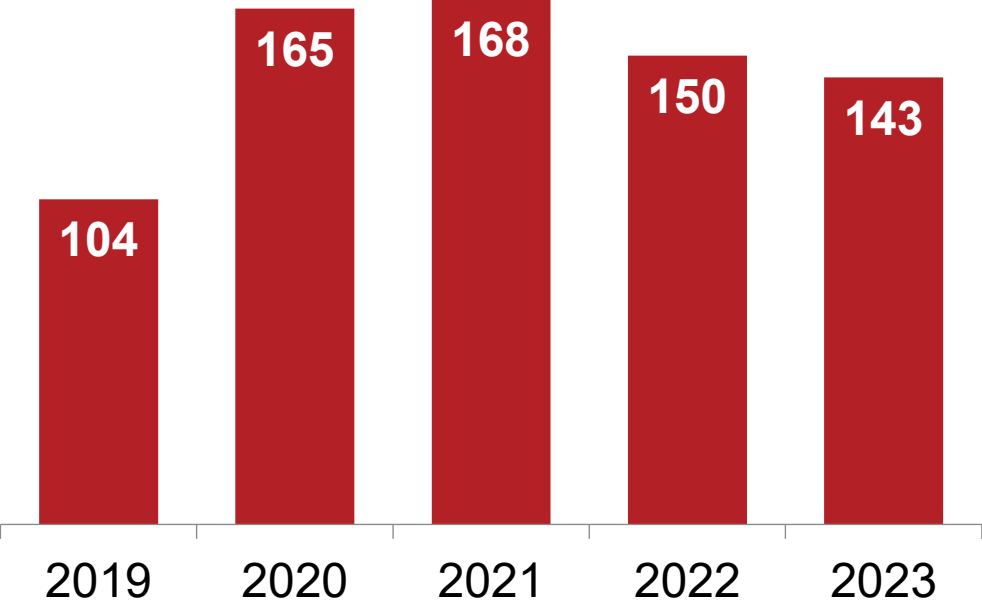
**Repair Balance  
Sheets**

# Airlines Have Prioritized Debt Reduction, Accompanied by Heavy Cash Outlays for Interest

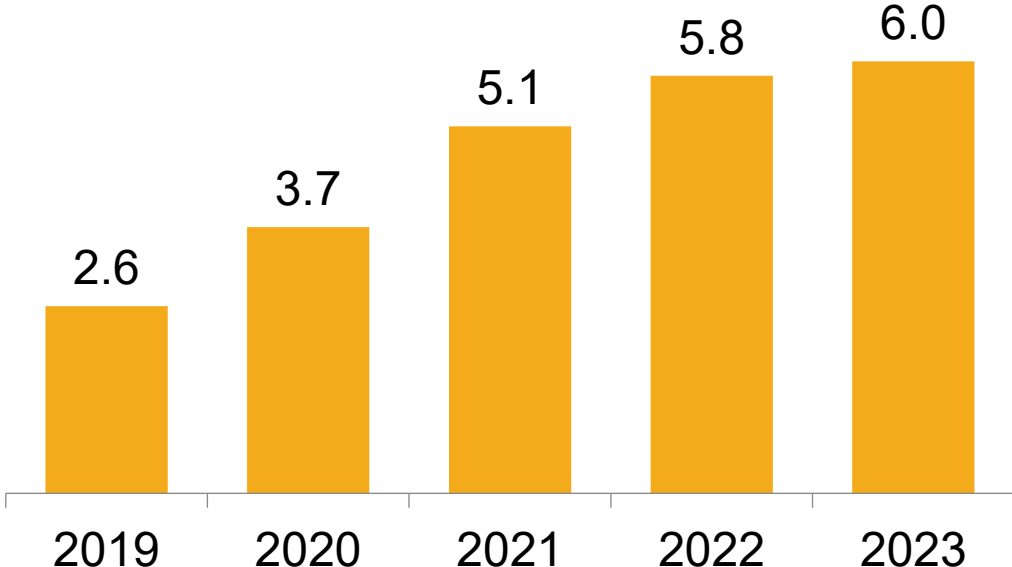
## Interest Expense Doubled From 2019-2021 and Reached \$6B in 2023

“For 2021 and beyond, we anticipate a major deleveraging cycle as **the industry will have no choice but to address its significant debt load.**” (Deutsche Bank, “Airline Industry Update,” July 1, 2020)

Year-End Total Debt\* (\$ Billions)



Interest Expense (\$ Billions)



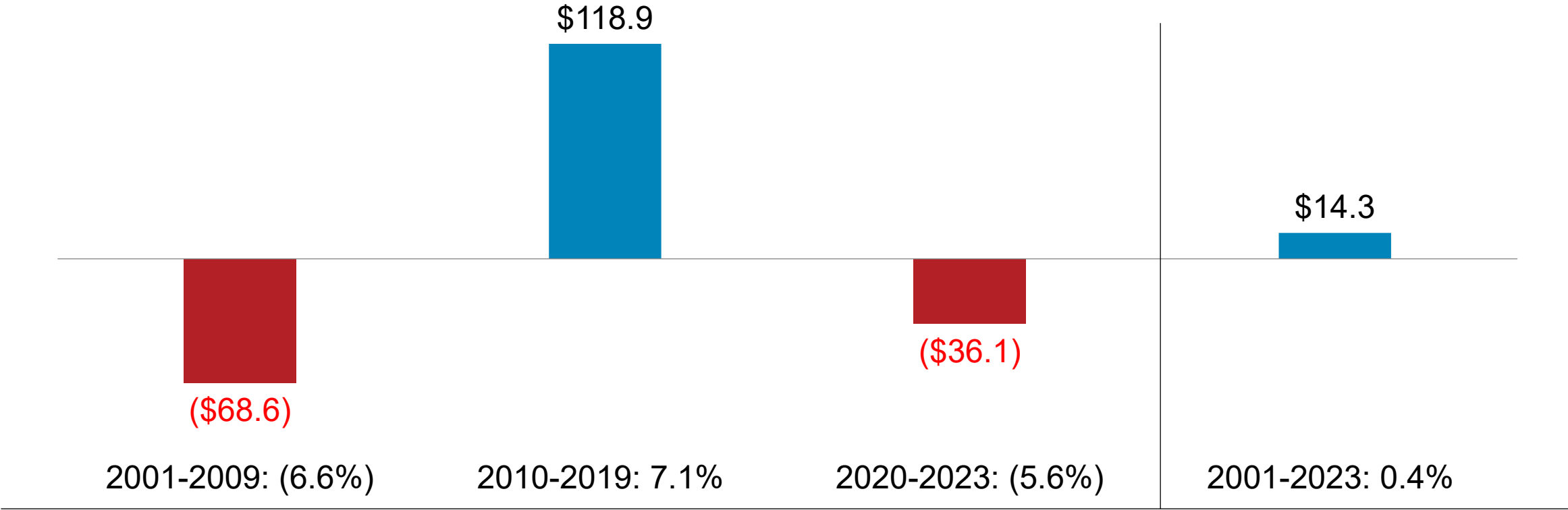
Source: SEC filings of Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United

\* Includes lease and pension obligations

# From 2001-2023, U.S. Airlines Posted a Razor-Thin 0.4% Pre-Tax Profit Margin

From 2020-2023, \$36B in Pre-Tax Losses Translated to a Negative 5.6% Margin

## U.S. Passenger Airlines' Pre-Tax Profit/(Loss) in Billions and Profit Margin



Source: A4A Passenger Airline Cost Index and Bureau of Transportation Statistics

# In 2023, U.S. Passenger Airlines Posted a Pre-Tax Profit Margin of 4.5%

Revenues (Up 12%) Outpaced Operating Expenses (Up 10%); Net Interest Expense Down 51%

Financial Results: 2023	\$ Billions	% Chg. YOY	% of Category
Passenger (RPMs +13.4%, yield +1.2%)	202.2	15	89.9
Cargo	3.5	(29)	1.5
Other <sup>1</sup>	19.2	(0)	8.5
<b>Total operating revenues</b>	<b>224.9</b>	<b>12</b>	<b>100.0</b>
Salaries, wages and benefits	67.8	23	31.9
Aircraft fuel and taxes (consumption +12%, price -17%)	52.0	(5)	24.5
Maintenance materials and repairs	11.5	23	5.4
Landing fees and airport rentals	13.0	16	6.1
Depreciation and amortization <sup>2</sup>	10.6	7	5.0
Other <sup>3</sup>	57.4	10	27.0
<b>Total operating expenses</b>	<b>212.3</b>	<b>10</b>	<b>100.0</b>
Interest and other non-op expenses, net	2.5	(51)	n/a
<b>Pre-tax profit/(loss)</b>	<b>10.0</b>	<b>314</b>	<b>n/a</b>
<b>Pre-tax margin<sup>4</sup></b>	<b>4.5%</b>	<b>3.3 pts</b>	<b>n/a</b>

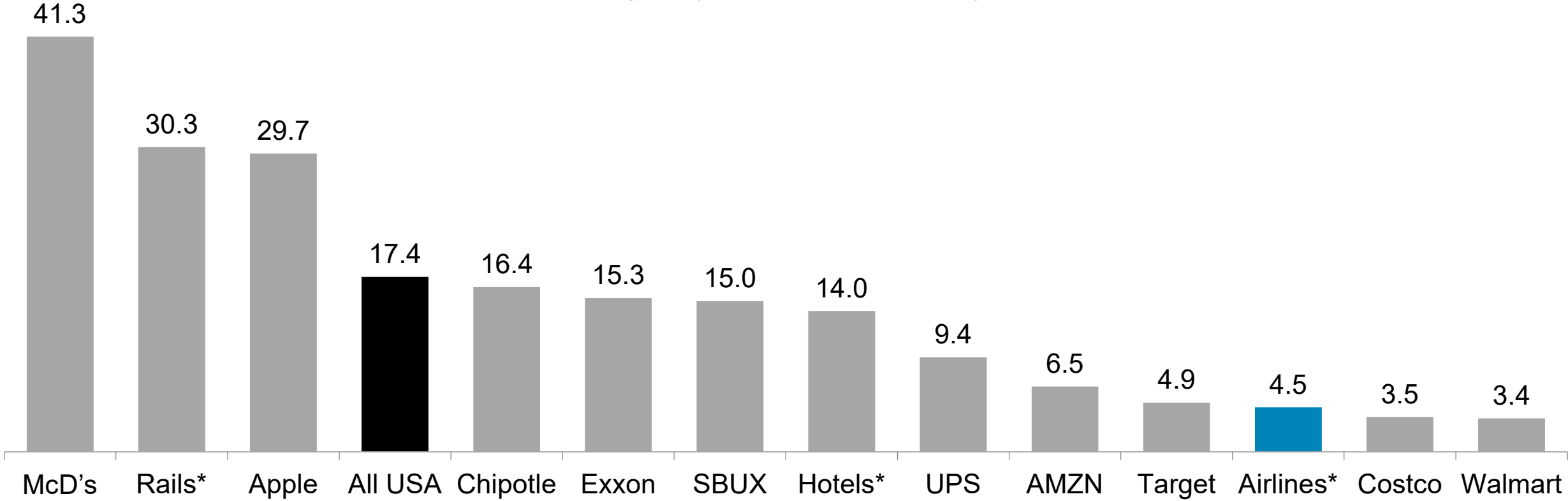
1. Sale of frequent flyer award miles to airline business partners, transportation of pets, in-sourced aircraft and engine repair, flight simulator rentals, inflight sales, etc.
2. Related primarily to ownership of aircraft, ground support equipment, information technology, etc.
3. Aircraft rents, professional fees, food/beverage, insurance, commissions, GDS fees, communications, advertising, utilities, office supplies, crew hotels, payments to regionals, etc.
4. Pre-tax profit/(loss) ÷ total operating revenues

Source: Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United

**In 2023, the Average U.S. Corporation Was Almost Four Times as Profitable as U.S. Airlines**  
**McDonald's Was Nine Times as Profitable as Airlines**

**Pre-Tax Profit Margin (%) for Selected U.S. Companies and Industries, 2023**

Note: Profit Margin = (Revenues – Expenses) ÷ Revenues

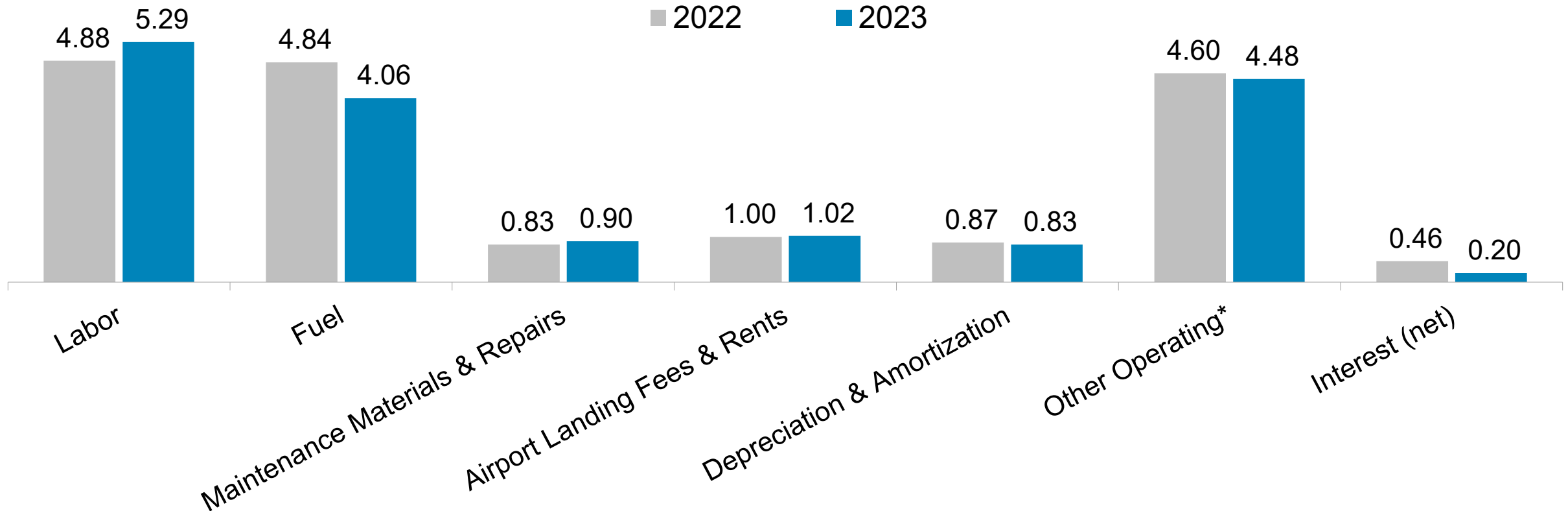


Sources: Bureau of Economic Analysis and company SEC filings \* Airlines = ALK/ALGT/AAL/DAL/ULCC/HA/JBLU/LUV/SAVE/UAL; Hotels = Choice/Hilton/Hyatt/Marriott/Wyndham; Rails = CSX/Norfolk Southern/Union Pacific

# In 2023, U.S. Airlines' Pre-Tax Unit Costs Fell 4.1% Year Over Year

Labor CASM Up 8.4%, Fuel CASM Down 16.2%, Maintenance CASM Up 8.8%

## U.S. Passenger Airlines: Cost (in Cents) per Available Seat Mile



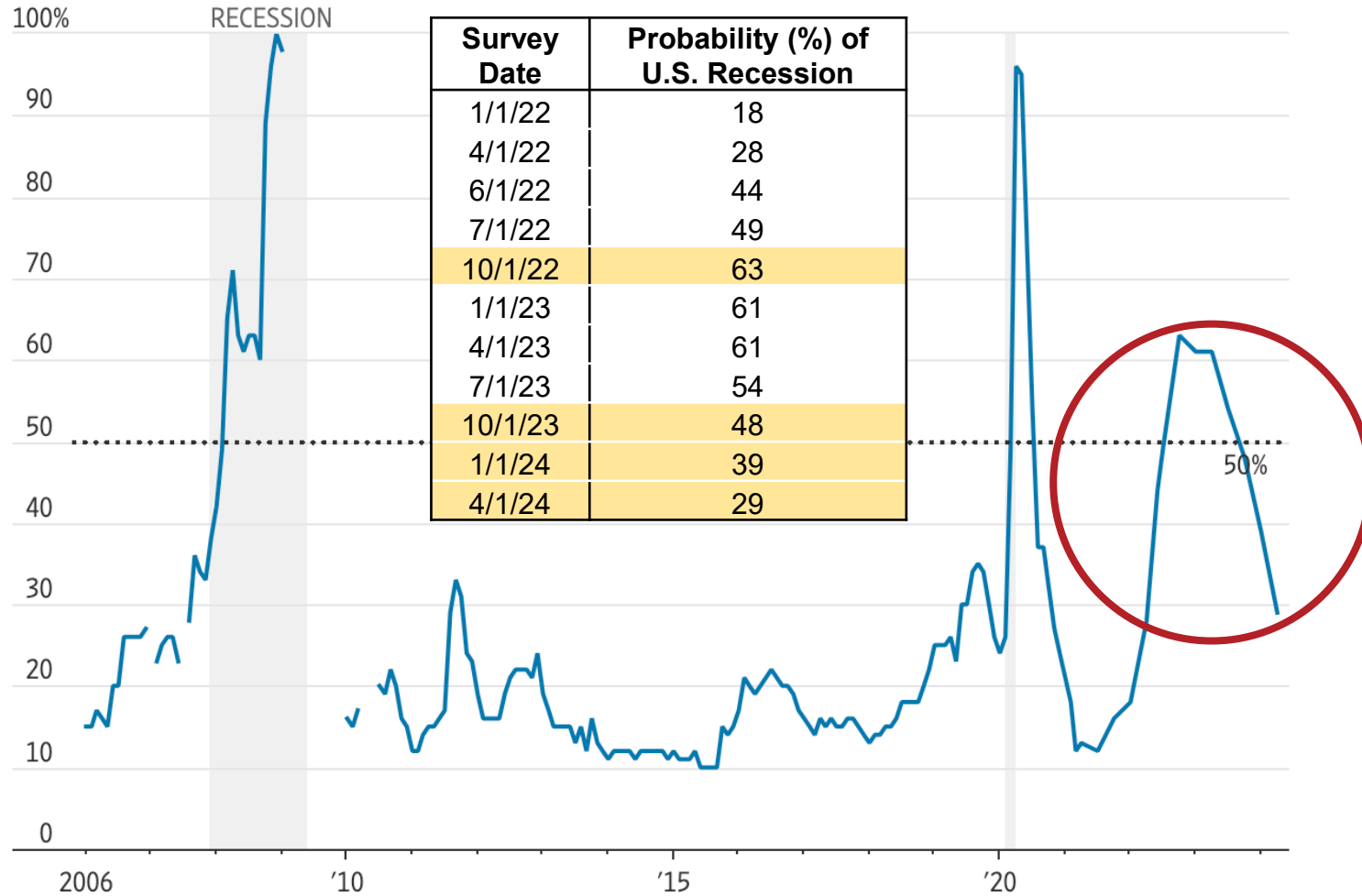
Source: SEC filings of Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United

\* Professional fees, food/beverage, insurance, commissions, GDS fees, communications, advertising, utilities, office supplies, crew hotels, payments to regional carriers, etc.



# Economists Now Deem Chance of a U.S. Recession Within Next 12 Months Far Less Likely

Probability Most Recently Gauged at 29%, Down From 39% in January and 61% Just One Year Ago



**Jul-2022** — *As Fed Tightens, Economists Worry It Will Go Too Far*

**Oct-2022** — *Economists Now Expect a Recession, Job Losses by Next Year*

**Jan-2023** — *Economists...Still See Recession This Year Despite Easing Inflation*

**Jan-2024** — *It Won't Be a Recession—It Will Just Feel Like One*

**Apr-2024** — *'Envy of the World'—U.S. Economy Expected to Keep Powering Higher*

Source: The Wall Street Journal Economic Forecasting Survey and "Envy of the World"—U.S. Economy Expected to Keep Powering Higher," *The Wall Street Journal* (April 14, 2024)

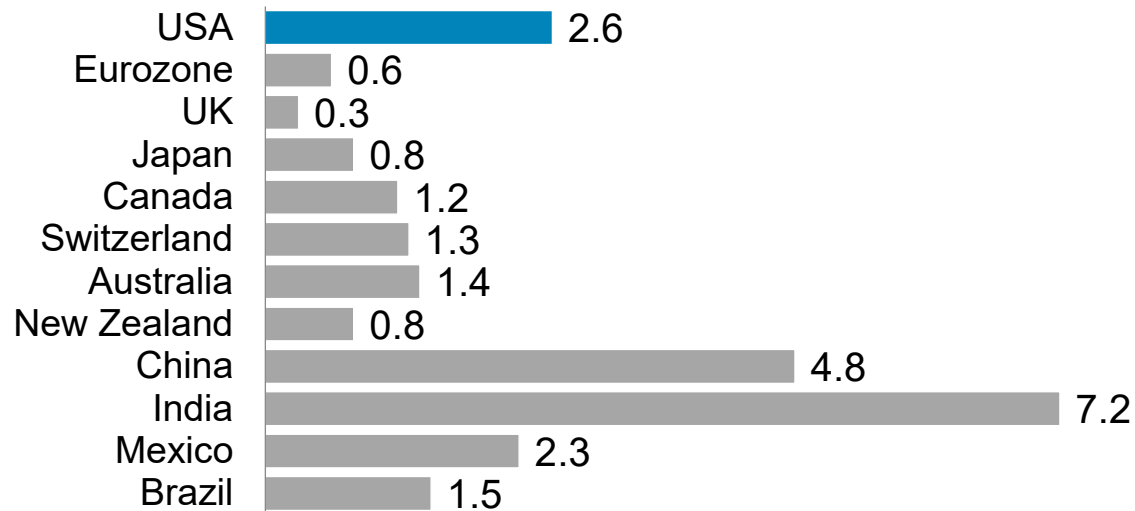
# Wells Fargo and S&P Global Expect the U.S. Economy to Grow at Least 2.5% in 2024

## Several Major Economies Are Projected to Grow $\leq 1\%$

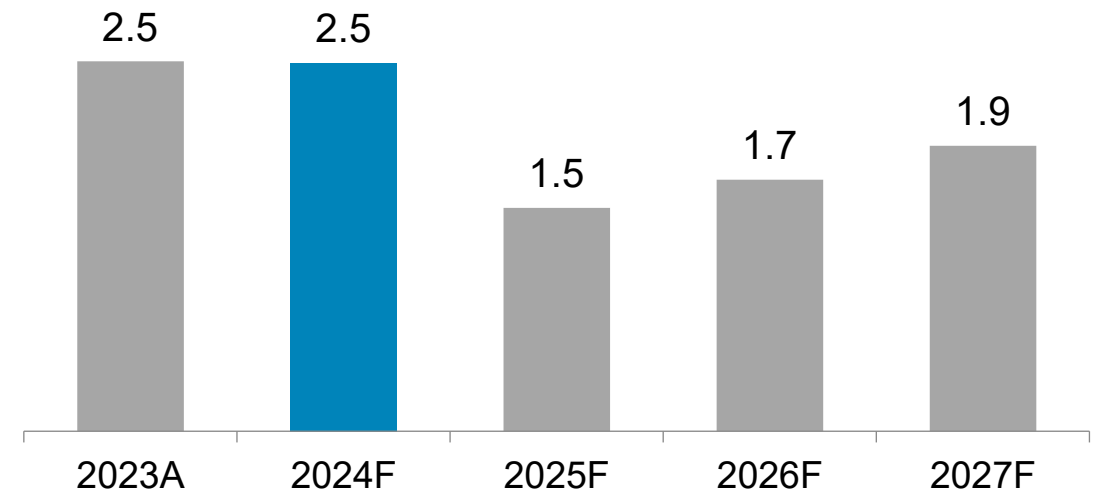
“On balance, **the U.S. economy remains resilient** in the face of the highest fed funds rate in nearly 25 years and the \$1.5 trillion (and counting) decline in the size of the Fed's balance sheet.”

“The U.S. economy appears on track for 2.5% average growth this year... A **recession in the next 12 months appears less likely now** than it did in the spring of last year.”

### Wells Fargo: Projected 2024 Real GDP Growth (%)



### S&P Global: U.S. Real GDP Growth

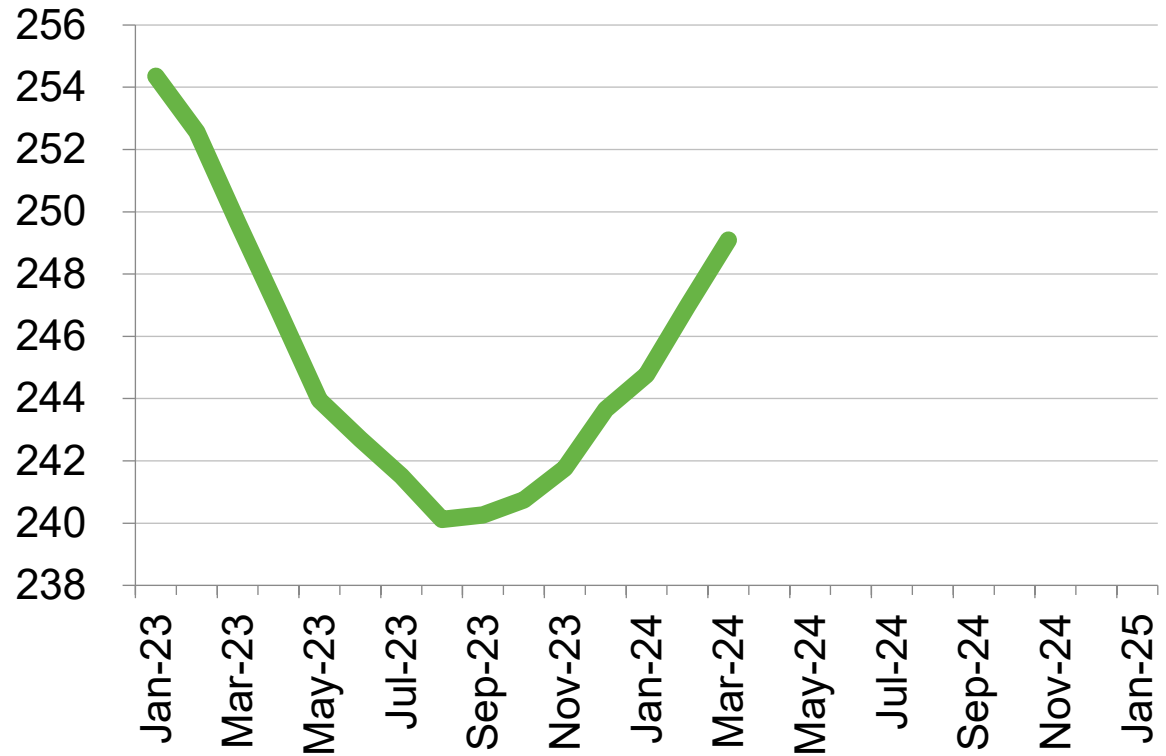


Source: Wells Fargo (April 11, 2024) and “Economic Outlook U.S. Q2 2024: Heading For An Encore,” S&P Global Ratings (March. 26, 2024)

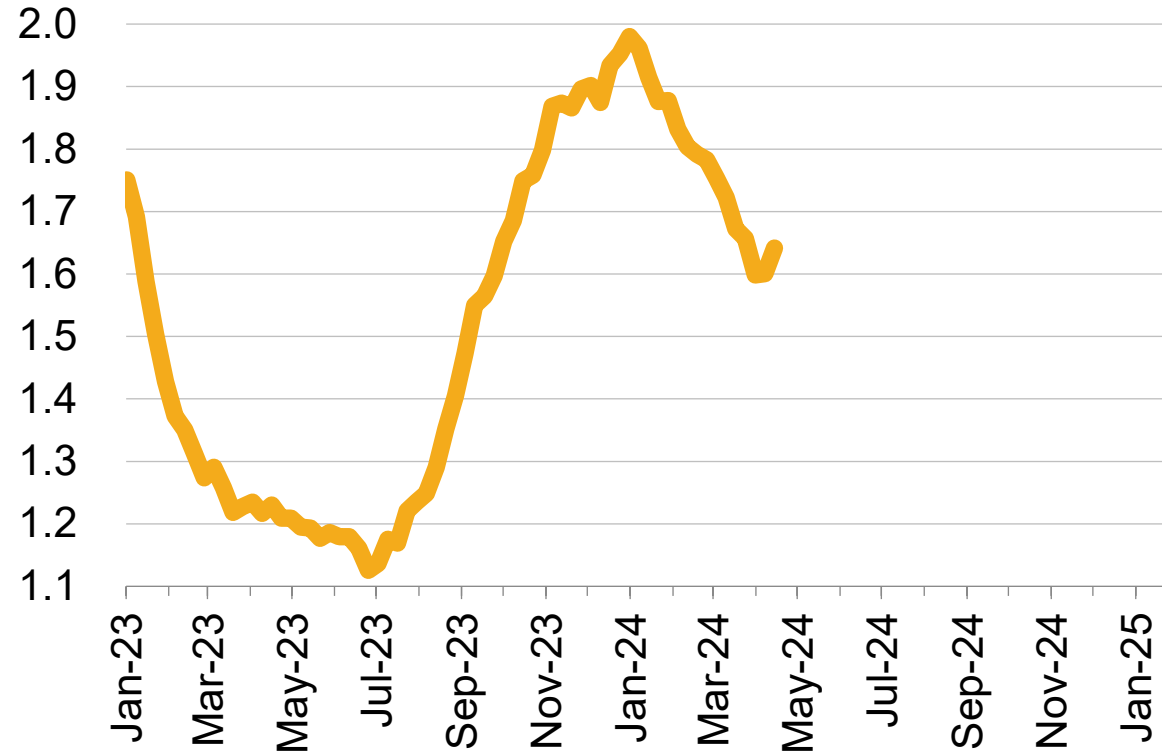
# After 18 Consecutive Months of Declines, Freight Rail Traffic Rose Over Past Six Months

## U.S. Economic Activity Is Persisting—Albeit at a Slower Rate—in Early 2024

**U.S. Freight Rail Traffic (Intermodal)**  
12-Month Moving Average Carloads (000) per Week



**U.S. Weekly Economic Index\* (%)**  
13-Week Moving Average

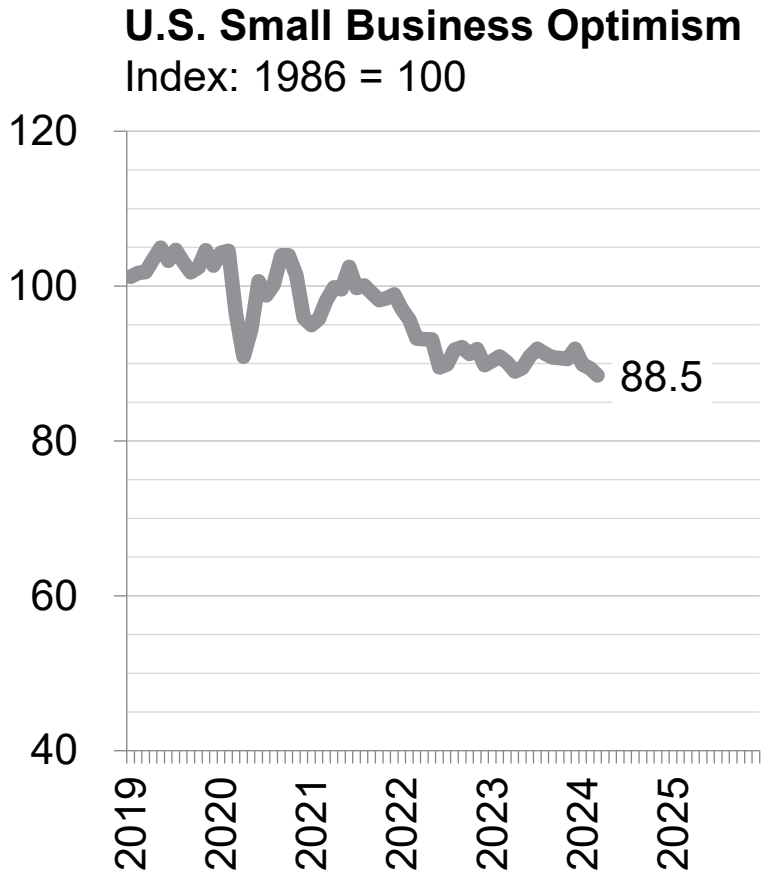
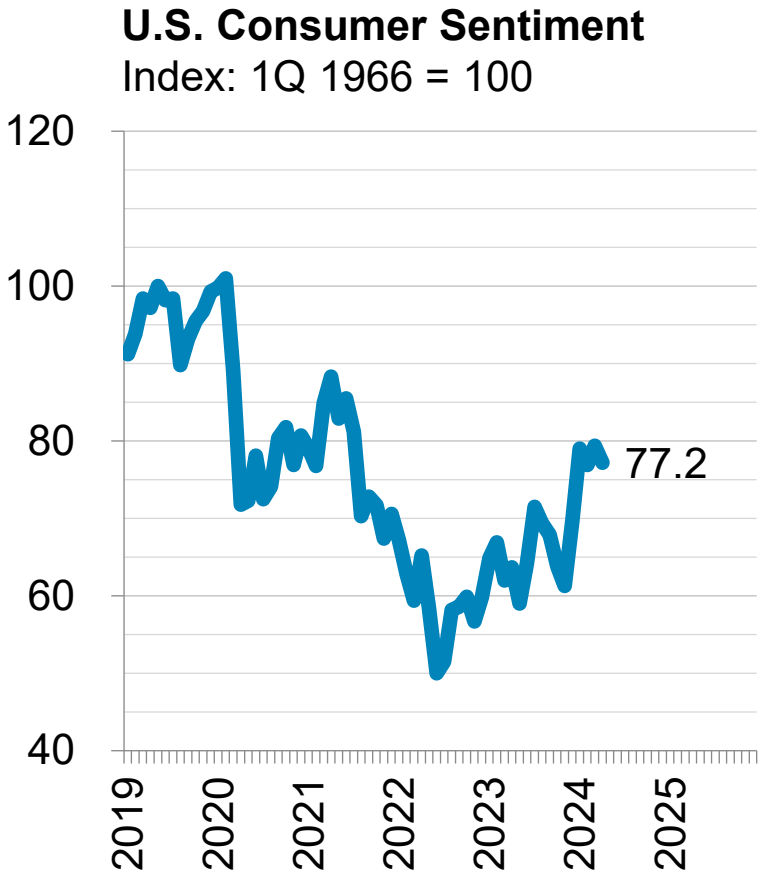
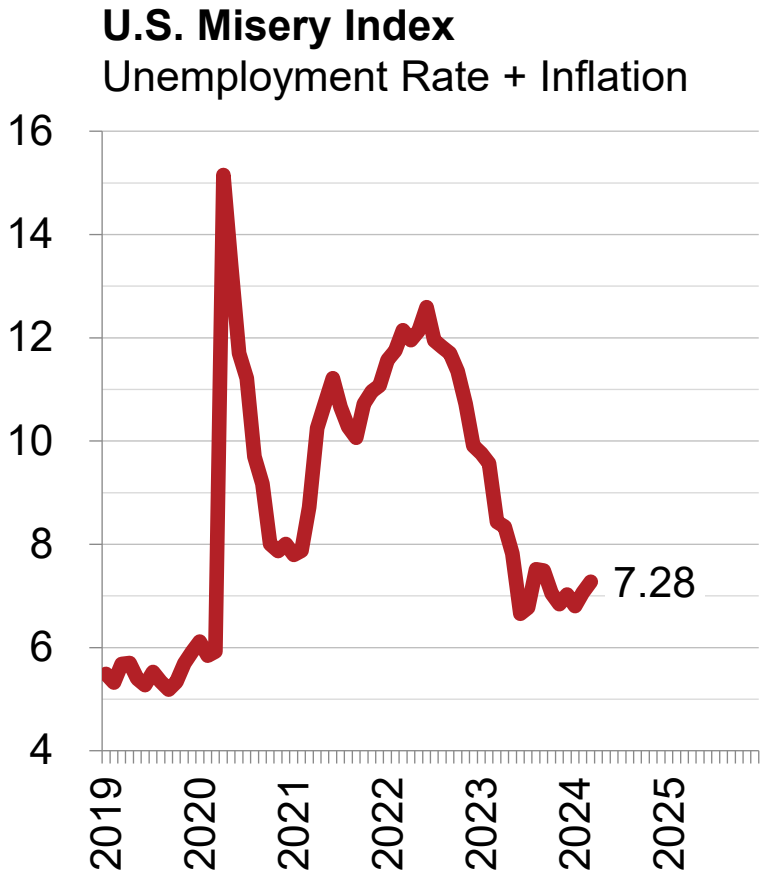


Sources: Association of American Railroads (AAR) and Federal Reserve Bank of Dallas

\* Index of 10 daily and weekly indicators of real economic activity; developed by Daniel J. Lewis, Karel Mertens and James H. Stock

# In April, U.S. Consumer Sentiment Slipped But Remains at Highest Level Since July 2021

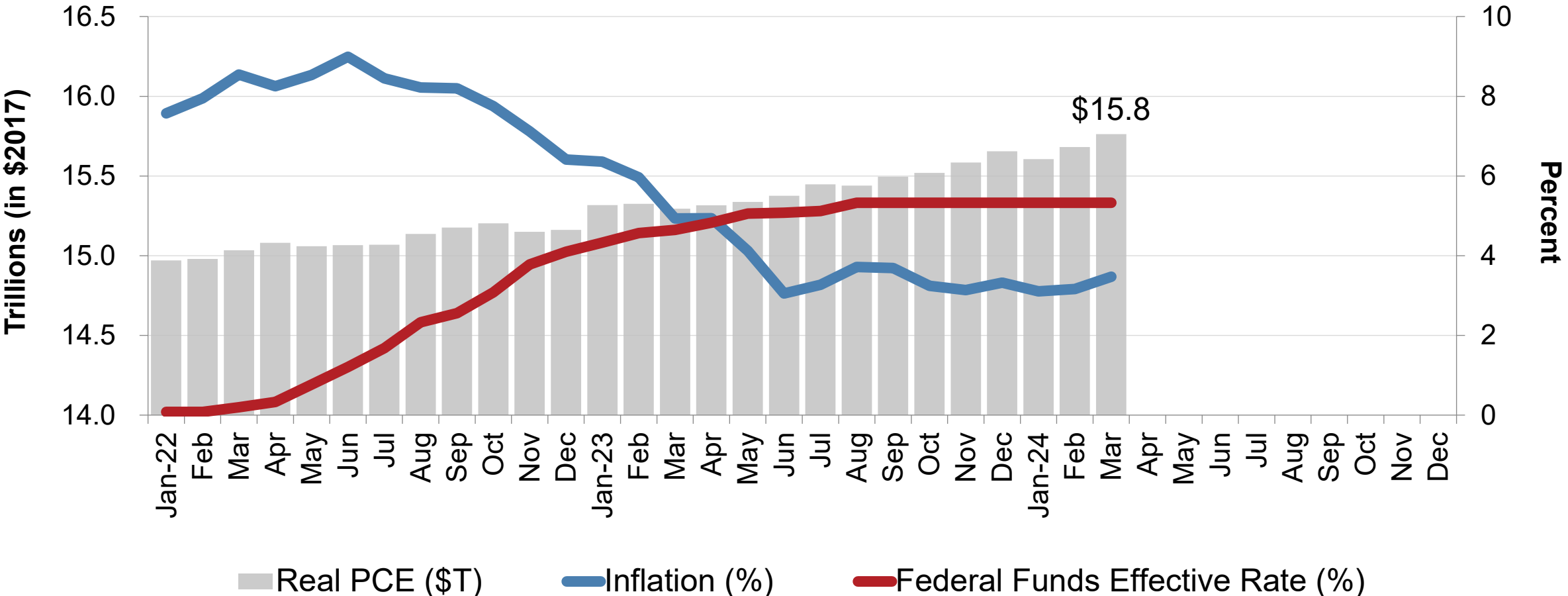
## U.S. Misery Index Has Fallen Sharply, But Business Optimism Remains Depressed



Sources: University of Michigan, Bureau of Labor Statistics (via Federal Reserve Bank of St. Louis) and National Federation of Independent Business via NFIB Research enter

# Real U.S. Consumer Spending Reached an All-Time High in March 2024

Consumers Have Been Buoyed by Lower Inflation, Undaunted by Elevated Interest Rates

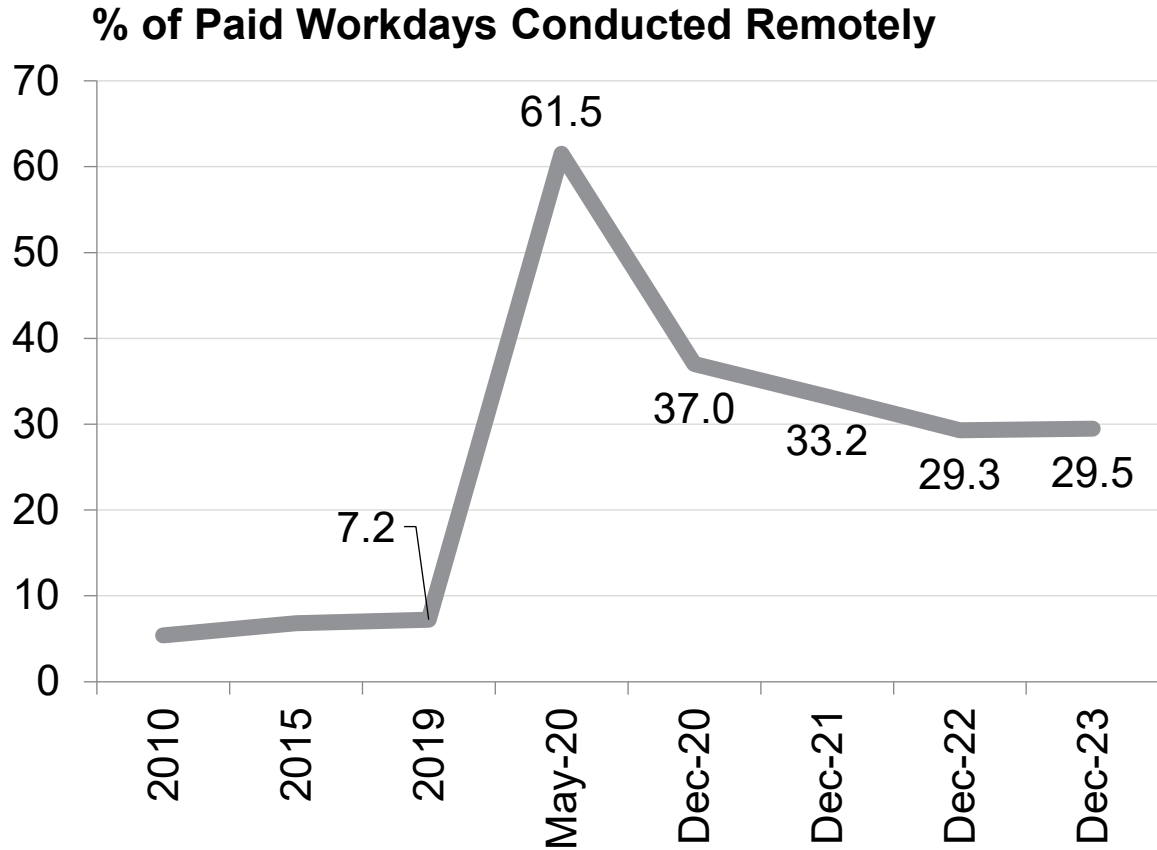


Source: U.S. Bureau of Economic Analysis and Bureau of Labor Statistics via Federal Reserve Bank of St. Louis

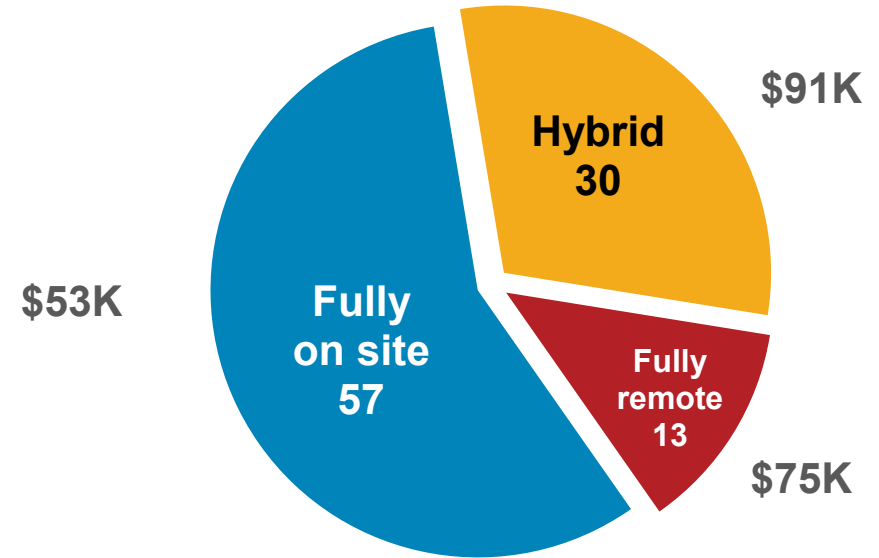
Note: Personal consumption expenditures (PCE) and inflation are seasonally adjusted and annualized

# Share of Remote Work Has Stabilized Well Above Pre-Pandemic Level

## Hybrid Workers, Who Earn the Most, Have Time and Money to Spend on Air Travel



**% of U.S. Resident Full-Time Employees by Working Arrangement (Dec-2023) and Earnings (1H23)**



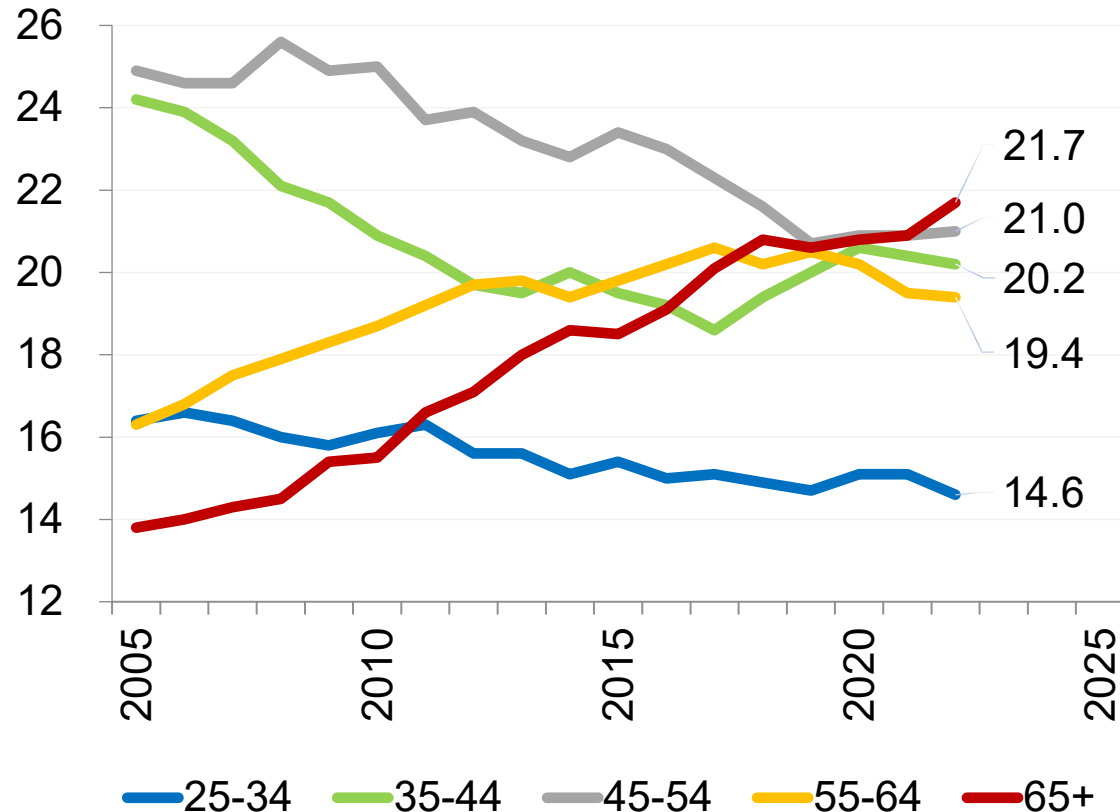
- **Fully in-person** work is most common for **front-line jobs** that require working with equipment or interacting with customers on site.
- **Hybrid** schemes are most common among **professionals and managers**.
- **Fully remote** work is most common for jobs that **require little interaction**, such as IT support, and in the tech industry.

Source: Survey of Working Arrangements and Attitudes (SWAA), Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.

# U.S. Seniors, Who Value Experiences Such as Travel, Constitute a Growing, Spending Force

Americans Age 65+ Accounted for ~22% of Spending in 2022 vs. ~15% in 2010

Share of U.S. Consumer Spending by Age Group



“**These are the consumers that will matter over the coming year,**” said Susan Sterne, chief economist at Economic Analysis Associates. **‘Our large share of older consumers provides a consumption base in times like today** when job growth slows, interest rates rise and student-debt loan repayments begin again.’

Seniors’ high spending propensities reflect health, wealth and perhaps lingering psychological effects of the pandemic... **They have less consumer debt, minimal student debt and are more likely to own their homes outright.** Many of those who have mortgages refinanced at the unprecedented low in mortgage rates after the pandemic hit. They are also less likely to need to move due to an expanding family or a new job than Gen Z and Millennials, shielding them from the impact of rising housing costs.”

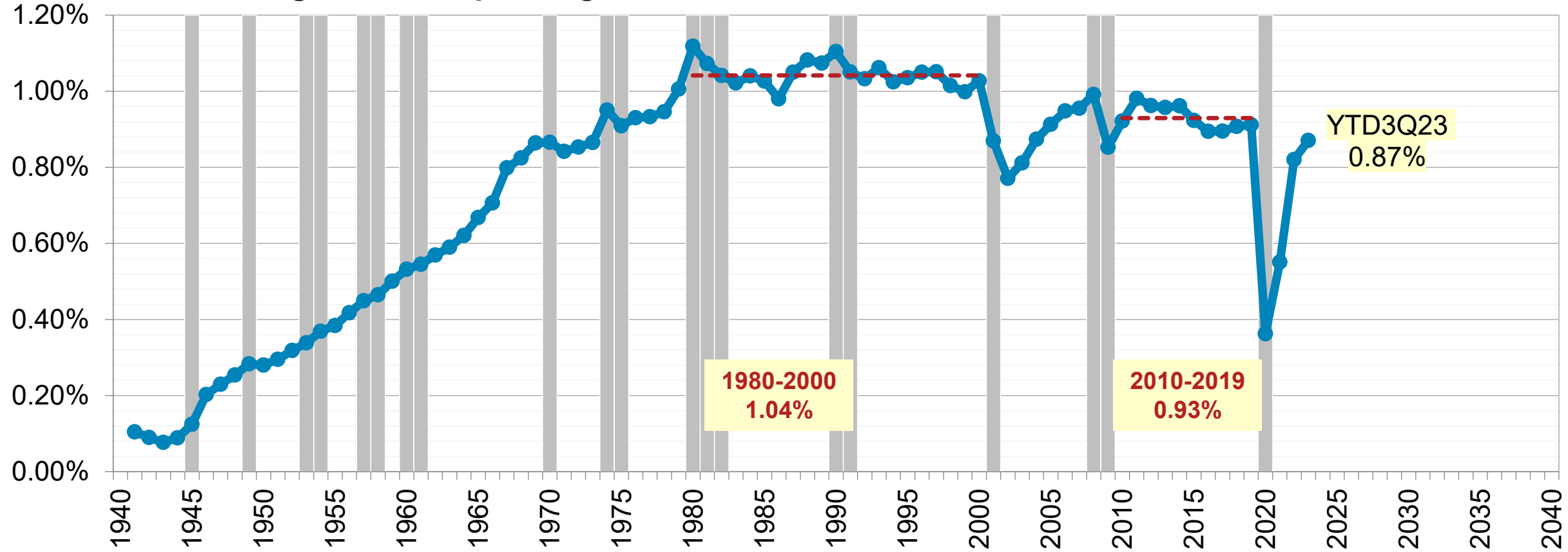
*The Wall Street Journal (Oct. 8, 2023)*

Sources: U.S. Bureau of Labor Statistics Consumer Expenditure Surveys and Gwynn Guilford, “The U.S. Economy’s Secret Weapon: Seniors With Money to Spend,” *The Wall Street Journal* (Oct. 8, 2023)

# Reduced Revenue Relative to Size of U.S. Economy Cost Airlines ~\$26-54 Billion in 2022

## Heightened Competition Among Carriers and Travel Modes Plus Ease of Comparison-Shopping

**U.S. Passenger Airline Operating Revenues\* as Share of U.S. Gross Domestic Product\*\***



Source: A4A Passenger Airline Cost Index

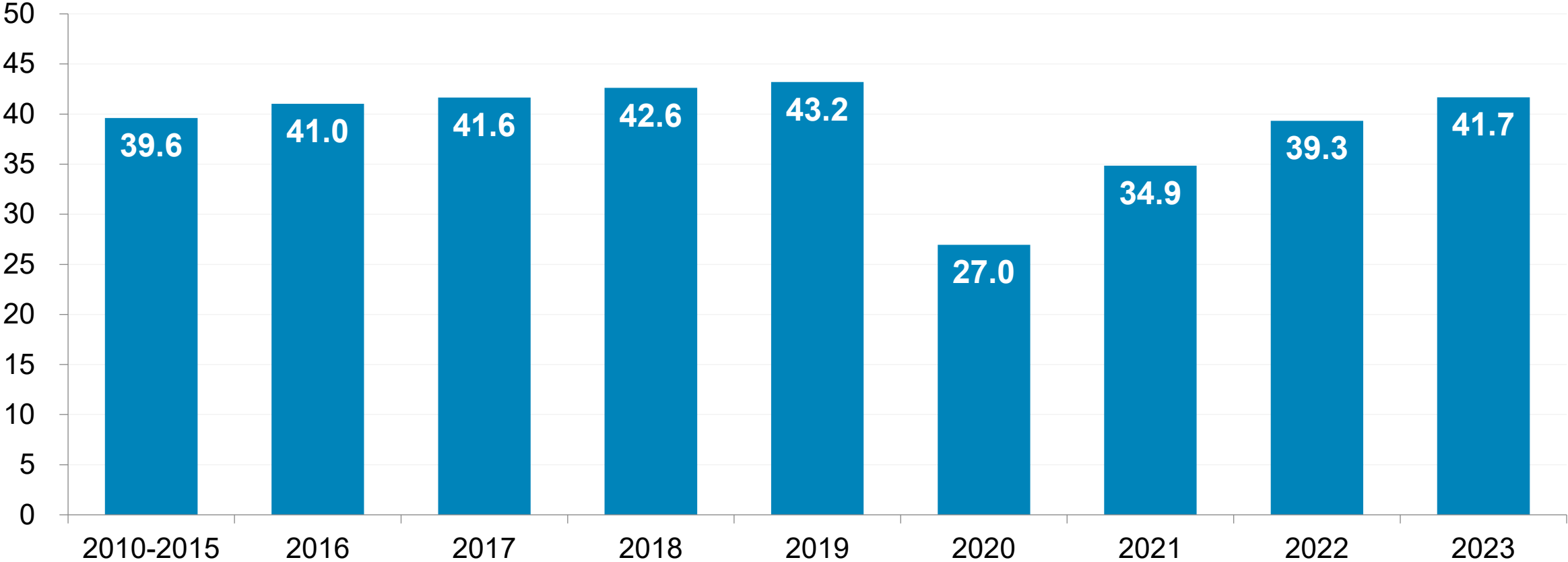
\* DOT Form 41 systemwide operating revenues on a four-quarter rolling basis \*\* Gray shading indicates U.S. recession exceeding one month in respective year



# Relative to the U.S. Economy, 2023 Domestic Scheduled Airline Capacity Fell Below 2018-2019

Constraints Include ATC Staffing, Aircraft/Engine Delivery Delays and Regional Airline Pilot Supply

### Scheduled Domestic U.S. Available Seat Miles per \$1,000 of Real\* U.S. Gross Domestic Product

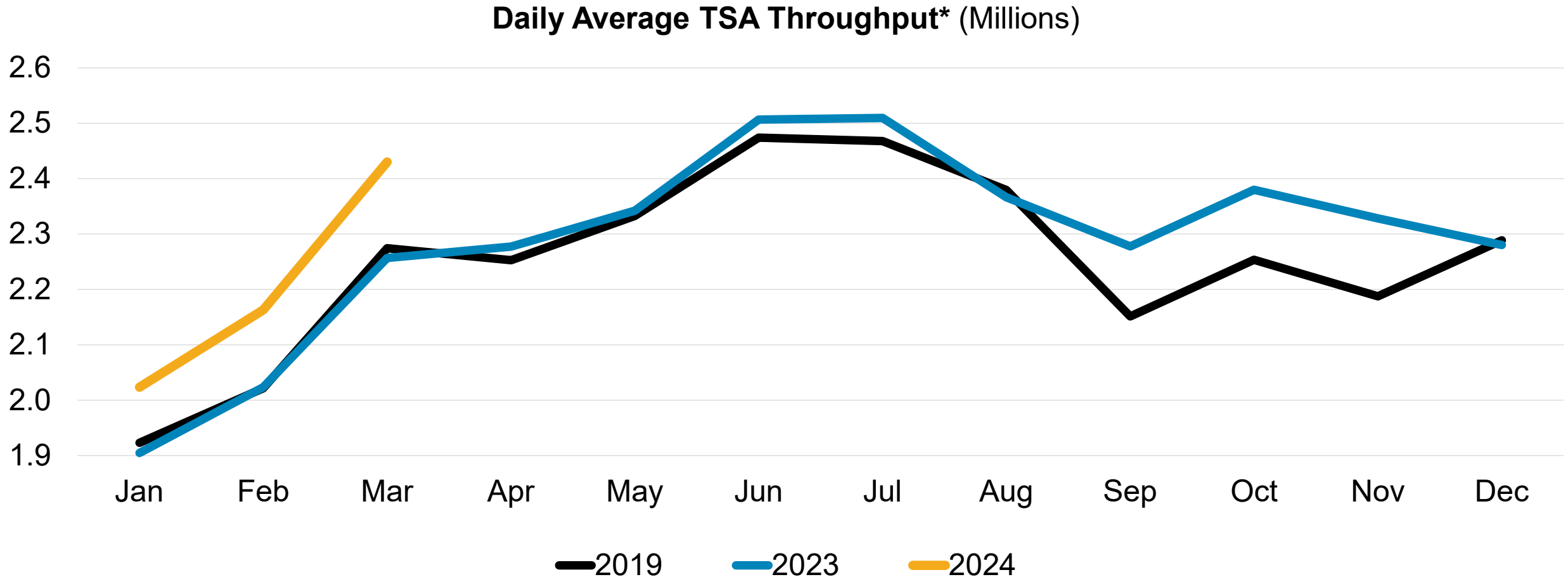


Sources: Bureau of Economic Analysis for GDP; Diio by Cirium (Jan. 5, 2024) for published schedules

\* Chained 2017 dollars

# TSA Checkpoint Volumes Off to a Record Start in 2024

In First Three Months, Daily Average Rose More Than 6% From 2023



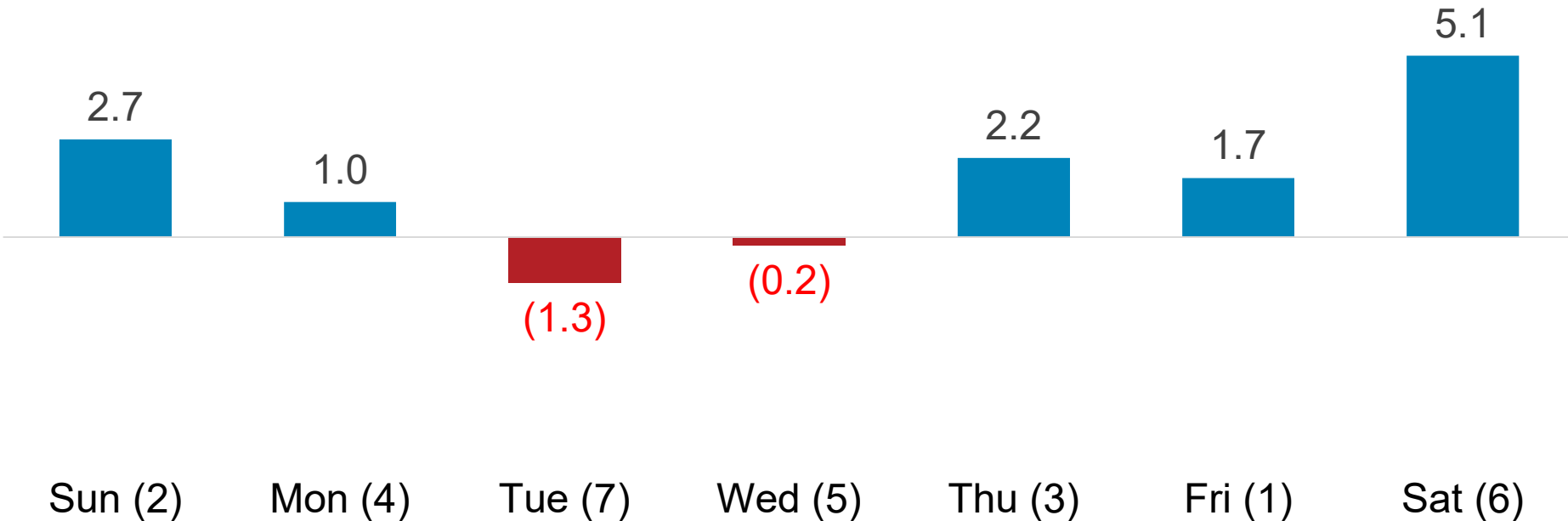
Source: A4A analysis of data from the Transportation Security Administration

\* U.S. and foreign-carrier customers (excludes Known Crewmember® personnel) traversing TSA checkpoints

# Change in Day-of-Week Air-Travel Patterns Provides Evidence of Increased Leisure Mix

Saturday and Sunday, Known for Leisure, Are the Big Winners; Friday Remains the Busiest Day

Change (%) in TSA Checkpoint Volume: 2023 vs. 2019



Day of Week and Rank (by Volume)

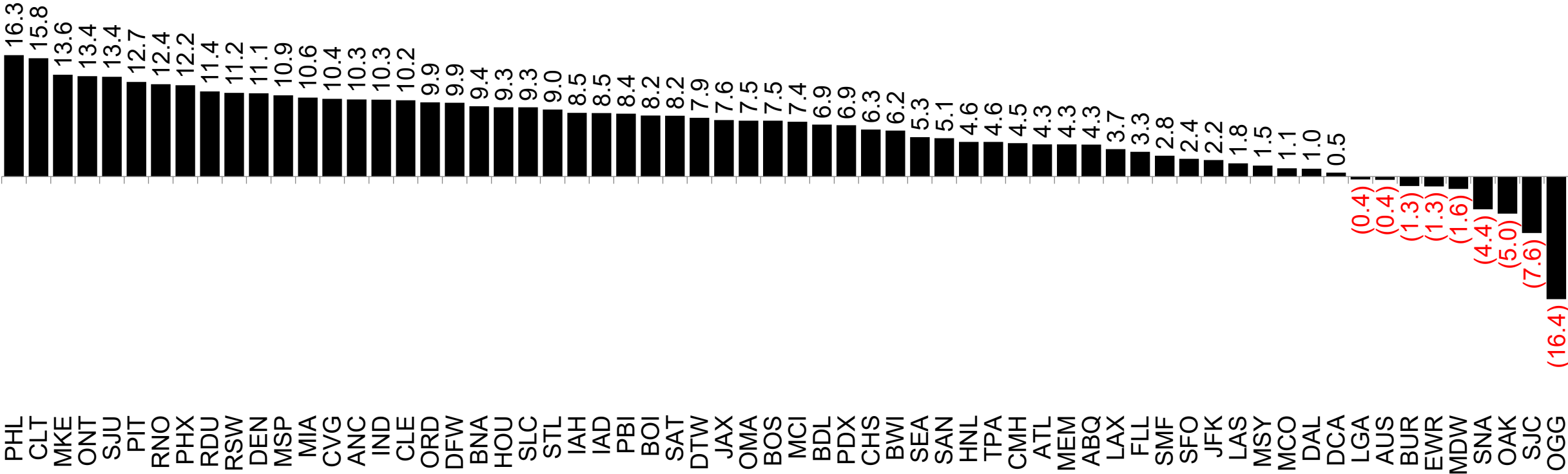
Source: A4A analysis of data from the Transportation Security Administration

Note: Volume reflects travelers only, not Known Crewmember® personnel.

# In 2Q 2024, Almost All Large and Medium-Hub U.S. Airports Are Seeing More Seats YOY

## Philadelphia and Charlotte Are the Fastest-Growing; Maui and San Jose Have Contracted the Most

Change (%) in Systemwide Scheduled Seats: 2Q24 vs. 2Q23

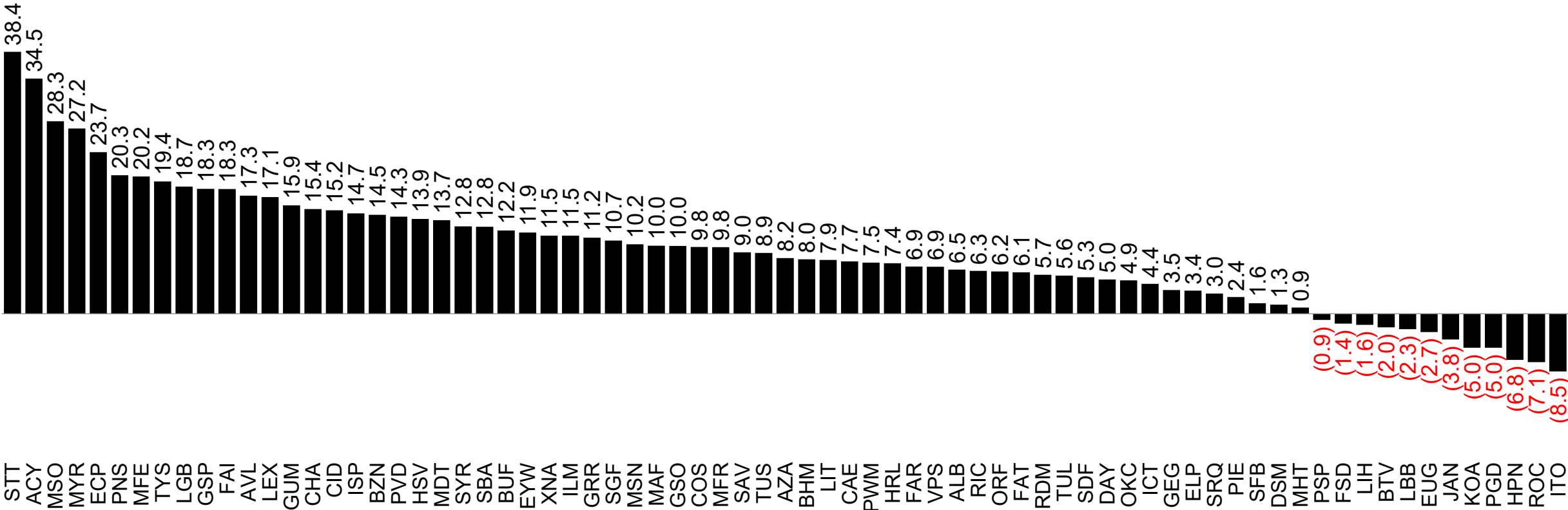


Source: Cirium published schedules (April 19, 2024) for all U.S. and non-U.S. airlines providing scheduled service to all U.S. and non-U.S. destinations

# In 2Q 2024, Almost All Small-Hub U.S. Airports Are Showing More Seats YOY

## St. Thomas (USVI) and Atlantic City (NJ) Are Leading Small-Hub Growth

Change (%) in Systemwide Scheduled Seats: 2Q24 vs. 2Q23

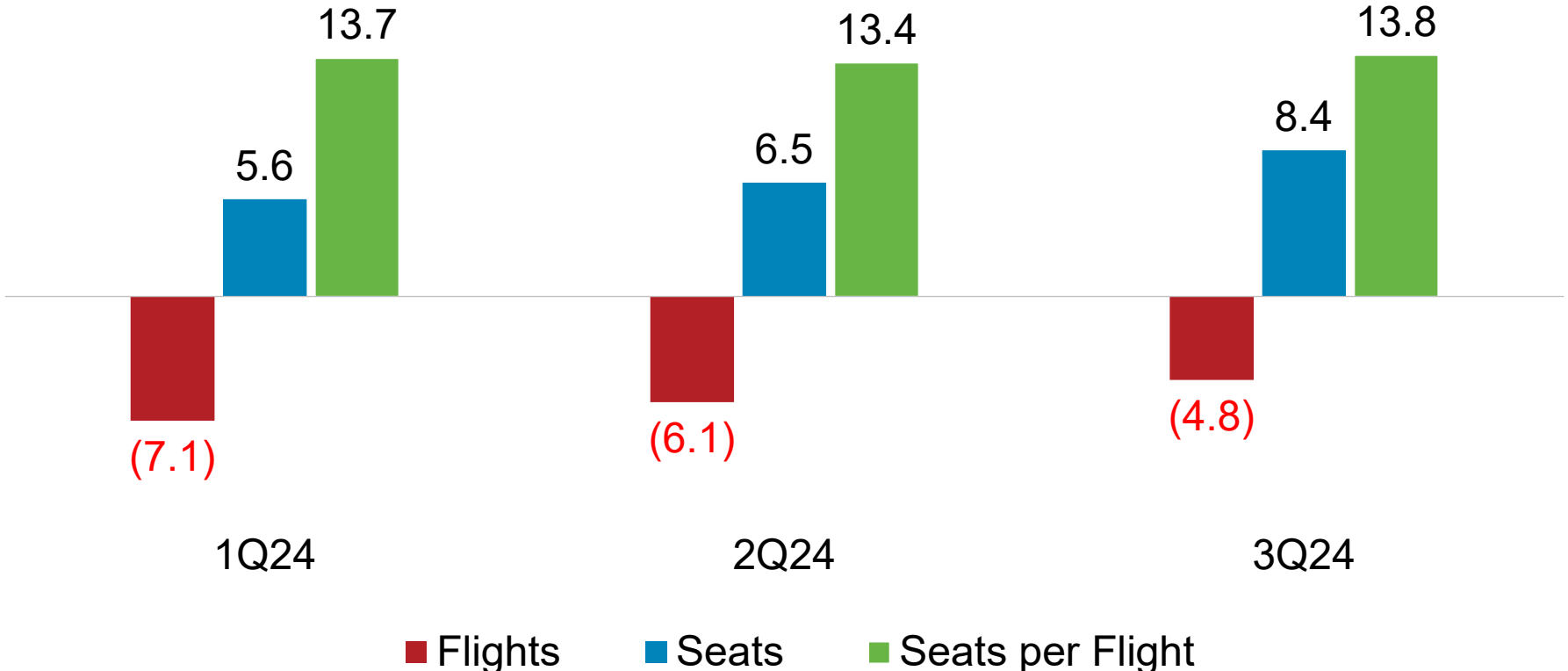


Source: Cirium published schedules (April 19, 2024) for all U.S. and non-U.S. airlines providing scheduled service to all U.S. and non-U.S. destinations

# Seats Available to Customers Continue to Grow Despite Fewer U.S. Flights Than in 2019

At U.S. Airports, U.S. and Foreign-Flag Carriers Are Averaging 13-14% Larger Aircraft Than in 2019

Change (%) vs. 2019 in Scheduled Passenger Service at U.S. Airports\*



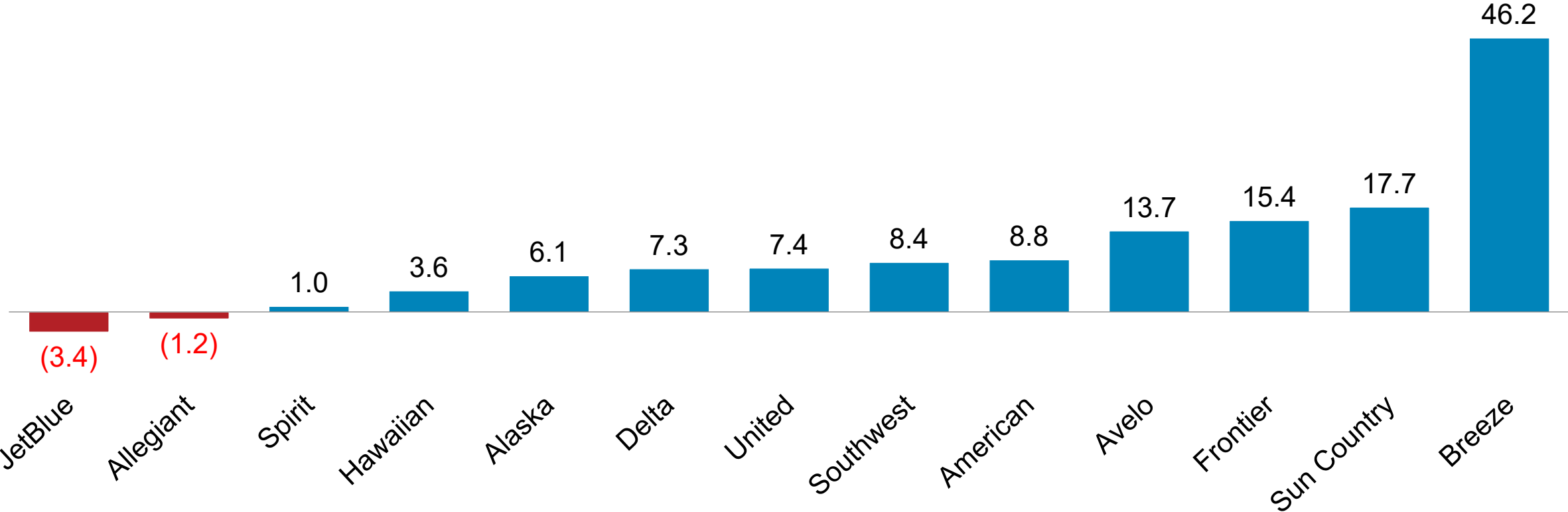
Source: Cirium published schedules (April 19, 2024) for all U.S. and foreign-flag airlines departing U.S. airports for all destinations

\* 1Q24 includes an extra day (Feb. 29)

# Schedules for 2Q 2024 Show Breeze and Frontier Dominating Year-Over-Year Capacity Growth

## JetBlue and Allegiant Showing Contraction

Change (%) in Systemwide Capacity (ASMs): 2Q 2024 vs. 2Q 2023



Source: Cirium published schedules (April 19, 2024) for selected marketing airlines on a consolidated basis

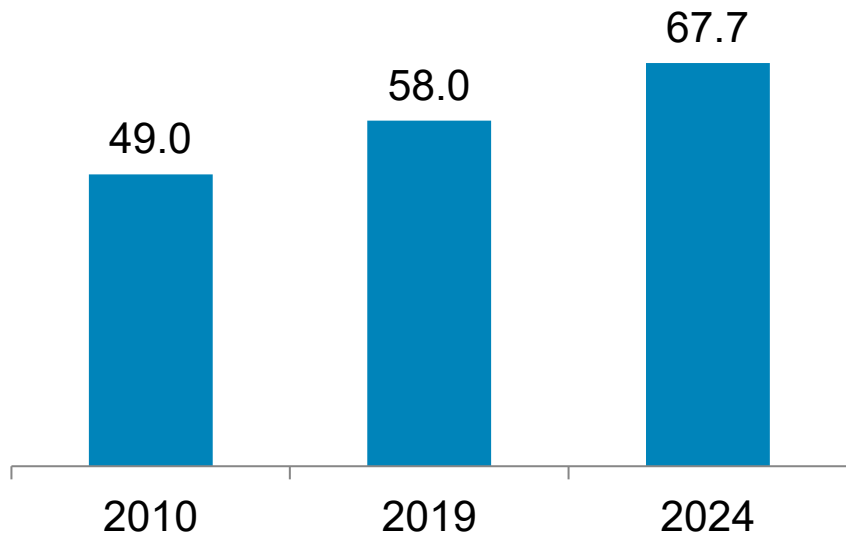
Note: ASMs = available seat miles

# Increases in Mainline Flying *and* in Aircraft Size Have Fueled Domestic Up-Gauging

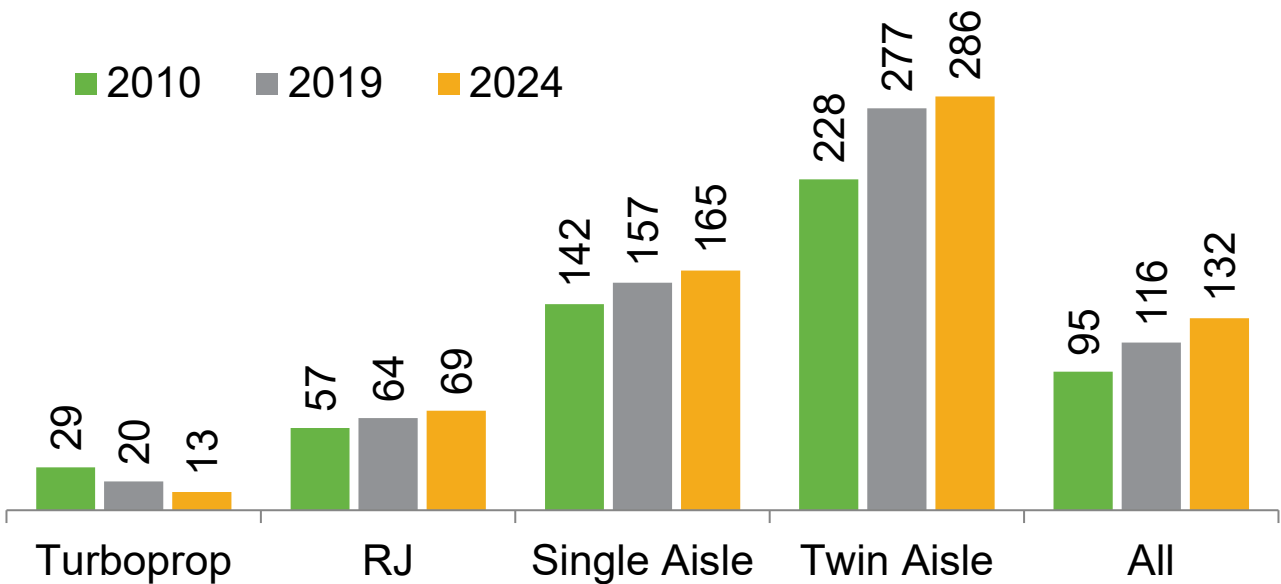
## Mainline Now Accounts for More Than Two-Thirds of Domestic Flights, Up From Half in 2010

“For some markets, we’re gonna need to make choices as to whether we’re gonna fly a larger flight, whether we’re gonna consolidate the number of operations, but **you’re never again gonna see the 50-seat aircraft have the level of prominence in the industry.**” (Delta CEO Ed Bastian, Sept. 20, 2022)

Mainline\* % of Domestic U.S. Flights



Average Seats per Domestic U.S. Flight



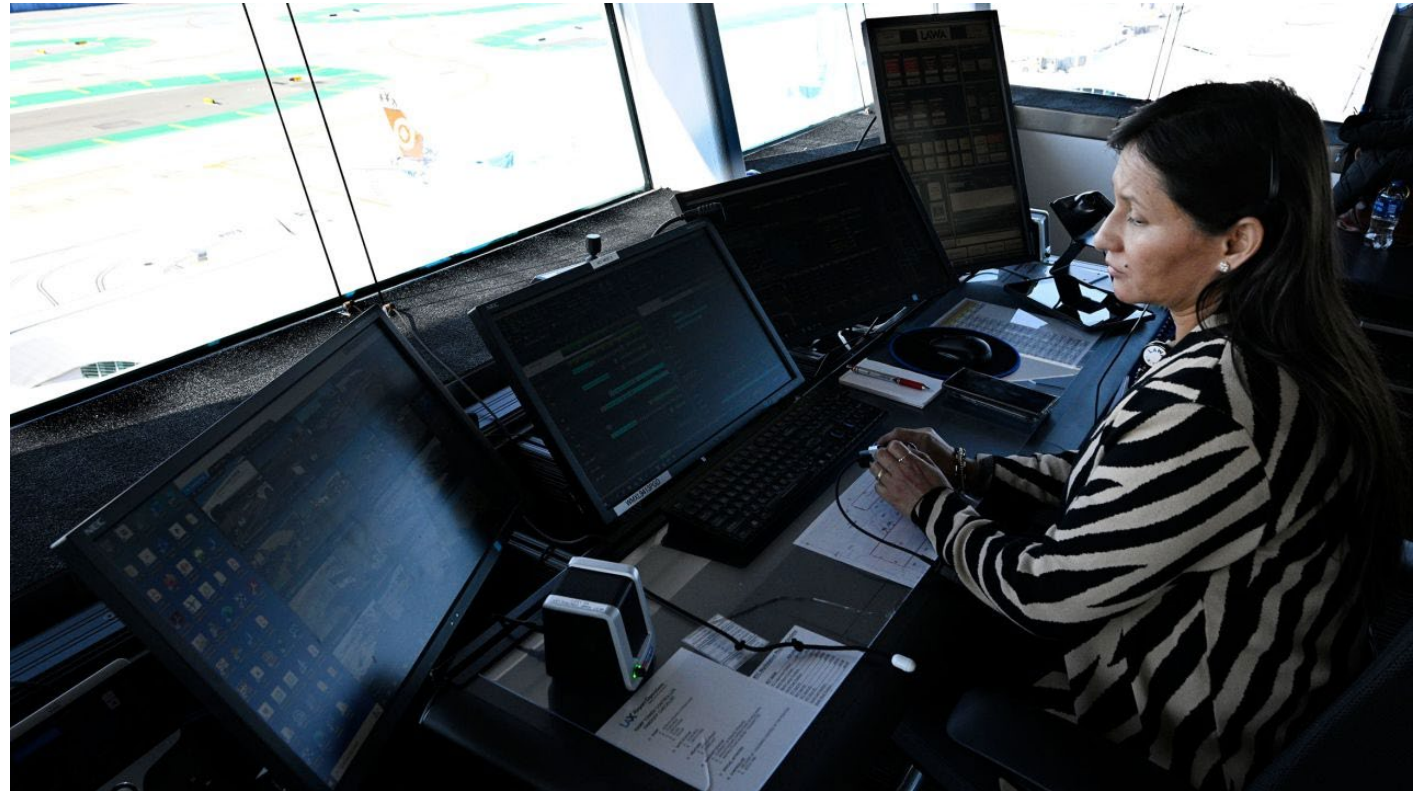
Source: Cirium published schedules (March 29, 2024)

\* Mainline = operated by the marketing airline itself rather than a regional airline codeshare partner



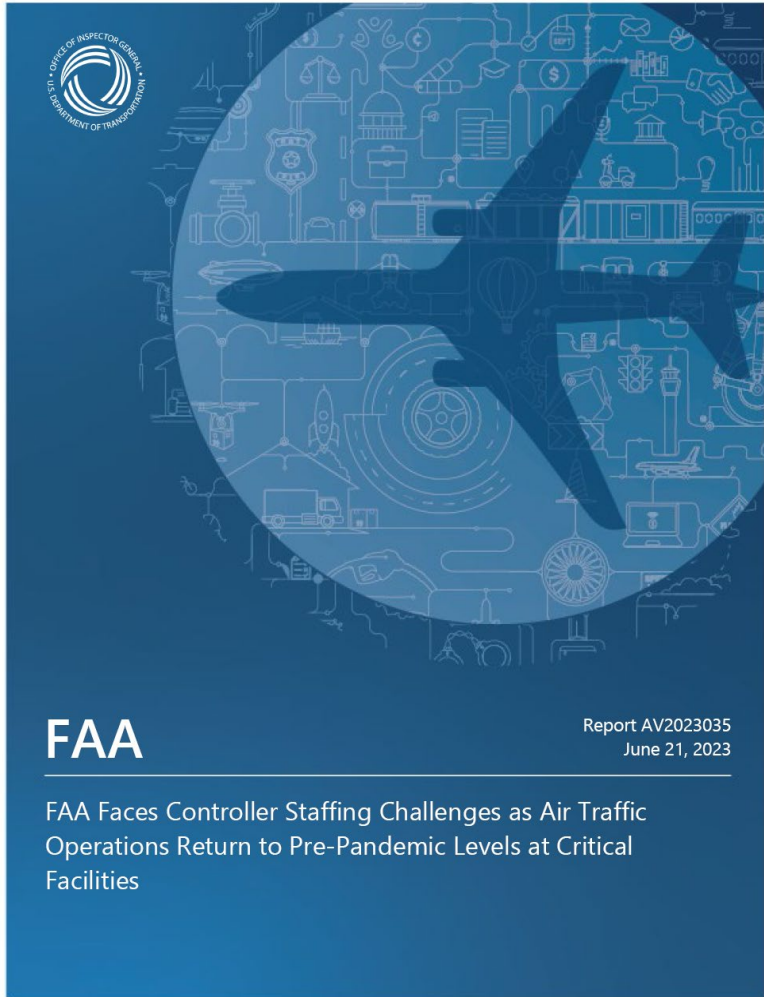
# U.S. DOT: Air Traffic Control Is Understaffed by About 3,000 Positions

**“Air traffic control in the United States is understaffed by about 3,000 positions,** Transportation Secretary Pete Buttigieg told CNN on Friday... The...ATC workforce currently numbers about 11,500 controllers, but ‘the optimal number is closer to about 14,500,’ the secretary said. The numbers are similar to the agency’s assessment this spring that **about one in five controller positions nationwide are vacant.** ‘**We have thousands of controllers in training right now but also a number who are eligible to retire,**’ Buttigieg said.”



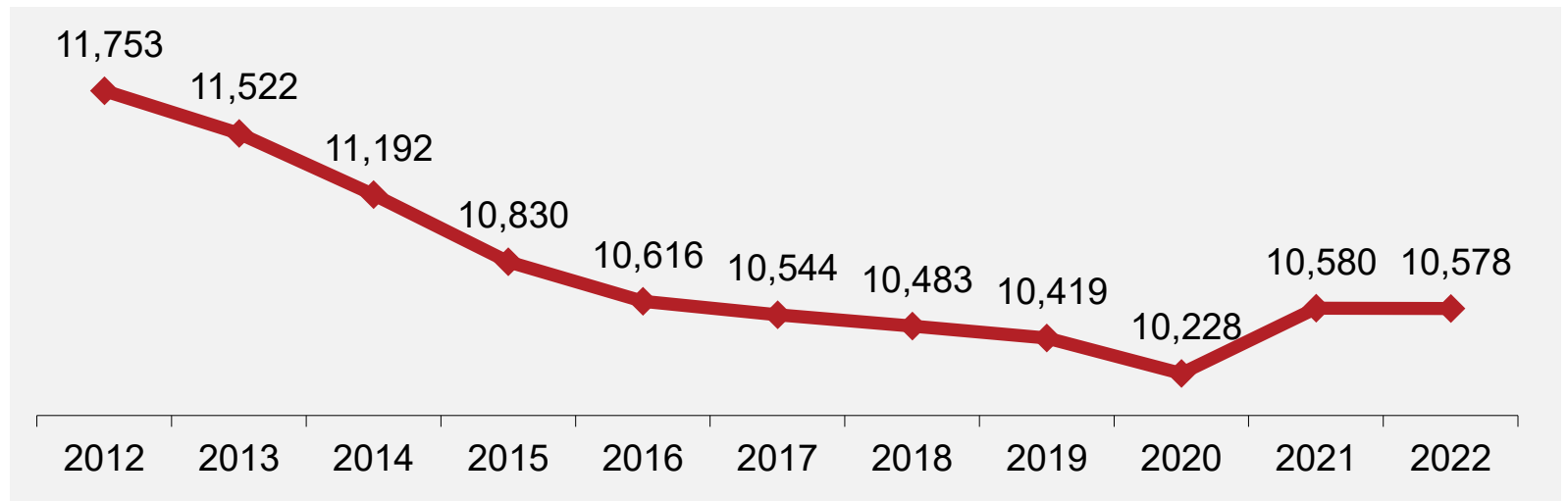
Source: “Buttigieg says FAA is about 3,000 air traffic controllers short,” Greg Wallace, CNN (May 5, 2023)

# DOT Inspector General: FAA Faces Controller Staffing Challenges as Air Traffic Operations Return to Pre-Pandemic Levels at Critical Facilities



“FAA has made **limited efforts to ensure adequate controller staffing at critical air traffic control facilities**. The Agency also has **yet to implement a standardized scheduling tool** to optimize controller scheduling practices at these facilities... As a result, **FAA continues to face staffing challenges and lacks a plan to address them**, which in turn poses a risk to the continuity of air traffic operations.”

**FAA Certified Professional Controller Staffing by Fiscal Year**

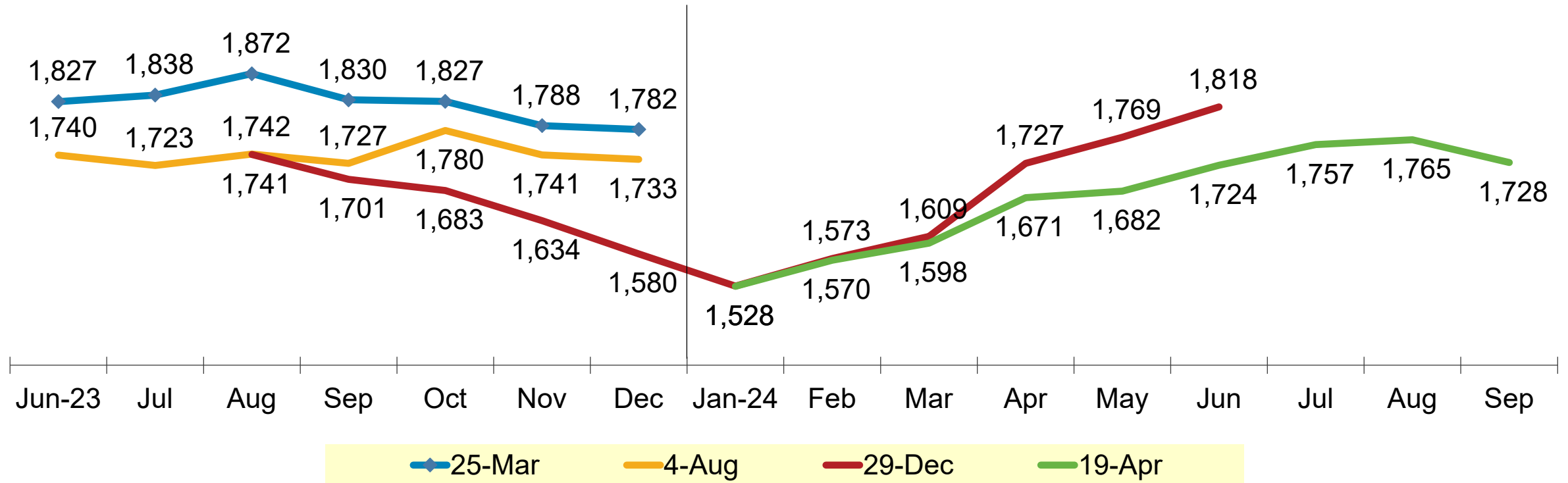


Source: “FAA Faces Controller Staffing Challenges as Air Traffic Operations Return to Pre-Pandemic Levels at Critical Facilities,” DOT Office of Inspector General, Report AV2023035 (June 21, 2023)

# FAA Recognition of ATC Constraints Led Airlines to Pull Down NYC-Area Flying in 4Q 2023

## Relative to the March 25<sup>th</sup> Schedule, December Ended Up With 202 (11.3%) Fewer Flights per Day

### Scheduled Daily Passenger Flights at EWR/HPN/JFK/LGA by Departure Month and Schedule Date

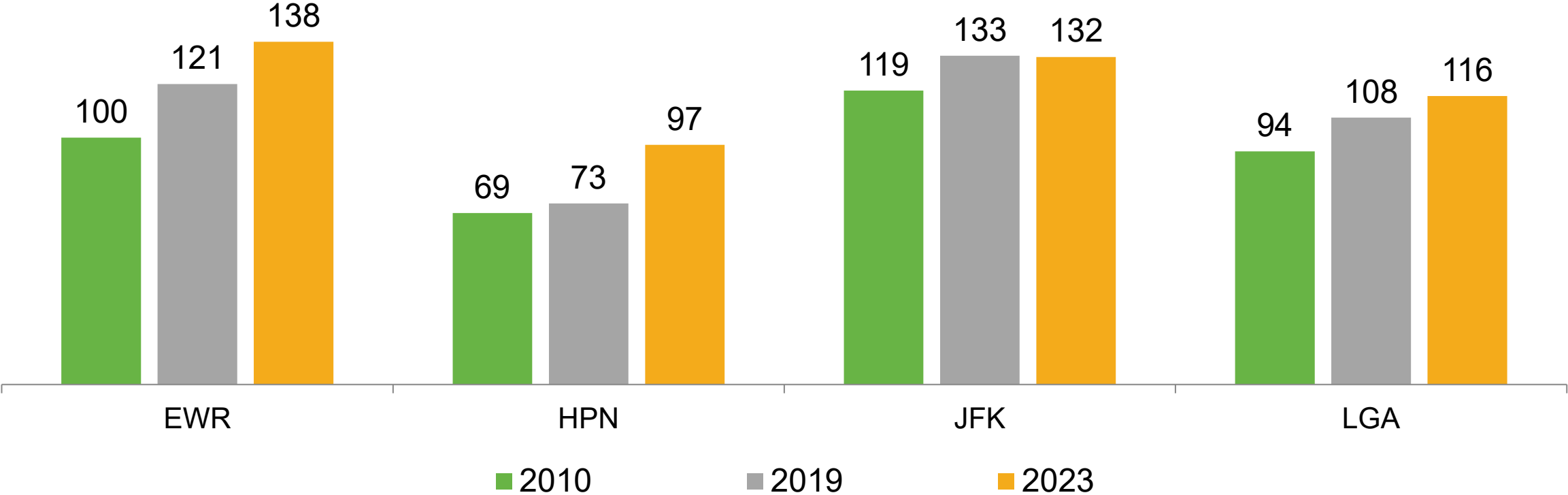


Source: Cirium published schedules for all U.S. and foreign-flag airlines departing EWR/HPN/JFK/LGA for all destinations

# Airlines Have Up-Gauged Domestic Flying at All Four NYC Airports

Average Seats per Domestic Flight Up 29% From 2010 to 1H 2024 (~40% at EWR)

### Scheduled Seats per Domestic U.S. Departure at NYC Airports

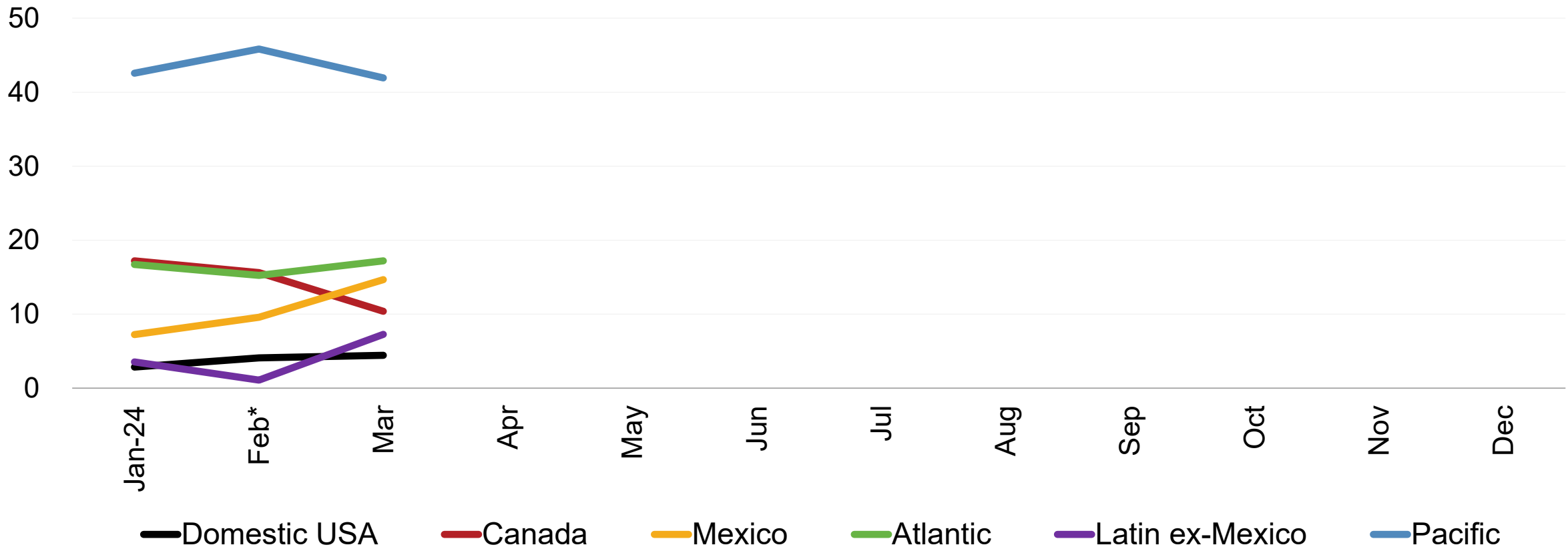


Source: Cirium published schedules (April 12, 2024)

# In the First Three Months of 2024, A4A Member Airlines Saw Passenger Growth in All Regions

## Atlantic and Pacific Routes Are Experiencing the Largest Year-Over-Year Gains

Change (%) Year-Over-Year in Onboard Passengers



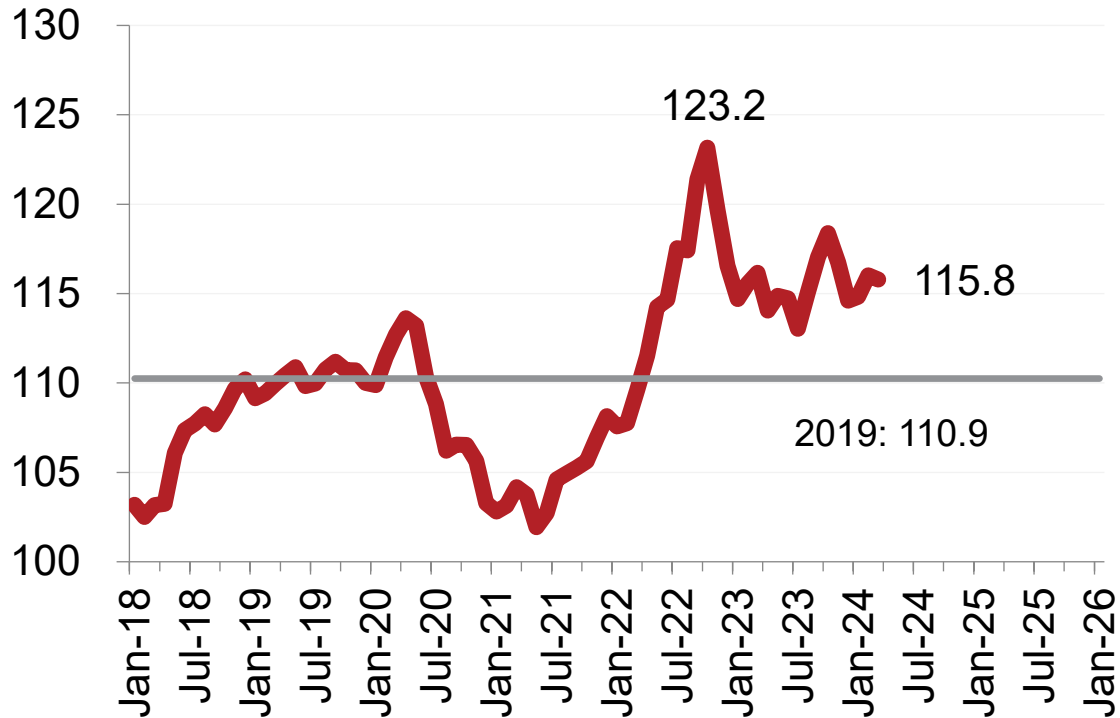
Source: A4A member passenger airlines (Alaska/American/Delta/Hawaiian/JetBlue/Southwest/United) and branded code share partners

\* Adjusted for Leap Day

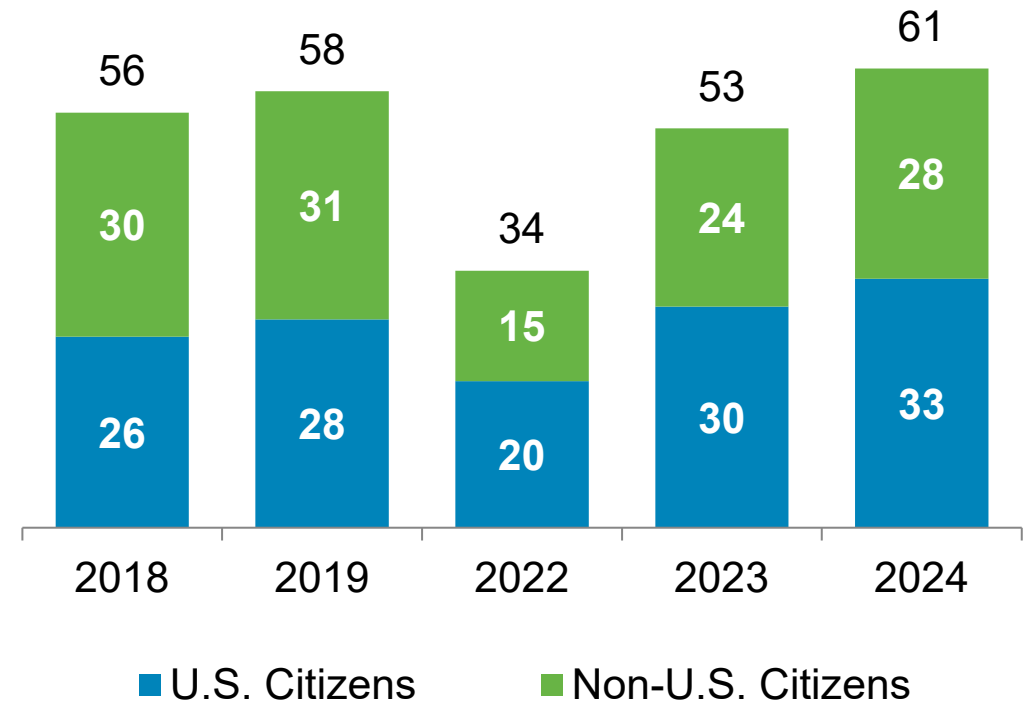
# In the First Three Months of 2024, U.S.-International Air Travel Rose 15% Year Over Year

U.S. Citizen Volumes Rose 12.5%; Non-U.S. Citizen Volumes Rose 18%

**Nominal Advanced Foreign Economies U.S. Dollar Index**  
Jan 2006=100, NSA



**U.S.-International Air Passengers\* (Millions)**  
January through March



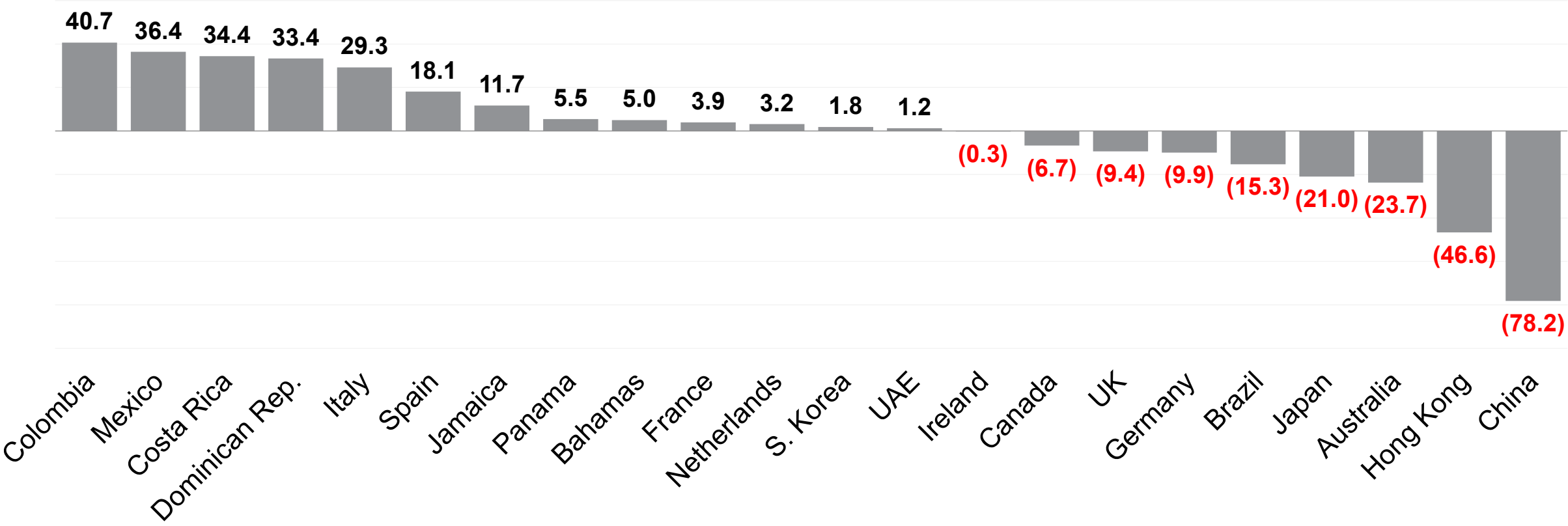
Source: Federal Reserve Bank of St. Louis and U.S. Department of Commerce using DHS I-92 / APIS data

\* Outbound and inbound gateway-to-gateway passengers on U.S. and non-U.S. airlines; 2024 includes Feb. 29

# In the First Three Months of 2024, Many U.S.-International Markets Saw More Pax Than in 2019

## U.S.-Colombia/Mexico/Colombia/Costa Rica/Dominican Republic Are Up More Than 30%

Change (%) in Passengers\* in Top U.S. Country Pairs — Jan-Mar 2024 vs. Jan-Mar 2019

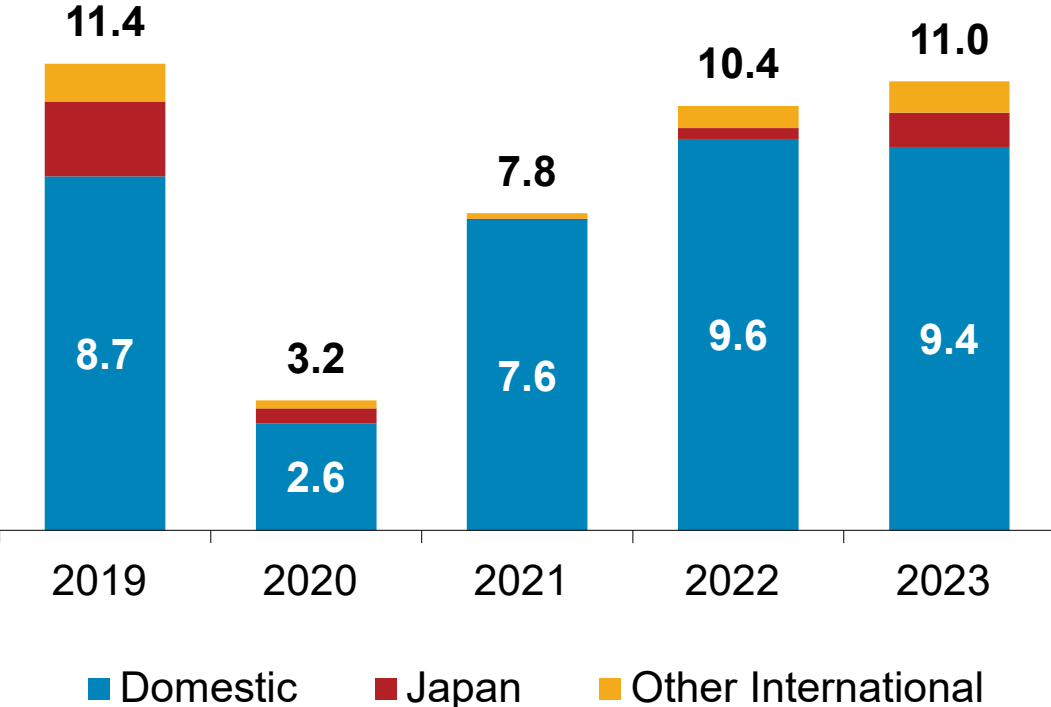


Source: DHS I-92 / APIS data compiled by U.S. Department of Commerce National Travel and Tourism Office

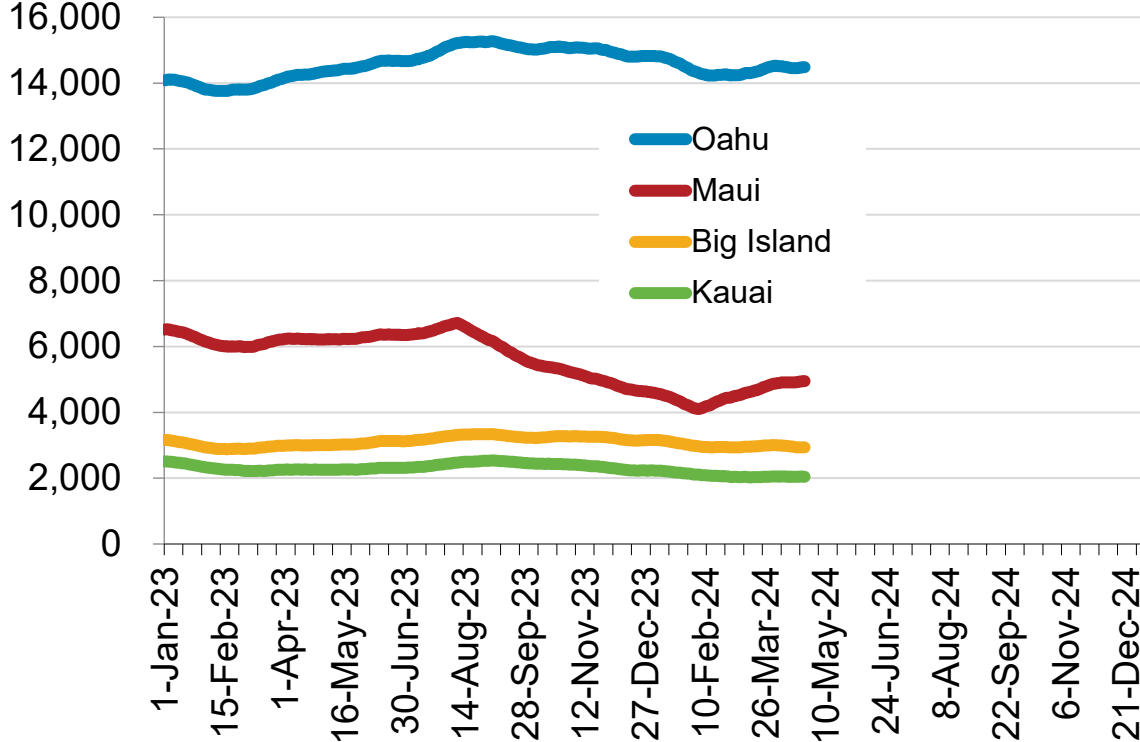
\* Gateway-to-gateway passengers on U.S. and foreign scheduled and charter airlines and general aviation

# International Air Arrivals (Especially From Japan) to Hawaii Remained Depressed in 2023 But Domestic Air Arrivals Showed Continued Strength, With Maui Having Partially Recovered

**Air Passenger Arrivals\* to Hawaii**  
Millions



**Daily Domestic Air Passenger Arrivals\***  
180-Day Moving Average



Source: Hawaii Department of Business, Economic Development & Tourism

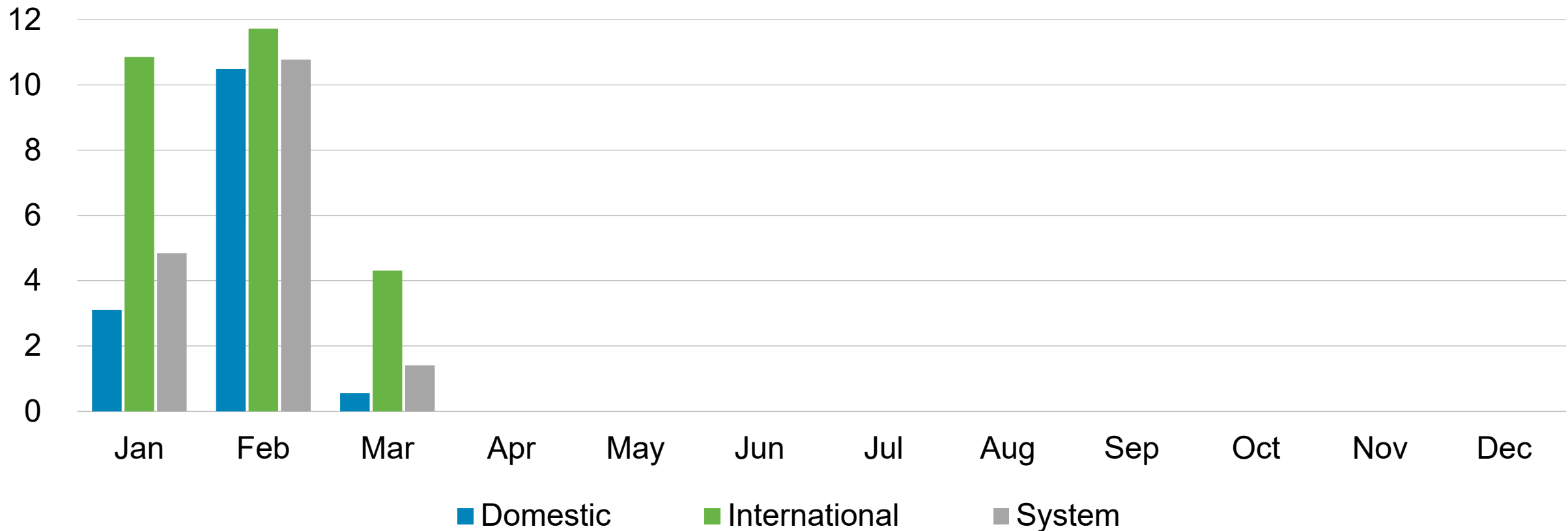
\* Includes returning residents, intended residents and visitors but exclude interisland and Canada passengers



# International Ticket Sales Experienced Strong Growth in the First Three Months of 2024

## Sales for Domestic Air Trips Slowed in March

Change (%) in U.S. Ticket Sales\* — 2024 vs. 2023



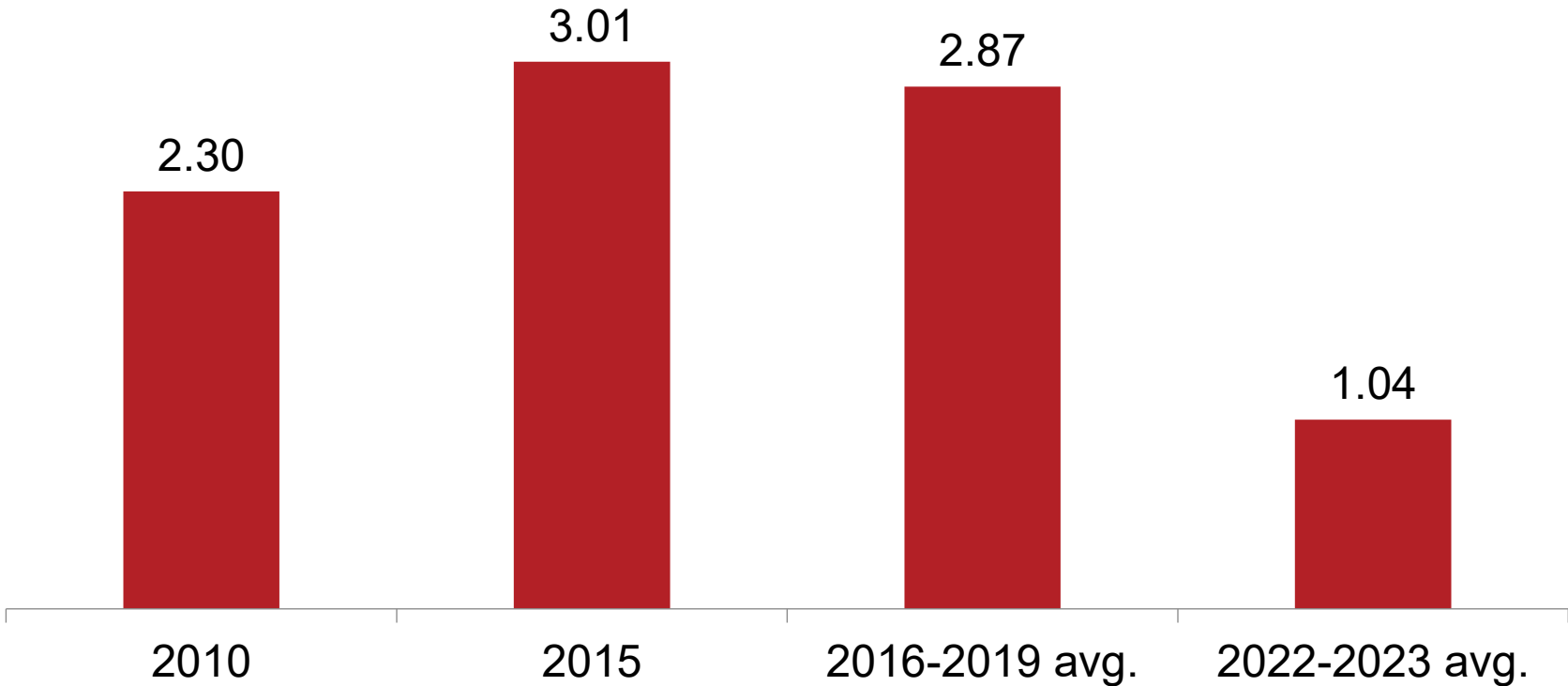
Source: A4A analysis of data from Airlines Reporting Corporation (ARC)

\* Net tickets (gross sales minus refunds) for travel to/from U.S. airports

# Revenues From Reservation Change Fees Have Fallen Sharply as Carriers Relaxed Restrictions

## Widespread Elimination of Change Fees Has Boosted Traveler Flexibility

U.S. Airline Revenues (in Billions USD) From Reservation Change Fees



Source: Bureau of Transportation Statistics Form 41

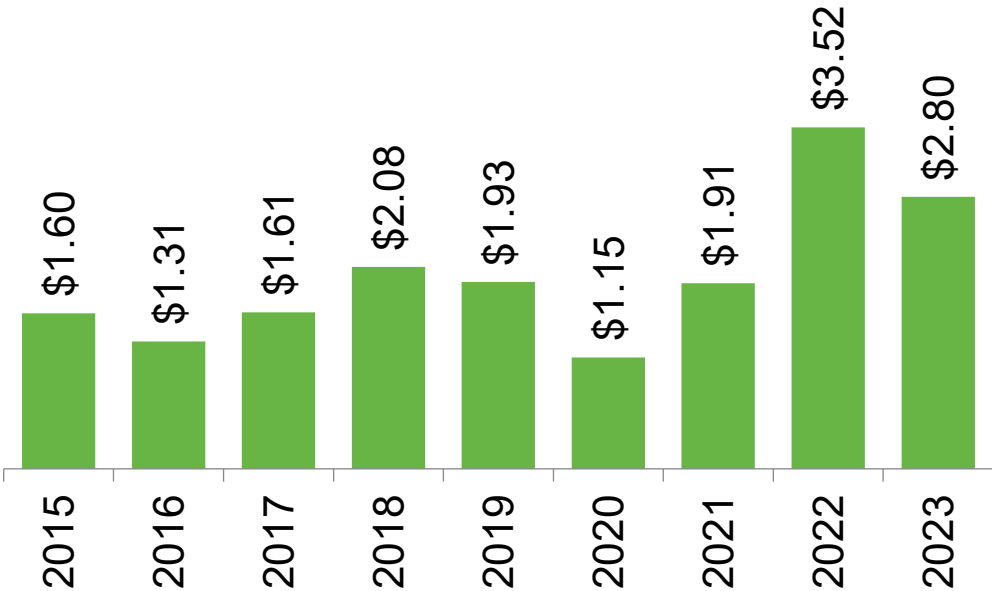
Note: 2023 is preliminary.

# The Price of Jet Fuel in 2023 Subsided From 2022 But Remained 45% Above 2019

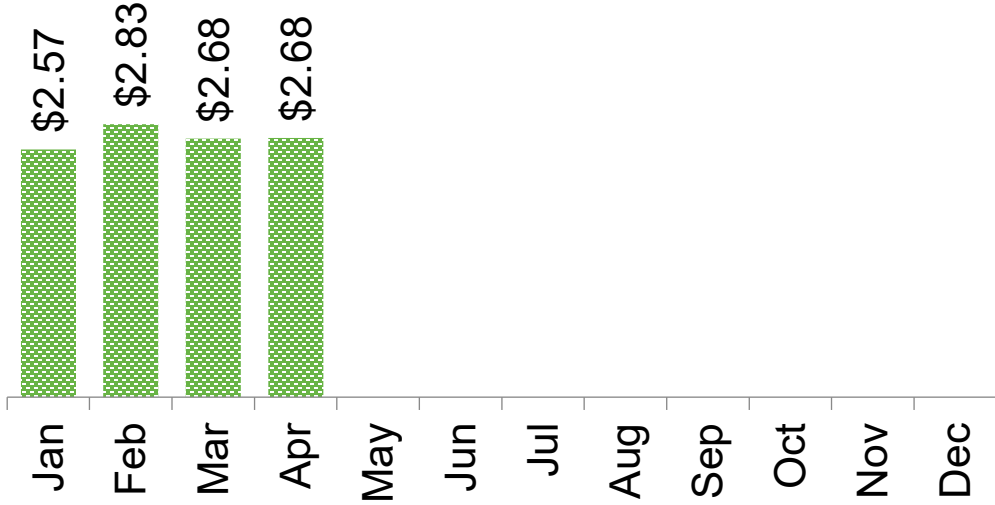
Nationwide Spot Price Averaged \$2.80 per Gallon

## Argus US Jet Fuel Index™ USD per Gallon\*

Annual Average, 2015-2023



Monthly Average, 2024



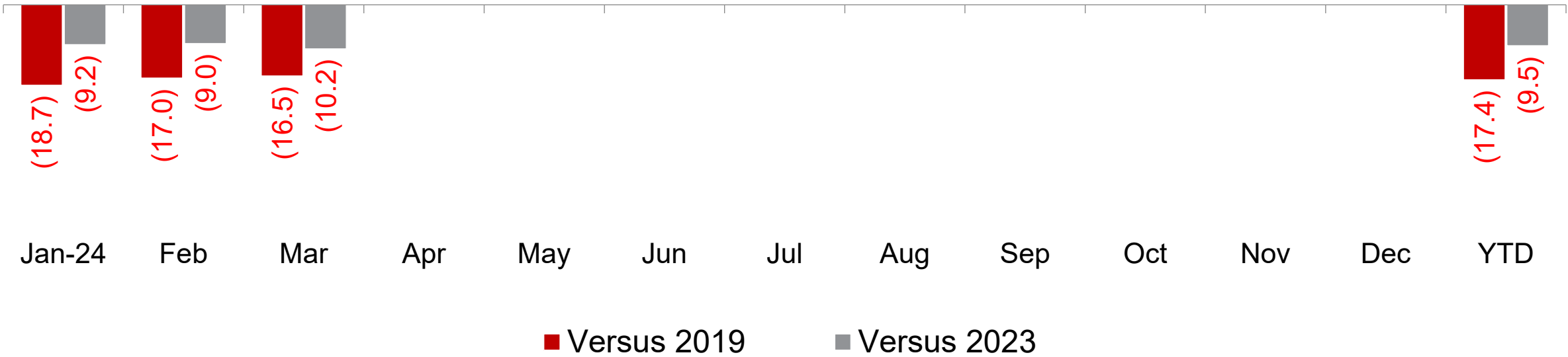
Sources: Argus Media (<https://www.airlines.org/dataset/argus-us-jet-fuel-index/>)

\* Simple average for Chicago, Houston, Los Angeles and New York; excludes transportation costs, taxes, storage and into-plane fees

# In the First Three Months of 2024, Real Airline Fares Fell 9.5% Year Over Year

## Inflation-Adjusted Fares Were ~17% Below 2019 Levels

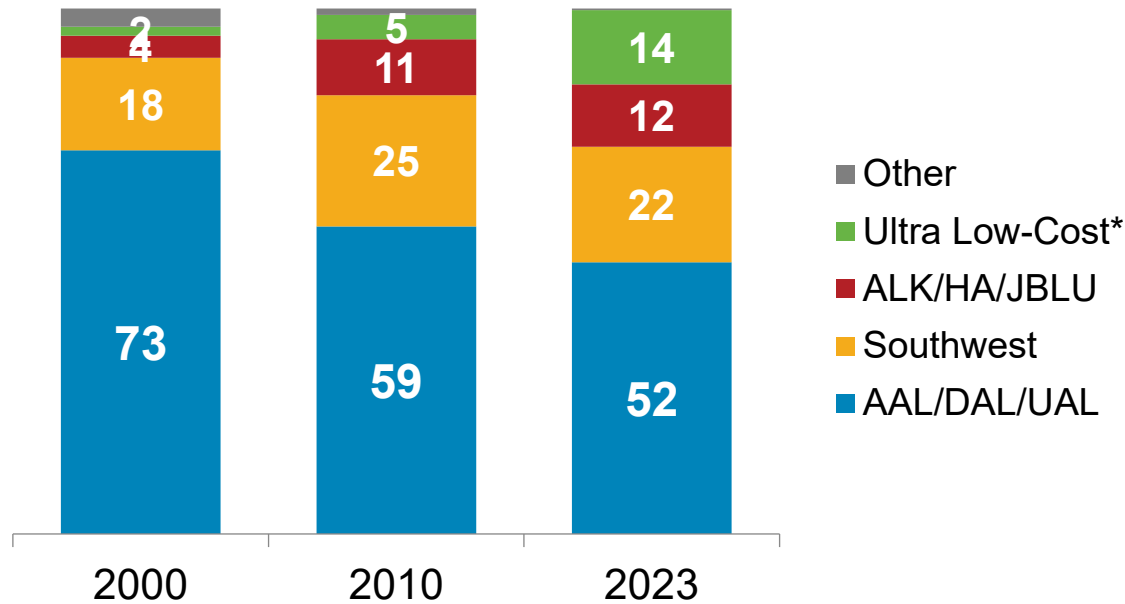
Change (%) in Inflation-Adjusted Consumer Price Index for Airline Fares: 2024 vs. 2019 and 2023



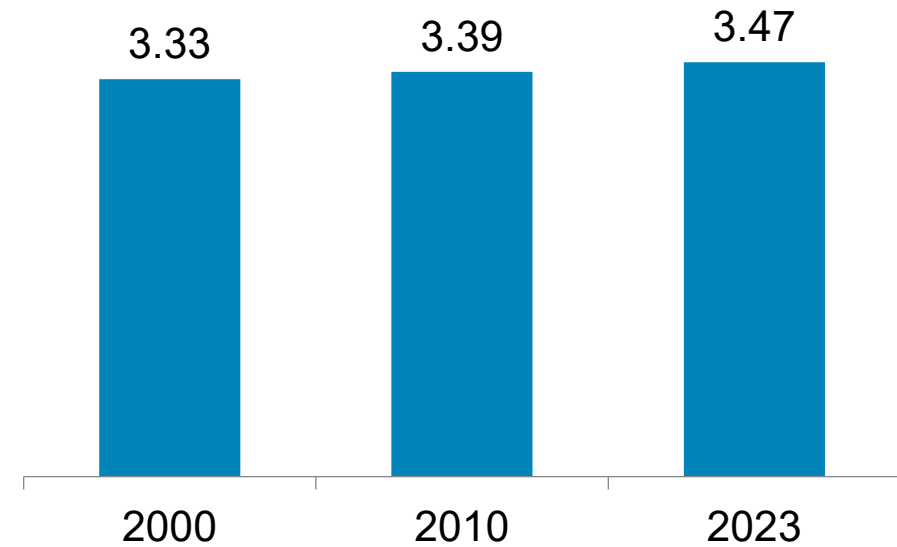
Source: Bureau of Labor Statistics (CPI series CUSR0000SETG01 and CUUR0000SA0); for information on the BLS methodology for "airline fares," see <https://www.bls.gov/cpi/factsheets/airline-fares.htm>

**From 2000-2023, the Number of Competitors per Domestic Air Trip Rose From 3.33 to 3.47**  
**Global Network Carrier Share of Domestic Passengers Fell From 73% in 2000 to 52% in 2023**

**Share (%) of U.S. Domestic O&D Passengers by Airline Business Model**



**Average Number of Competitors\*\* in Domestic U.S. Markets (O&D City Pairs)**



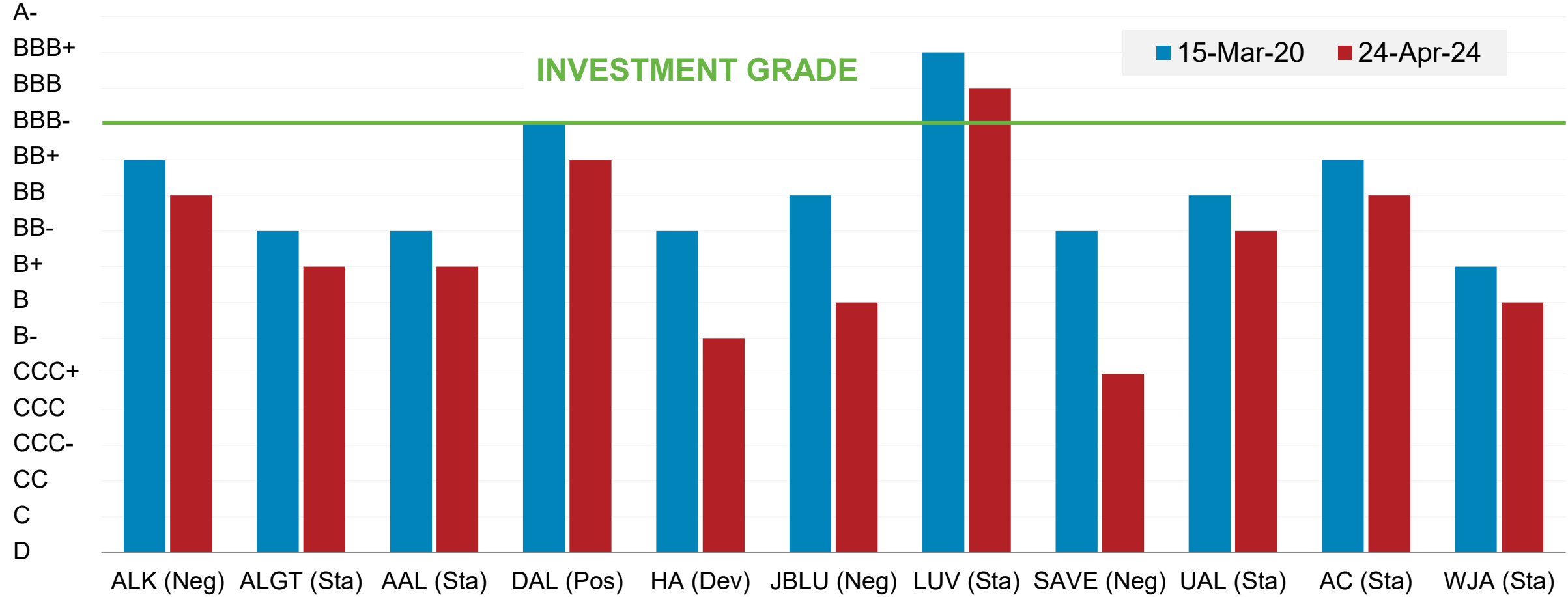
Source: A4A and Compass Lexecon analysis of DOT O&D Survey data (DB1B)

\* Allegiant/Avelo/Breeze/Frontier/Spirit/Sun Country

\*\* Per DOT and GAO, carrying at least 5% of O&D passengers in the city pair; average is passenger-weighted across city pairs.

# Per Standard & Poor's, Balance Sheet Quality Remains Depressed Post-Pandemic

Ratings Reflect Assessment of Financial Condition and Risk

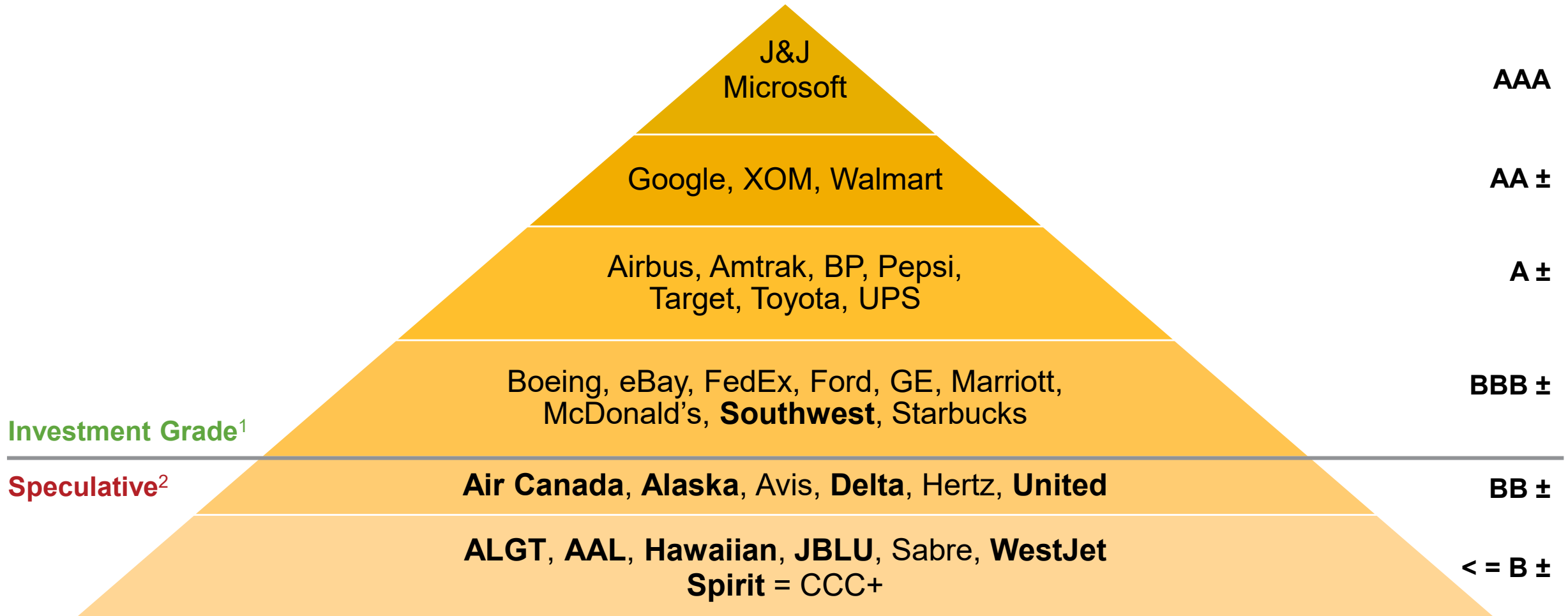


Source: Standard & Poor's issuer ratings and outlook (in parentheses) for publicly traded U.S. and Canadian carriers in the S&P coverage universe

Note: Pos = positive outlook; Neg = negative outlook; Sta = stable

# Airline Balance Sheets Continue to Lag Those of Many Fortune 500s and Amtrak

## S&P Credit Ratings Reflect Assessment of Financial Condition and Risk for Selected Companies



Investment Grade<sup>1</sup>

Speculative<sup>2</sup>

Source: Standard & Poor's (**bold** = air-only companies) as of Jan. 18, 2024

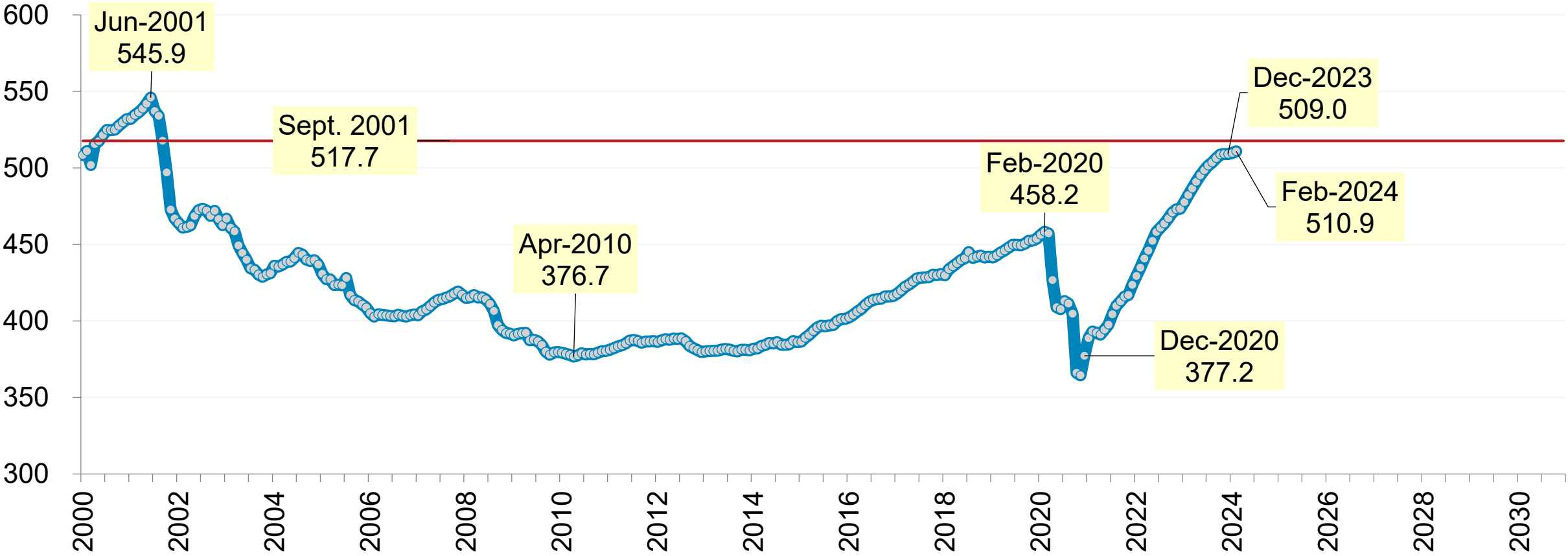
<sup>1</sup> Issuers with relatively high levels of creditworthiness and credit quality

<sup>2</sup> Issuers with ability to repay but facing significant uncertainties, such as adverse business or financial circumstances that could affect credit risk

# U.S. Passenger Airlines Added ~134K FTEs From the End of 2020 to February 2024

## Largest Workforce Since September 2001

U.S. Passenger Airline Full-Time Equivalent\* Employees (000s)



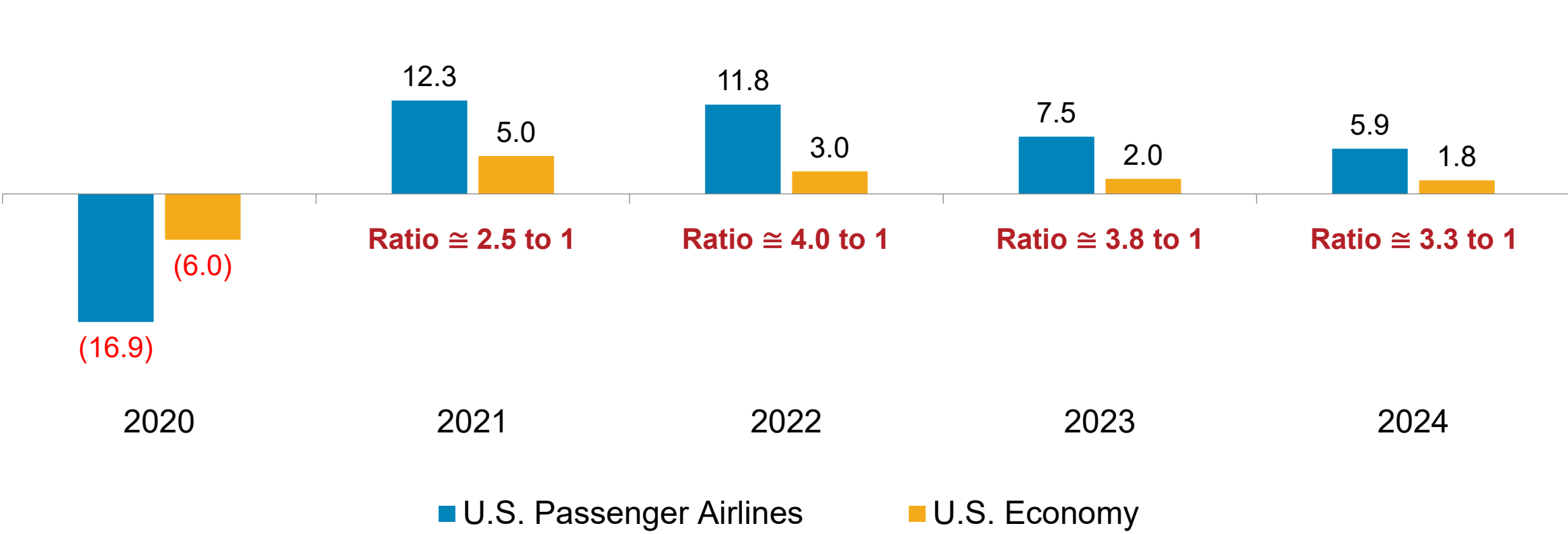
Source: Bureau of Transportation Statistics for scheduled U.S. passenger airlines (i.e., all that report scheduled passenger revenue)

\* Full-time equivalents (FTE) = full-time workers plus 0.5 \* part-time workers



**From 2021-Present, U.S. Airline Job Growth Has Been Outpacing Nationwide Job Growth**  
 In 2023, U.S. Passenger Airline Jobs Rose 7.5%, Whereas Total Nonfarm Employment Rose 2%

**Year-Over-Year Change (%) in Employment**

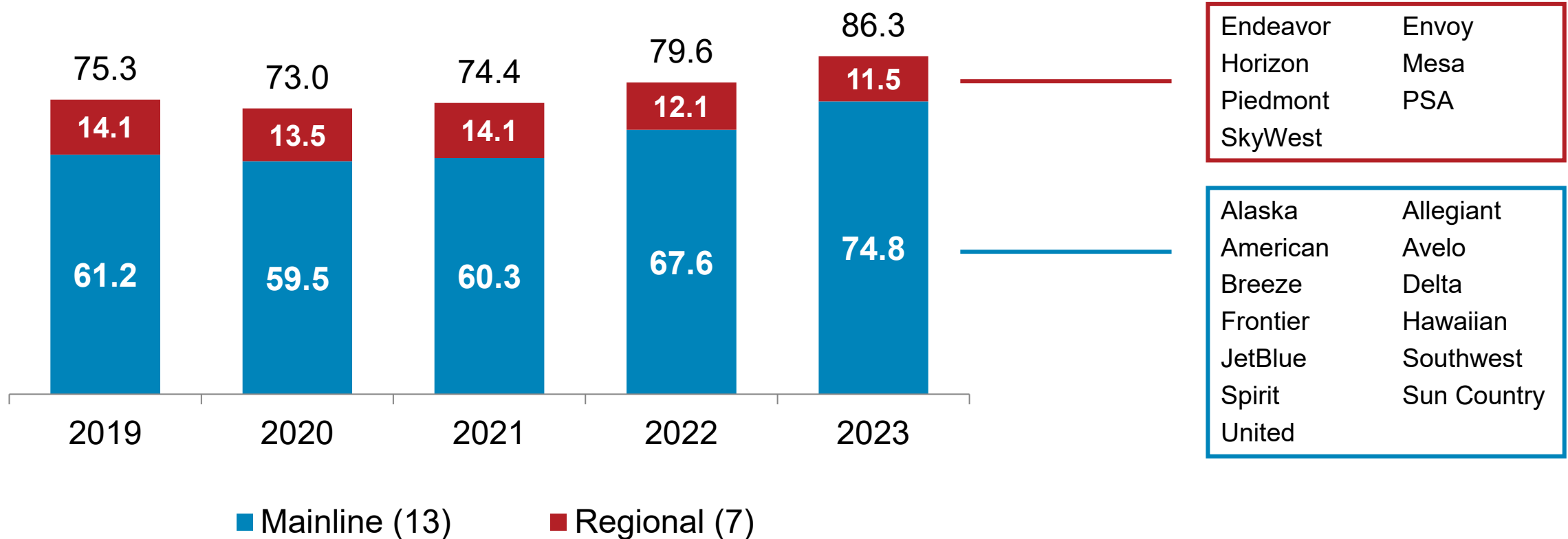


Sources: Bureau of Labor Statistics employment series CEU0000000001 (total nonfarm, not seasonally adjusted) and Bureau of Transportation Statistics (U.S. scheduled passenger airline FTEs)

# U.S. Passenger Airlines Added ~6,700 Pilots in 2023 — Up 8.4% From 2022

Mainline Pilot Levels Ended the Year 22% Above 2019, But Regional Pilot Levels Were 18% Lower

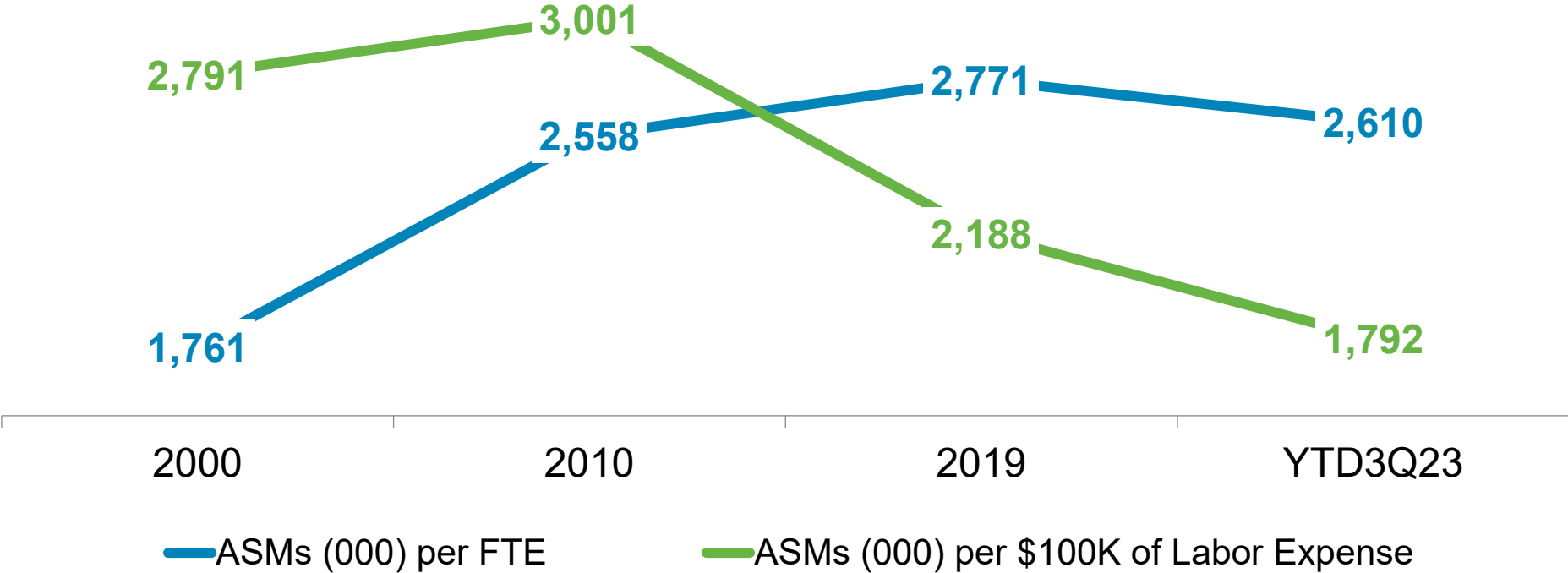
## Year-End Active Pilots (000) at 20 U.S. Passenger Airlines



Source: Company SEC filings or direct reports

**U.S. Airline FTE Productivity Down ~6% From 2019, Labor Dollar Productivity Down ~18%**  
**More Workers (and Labor Expense) Needed to Generate Pre-Pandemic Levels of Capacity**

**Trends in U.S. Passenger Airline Productivity**

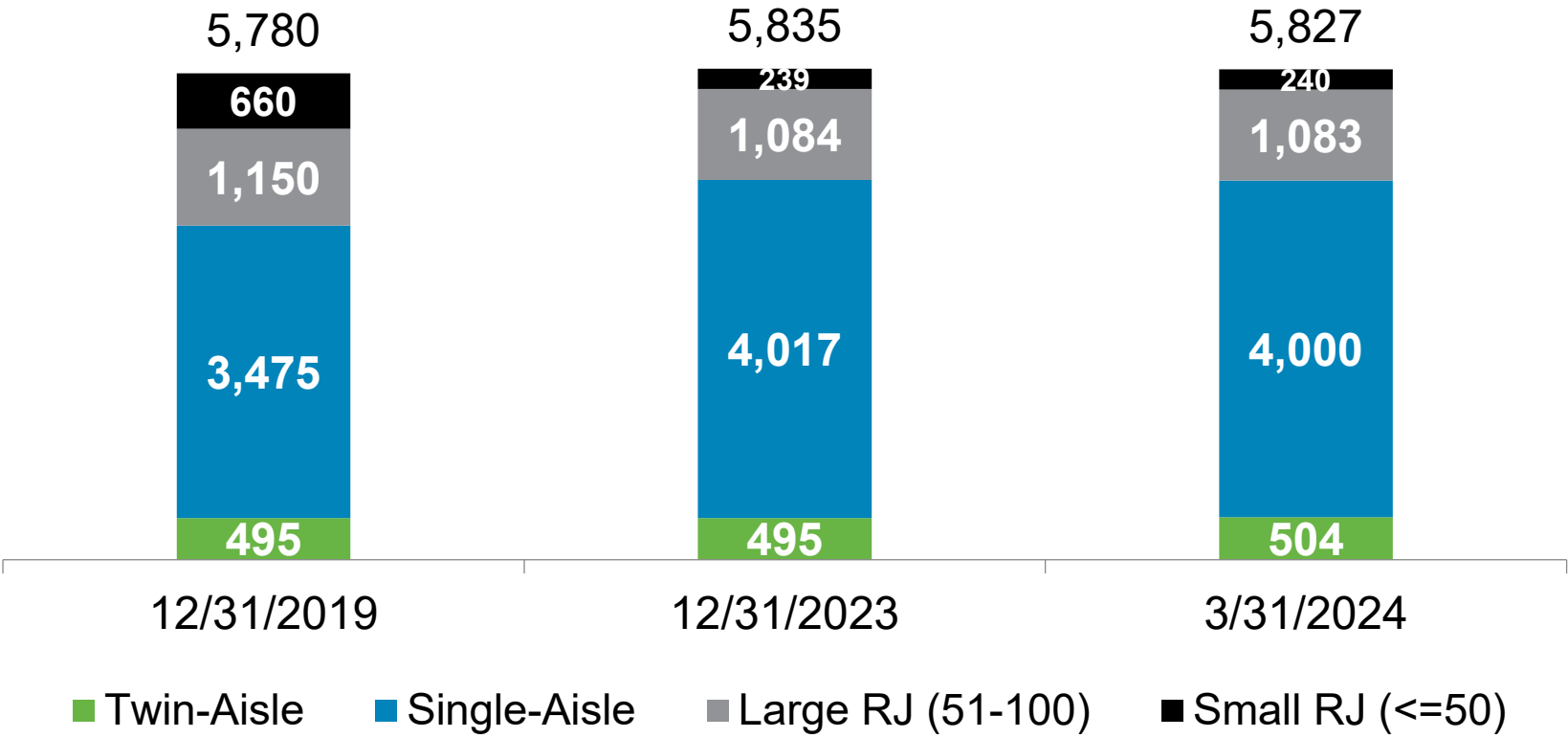


Source: A4A Passenger Airline Cost Index

\* ASM = available seat mile (basic unit of passenger airline capacity)

# U.S. Passenger Airlines Are Operating 534 More Mainline Aircraft Than at the End of 2019 But They Are Also Operating 487 Fewer Regional Aircraft

Number of Active Aircraft\*

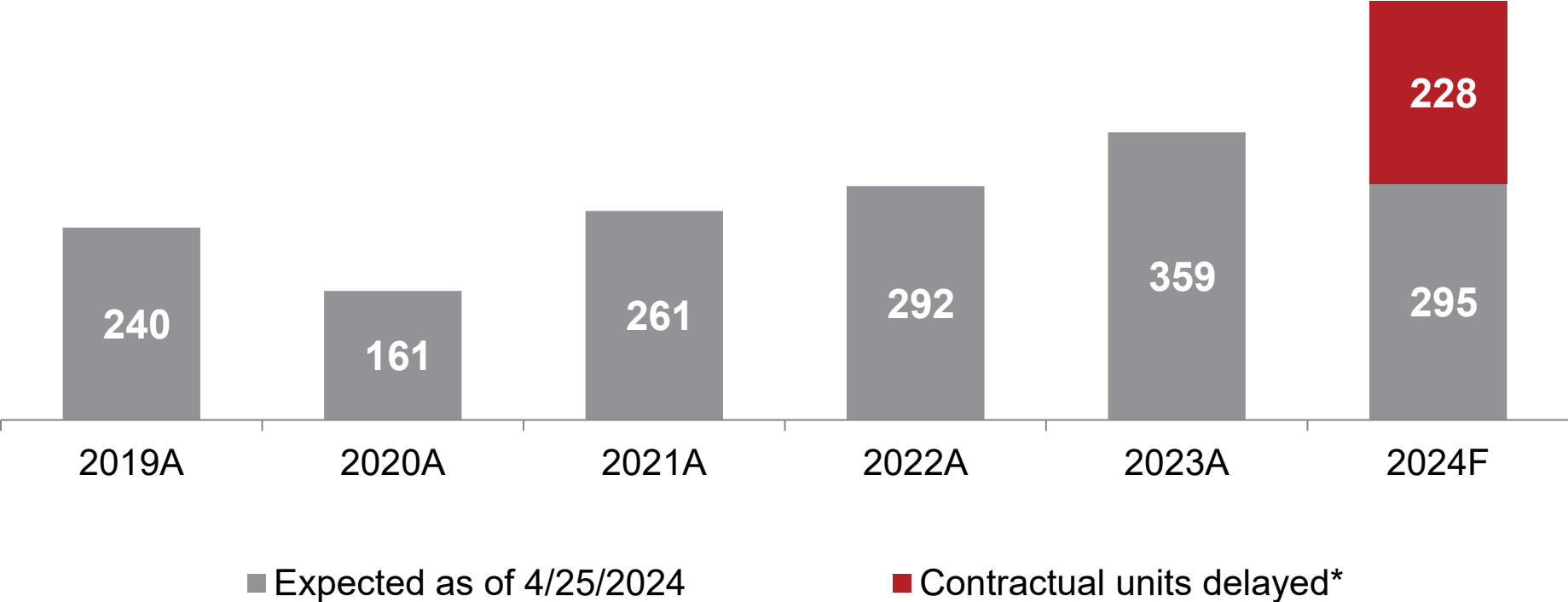


Source: Anuvu \* Operated by or on behalf of Alaska/Allegiant/American/Avelo/Breeze/Delta/Frontier/Hawaiian/JetBlue/Southwest/Spirit/Sun Country/United in any of the previous seven days

# Aircraft Delivery Expectations in 2024 Reduced Materially by Production/Certification Delays

## U.S. Passenger Airlines Now Expect Just 295 Deliveries—40% Fewer Than Contractually Stipulated

### Expected New-Aircraft Deliveries for 11 U.S. Passenger Airlines



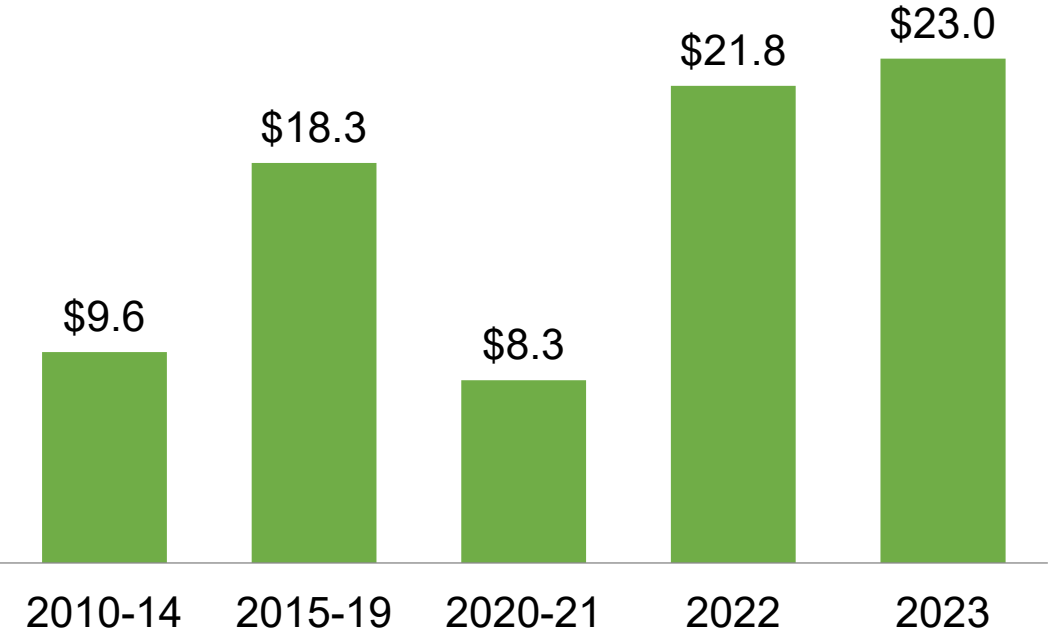
Source: Alaska, Allegiant, American, Breeze, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United

\* Based on contractual fleet plans as of 10/31/2023

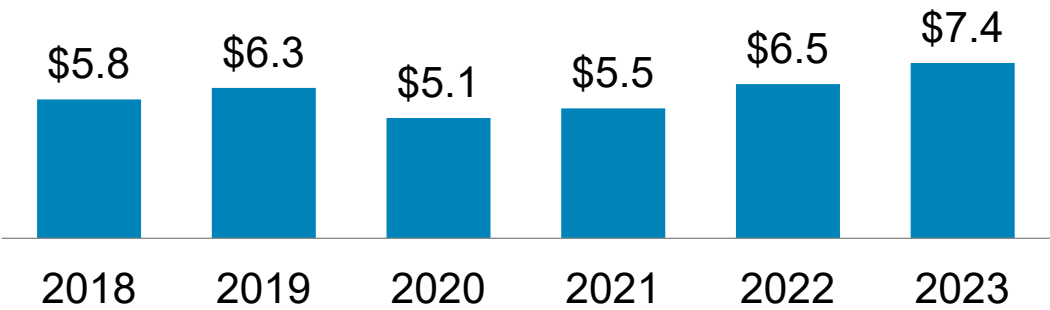
# U.S. Airlines Are Investing Heavily in Aircraft, Ground Equipment, Facilities and Technology

## Financial Recovery Has Enabled Significant Reinvestment, Including All-Time High in 2023

**Annual Capital Expenditures\*** (Billions)  
U.S. Passenger Airlines



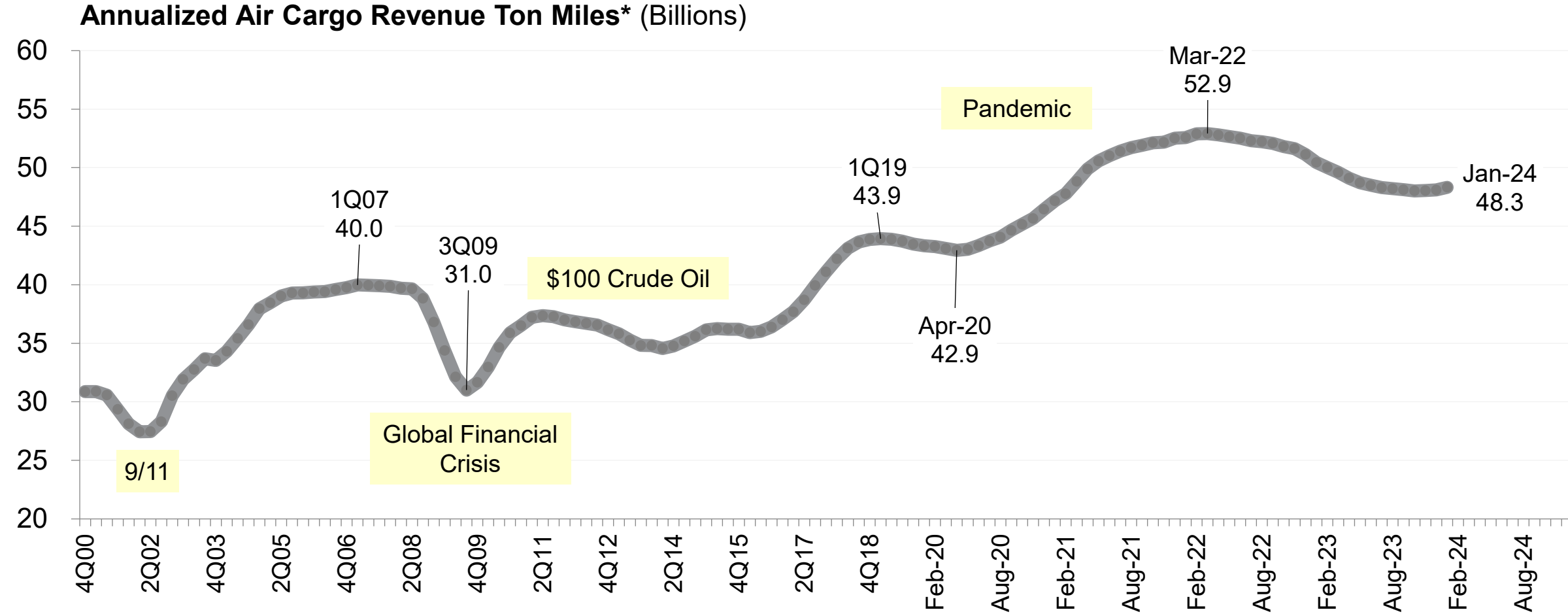
**Annual IT Expenditures** (Billions)  
U.S. Passenger Airlines



\* Includes payments made for aircraft and other flight equipment, ground and other property and equipment (e.g., baggage carts, lavatory trucks, deicing vehicles), airport and other facility construction and information technology  
Sources: CapEx from SEC filings of Alaska/Allegiant/American/Delta/Frontier/Hawaiian/JetBlue/Southwest/Spirit/Sun Country/United and predecessors; IT OpEx + CapEx - depreciation from those companies + Avelo/Breeze

# After Subsiding From the March 2022 Peak, Air-Cargo Demand Has Picked in Recent Months

## Air Cargo Had Taken 10 Years to Recover From the Global Financial Crisis and Subsequent Oil Spike



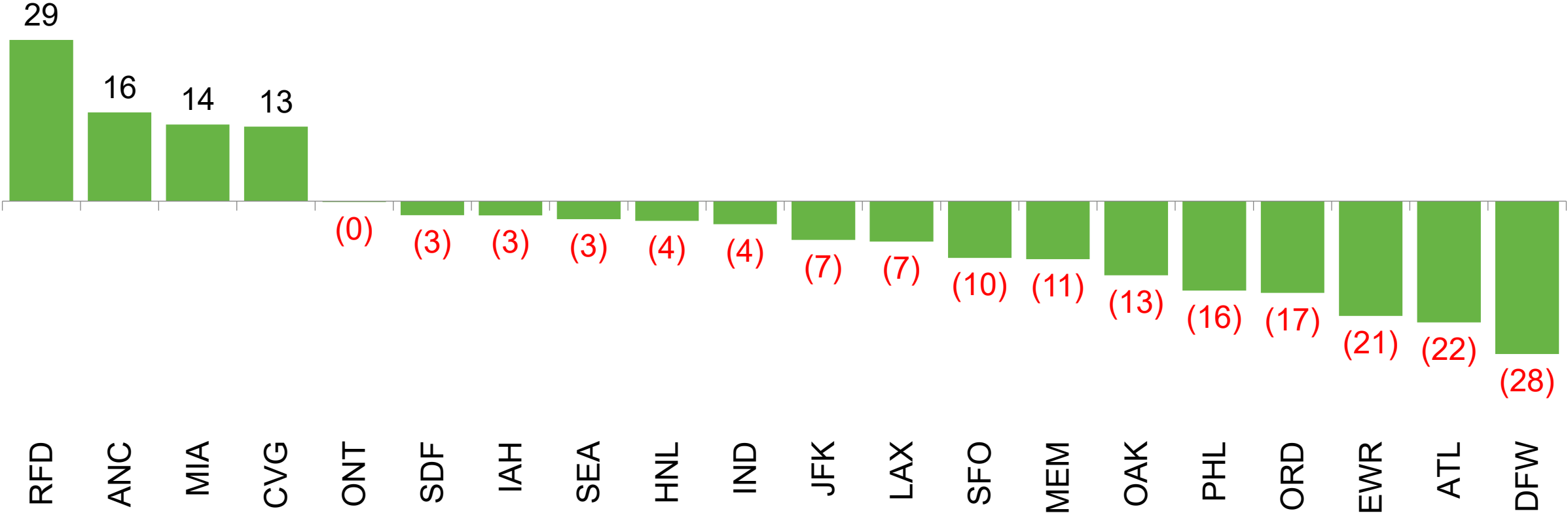
Source: Bureau of Transportation Statistics (Form 41 Schedule T1)

\* Cargo revenue ton miles (RTMs) flown on U.S. passenger and cargo-only airlines in scheduled and nonscheduled services

# Among Large Air Cargo Hubs, Rockford Has Experienced the Biggest Post-Pandemic Gain

## Less Cargo Being Transported from Dallas/Fort Worth, Atlanta and Newark

% Change in Outbound Cargo Tons at 20 Largest U.S. Cargo Airports, 2019-2023



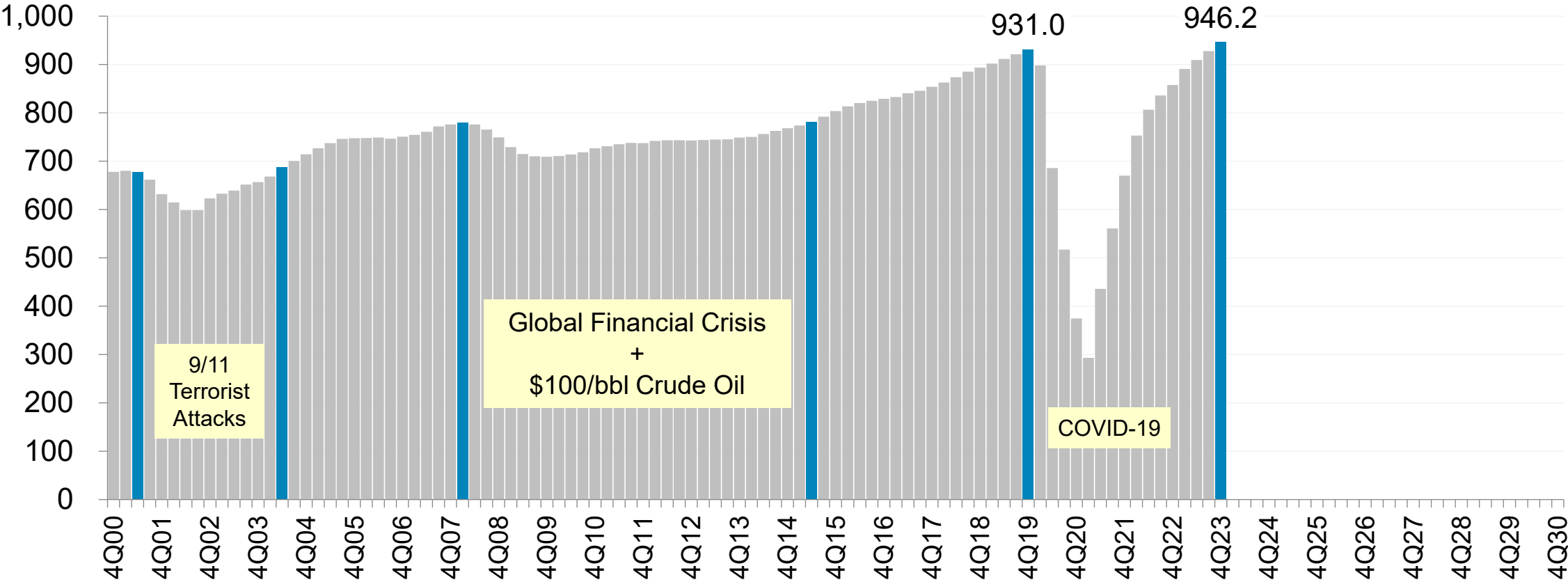
Source: DOT T-100 segment data, scheduled and nonscheduled services, U.S. and non-U.S. airlines



# U.S. Airline Passenger Volumes (Scheduled + Charter) Reached an All-Time High in 2019

Volumes Took More Than Seven Years to Recover From the Financial Crisis/Oil Spike

Four-Quarter Rolling Scheduled-Service and Charter Passengers Enplaned (Millions) on U.S. Airlines

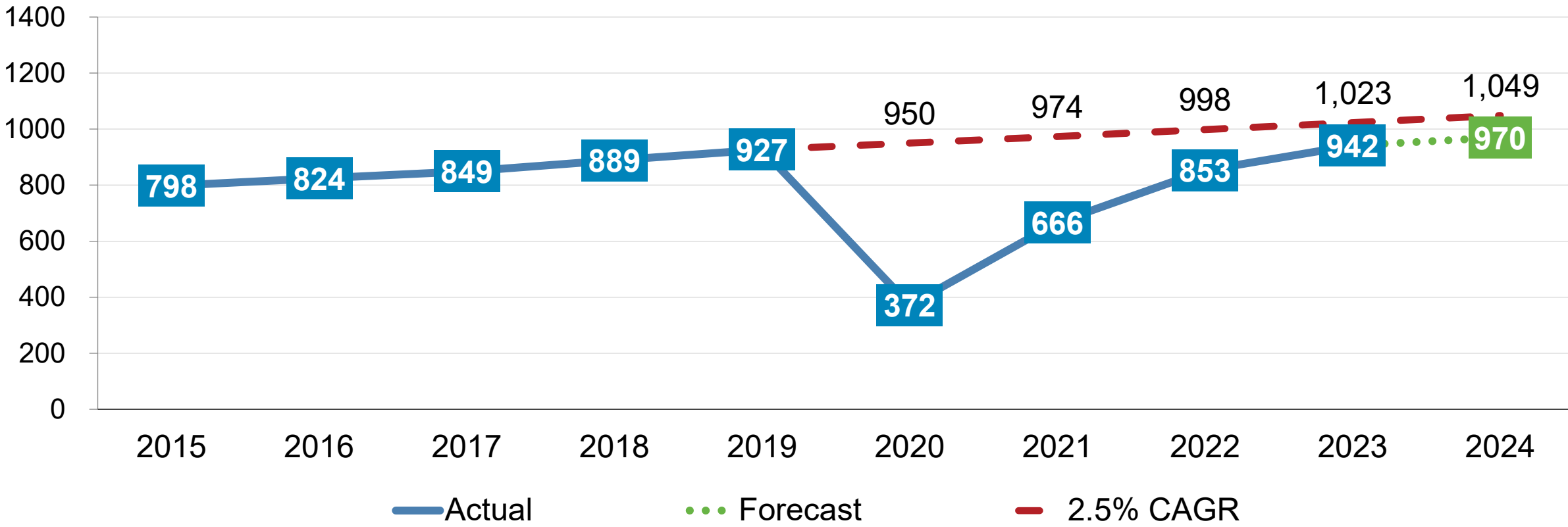


Source: Bureau of Transportation Statistics (Form 41 Schedule T1)

# U.S. Airline Scheduled-Service Passenger Volumes Projected to Reach All-Time High in 2024

Forecast Assumes Continued U.S. Job Growth and Disinflation

U.S. Airline Scheduled-Service Passengers Enplaned (Millions)



Source: A4A and U.S. Bureau of Transportation Statistics (Form 41 Schedule T-1)

Note: F= forecast; 2024 projection assumes 3% year-over-year growth



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