



Airlines for America[®]

We Connect the World

The State of U.S. Commercial Aviation

Updated September 6, 2025

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

U.S. Airlines Facilitate the Safe and Efficient Movement of People and Goods Worldwide

Data Reflects Passenger and Cargo-Only Operations*

> 1M
employees
around the world



Powering ~27K
flights per day
across the globe



Carrying ~2.7M
passengers
per day to/from
~80 countries



Moving ~61K
tons of cargo
per day to/from
more than 220
countries



Sources: A4A, Bureau of Transportation Statistics, Diio by Cirium and company literature

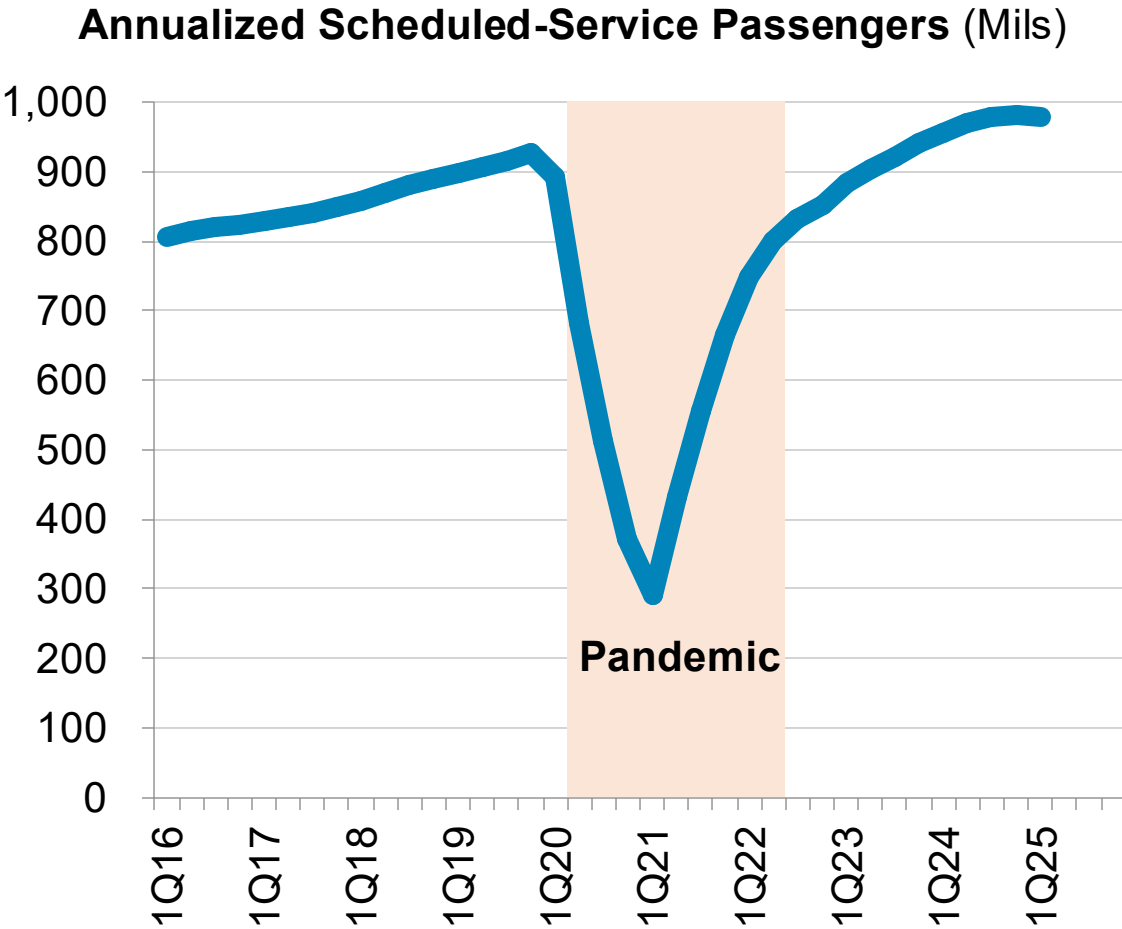
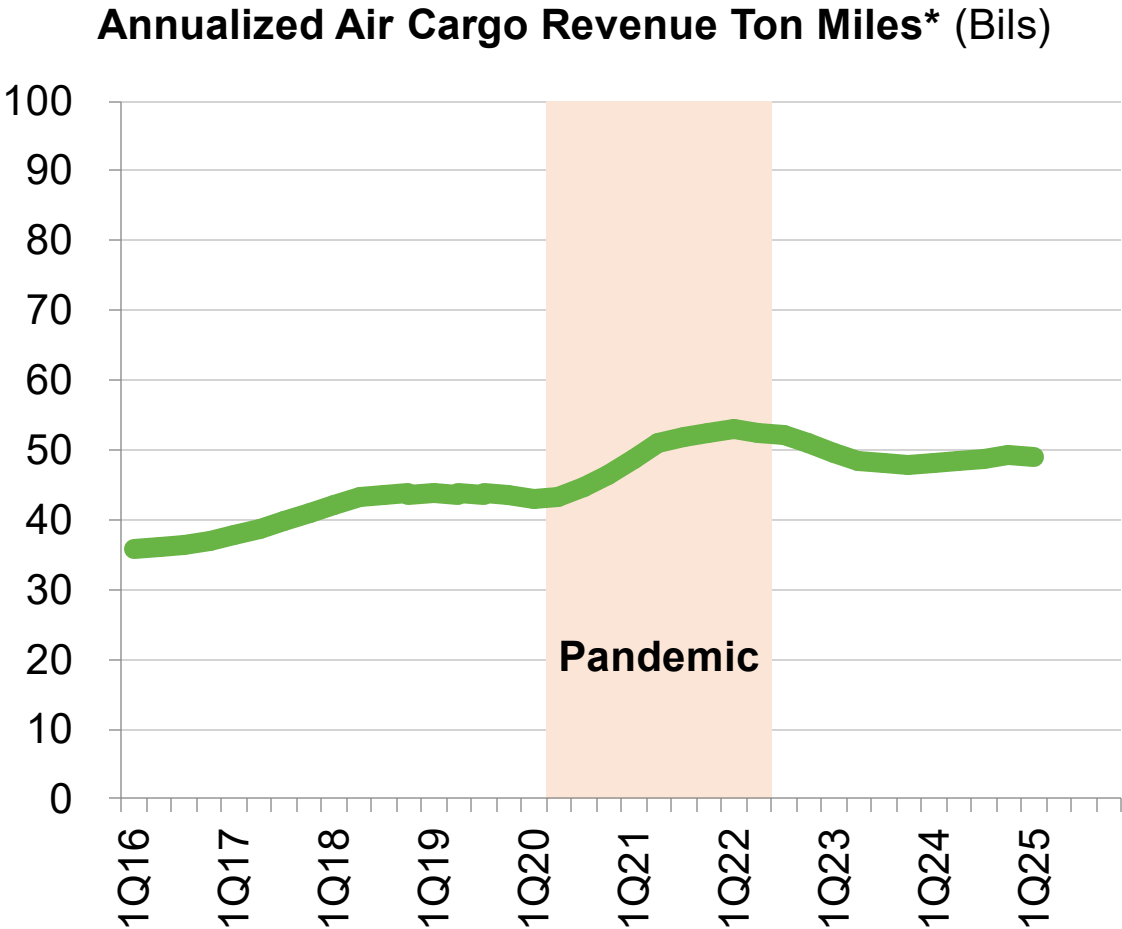
* Headcount as of Dec-2024; other statistics reflect daily average for 2024

Key Points

- » Demand is healthy, but many airlines have seen a **slowdown in domestic main cabin bookings**.
 - » **YOLOism** and the substantial increase in **workplace flexibility** have been positive forces.
- » Air cargo demand remains solidly above 2019 levels but is likely to be impacted by trade wars.
- » Airlines of all shapes and sizes continue to retool products and networks to reflect the changing face of demand and to cope with inflation, but **growth rates—and profit margins—differ widely**.
- » ATC issues, aircraft/engine deliveries, labor supply, parts scarcity, MRO bottlenecks and workforce juniority have curbed growth and led airlines to hold onto older equipment to accommodate demand.
- » In large part, airlines have been using **cash flow** to add staff, renew fleets, upgrade ground equipment and IT and retire the massive **debt** accumulated in 2020-2021 to weather the pandemic.
- » Most airlines are pursuing high-margin revenue diversification, earnings durability, equity appreciation and balance sheet fortification.

For U.S. Airlines, Air-Travel and Air-Cargo Demand Exceed Pre-Pandemic Levels

Air Cargo Stabilized After a Pandemic Surge, Whereas Air Travel Continued to Rise in 2023-2024



Source: Bureau of Transportation Statistics (Form 41 Schedule T1 and T100 segment data) * Cargo revenue ton miles (RTMs) flown on U.S. passenger and cargo-only airlines in scheduled and nonscheduled services

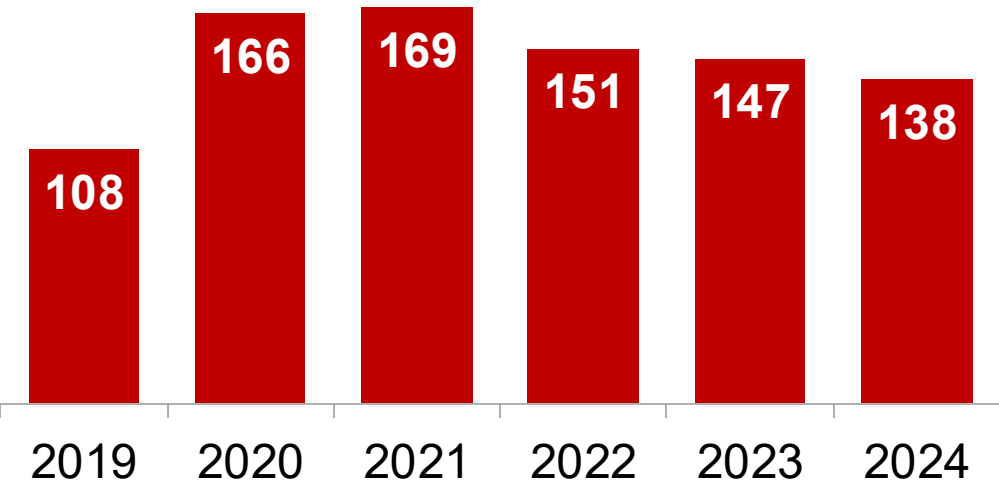
Airlines Have Prioritized Debt Reduction, Accompanied by Heavy Cash Outlays for Interest

Debt Levels Fell \$31B From 2021-2024, But Interest Expense Remains Elevated

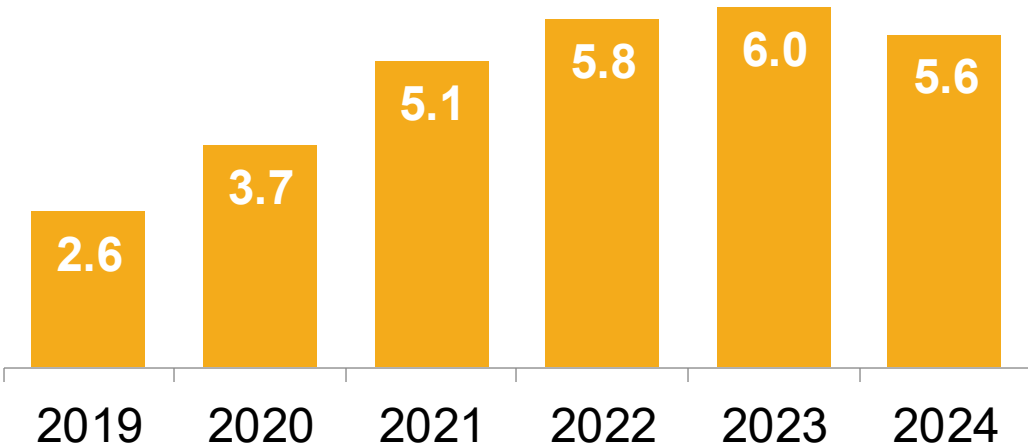
“To suggest that the airlines should have better prepared for this environment seems akin to suggesting Pompeii should have invested more heavily in firefighting technology.” (Jamie Baker, JPMorgan, March 22, 2020)

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

Year-End Total Debt* (\$ Billions)



Interest Expense (\$ Billions)



Source: Alaska/Hawaiian, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit, Sun Country and United 10-Ks

* Long-term debt and finance leases + operating lease liabilities + pension and postretirement benefits

In 1H 2025, U.S. Passenger Airlines Collectively Posted a Pre-Tax Profit Margin of 3.6%

Lower Interest Expense YOY Overcame Reduced Operating Profit to Spur Better Pre-Tax Results

Financial Results: Jan-Jun 2025	\$ Billions	% Chg. YOY	% of Category
Passenger (RPMs -0.1%, yield +0.7%)	103.8	1	88.8
Cargo	2.1	14	1.8
Other ¹	11.0	1	9.4
Total operating revenues	116.9	1	100.0
Salaries, wages and benefits	38.6	7	34.5
Aircraft fuel and taxes (consumption +1.4%, price -14.2%)	22.0	(13)	19.6
Maintenance materials and repairs	6.5	2	5.8
Landing fees and airport (terminal/hangar) rents	8.0	10	7.1
Depreciation and amortization ²	5.7	1	5.0
Regional capacity	5.2	10	4.7
Other ³	26.1	3	23.3
Total operating expenses	112.1	1	100.0
Interest and other non-op expenses, net	(0.6)	(73)	n/a
Pre-tax profit/(loss)	4.3	34	n/a
Pre-tax margin⁴	3.6%	0.9 pts	n/a

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, etc.
4. Pre-tax profit/(loss) ÷ total operating revenues

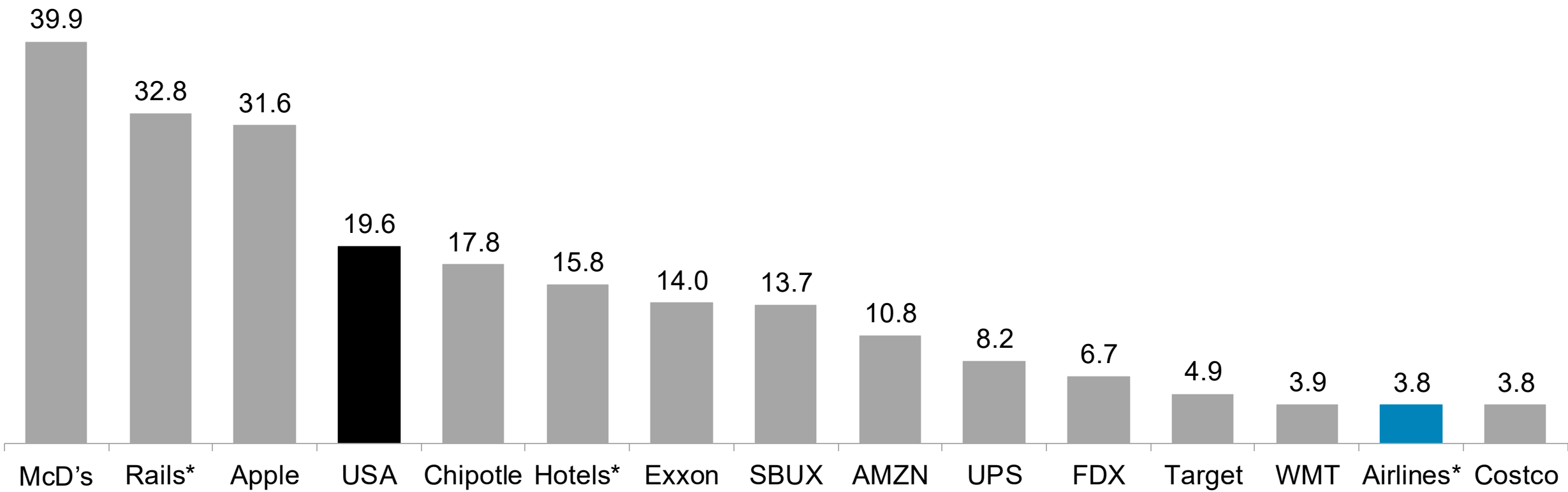
Source: SEC filings of Alaska/Hawaiian, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit, Sun Country and United

In 2024, the Average U.S. Corporation Was Five Times More Profitable Than U.S. Airlines

McDonald's Was Over 10 Times More Profitable Than Airlines

Pre-Tax Profit Margin (%) for Selected U.S. Companies and Industries, Fiscal Year 2024

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



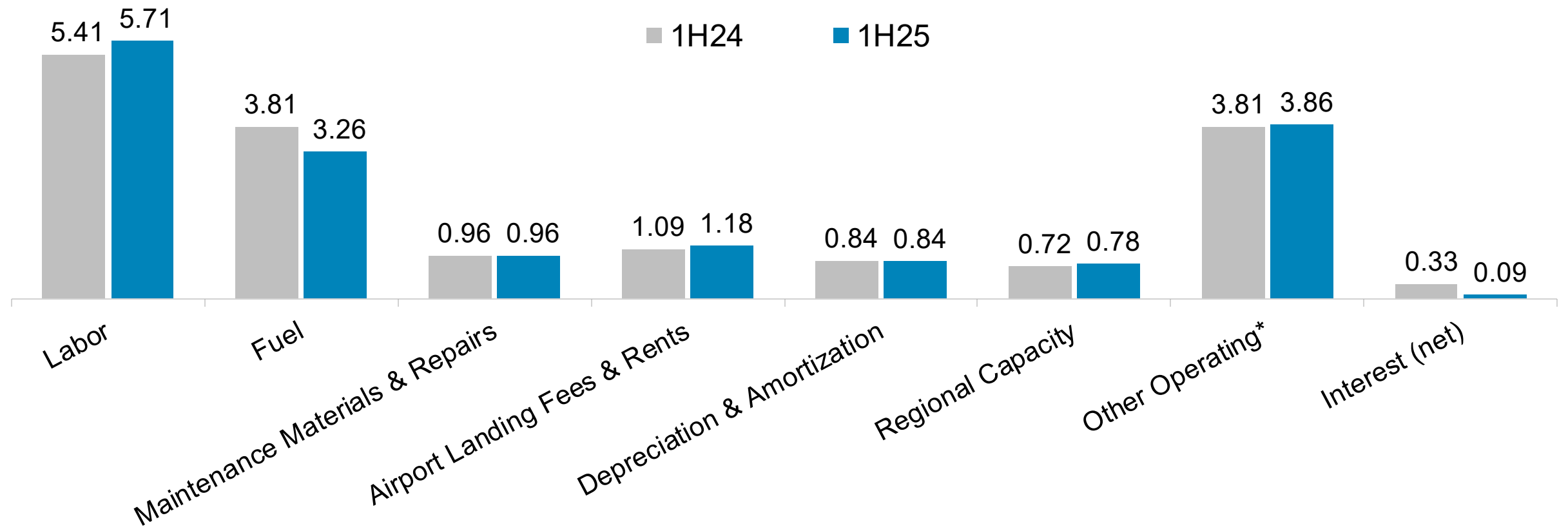
Sources: Bureau of Economic Analysis, DOT Form 41 and SEC filings

* Airlines = U.S. passenger airlines; Hotels = Choice/Hilton/Hyatt/Marriott/Wyndham; Rails = CSX/Norfolk Southern/Union Pacific

In 1H 2025, U.S. Airlines' Pre-Tax Unit Costs Fell 1.8% YOY on 14.5% Lower Fuel CASM

Labor CASM Rose 5.5%

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



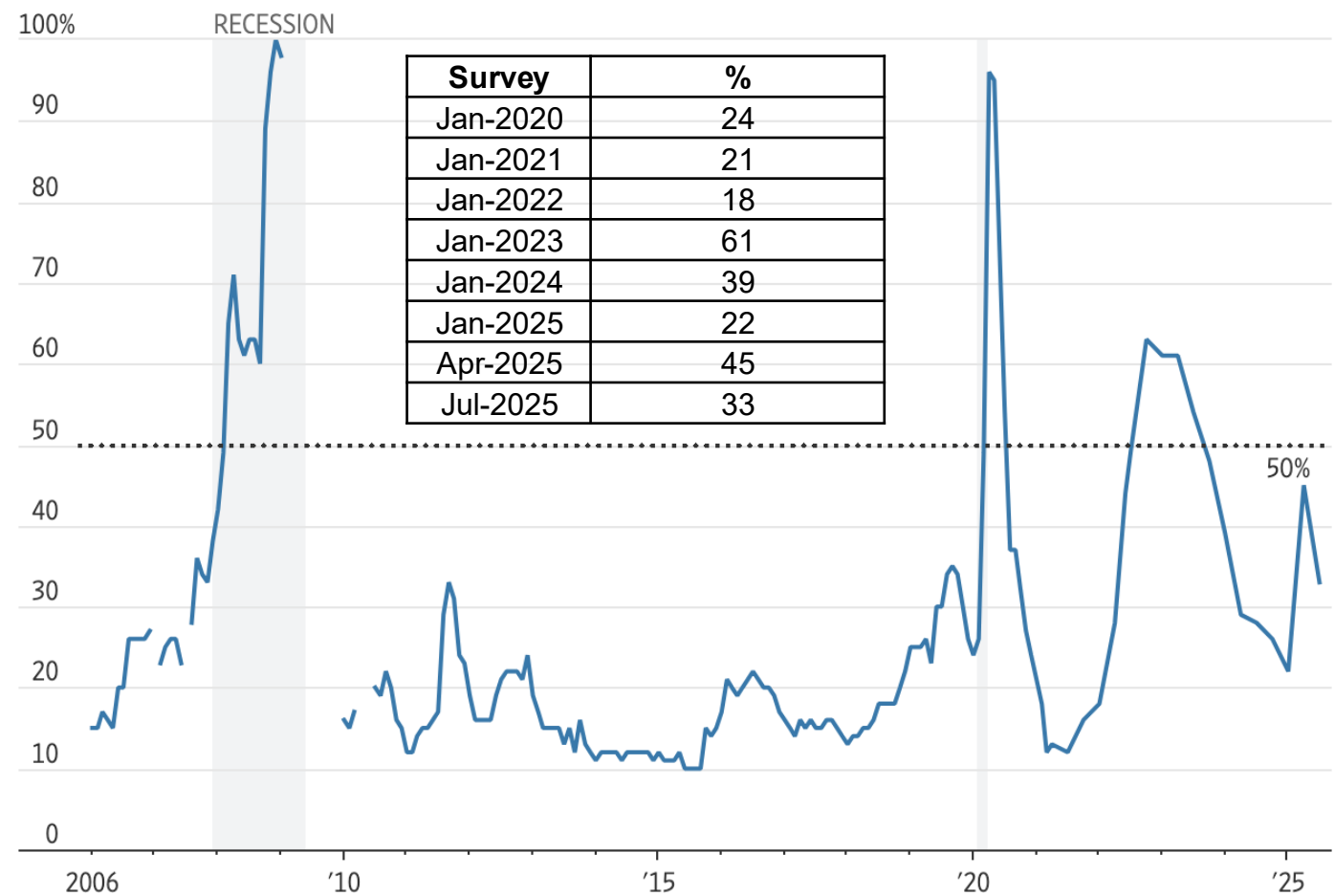
Source: SEC filings of Alaska/Hawaiian, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit, Sun Country and United

* Professional fees, food/beverage, insurance, commissions, GDS fees, communications, advertising, utilities, office supplies, crew hotels, etc.

Economists Remain Downbeat, But Perceived Risk of U.S. Recession Has Subsided

Probability of Recession Over Next 12 Months Fell From 45% (Apr) to 33% (Jul)

Probability the U.S. is in a recession in next 12 months including today



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*

Jan-2025 — *Trump's Return Nudges Economists' Inflation Outlook Higher*

Jul-2025 — *Economists See Lower Recession Risk and Stronger Job Growth*

“Although economists’ outlook improved slightly from the last survey, **they still are relatively downbeat—most likely because of the persistence of trade uncertainty and muted growth to date**. On average, they expect gross domestic product adjusted for inflation to grow 1% in the fourth quarter from a year earlier.”

Source: The Wall Street Journal Economic Forecasting Survey and “Economists See Lower Recession Risk and Stronger Job Growth: WSJ Survey,” *The Wall Street Journal* (July 12, 2025)

U.S. Outlook: “Unsure”

Mark Zandi, Chief Economist at Moody’s Analytics

June 6, 2025

“In my 35 years as a professional economist, I have rarely been as unsure about the economic outlook as I am now... This time, it is extraordinarily tough to gauge the economic outlook because of **the unprecedented uncertainty created by the global trade war and economic policy more broadly**. But while there are many scenarios on how policy will play out, **under almost all scenarios, the economy will be diminished, suffering higher inflation and weaker growth.**”

Aug. 21, 2025

“Odds are that the U.S. economy will narrowly avoid recession in the coming year. Our machine-learning-based leading recession indicator puts the probability of a downturn beginning in the next 12 months at 49%. Since 1960, the indicator has accurately predicted an ensuing recession whenever it has risen to more than 50%. And there have been no false positives—when the indicator has breached the 50% threshold and a recession has not ensued.”

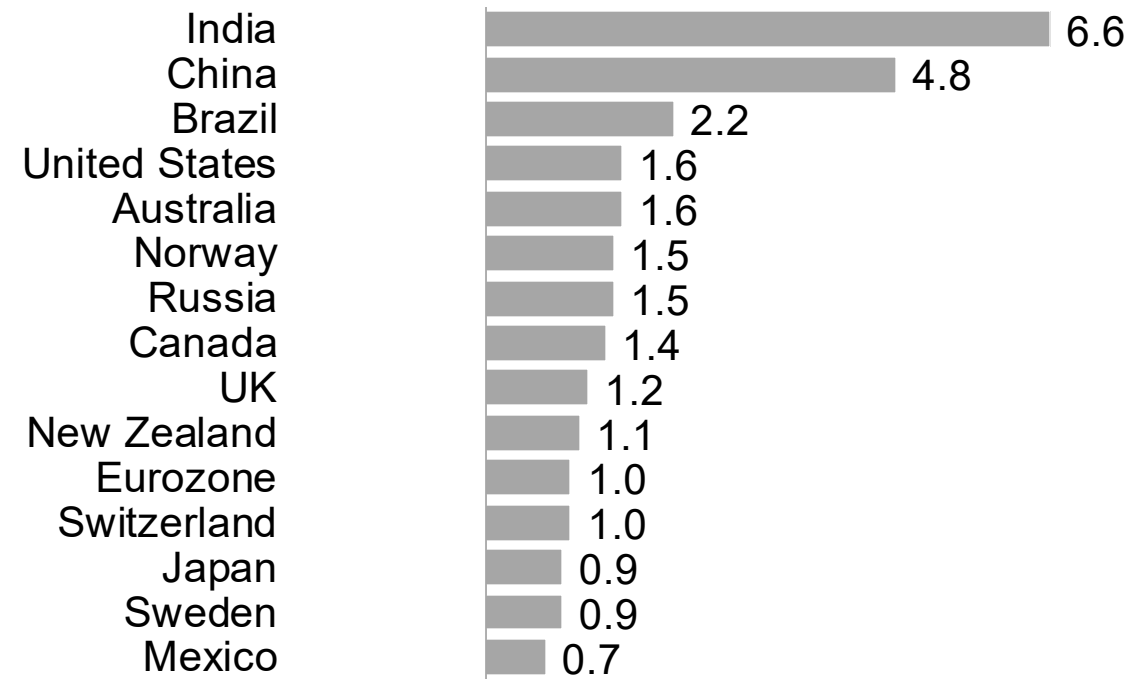
Source: <https://www.linkedin.com/pulse/us-outlook-unsure-mark-zandi-vjlac/> and <https://www.linkedin.com/pulse/us-outlook-your-questions-answered-mark-zandi-aonmc/>

Advanced Economies Are Expected to Grow 1-2% in 2025

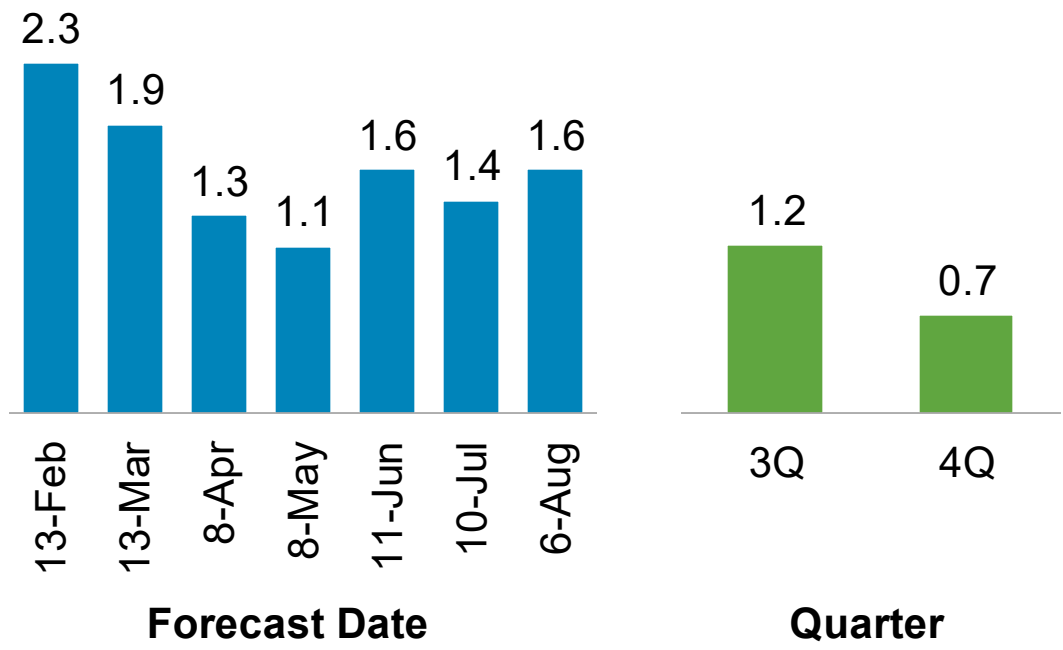
U.S. Expected to Grow 1.6%; Japan/Sweden/Mexico to Grow Less Than 1%

“The data have moved roughly in line with our expectations in the past month, demonstrating a **slowdown in underlying domestic demand and hiring figures to support it**. Trade has been the tail that wagged the dog in the first half of the year, and with trade policy still in flux, **volatility isn’t going anywhere**.”

Projected 2025 Real GDP Growth (%)



Projected 2025 Real U.S. GDP Growth (%)

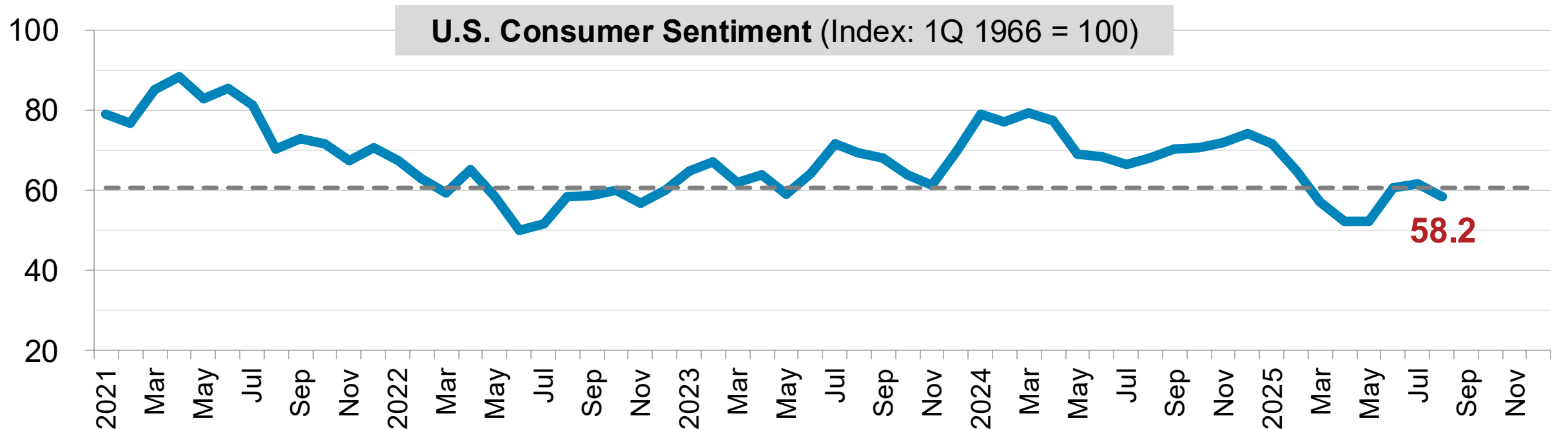


Source: Wells Fargo 2025 International Economic Outlook (August 6, 2025)

U.S. Consumer Sentiment Retreated in August

Next Reading: Sept. 12

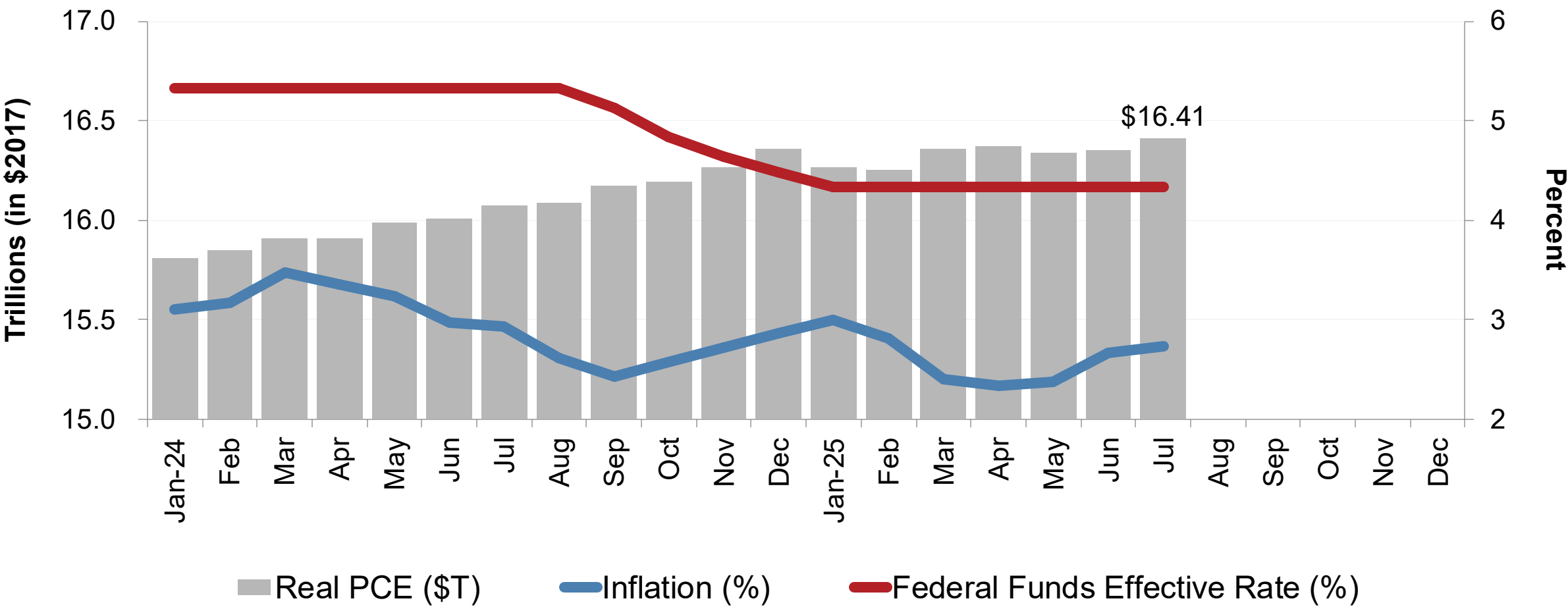
“**Consumer sentiment** confirmed its early-month reading, **moving down about 6% from July**. Sentiment now stands about 11% above readings from April and May but **remains at least 10% below 6 and 12 months ago**. This month’s decrease was visible across groups by age, income, and stock wealth. Moreover, **perceptions of many aspects of the economy slipped**.” (Director Joanne Hsu, August 29, 2025)



Sources: University of Michigan

Real Consumer Spending Slowed in May/June But Snapped Back to Record Levels in July

Spending Was Strong in the Face of Inflationary Headwinds



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

“2Q GDP: The economy is cooling”

Morgan Stanley Research

“Overall, the advance estimate of 2Q US GDP points to an economy that has slowed from the robust 2024 pace of growth. In our view, this slowing reflects a combination of factors, including payback, immigration restrictions that have slowed growth in the labor force, policy uncertainty which may have delayed spending and hiring plans, and DOGE effects on federal government spending.

We retain our outlook for a slowdown..., as restrictive trade and immigration policies outweigh the benefits from fiscal policy and deregulation. Prior to this report, we were forecasting Q4/Q4 growth of 0.8% in 2025; we now expect 1.0%, reflecting the stronger 2Q out turn but no extrapolation into later quarters. **We continue to expect 1.1% growth in 2026.”**

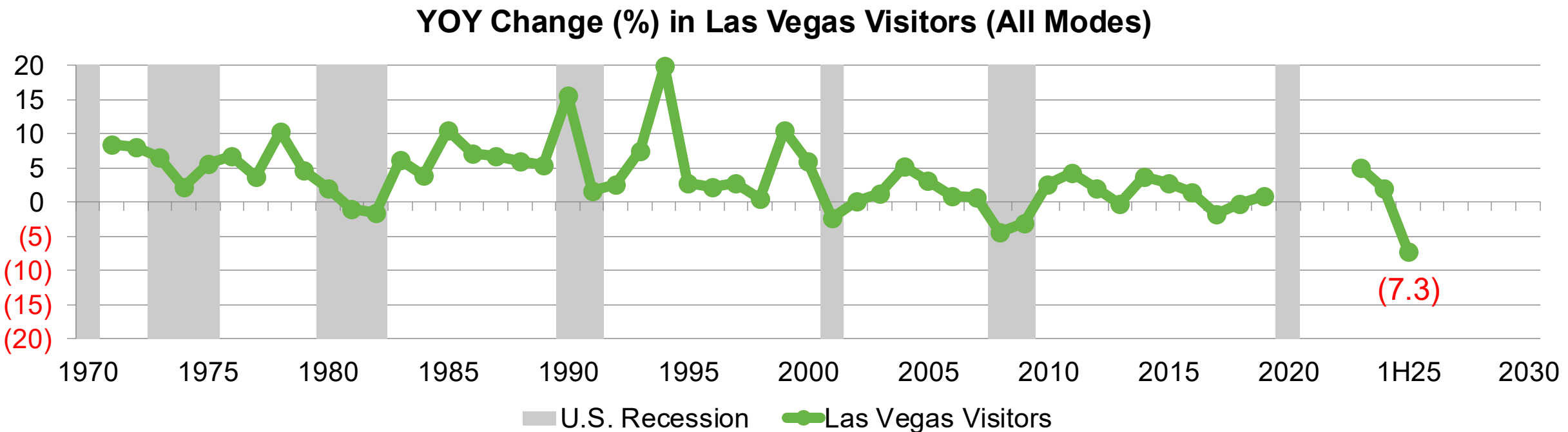
Morgan Stanley Research (July 30, 2025)

Source: “2Q GDP: The economy is cooling,” Morgan Stanley U.S. economics report (July 30, 2025)

Las Vegas Seeing a Sharp Drop in Visitors (All Modes) in 2025

Historically, Woes in Las Vegas Often Signaled Recessionary Times

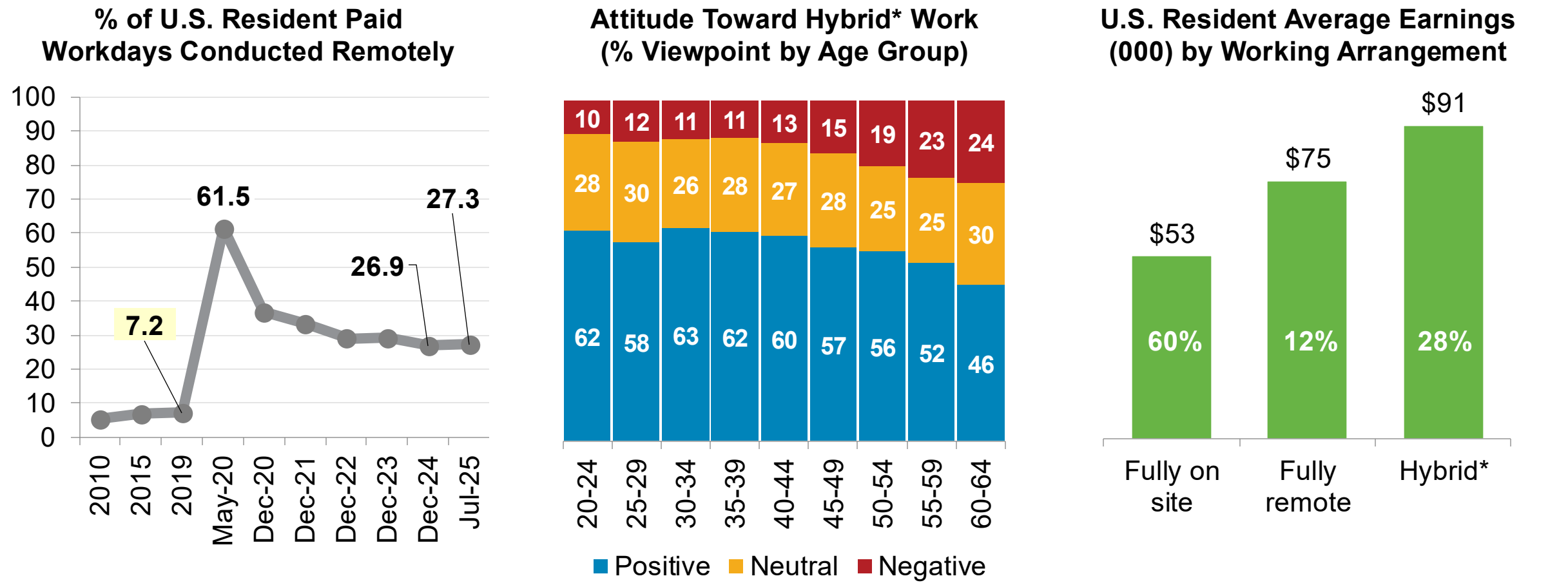
“If Vegas is signalling a downturn and the city is often a leading indicator for recession, does that mean recession is imminent? Of course not... But consider that the challenges in Las Vegas are not isolated in their negative view of the U.S. economy. **We are seeing warning signs from multiple directions, including housing, jobs, inflation, and corporate earnings.** In economic parlance, that’s called ‘a sign.’”



Source: “Las Vegas flashes economic warning signs,” Visual Approach Advisory (Aug. 21, 2025) and Las Vegas Convention and Visitors Authority

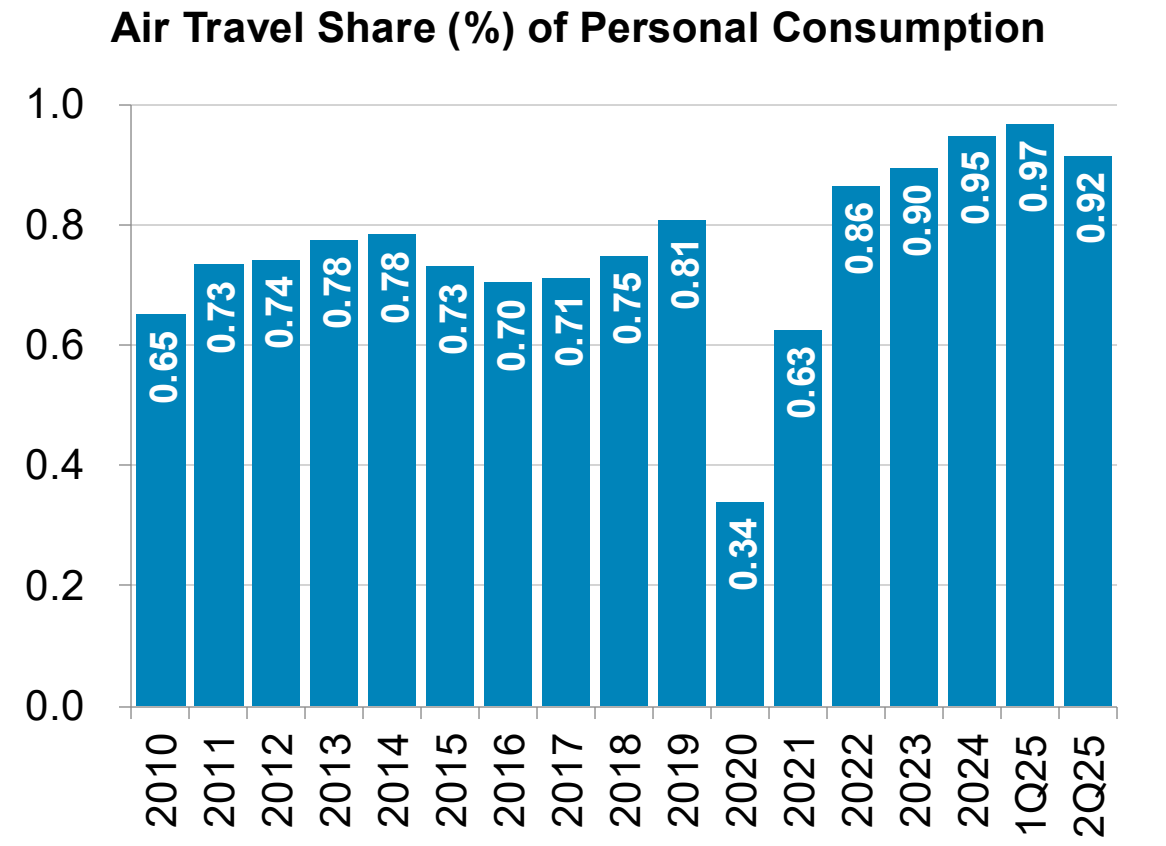
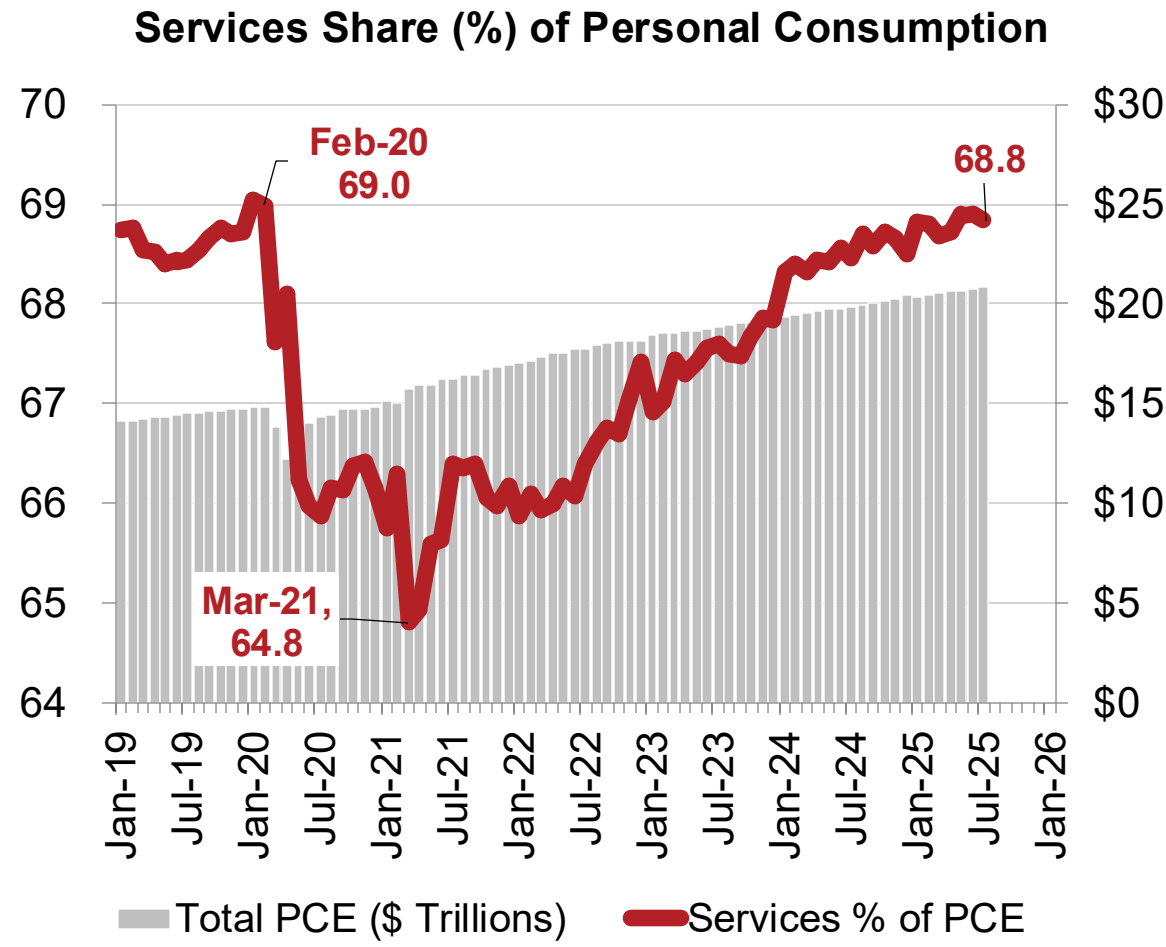
Share of Remote Work Remains Well Above 2019; Preference for Hybrid Work Persists

Younger Workers Are Most Enthusiastic About Hybrid Work, Which Commands Greater Earnings



Once Again, U.S. Consumers Are Allocating ~69% of Spending to Services

And They Have Increasingly Prioritized Air Travel, Albeit With a Notable Retrenchment in 2Q25



Source: Bureau of Economic Analysis

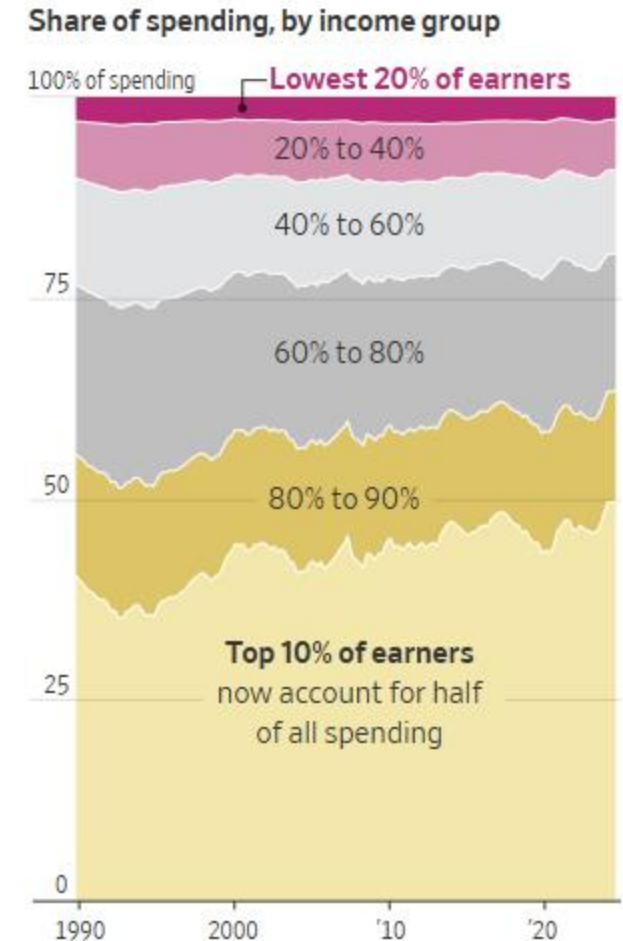
Note: PCE = personal consumption expenditures

WSJ: “The U.S. Economy Depends More Than Ever on Rich People” That Subset of the Population Has Time and Money to Spend on Air Travel

“Many Americans are pinching pennies, exhausted by high prices and stubborn inflation. **The well-off are spending with abandon. The top 10% of earners...are splurging on everything** from vacations to designer handbags, buoyed by big gains in stocks, real estate and other assets. **Those consumers now account for 49.7% of all spending, a record in data going back to 1989, according to an analysis by Moody’s Analytics. Three decades ago, they accounted for about 36%.** All this means that economic growth is unusually reliant on rich Americans continuing to shell out. Mark Zandi, chief economist at Moody’s Analytics, estimated that **spending by the top 10% alone accounted for almost one-third of gross domestic product.**”

“**Taken together, well-off people have increased their spending far beyond inflation, while everyone else hasn’t.** The bottom 80% of earners spent 25% more than they did four years earlier, barely outpacing price increases of 21% over that period. The top 10% spent 58% more.”

The Wall Street Journal (Feb. 23, 2025)

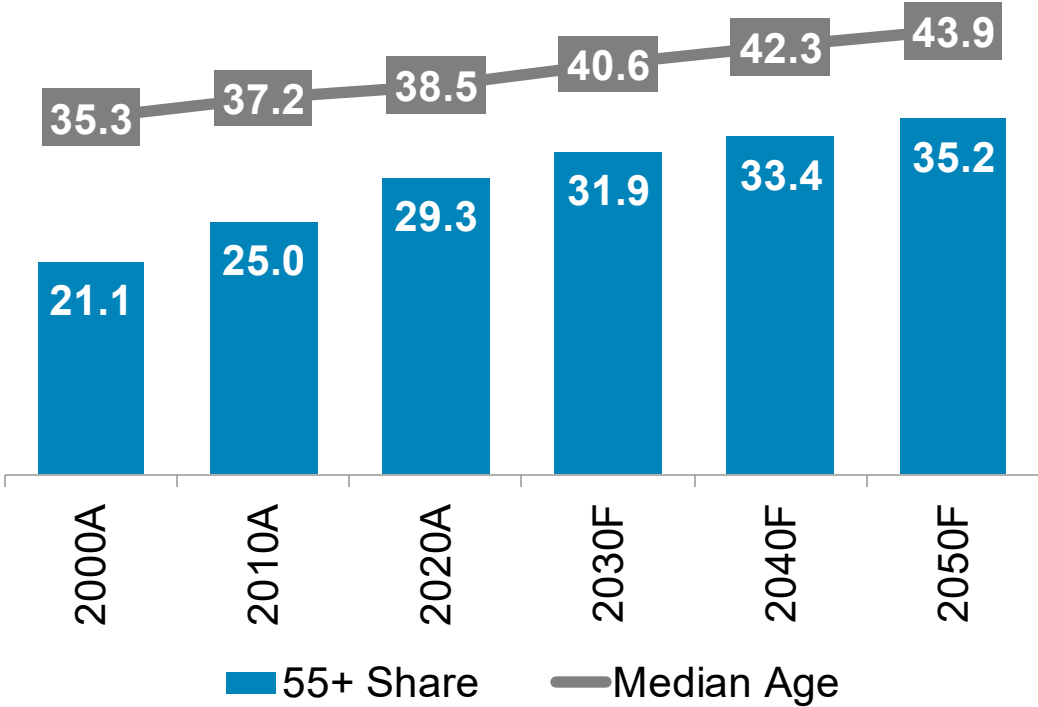


Source: Moody’s Analytics and Rachel Louise Ensign, “The U.S. Economy Depends More Than Ever on Rich People,” *The Wall Street Journal* (Feb. 23, 2025)

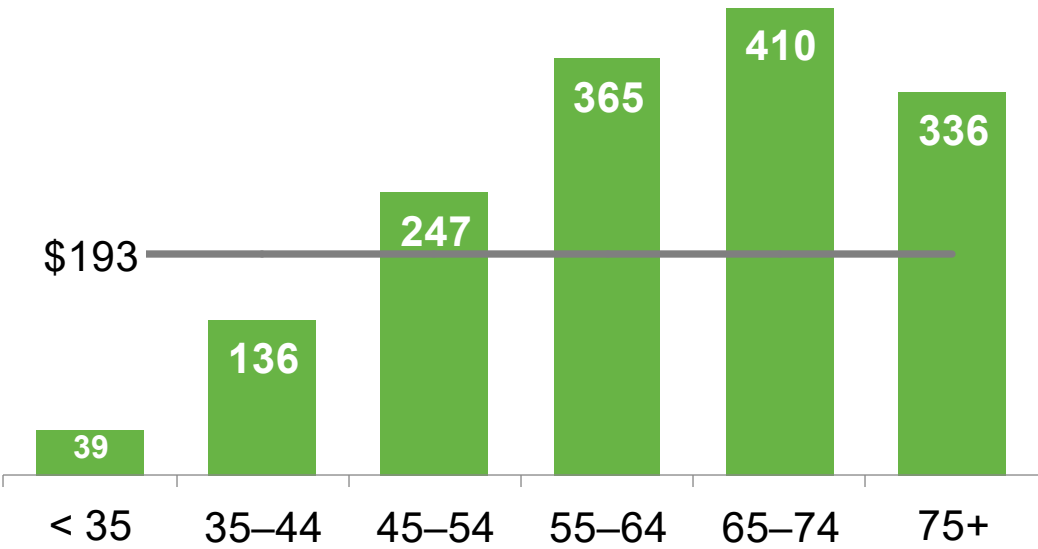
The Older (and Wealthier) Share of the U.S. Population Is Expected to Continue Growing

That Subset of the Population Has Time and Money to Spend on Air Travel

U.S. Population Age: Median and 55+ Share



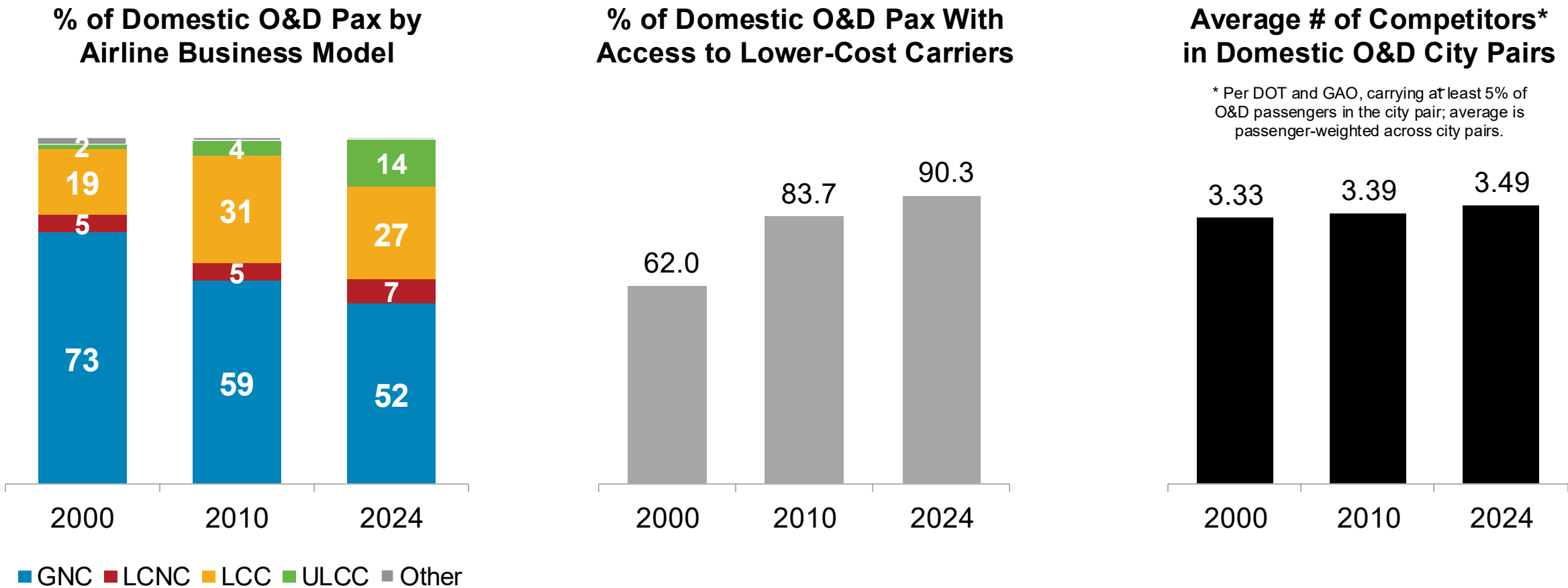
Median Household Net Worth (\$000) by Age, 2022



Source: U.S. Census Bureau and Federal Reserve 2022 Survey of Consumer Finances (Oct. 18, 2023)

From 2000-2024, the Number of Competitors per Domestic Air Trip Rose From 3.33 to 3.49

Global Network Carrier Share of Domestic Passengers Fell From 73% in 2000 to 52% in 2024

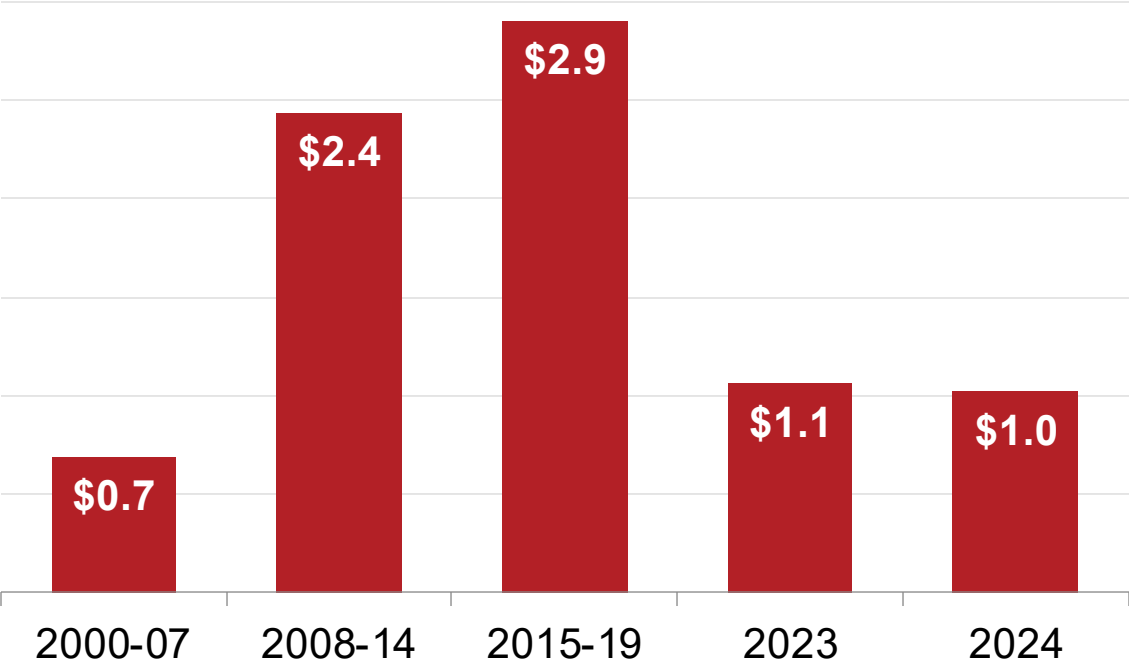


Source: DOT Data Bank 1B and Eonic Partners. Global network carriers (GNCs) include AA/DL/UA and predecessor airlines (e.g., US Airways, America West, TWA, Northwest, Continental) and defunct legacy network carriers (e.g., Eastern, Braniff). Low-cost carriers includes Southwest, JetBlue, Breeze, Reno Air, Midway, Pro Air, Kiwi International, AirTran, Accessair, Independence, Eastwind, National, ValuJet, ATA, Skybus, People Express, Vanguard, Virgin America, Western Pacific, Air South, and Morris Air). Lower cost network carriers include Alaska, Hawaiian and Aloha. Ultra low-cost carriers (ULCCs) include Allegiant, Frontier, Spirit, Sun Country, and Avelo.

Post Pandemic, Airline Revenues From Reservation Change Fees Have Fallen Sharply

Widespread Elimination of Change Fees and Same-Day Standby Fees Has Boosted Travel Flexibility

U.S. Airline Change-Fee Revenues
Annual Average, in Billions



Aug. 30-31, 2020: United/Alaska/American/Delta announce widespread elimination of change fees.

“It makes me feel a lot better as a consumer. It makes me feel more willing to book something now.”

Brett Snyder, CrankyFlier.com (Aug. 31, 2020)

“One of the best changes that the airlines made...was to quietly get rid of change fees.”

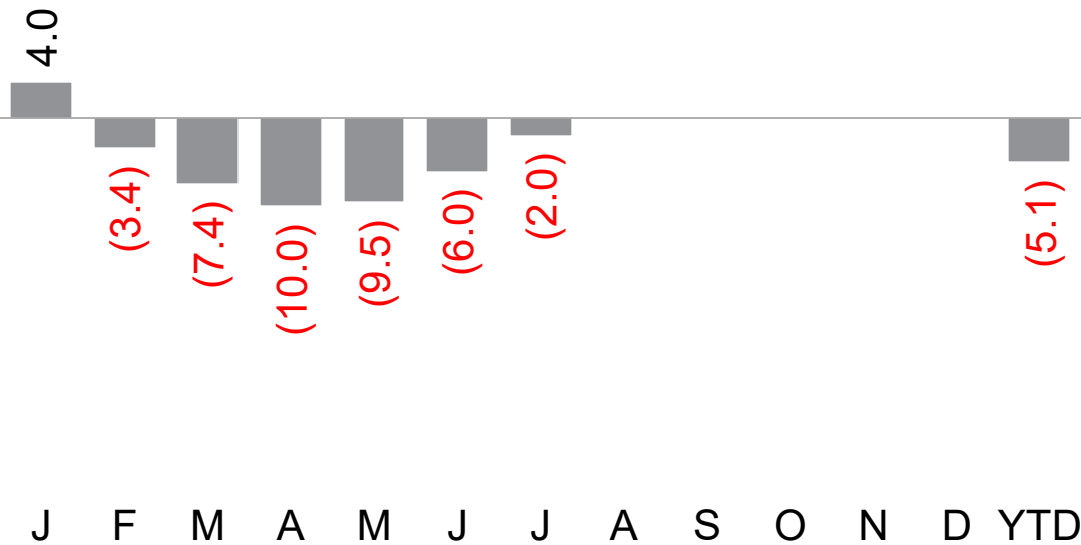
Scott Keyes, Scott’s Cheap Flights (April 4, 2022)

Sources: Bureau of Transportation Statistics Form 41; Kyle Arnold, *The Dallas Morning News* (Aug. 31, 2020); Savannah Levins, 11 Alive (April 4, 2022)

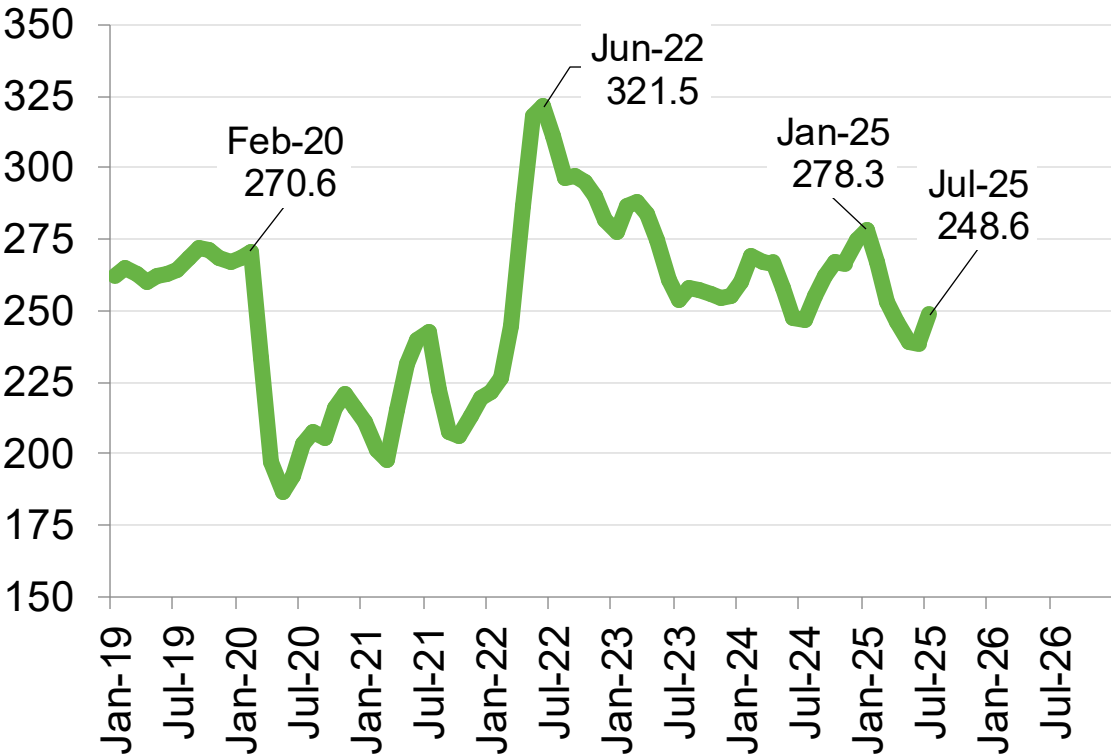
Collectively, Airlines Have Confronted for Much of 2025

Adjusted for Inflation, July Airfare CPI Fell 2% Year Over Year

YOY Change (%) in Inflation-Adjusted Airfare
Not Seasonally Adjusted



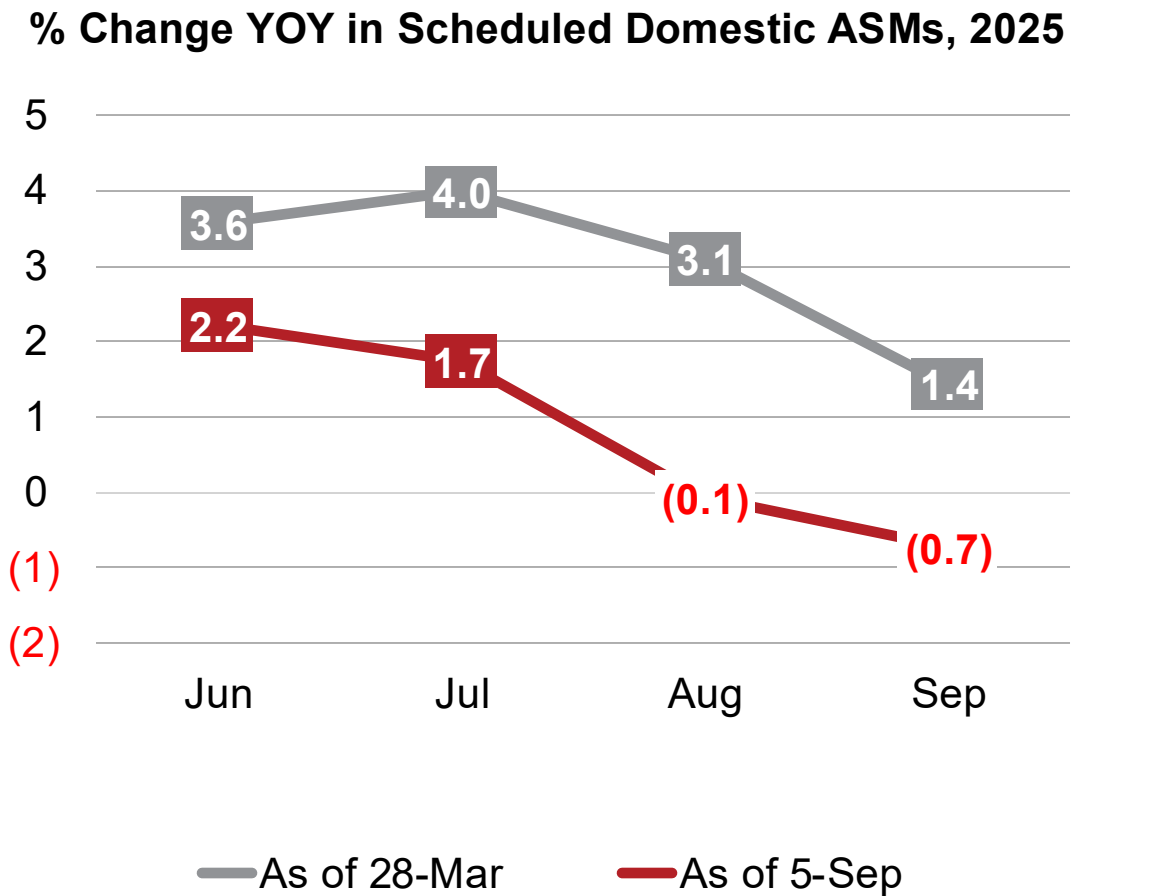
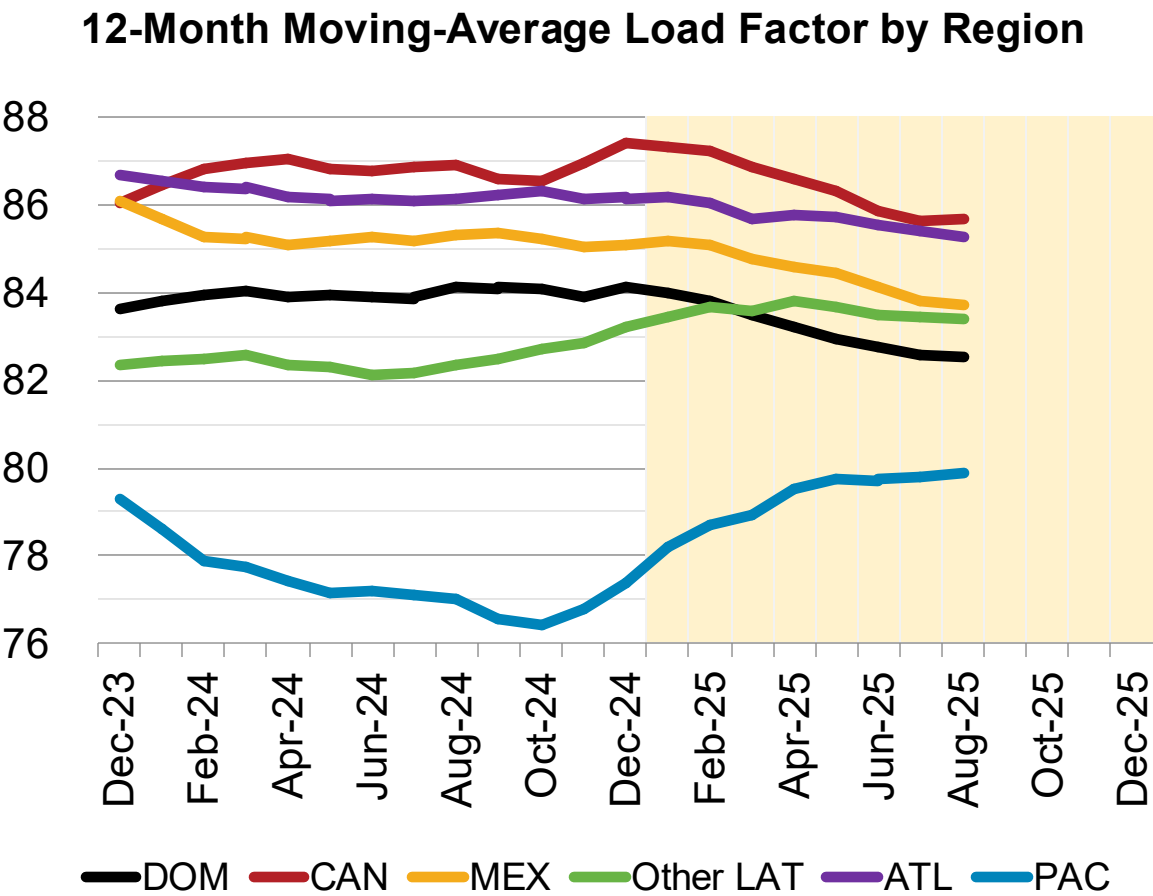
Consumer Price Index for Airline Fares
Seasonally Adjusted (1982-1984=100)



Source: Bureau of Labor Statistics (CPI Series CUUR0000SETG01)

In Addition to Falling Fares and Slowing Sales, Load Factors in Key Regions Have Subsided

Accordingly, Schedules Show Domestic Capacity Growth Retrenching—Turning Negative in Aug/Sep

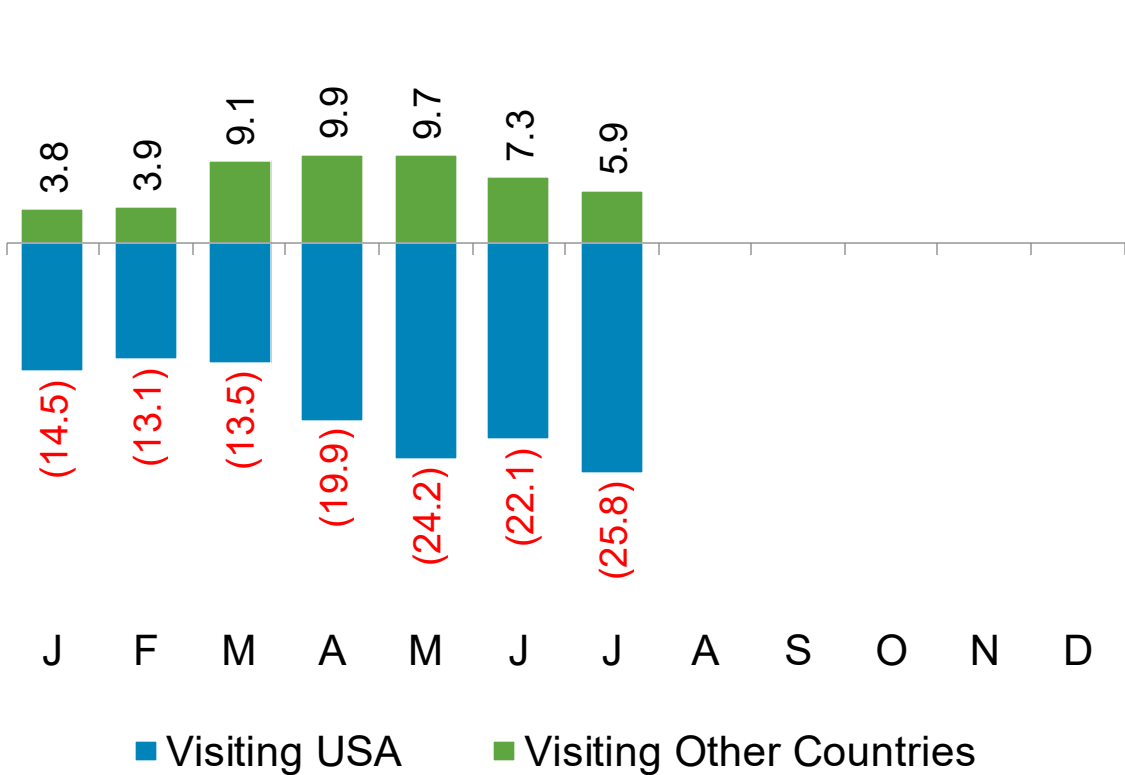


Sources: A4A member passenger airlines (Alaska/Hawaiian, American, Delta, JetBlue, Southwest, United) and branded code share partnersCirium published schedules

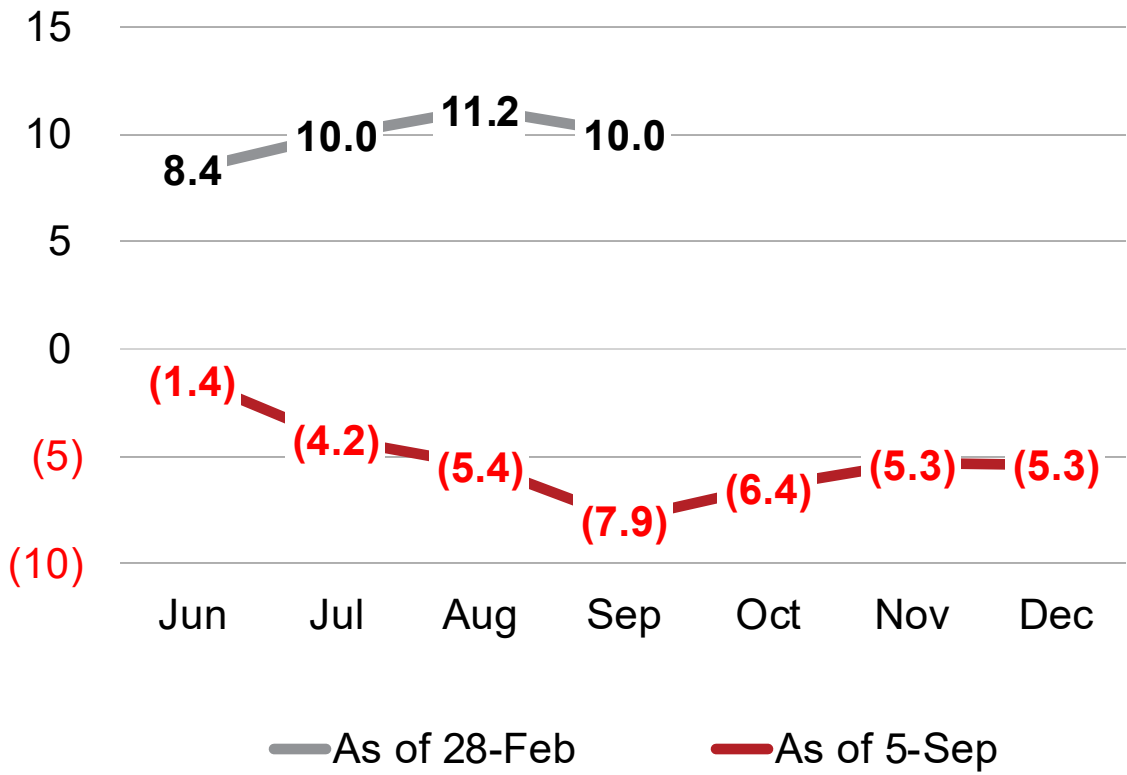
In Response to Plunging Demand, Airlines Have Significantly Pared U.S.-Canada Air Service

Supply of Scheduled Seats Declining YOY Through December

% Change YOY in Canadian Residents Returning by Air



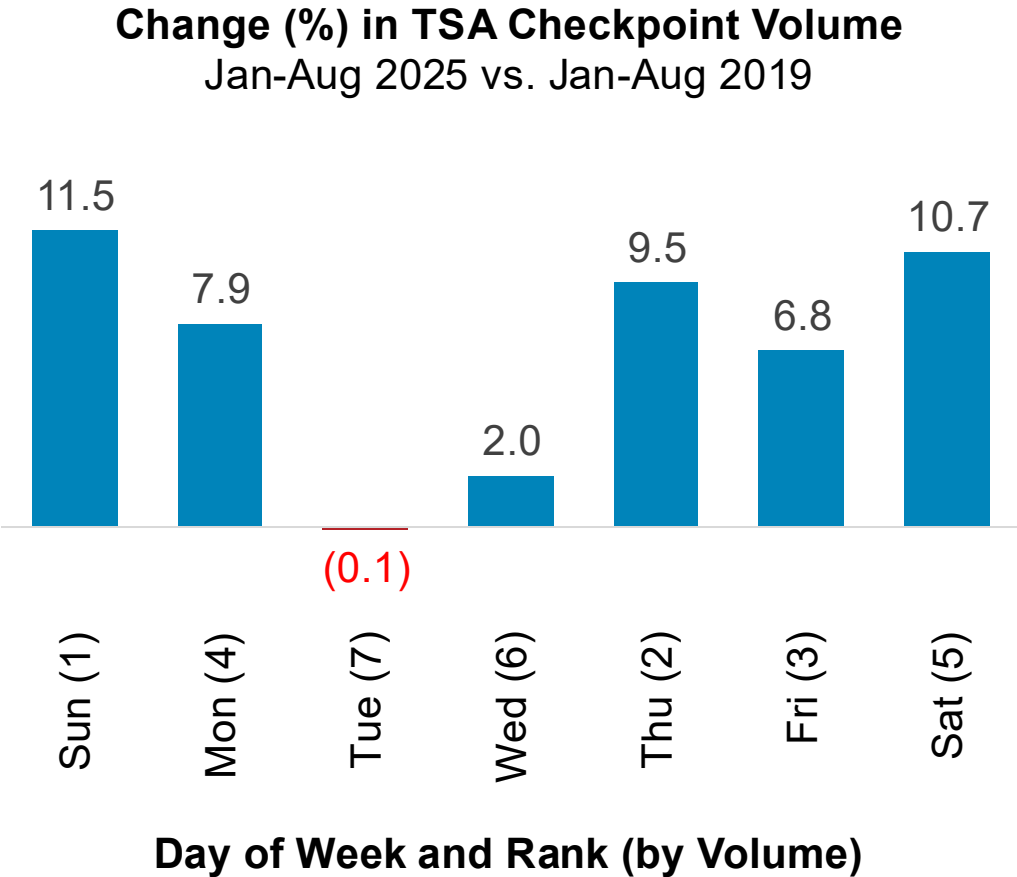
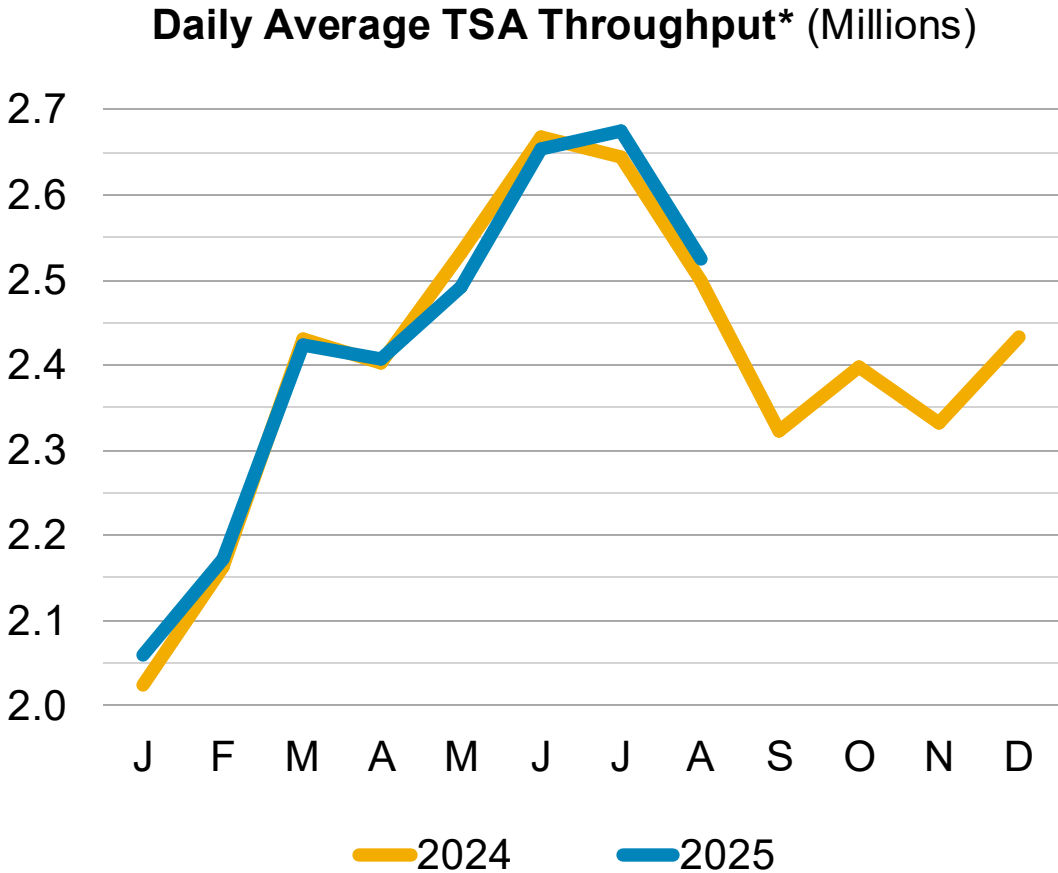
% Change YOY in Scheduled U.S.-Canada Seats, 2025



Sources: Statistics Canada (<https://www.statcan.gc.ca/en/start>) and Cirium published schedules for all airlines offering scheduled service from the United States to Canada

TSA Passenger Screenings Fell YOY in May/June But Rose ~1% YOY in July/August

In Stark Contrast to Tuesdays and Wednesdays, Saturdays and Sundays Have Soared



Source: A4A analysis of data from the Transportation Security Administration

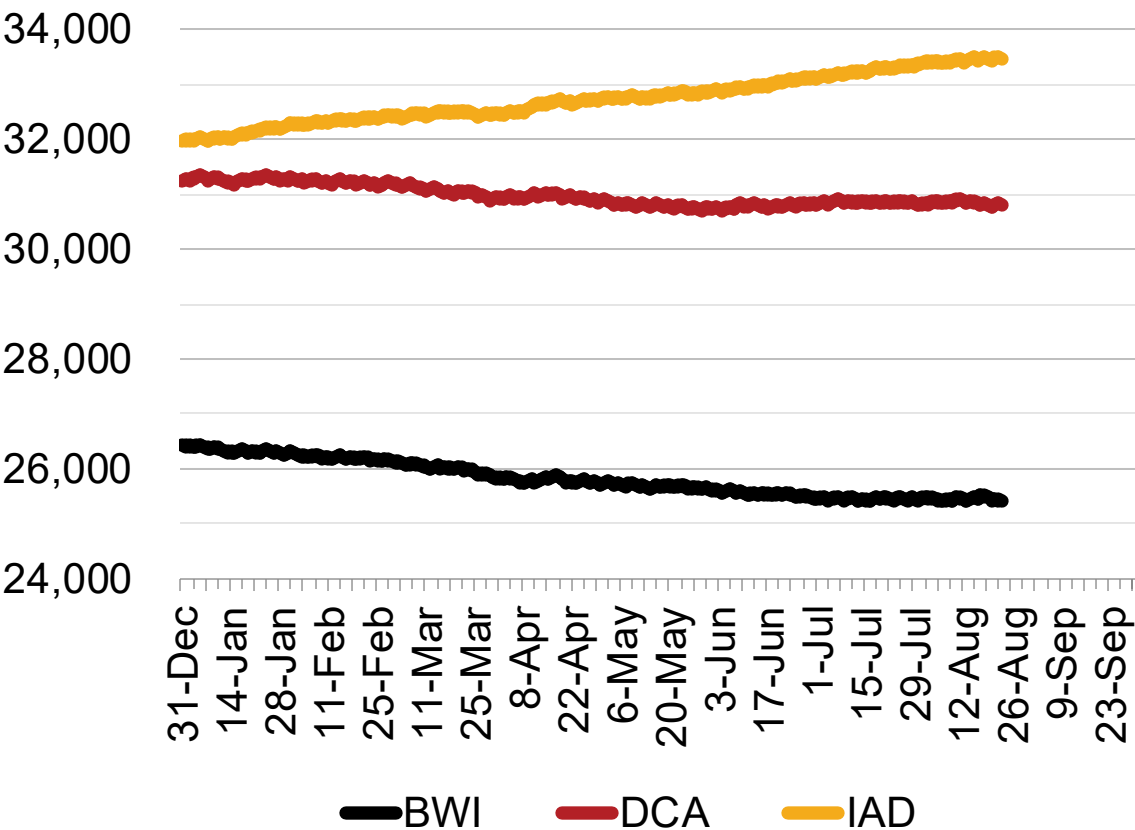
* U.S. and foreign-carrier customers (excludes Known Crewmember® personnel) traversing TSA checkpoints

BWI/DCA Screened Passenger Volumes Down ~1,500 per Day But Up 1,500 per Day at Washington Dulles (IAD)

“Economists believe government layoffs and looming budget cuts will push the Washington, D.C., metro area into a recession, challenging its reputation for economic resilience... The federal government employs around 17% of full-time workers in the Washington metro area, or around 400,000 people. An additional 500,000 or so are employed in ‘professional, scientific and technical services,’ a category that includes government contractors and consultants at firms such as Booz Allen Hamilton, Deloitte and Ernst & Young. ...Enrico Moretti, an economist at the University of California, Berkeley, said **each federal job in the capital region likely creates 1.6 additional jobs in the local economy over a decade, an effect that would be reversed in the event of job cuts.**”

Paul Kiernan and Rachel Louise Ensign, “Government Jobs Insulated DC From Economic Volatility. Not Any More.” *The Wall Street Journal* (April 19, 2025)

365-Day Moving-Average Daily Screened Passengers*

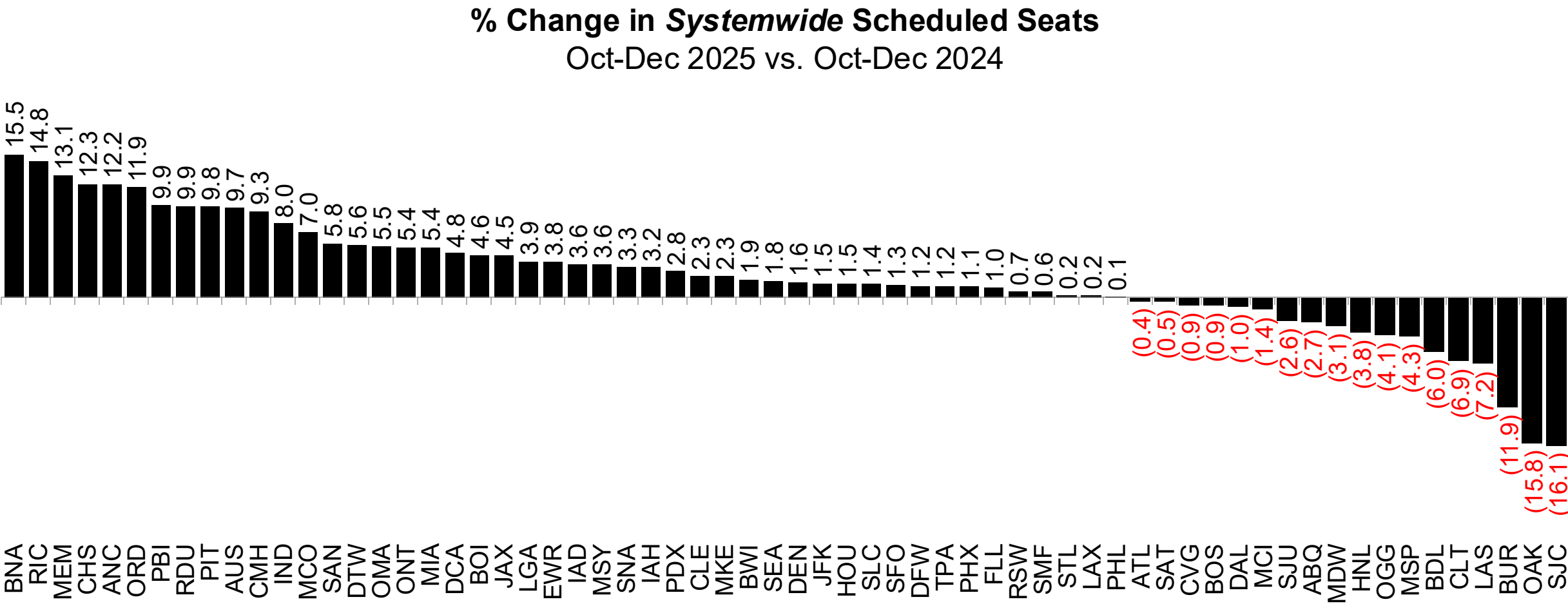


Source: Transportation Security Administration and *The Wall Street Journal* (April 19, 2025)

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

Schedules for 4Q 2025 Show Nashville and Richmond Leading U.S. Airports' Growth in Seats

San Jose and Oakland Seeing the Deepest Year-Over-Year Cuts

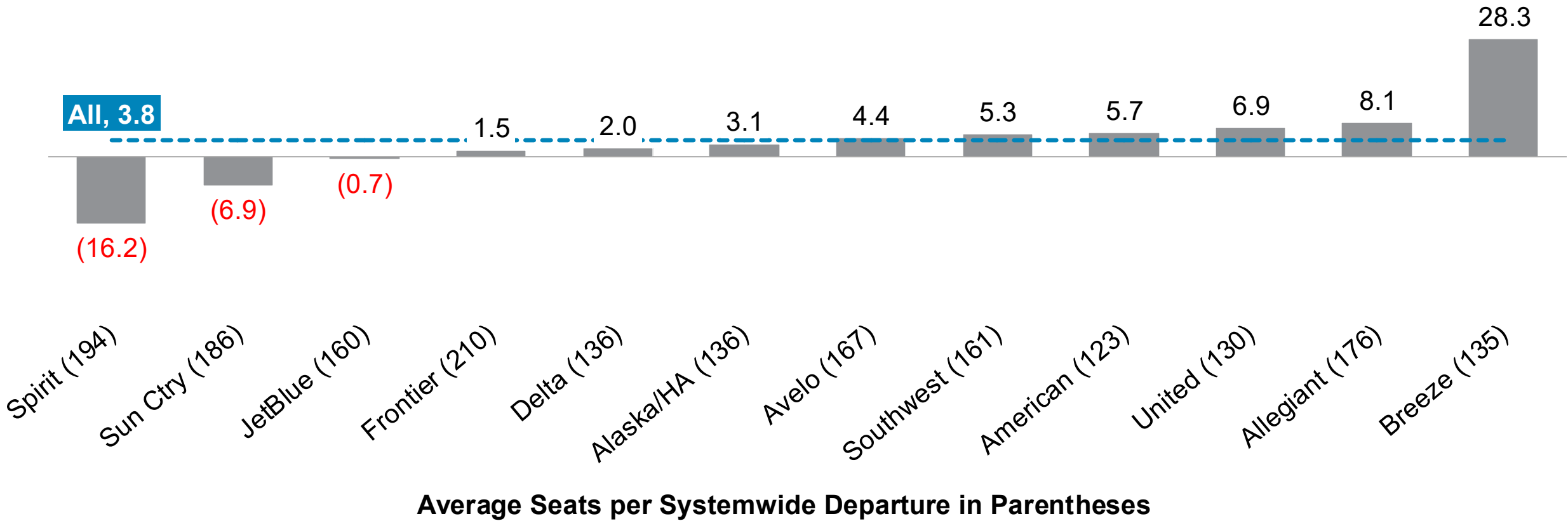


Source: Cirium published schedules (Sept. 5, 2025) for all U.S. and non-U.S. airlines providing scheduled service to all U.S. and non-U.S. destinations

Collectively, U.S. Airlines Showing 3.8% Systemwide Capacity Growth in 4Q 2025

Growth Rates Differ Dramatically by Company

% Change in *Systemwide* Scheduled Available Seat Miles by Marketing Airline
Oct-Dec 2025 vs. Oct-Dec 2024

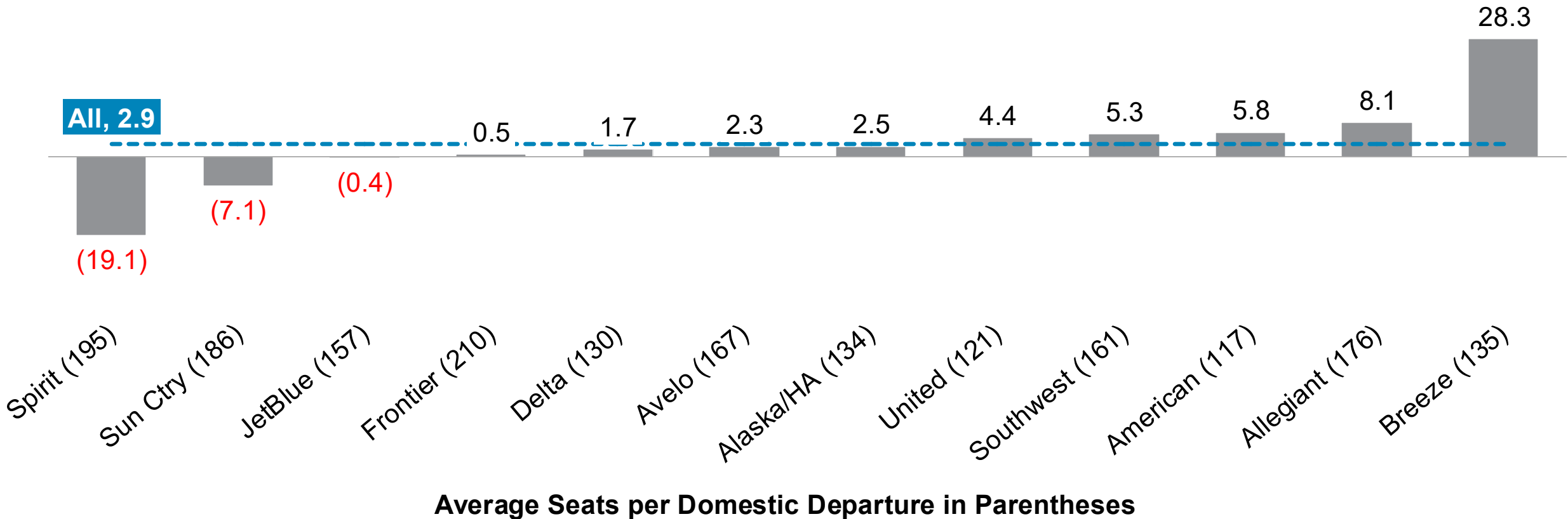


Source: Cirium published schedules (Sept. 5, 2025) for selected marketing airlines (including regional affiliates)

Collectively, U.S. Airlines Showing 2.9% Domestic Capacity Growth in 4Q 2025

Growth Rates Differ Dramatically by Company

% Change in Domestic Scheduled Available Seat Miles by Marketing Airline
Oct-Dec 2025 vs. Oct-Dec 2024



Source: Cirium published schedules (Sept. 5, 2025) for selected marketing airlines (including regional affiliates)

As Operating Regional Jets Has Become More Expensive, Their U.S. Role Has Diminished

RJs Now Account for Just 30% of Domestic U.S. Departures and Average 68 Seats per Takeoff

“[Y]ou’re never again gonna see the **50-seat aircraft** have the level of prominence in the industry.

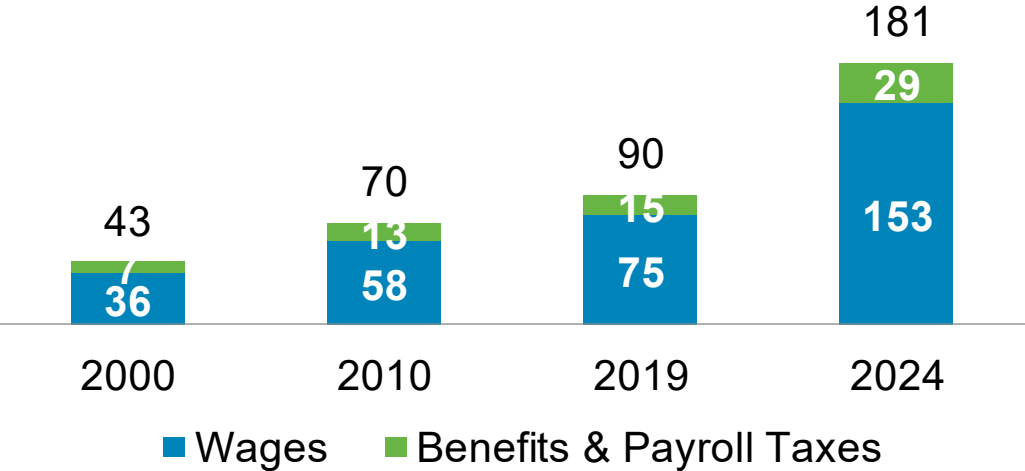
Delta CEO Ed Bastian (Sept. 20, 2022)

“Expect the [regional jet] fleet to...become **a smaller and smaller percentage of the business.**”

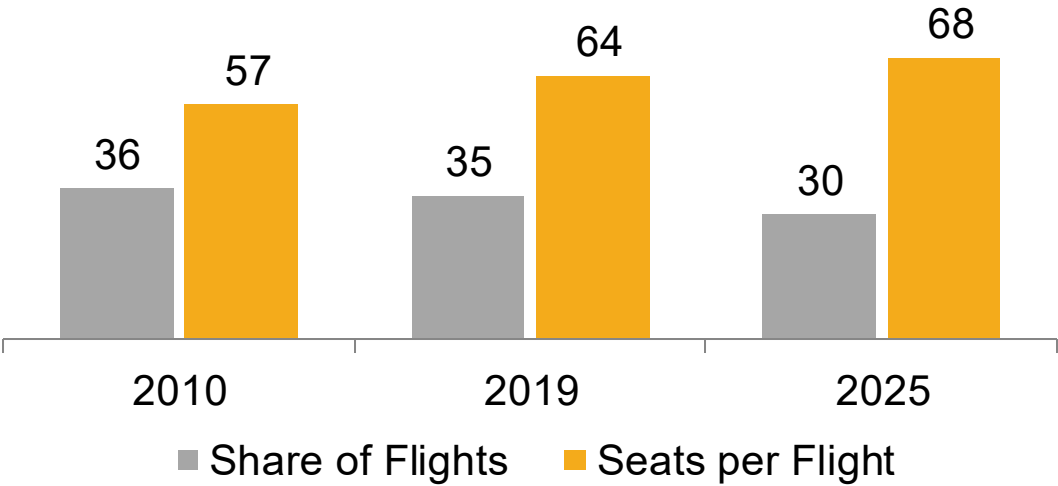
United CEO Scott Kirby (Oct. 16, 2024)

“But with **pilots making a lot more money at regionals these days** and revenue lagging without premium cabins, **the days of these 50-seaters are numbered** throughout the US industry.” *Cranky Flier* (June 12, 2025)

Annual Cost (\$000) per U.S. Regional Airline Pilot

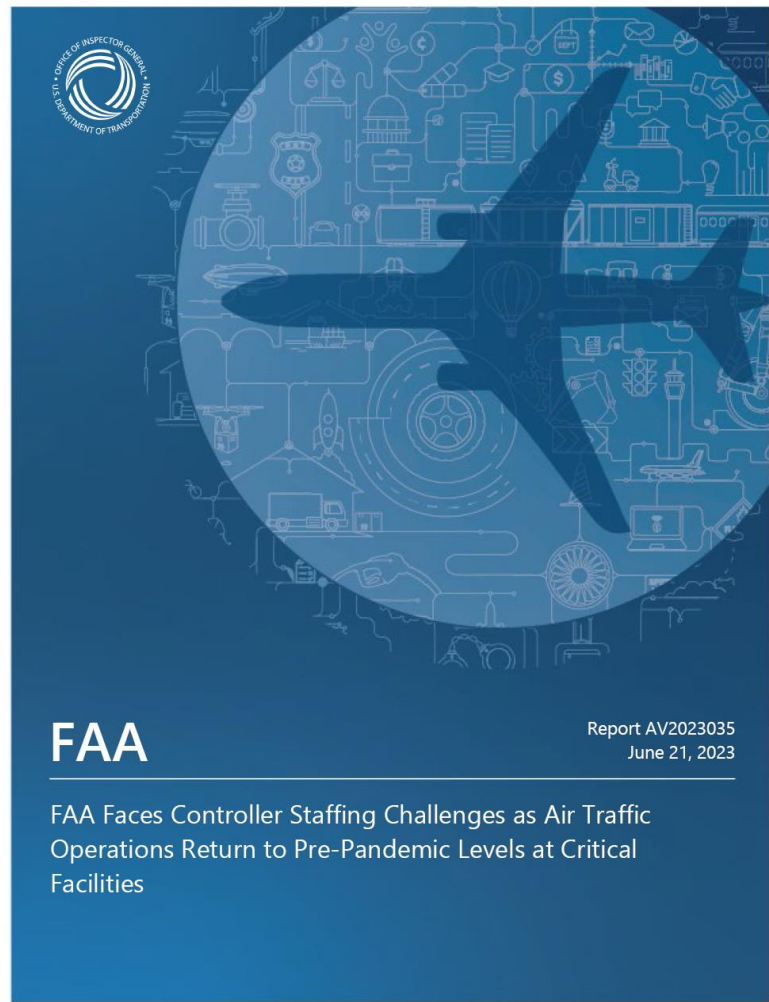


Domestic U.S. Flights on Regional Jets



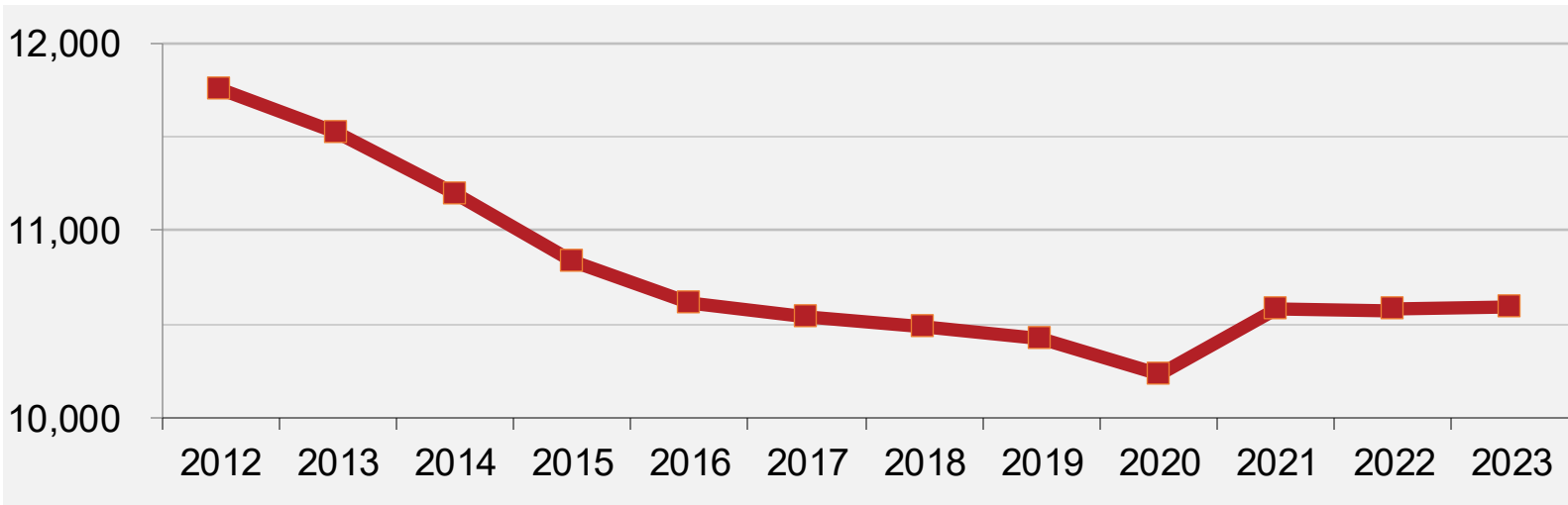
Source: Cirium published schedules (June 13, 2025) and “Piedmont Escapes Death Once Again as American Doles Out Embraer 175s” (June 12, 2025)

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: DOT Office of Inspector General, Report AV2023035 (June 21, 2023) and FAA Air Traffic Controller Workforce Plan (May 10, 2024)

Airlines and Their Customers Are Confronting Significant Infrastructure Constraints

ATC Staffing and Technology Issues Have Especially Beset New York and Newark Airspace

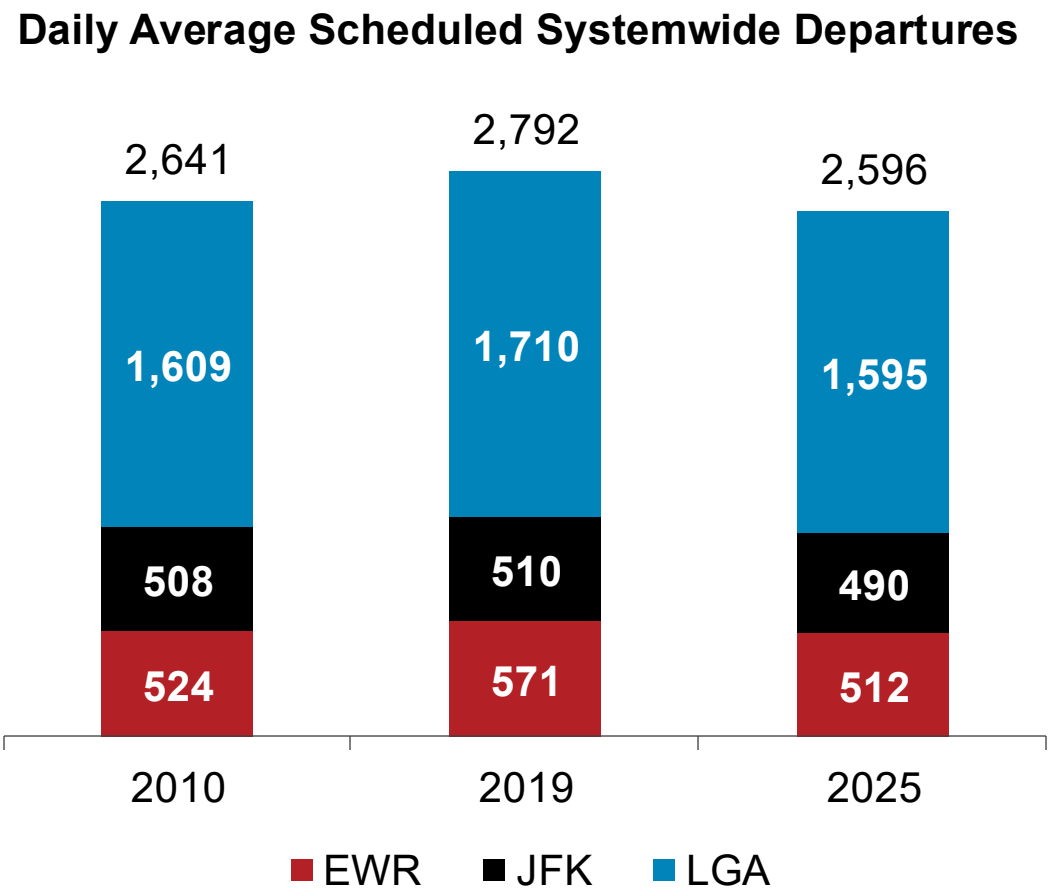
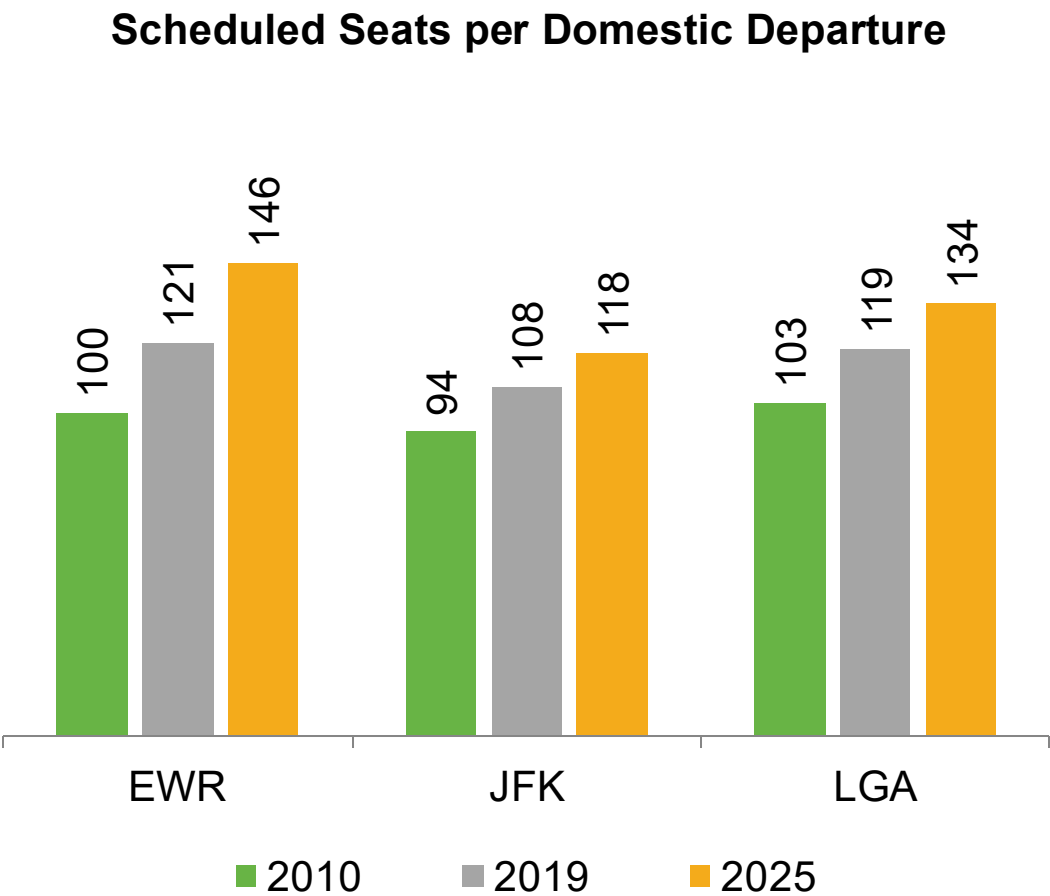
“Bottlenecks throughout the aviation infrastructure have been major gating factors on capacity growth and daily aircraft utilization in the post-pandemic era. Their collective impact tends to be most acute during the peak summer season when flight volumes are highest and inclement weather is a frequent occurrence. **Staffing shortages and technology outages have caused significant impediments at Newark with other markets experiencing similar, albeit smaller, issues.** Newark’s issues are amplified by runway construction which is slated to end in mid-June.”

Tom Fitzgerald, TD Cowen Weekly Airline Shuttle (May 17, 2025)

Source: TD Cowen Weekly Airline Shuttle (May 17, 2025)

Airlines Have Up-Gauged Domestic Flying and Pared Systemwide Schedules in New York City

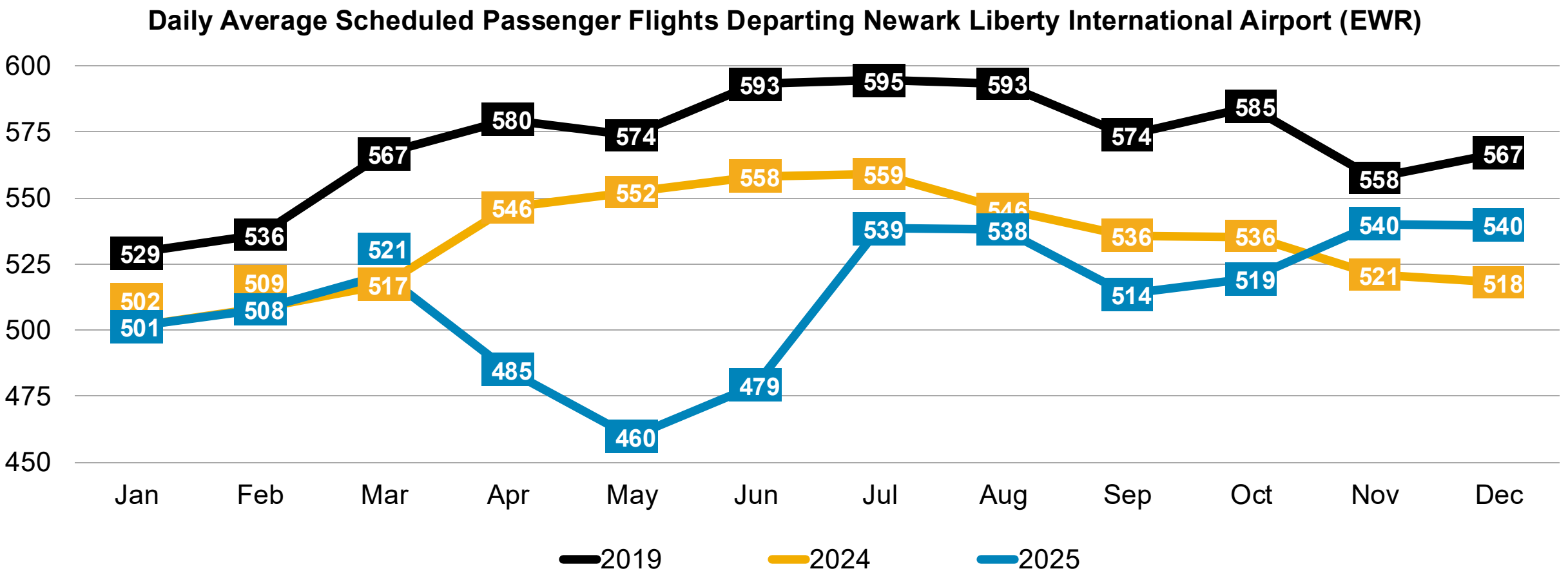
EWR/JFK/LGA Are Seeing Fewer Flights Than in 2019



Source: Cirium published schedules (Sept. 5, 2025)

Newark Seeing Significant Schedule Reductions Due to Air Traffic Control Constraints

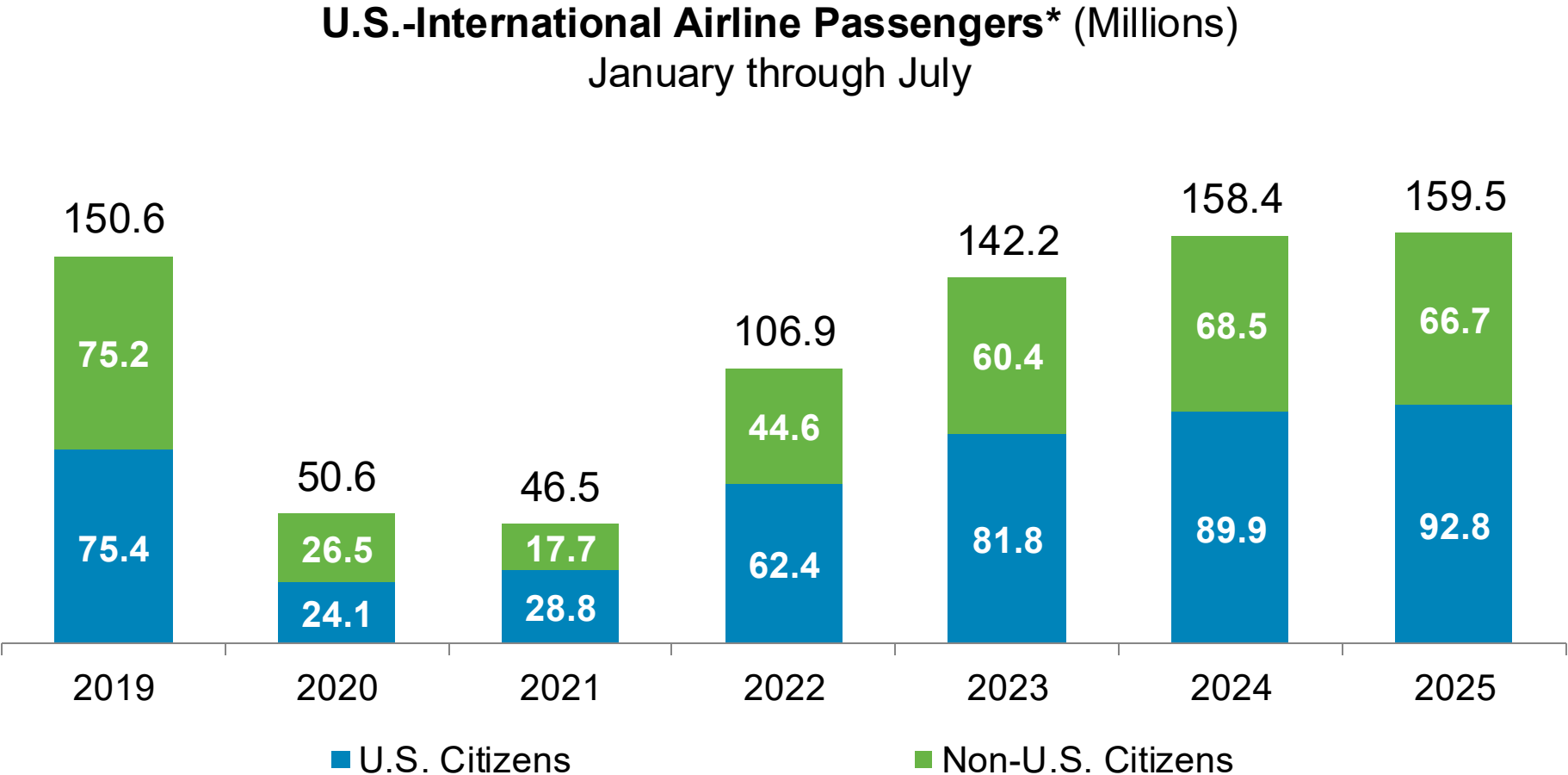
Daily Passenger Flights Fell Significantly in 2Q 2025



Source: Cirium published schedules (Sept. 5, 2025) for all U.S. and non-U.S. airlines providing scheduled service to all U.S. and non-U.S. destinations

U.S.-International Air Passengers Up 0.7% YOY in First Seven Months of 2025

3.2% Increase in U.S. Citizen Passengers Overcame 2.6% Decrease in Non-U.S. Citizen Passengers



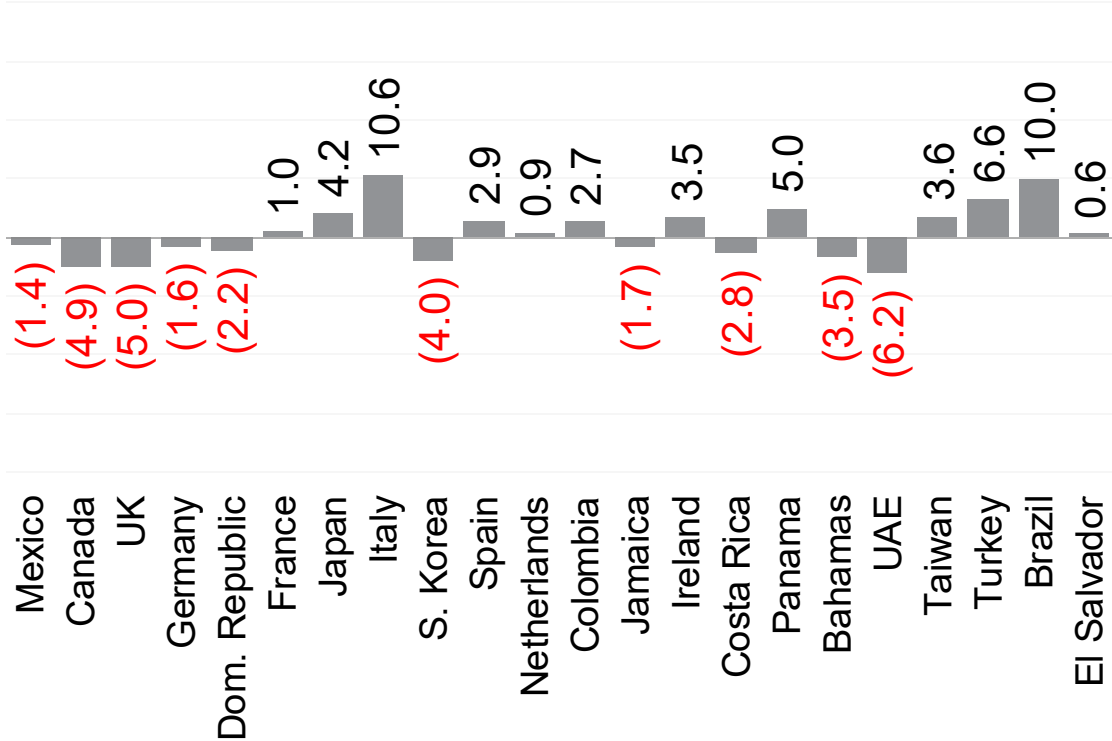
Source: DHS I-92 / APIS data compiled by U.S. Department of Commerce National Travel and Tourism Office

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

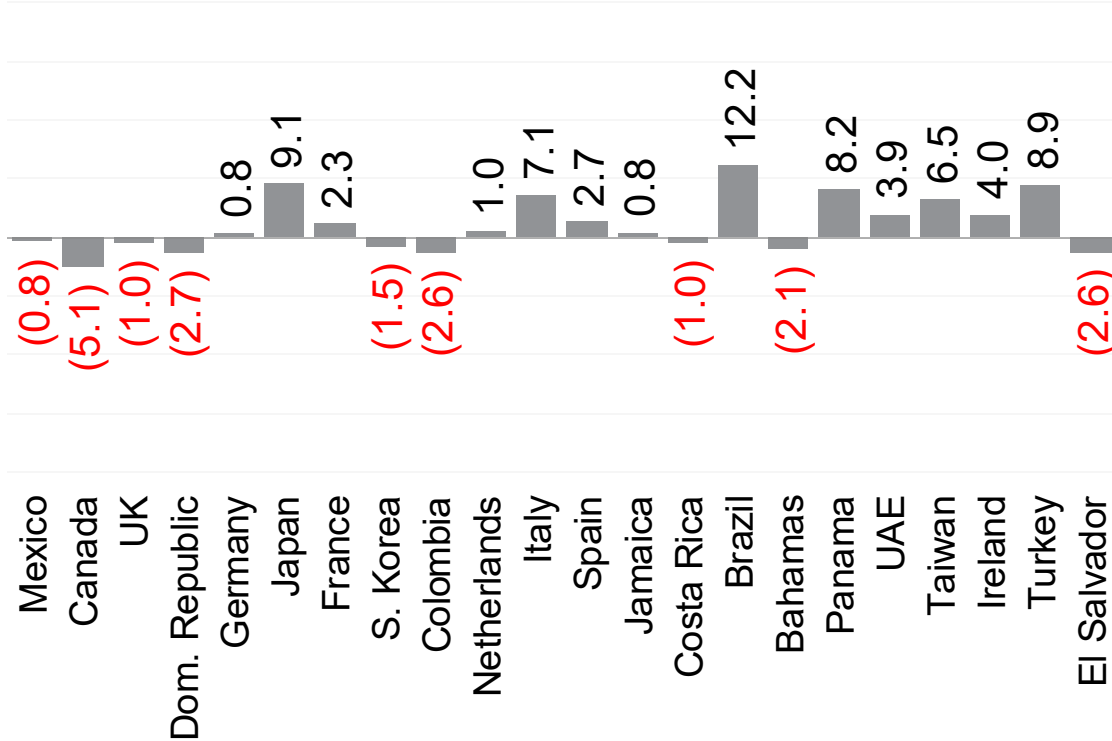
U.S.-Canada/UK Air Passengers Fell ~5% in July, While U.S.-Italy Volumes Rose ~11%

For January-July, All Five of the Largest Markets Saw YOY Declines

July 2025: Change (%) YOY in Passengers*
Sorted by July 2024 Market Size



YTD July 2025: Change (%) YOY in Passengers*
Sorted by YTD 2024 Market Size

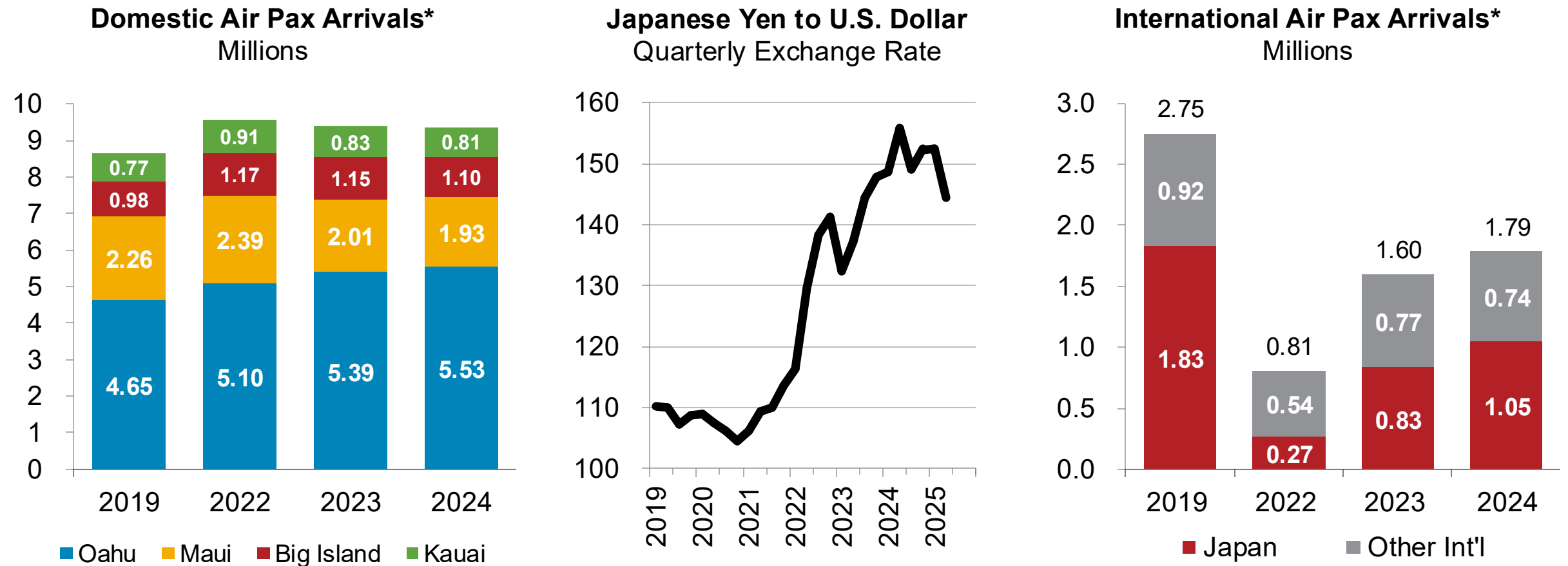


Source: DHS I-92 / APIS data compiled by U.S. Department of Commerce National Travel and Tourism Office

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

In Contrast to Other Hawaiian Islands, Domestic Arrivals to Oahu Rose in 2024

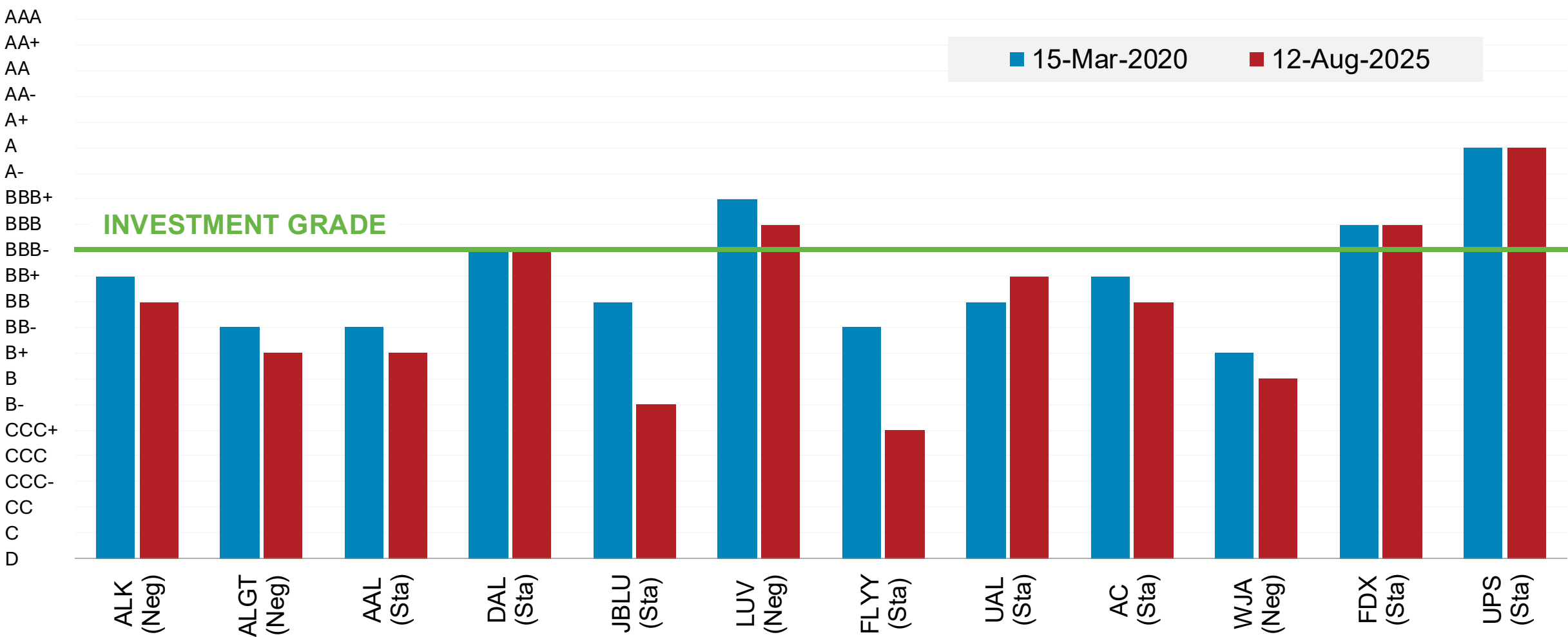
Hawaii Saw More Japanese Visitors in 2024, But International Air Arrivals Remained Well Below 2019



Source: Hawaii Department of Business, Economic Development & Tourism and Federal Reserve Bank of St. Louis * Includes returning residents, intended residents and visitors but exclude interisland and Canada passengers

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

Ratings Reflect Assessment of Financial Condition and Risk

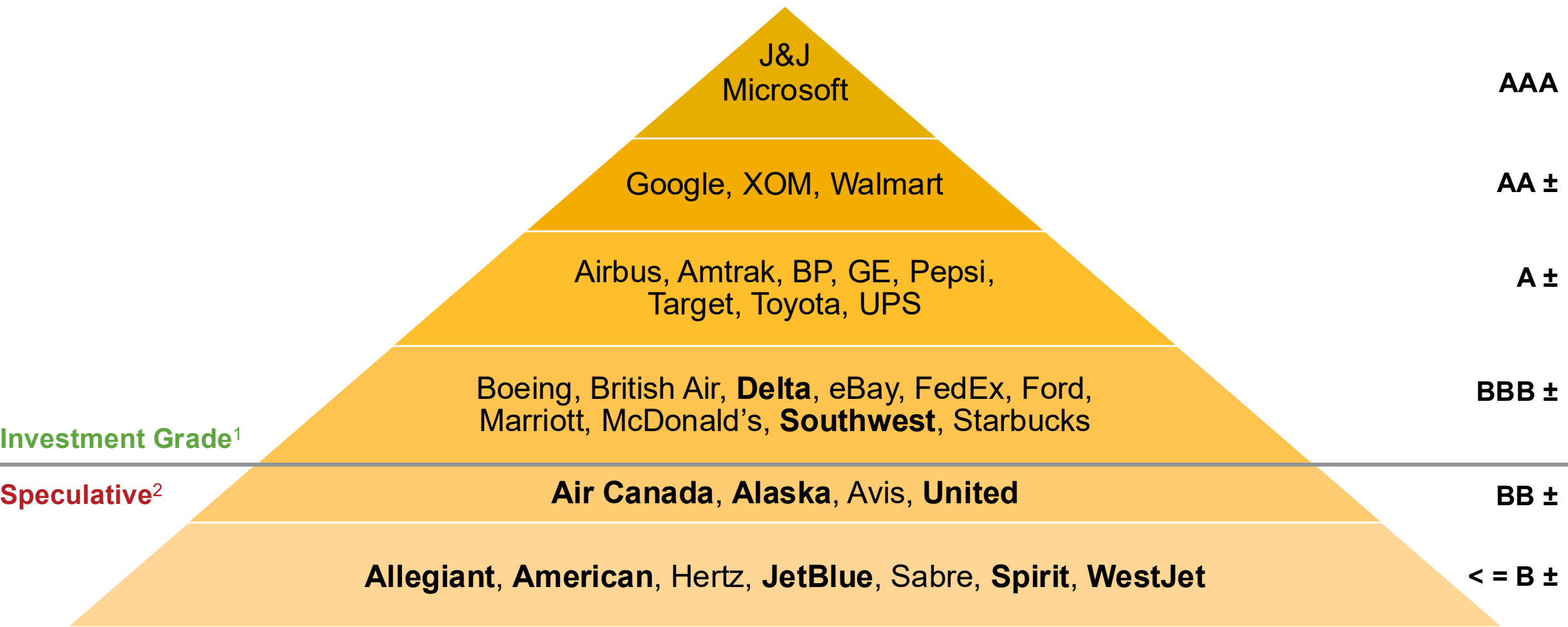


Source: Standard & Poor's issuer ratings and outlook (in parentheses) for publicly traded U.S. and Canadian carriers in the S&P coverage universe

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

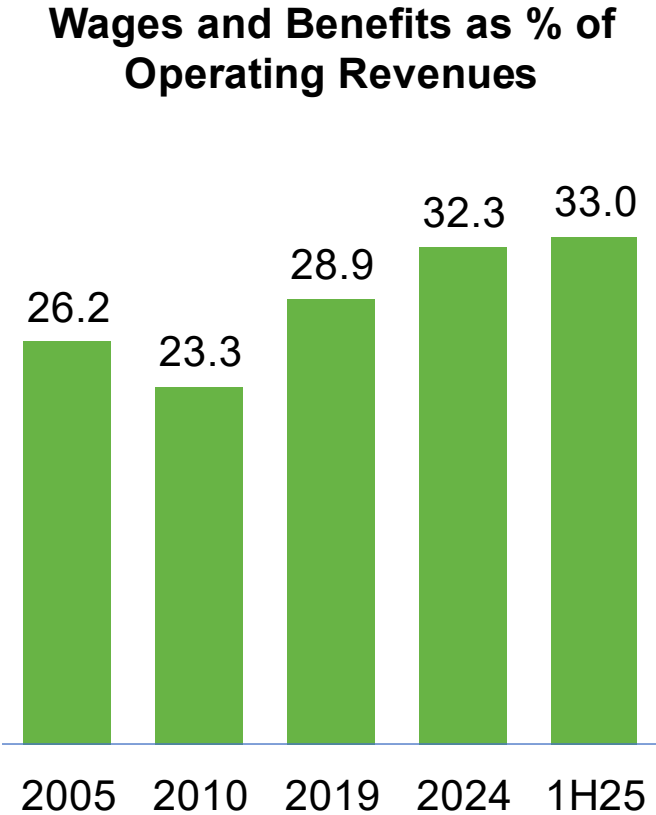
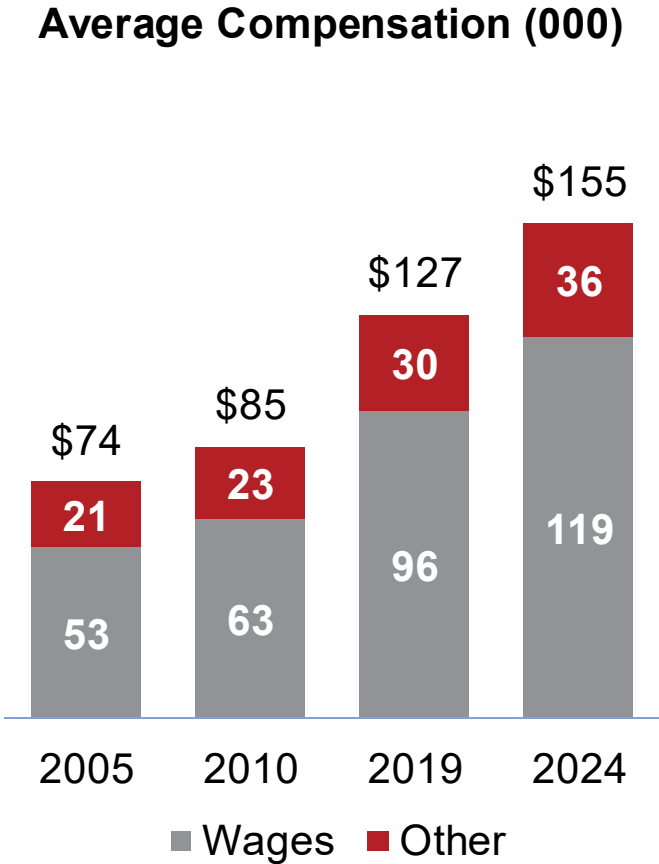
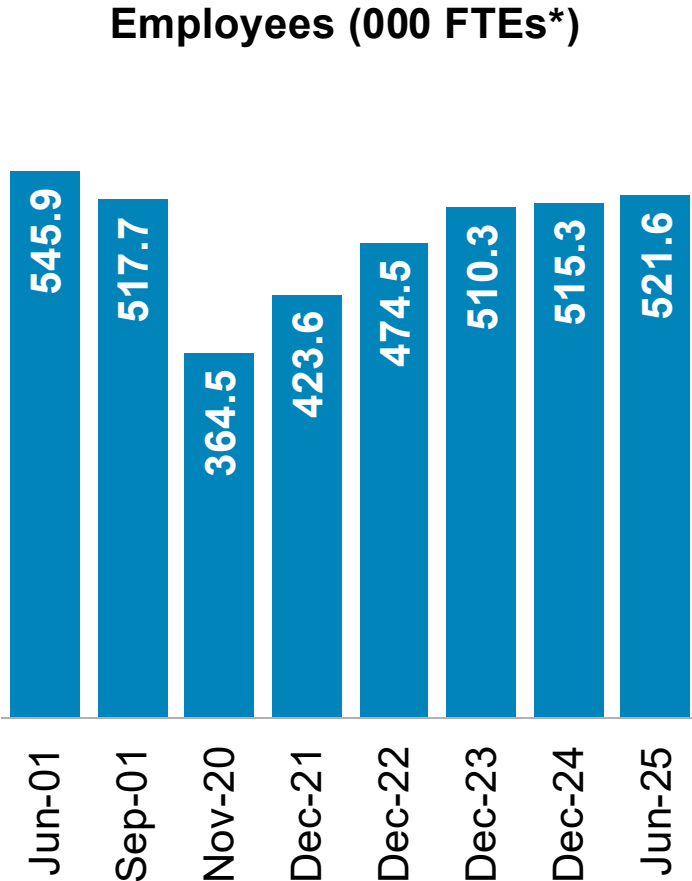


Source: Standard & Poor's (**bold** = air-only companies) as of Aug. 12, 2025

¹ Issuers with relatively high levels of creditworthiness and credit quality

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

Firmer Financial Footing Has Enabled Airlines to Reinvest in Employees, Whose Average Wage Rose 91% from 2010-2024 (vs. 44% U.S. CPI) and Who Now Garner a Third of Airline Revenues



Source: Bureau of Transportation Statistics for scheduled U.S. passenger airlines and A4A Passenger Airline Cost Index

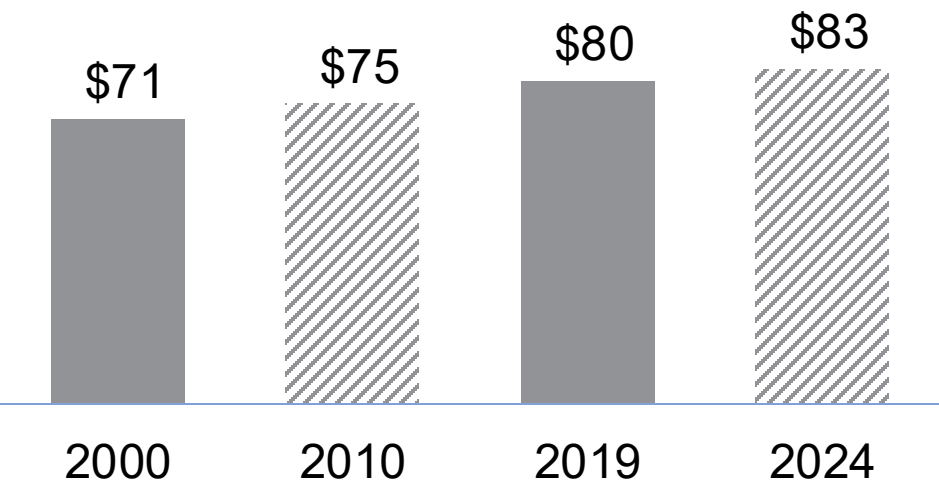
* Full-time equivalents (FTE) = full-time workers plus 0.5 * part-time workers

Real (Inflation-Adjusted) Airline Wages Grew 33% From 2010 to 2024

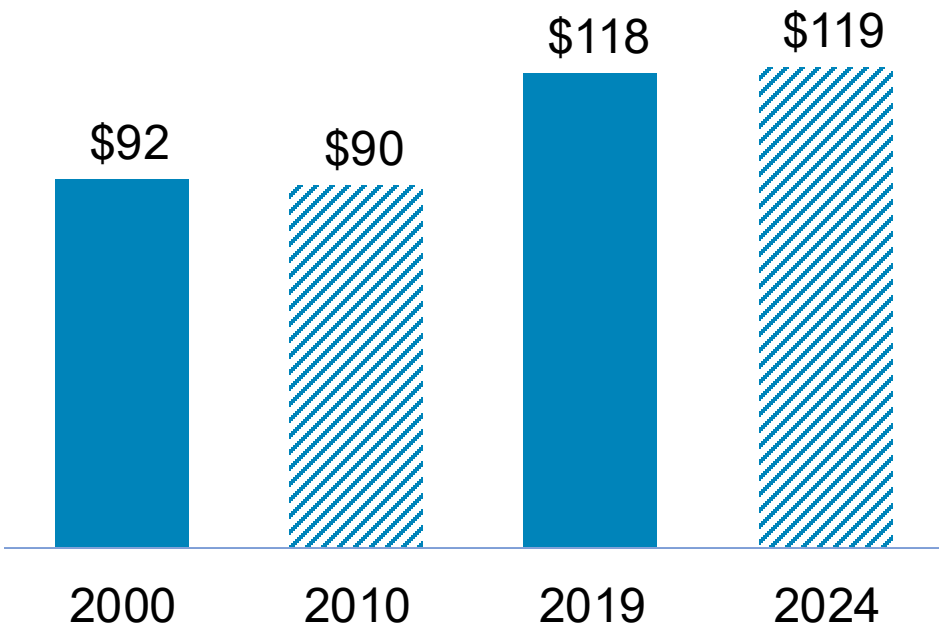
The Average Private Sector Wage Grew Just 12% in Real Terms Over That Period

Average Wage (000) in Constant 2024 Dollars

U.S. Private Sector
Real Wages **Up 12%** Since 2010



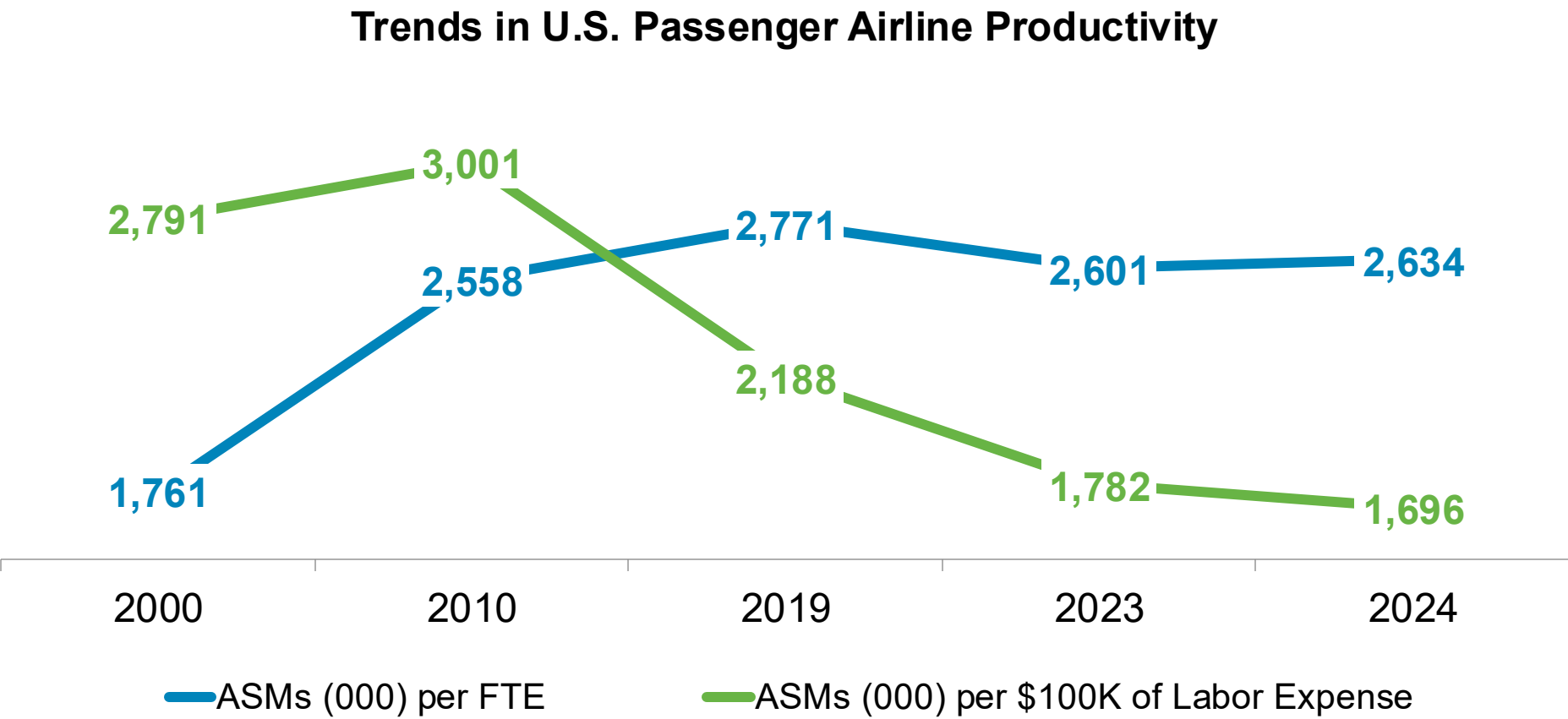
U.S. Passenger Airlines
Real Wages **Up 29%** Since 2010



Source: A4A Passenger Airline Cost Index

U.S. Airline FTE Productivity Rose in 2024, But Labor-Dollar Productivity Was ~22% Below 2019

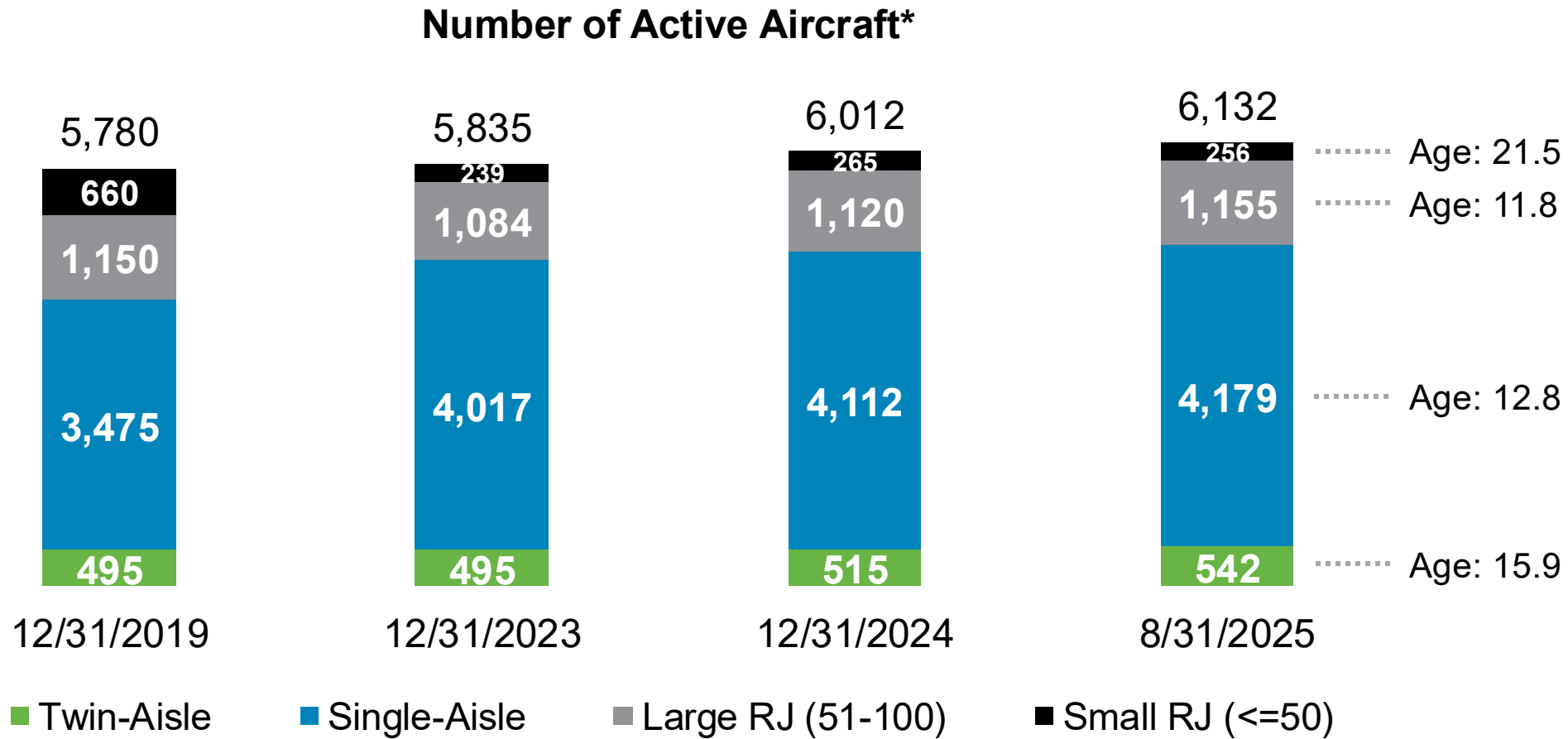
Greater Labor Expense Needed to Generate Pre-Pandemic Levels of Capacity



Source: A4A Passenger Airline Cost Index * ASM = available seat mile (basic unit of passenger airline capacity)

U.S. Passenger Airlines Are Operating ~20% More Single-Aisle Aircraft Than at Year-End 2019

But the Aging Fleet of *Small Regional Aircraft* Is ~60% Smaller



Source: Anuvu (ages as of June 2025) * 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

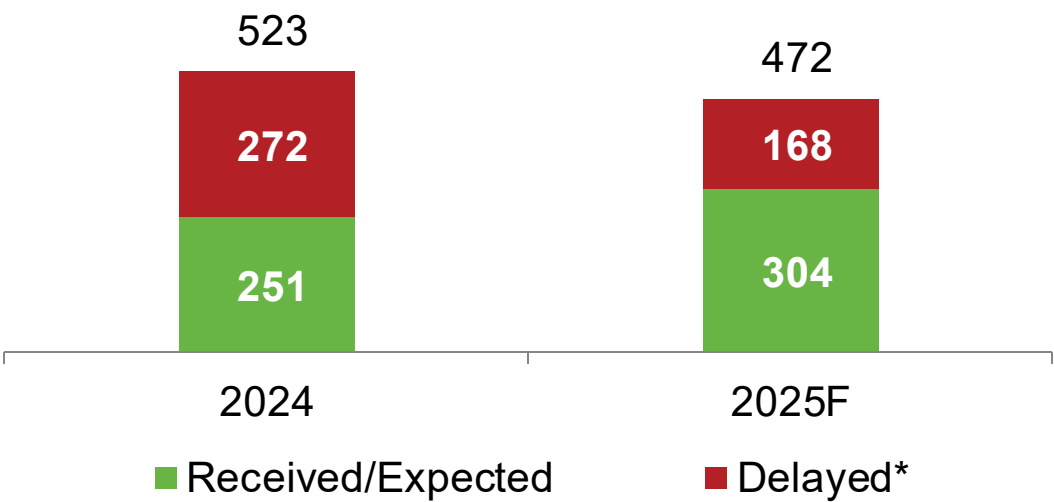
Aircraft Deliveries in 2024 and 2025 Reduced Materially by Production/Certification Delays

U.S. Passenger Airlines Received Just Half of Their Contractually Stipulated Aircraft Deliveries

“**A weakened supply chain**...is one of the main culprits. [T]he **dearth of airplanes** has left many carriers unable to respond fully to resurgent demand for air travel, growing competition and pressure to fly cleaner fleets.”

Bloomberg Government, “A Lost Decade of Planemaking Costs Airlines Thousands of Jets” (Oct. 29, 2024)

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



Example: United Airlines Deliveries in 2025

(As of Dec. 31, 2024, per UAL 10-K)

Aircraft Type	Contractual	Expected	Diff
B787	28	9	(19)
B737 MAX 8	16	16	—
B737 MAX 9	68	28	(40)
A321 neo	23	20	(3)
Total	135	73	(62)

“Airbus is warning airlines that **delays in deliveries will persist for another three years** as it works through a backlog of supply-chain problems, industry sources said.” (Tim Hepher, Reuters, May 28, 2025)

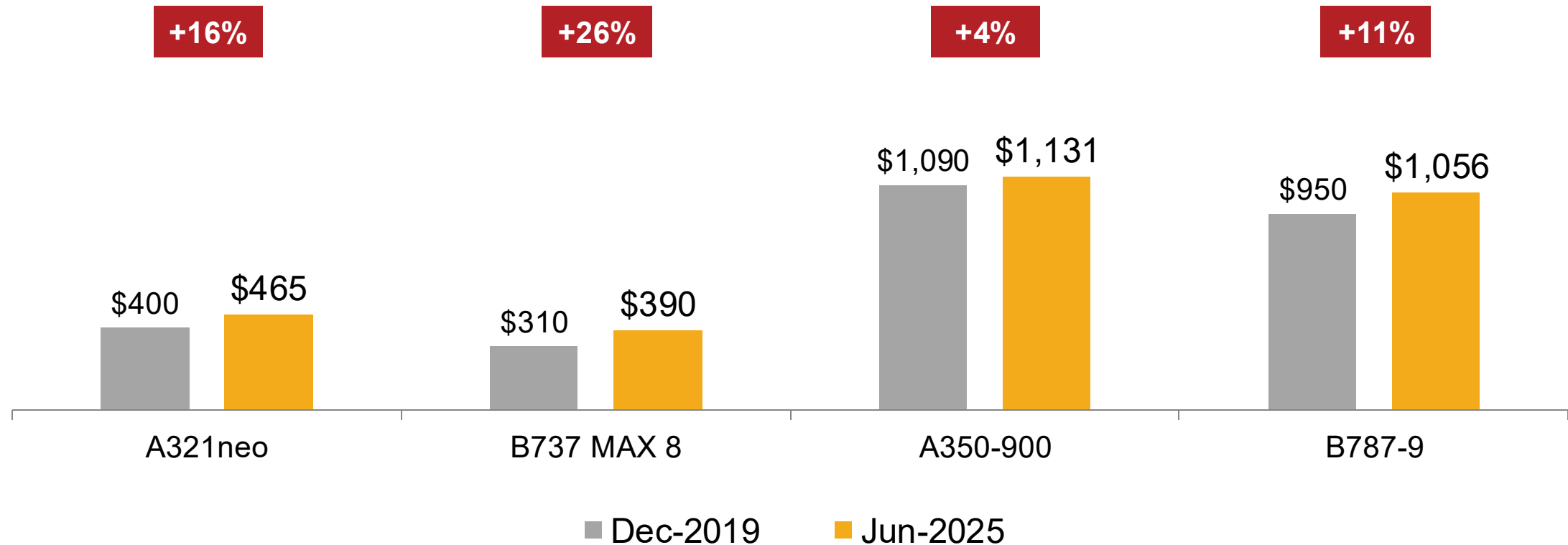
Source: Alaska/Hawaiian, Allegiant, American, Breeze, Delta, Frontier, JetBlue, Southwest, Spirit and United as of March 3, 2025

* 2024 based on contractual fleet plans as of 10/31/2023

Single-Aisle Airplanes Have Gotten Significantly More Expensive

Monthly Lease Rates on New Builds Reflect Supply Chain (e.g., Labor, Materials) Tightness

Monthly Market Lease Rates (in \$000) for New Builds



Source: Cirium and Deutsche Bank

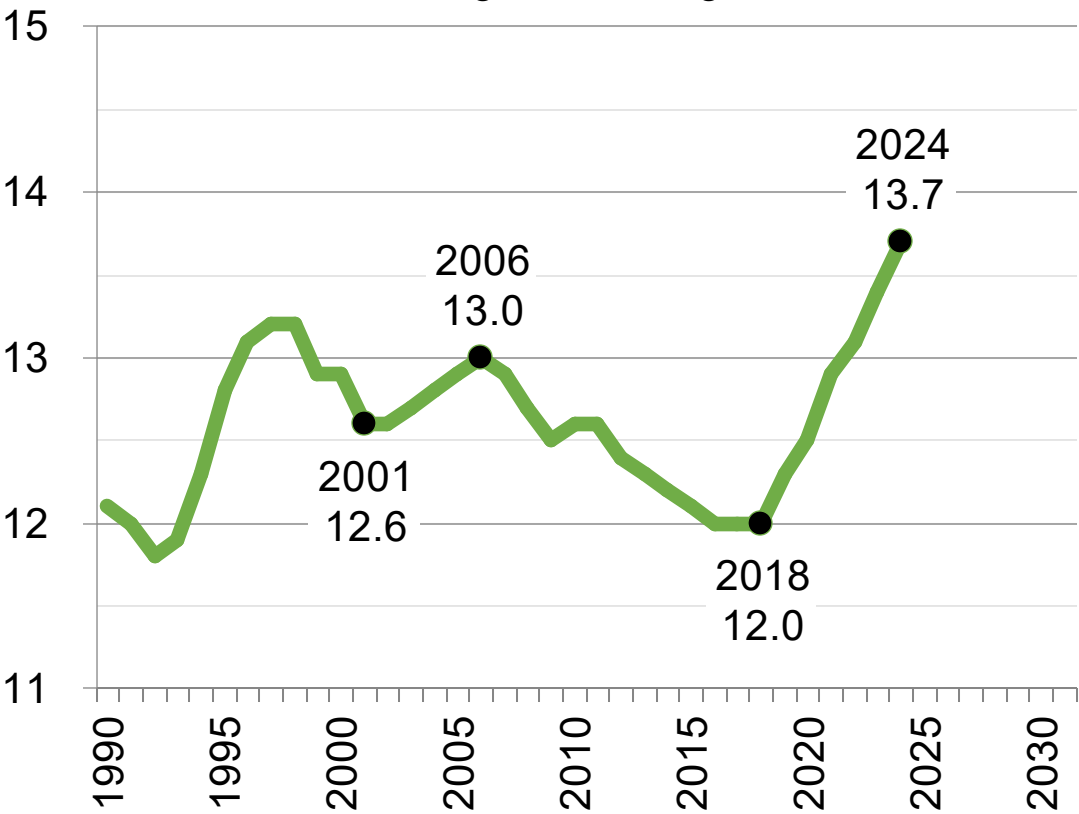
Globally, Aircraft Delivery Delays Are Translating to an Aging Fleet

Average Fleet Age Expected to Rise Further Over the Next Several Years

“**Commercial airplane fleets are aging at an alarming rate, and the implications**—ranging from higher maintenance, repair and overhaul costs to reduced ability to meet ambitious sustainability targets—**are troubling for operators**... [We do] not expect a return to 2018 delivery levels until around 2027, and that milestone may slip to the right with the fallout from strikes **and the whack-a-mole nature of supply chain bottlenecks that are difficult to contain**... To return the fleet age to 2019 levels by 2033, 5-10% more narrowbodies and 30-40% more widebodies would have to be delivered than are forecast to be handed over.”

Mike Stengel, AeroDynamic Advisory, “Up Front,”
Aviation Week & Space Technology, (Nov. 25, 2024)

Average Age (Years) of Global Airline Fleet
Active Passenger and Cargo Aircraft*



Sources: Mike Stengel (AeroDynamic Advisory) and IATA Sustainability and Economics using Cirium

* All aircraft types

Supply Chain Issues Are Exacerbating Airline Cost and Operating Pressures

Tight Capacity of Maintenance/Repair/Overhaul (MRO) and Parts Could Last Several Years

“External MRO capacity is not likely to move materially higher in the near-term, as facility operators are concerned about overcapacity in the future. The view here is that MROs are likely only 25% of the solution. To get out of this environment, it’s going to take higher OE production, which should accelerate retirements and allow for more parts scrapping. **All indicators are that it should take another two and half to three years before that plays out.**” (Stephen Trent, AeroDynamic Advisory, Nov. 13, 2024)

“Integral parts of the supply chain like engines are also seeing delays, with CFM’s delivery target for LEAP engines in 2024 now down 10% year-over-year vs. up 20% to 25% in February 2024. **Aircraft availability is further exacerbated by tight MRO supply, both in terms of slot availability and longer turnaround times. Several airlines in the US are also materially impacted by mandatory accelerated maintenance** for GTF-powered A230neos and A220s...” (Catherine O’Brien, Goldman Sachs Equity Research, Nov. 15, 2024)

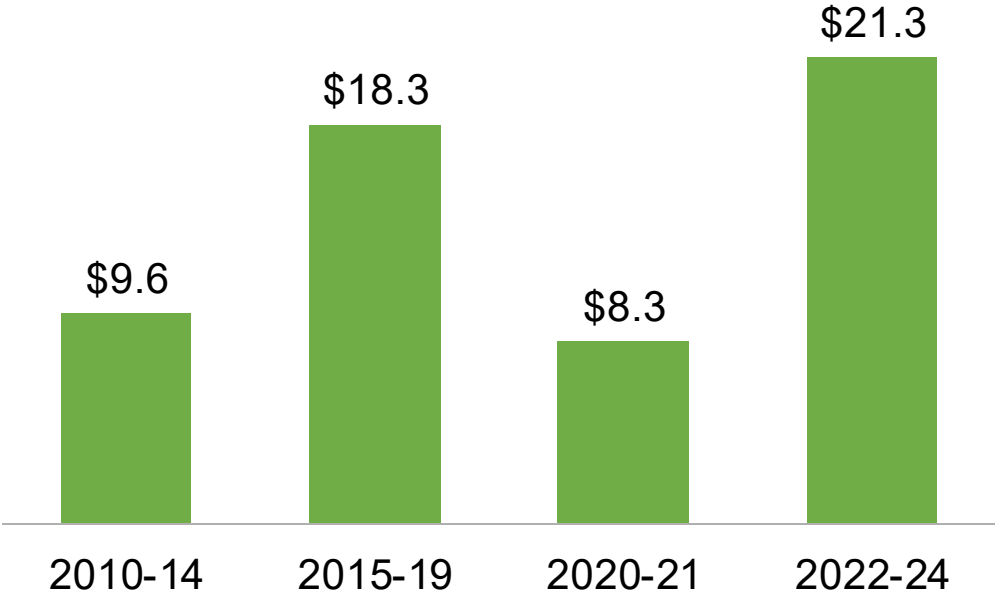
“For airlines, an aging fleet **increases pressure on maintenance costs**... Inflation has certainly played a role..., **but older fleets also drive nonroutine tasks during maintenance events, and parts become more difficult to source**... [M]ost airlines will find their options limited...” (Mike Stengel, AeroDynamic Advisory, Nov. 25, 2024)

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

Financial Recovery Has Enabled Record Rates of Reinvestment, Averaging \$21B Annually



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

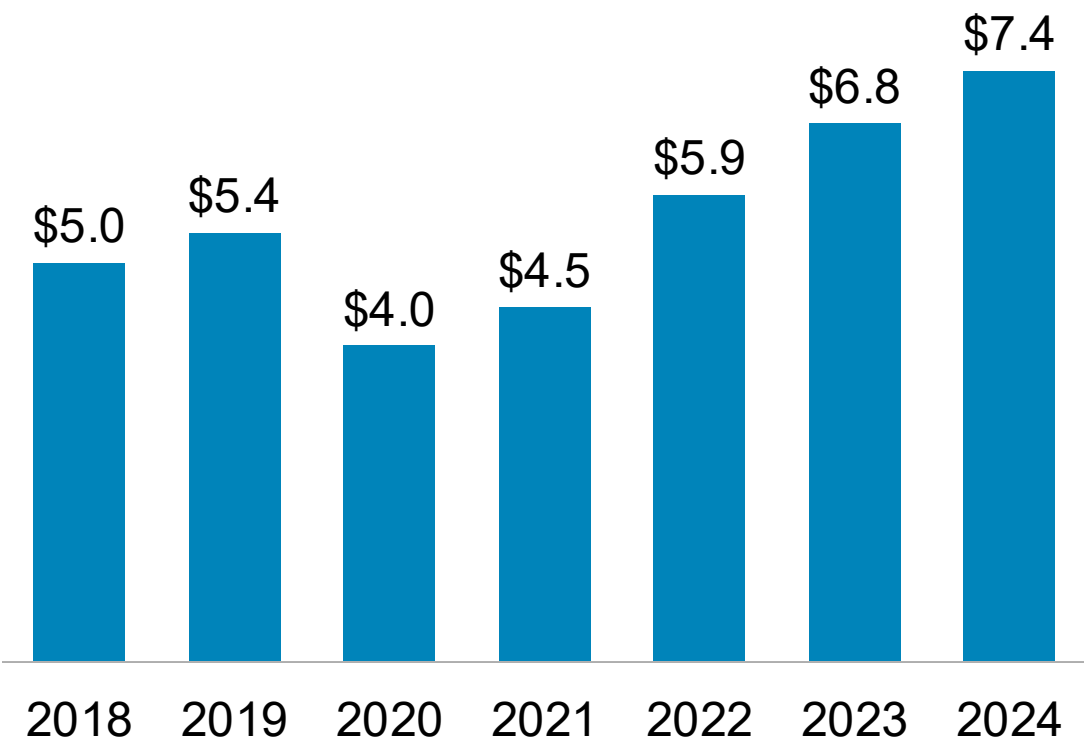


* Includes payments made for aircraft and other flight equipment, ground and other property and equipment (e.g., baggage carts, lavatory trucks, deicing vehicles), airport and other facility construction and technology
Sources: CapEx from SEC filings of Alaska/Hawaiian, Allegiant, American, Delta, Frontier,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

From 2022-2024, U.S. Passenger Airlines Spent ~\$20 Billion on Information Technology

Goal: Boost Operational Resiliency/Redundancy/Security and Customer Self-Service Functionality

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



Making it easier for travelers to:

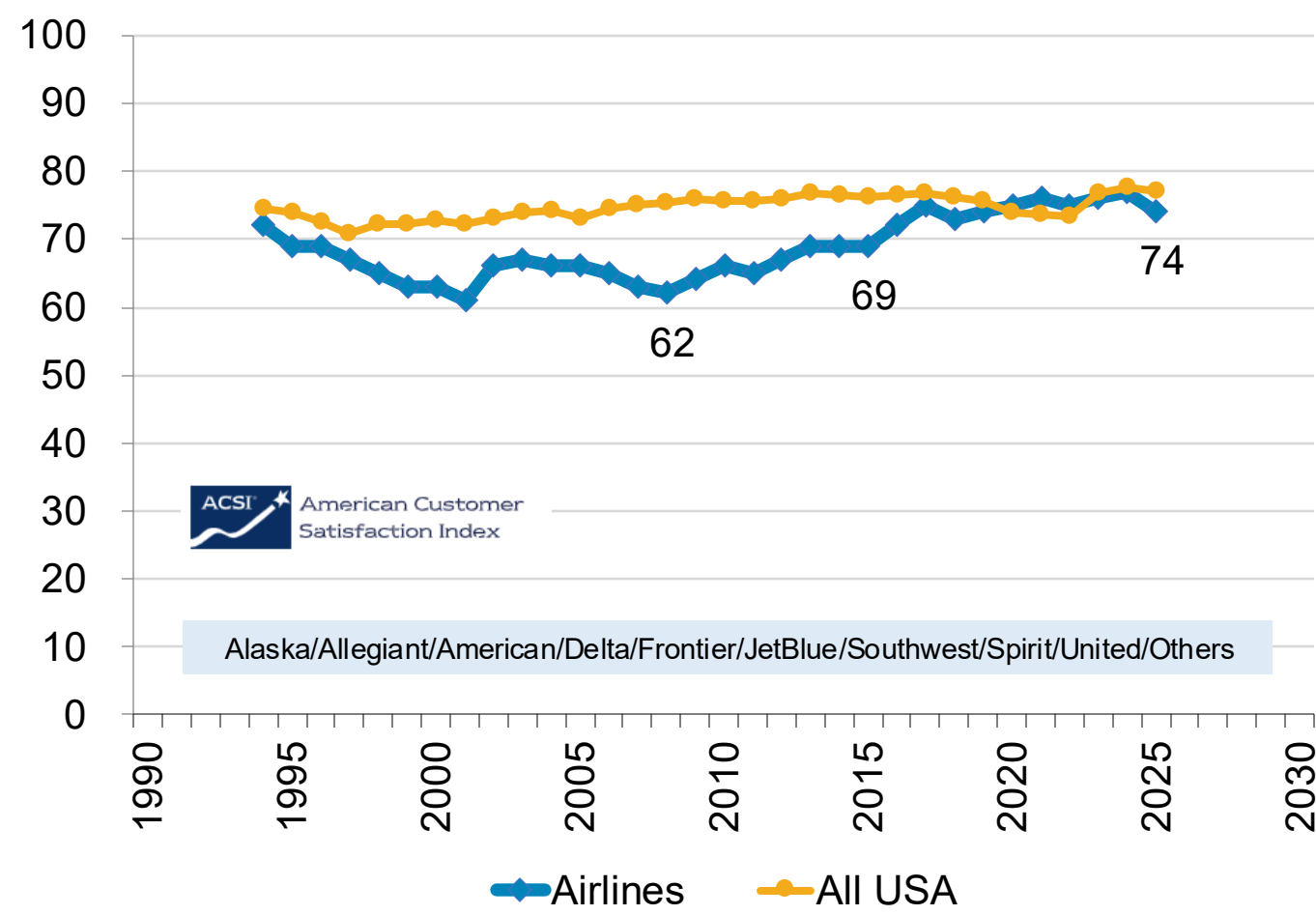
- Shop for tickets
- Modify itineraries
- Check in for their journeys
- Navigate airports
- Check and/or track bags
- Stay apprised of flight status
- Redeem vouchers/loyalty points

Sources: Alaska/Hawaiian, Allegiant, American, Avelo, Breeze, Delta Frontier, JetBlue, Southwest, Spirit, Sun Country, United

* IT operating expenses plus capital expenditures, net of depreciation (where available)

ACSI Airline Customer Satisfaction Index Now at 74, Up From 62 in 2008 and 69 in 2015

Airlines Scored 80+ on Five of the 21 Benchmarks and 75-79 on 10 Others



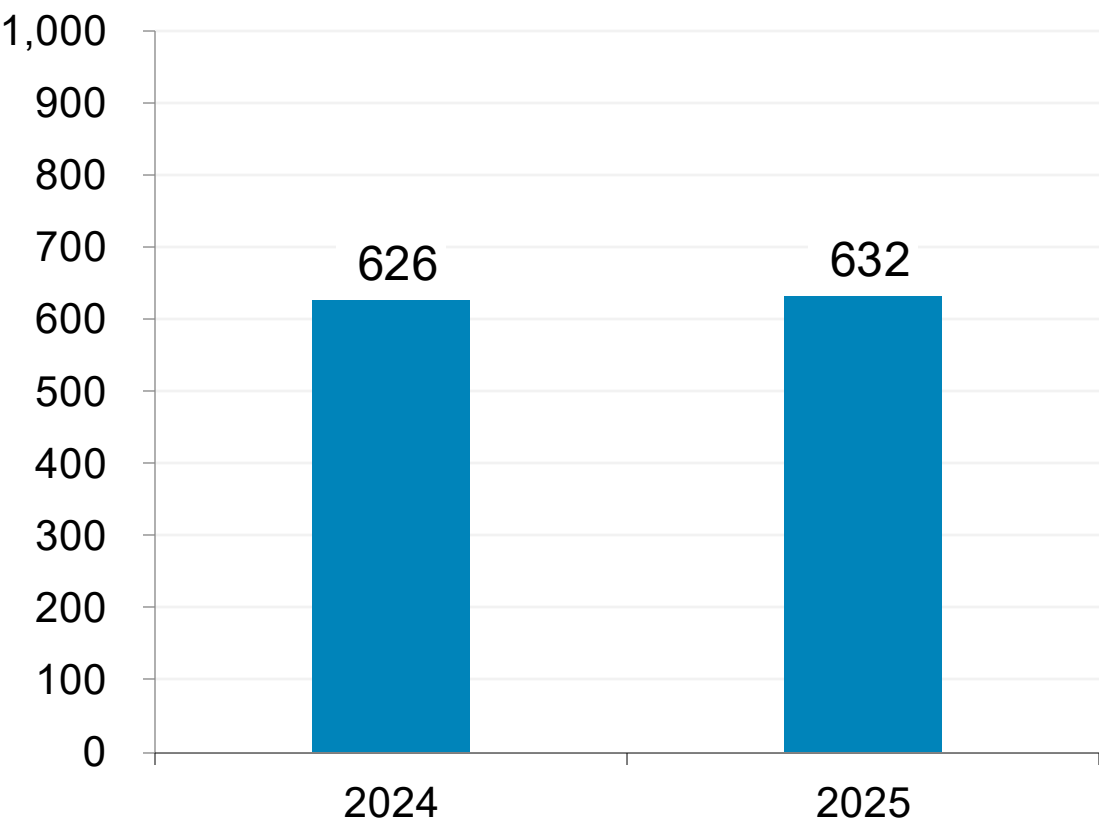
Satisfaction Benchmark	2019	2024	2025
Mobile app quality	82	84	82
Mobile app reliability	82	84	81
Website satisfaction	80	83	81
Ease of making a reservation	81	84	80
Ease of check-in process	82	83	80
Cabin and lavatory cleanliness	78	82	79
Courtesy/helpfulness: flight crew	80	82	78
Baggage handling	79	81	77
Boarding experience	79	81	77
Courtesy/helpfulness: gate staff	80	81	77
Range of flight schedules	77	80	77
Timeliness of arrival	80	81	77
Call center satisfaction	78	81	76
Loyalty program	75	80	76
Availability of overhead storage	73	79	75
Quality: purchased food/beverage	73	78	74
Quality: in-flight entertainment	71	78	74
Quality: free food/beverage	73	76	73
Seat comfort	69	76	73
Usefulness of flight information	NM	NM	71
Quality: in-flight Wi-Fi	NM	NM	66

Source: The American Customer Satisfaction Index (ACSI®), the only national cross-industry measure of customer satisfaction, measures the satisfaction of U.S. household consumers with the quality of products and services offered by firms with significant share in U.S. markets. The ACSI Travel Study 2025 is based on 16,771 completed surveys. Customers were chosen at random and contacted via email between April 2024 and March 2025.

J.D. Power: North America Airline Customer Satisfaction Rose Six Points in 2025

Note: Study Methodology Changed in 2024

“Airline Passenger Satisfaction Improves Slightly as Industry Confronts Economic Headwinds, J.D. Power Finds”



The North America Airline Satisfaction Study measures passenger satisfaction with airline carriers in North America based on performance in **seven core dimensions**: airline staff; digital tools; ease of travel; level of trust; on-board experience; pre/post-flight experience; and value for price paid.

The 2025 study is based on responses from 10,224 passengers. Passengers needed to have flown on a major North America airline within the past month of completing a survey. **The study was fielded from March 2024 through March 2025.**

Note: The 2025 study reflected responses from 10,224 passengers who flew on a major North America airline within the past month of completing a survey. The study was fielded from March 2024 through March 2025.
Source: J.D. Power North America Airline Satisfaction StudySM



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