



AIR TRANSPORT ASSOCIATION
2008 *Economic Report*

Connecting | Protecting
Our Planet

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Vice President, Government Affairs

Nancy N. Young
Vice President, Environmental Affairs

U.S. Airlines by Operating Revenues – 2007

More Than \$1 Billion

ABX Air
AirTran Airways
Alaska Airlines
American Airlines
American Eagle Airlines
Atlantic Southeast Airlines
Atlas Air
Comair
Continental Airlines
Delta Air Lines
ExpressJet Airlines
FedEx Express
Frontier Airlines
JetBlue Airways
Mesa Airlines
Northwest Airlines
SkyWest Airlines
Southwest Airlines
United Airlines
UPS Airlines
US Airways

\$100 Million to \$1 Billion

Air Transport International
Air Wisconsin Airlines
Allegiant Air
Aloha Airlines
Amerijet International
Arrow Air
ASTAR Air Cargo
ATA Airlines
Champion Air
Continental Micronesia
Evergreen International
Executive Airlines
Florida West Airlines
Gemini Air Cargo
GoJet Airlines
Hawaiian Airlines
Horizon Air
Kalitta Air
Mesaba Airlines
Miami Air International
Midwest Airlines
North American Airlines
Omni Air International
Pinnacle Airlines
Polar Air Cargo
PSA Airlines
Ryan International Airlines
Southern Air
Spirit Airlines
Sun Country Airlines
Trans States Airlines
USA 3000 Airlines
USA Jet Airlines
World Airways

Less Than \$100 Million

40-Mile Air
Aerodynamics
Air Midwest
Alaska Central Express
Alaska Seaplane Service
Ameristar Air Cargo
Arctic Circle Air Service
Arctic Transportation
Asia Pacific Airlines
Aviation Concepts
Bemidji Airlines
Bering Air
Big Sky Airlines
Boston-Maine Airways
Cape Air
Capital Cargo International
Cargo 360
Caribbean Sun Airlines
Casino Express
Centurion Air Cargo
Chautauqua Airlines
Colgan Air
CommutAir
Compass Airlines
Custom Air Transport
Ellis Air Taxi
Empire Airlines
Eos Airlines
Era Aviation
Express.Net Airlines
Falcon Air Express
Focus Air
Freedom Air
Freedom Airlines

Frontier Flying Service
Grand Canyon Helicopters
Grant Aviation
Great Lakes Airlines
Gulf & Caribbean Air
Gulfstream International Airlines
Hageland Aviation Services
Harris Air Services
Homer Air
Iliamna Air Taxi
Inland Aviation Services
Island Air
Island Air Service
Kalitta Charters II
Katmai Air
Kenmore Air Harbor
Kitty Hawk Air Cargo
L.A.B. Flying Service
Lynden Air Cargo
Lynx Aviation
M&N Aviation
MAXjet Airways
NetJets
New England Airlines
Northern Air Cargo
Pace Airlines
Pacific Airways
Pacific Wings Airlines
PenAir
Piedmont Airlines
PM Air
Primaris Airlines
Regions Air
Republic Airlines

Salmon Air
Scenic Airlines
Seaborne Aviation
Servant Air
Shuttle America
Sierra Pacific Airlines
Skagway Air
Sky King
Skybus Airlines
Skyway Airlines
Smokey Bay Air
Spernak Airways
Tanana Air Service
Taquan Air Service
Tatonduk Flying Service
Tradewind Aviation
Tradewinds Airlines
US Helicopter Corp.
Victory Air Transport
Vieques Air Link
Vintage Props & Jets
Virgin America
Warbelow's Air Ventures
Ward Air
West Isle Air
Wings of Alaska
Wright Air Service
Yute Air Alaska

■ Member, Air Transport Association of America, Inc. (as of July 2008)

Report Content

Unless otherwise noted, the data provided in this report reflects the worldwide operations of the 151 U.S. passenger and cargo airlines shown on this page, as recorded by the Department of Transportation in 2007, under Chapter 411 of Title 49 of the U.S. Code.

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, 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.

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

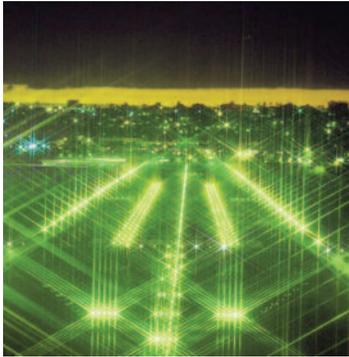
By working with its members in the technical, legal and political arenas, ATA leads industry efforts to fashion crucial aviation policy and supports measures that enhance aviation safety, security and well-being. ATA goals include:

- 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

During its more than 70-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.

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Connecting | Protecting

Reducing Noise Impacts

Airlines continue to implement noise abatement procedures consistent with safe and efficient operation of aircraft. Since 1975, the number of people in the United States affected by aircraft noise has dropped 94 percent, even with a threefold increase in the number of passengers transported. As airlines continue to invest in quieter, cleaner engines and airframes, per-operation noise and air quality impacts will diminish.



Environmental Stewardship: *Connecting and Protecting Our Planet*SM



The airline members of the Air Transport Association exist to connect all of us. Whether it is a family gathering for a special occasion, businesspeople meeting to execute a billion-dollar transaction, a shipment of fresh seafood arriving from Alaska or a small business receiving critical electronic components from Asia – each day, our airlines safely transport the people and products on which we all rely.

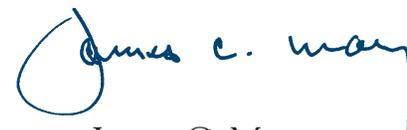
Providing these critical connections around the world gives us a unique perspective on the planet we all share. We see it every day, from ocean to ocean, from 30,000 feet and from down on the ground; from crowded cities to the most remote parts of the globe. In the process of connecting our planet, we have come to know it well – and we are profoundly committed to its protection.

The key to connecting and protecting our planet is investment in new technology – the same kind of investment that, between 1978 and 2007, drove a 110 percent improvement in airline fuel efficiency and has enabled commercial aviation to drive more than 5 percent of the U.S. economy while generating just 2 percent of domestic greenhouse gas emissions. It is the investment that has allowed us to reduce by 94 percent the number of people exposed to aircraft noise at levels of concern while tripling enplanements – and to excel in all areas of environmental management. Looking forward, it is the investment we plan to make to improve fuel efficiency by another 30 percent through 2025, and it is the investment we are seeking in a modern, satellite-based, digitally enabled, vastly more energy-efficient air traffic management system.

These new investments, however, are no longer as certain as they seemed even just a few months ago. The unprecedented and unrelenting run-up in fuel prices, combined with a deteriorating global economy, have halted the industry's recovery. This harsh financial climate and the threat of more costly fees and taxes on air transportation create a far darker prospect for further shrinking aviation's environmental footprint. Instead, our nation's communities face lost or reduced air service and fewer jobs, impairing business and investments across the country and harming consumers and families.

We are committed to avoiding that outcome – but the airlines cannot do it alone. We are working hard in Washington and with all levels of government across the United States and abroad to encourage government policies that first “do no harm” to commercial air transportation. The best way to foster responsible investment in new technology, after all, is to lower – not increase – the cost of providing air transportation.

We are also seeking to better educate the public about the importance of air transportation and the benefits of a strong, economically vibrant airline industry – an industry that remains relentlessly committed to connecting and protecting our planet and that is empowered to continue making the necessary investments to achieve that goal.



James C. May
President and Chief Executive Officer

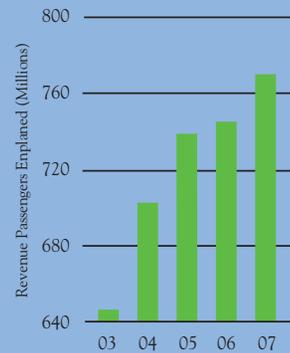


Environmental advances in the aviation sector historically have been most helped by positive economic measures that further stimulate research and innovation in the industry's fleets. As the record on aircraft noise and fuel efficiency demonstrates, implementation of new technology and operational procedures have been remarkable tools for limiting and reducing aviation environmental impacts.

Daniel K. Elwell
 Assistant Administrator for Aviation Policy,
 Planning and Environment (2006-2008)
 Federal Aviation Administration
 Hearing of House of Representatives
 Transportation and Infrastructure Committee,
 Subcommittee on Aviation
 May 6, 2008

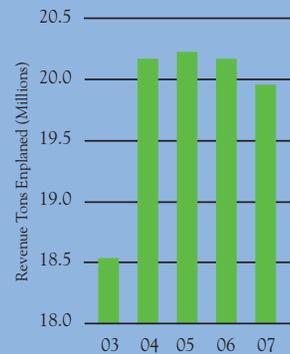
Passenger Volumes

Scheduled Service



Cargo Volumes

All Services



Operational Highlights

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

	2006	2007	Change (%)
Passengers Enplaned	744.2	769.2	3.4
Revenue Passenger Miles (RPMs)	796,795	829,033	4.0
Cargo Revenue Ton Miles (RTMs)	29,339	29,524	0.6
Aircraft Departures (Thousands)	11,264	11,365	0.9
Aircraft Miles	7,917	8,109	2.4
Aircraft Hours (Thousands)	19,013	19,407	2.1
Available Seat Miles (ASMs)	1,005,534	1,037,116	3.1
Average Passenger Load Factor (%)	79.2	79.9	0.7 pts.
Average On-Flight Trip Length (Miles)	1,071	1,078	0.7
Average Flight Stage Length (Miles)	703	714	1.5

Financial Highlights

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

	2006	2007	Change (%)
Operating Revenues	\$164,912	\$173,104	5.0
Passenger ¹	101,419	107,011	5.5
Cargo ¹	22,848	24,531	7.4
Charter	6,026	4,911	(18.5)
Other	34,619	36,651	5.9
Operating Expenses	157,398	163,894	4.1
Operating Profit (Loss)	7,514	9,210	22.6
Net Profit (Loss) ²	3,123	4,998	60.0
Passenger Yield (¢/RPM) ¹	12.73	12.91	1.4
Passenger Unit Revenue (¢/ASM) ¹	10.09	10.32	2.3
Cargo Yield (¢/RTM) ¹	77.87	83.09	6.7
Operating Profit Margin (%)	4.6	5.3	0.8 pts.
Net Profit Margin (%) ²	1.9	2.9	1.0 pts.

¹ Scheduled service only.

² Excludes bankruptcy-related charges (reorganization expenses and fresh-start accounting gains).

thinking green
 about new technology

Eleven-Year Summary

U.S. Airlines

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Traffic and Capacity¹											
Passengers Enplaned (Millions)	594.7	612.9	636.0	666.2	622.1	614.1	646.5	702.9	738.3	744.2	769.2
Revenue Passenger Miles (Millions)	603,419	618,087	652,047	692,757	651,700	642,242	656,938	733,680	778,563	796,795	829,033
Cargo Revenue Ton Miles (Millions)	20,514	20,496	21,613	23,888	24,784	25,983	26,735	27,978	28,036	29,339	29,524
Aircraft Departures (Thousands)	8,127	8,292	8,627	9,035	8,888	9,275	10,848	11,401	11,558	11,264	11,365
Aircraft Miles (Millions)	5,659	5,838	6,168	6,574	6,514	6,556	7,070	7,647	7,887	7,917	8,109
Aircraft Hours (Thousands)	13,982	14,370	15,077	15,680	15,416	15,561	17,208	18,335	19,112	19,013	19,407
Available Seat Miles (Millions)	857,232	874,089	918,419	956,950	930,511	894,217	893,941	971,466	1,002,735	1,005,534	1,037,116
Operating Statistics¹											
Average Passenger Load Factor (%)	70.4	70.7	71.0	72.4	70.0	71.8	73.5	75.5	77.6	79.2	79.9
Average On-Flight Trip Length (Miles)	1,015	1,008	1,025	1,040	1,048	1,046	1,016	1,044	1,055	1,071	1,078
Average Flight Stage Length (Miles)	696	704	715	728	741	714	652	671	682	703	714
Income Statement (Millions)											
Operating Revenues	\$109,917	\$113,810	\$119,455	\$130,839	\$115,526	\$106,985	\$117,920	\$134,462	\$151,255	\$164,912	\$173,104
Passenger ¹	79,540	81,052	84,383	93,622	80,947	73,577	77,379	85,646	93,500	101,419	107,011
Cargo ¹	11,839	12,405	13,154	14,456	13,129	13,525	15,003	17,441	20,704	22,848	24,531
Charter	3,748	4,059	4,284	4,913	4,449	4,225	5,589	5,679	6,074	6,026	4,911
Other	14,790	16,294	17,634	17,848	17,000	15,659	19,948	25,696	30,976	34,619	36,651
Operating Expenses	101,375	104,528	111,119	123,840	125,852	115,552	120,028	135,953	150,828	157,398	163,894
Operating Profit (Loss)	8,542	9,283	8,337	6,999	(10,326)	(8,566)	(2,108)	(1,491)	427	7,514	9,210
Interest Income (Expense)	(1,738)	(1,753)	(1,833)	(2,193)	(2,506)	(3,263)	(3,442)	(3,715)	(4,209)	(4,150)	(3,837)
Other Income (Expense) ²	(1,686)	(2,682)	(1,226)	(2,320)	4,557	821	3,179	(2,437)	(1,999)	(241)	(375)
Net Profit (Loss) ²	5,119	4,847	5,277	2,486	(8,275)	(11,008)	(2,371)	(7,643)	(5,782)	3,123	4,998
Financial Ratios											
Passenger Yield (ϵ /RPM) ¹	13.18	13.11	12.94	13.51	12.42	11.48	11.78	11.67	12.00	12.73	12.91
Passenger Unit Revenue (ϵ /ASM) ¹	9.28	9.27	9.19	9.78	8.70	8.24	8.66	8.82	9.32	10.09	10.32
Cargo Yield (ϵ /RTM) ¹	57.71	60.52	60.86	60.52	59.67	55.00	56.12	62.34	73.85	77.87	83.09
Operating Profit Margin (%)	7.8	8.2	7.0	5.3	(8.9)	(8.0)	(1.8)	(1.1)	0.3	4.6	5.3
Net Profit Margin (%) ²	4.7	4.3	4.4	1.9	(7.2)	(10.3)	(2.0)	(5.7)	(3.8)	1.9	2.9
Employment											
Average Full-Time Equivalents	586,509	621,064	646,410	679,967	671,969	601,355	569,778	569,498	562,467	545,695	560,997
Safety^{1,3}											
Accidents (Total/Fatal)	43/3	41/1	40/2	49/2	41/6	34/0	51/2	23/1	33/3	26/2	24/0
Fatal Accidents per 100,000 Departures ⁴	0.030	0.009	0.018	0.018	0.019	0.000	0.020	0.009	0.027	0.019	0.000
Fatalities (Total/Aboard)	3/2	1/0	12/11	89/89	531/525	0/0	22/21	13/13	22/20	50/49	0/0

¹ Scheduled service only.

² Excludes bankruptcy-related charges (reorganization expenses and fresh-start accounting gains).

³ Data from the National Transportation Safety Board reflecting scheduled operations under 14 CFR 121.

⁴ Excludes incidents resulting from illegal acts.

Results by Region – 2007

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

	Domestic	Atlantic	Latin	Pacific	International ¹	Total System
Scheduled Service						
Passengers Enplaned	693.2	24.6	37.2	13.5	76.0	769.2
Revenue Passenger Miles	604,166	105,157	57,353	61,411	224,866	829,033
Revenue Ton Miles – Passenger	60,417	10,516	5,735	6,141	22,487	82,903
Revenue Ton Miles – Other	13,221	6,070	1,986	7,702	16,304	29,524
Revenue Ton Miles – Total	73,637	16,586	7,721	13,843	38,790	112,427
Passenger Revenue	\$78,433	\$13,298	\$7,910	\$7,314	\$28,578	\$107,011
Cargo Revenue	\$12,184	\$3,857	\$1,556	\$5,560	\$12,347	\$24,531
Aircraft Departures (Thousands)	10,664	177	401	115	701	11,365
Aircraft Miles	6,627	620	488	359	1,482	8,109
Aircraft Hours (Thousands)	16,372	1,223	1,081	699	3,034	19,407
Available Seat Miles	757,541	129,966	74,044	74,334	279,575	1,037,116
Passenger Load Factor (%)	79.8	80.9	77.5	82.6	80.4	79.9
On-Flight Trip Length (Miles)	872	4,268	1,541	4,546	2,959	1,078
Flight Stage Length (Miles)	621	3,493	1,217	3,129	2,114	714
Passenger Yield (¢/RPM)	12.98	12.65	13.79	11.91	12.71	12.91
Passenger Unit Revenue (¢/ASM)	10.35	10.23	10.68	9.84	10.22	10.32
Cargo Yield (¢/RTM)	92.16	63.54	78.36	72.19	75.73	83.09
Nonscheduled Service						
Passengers Enplaned	2.9	0.3	0.4	0.0	3.4	6.3
Revenue Ton Miles – Passenger	327	151	121	6	923	1,250
Revenue Ton Miles – Other	1,878	132	285	1,803	8,397	10,275
Revenue Ton Miles – Total	2,205	283	407	1,809	9,320	11,525
Aircraft Departures (Thousands)	191	6	10	11	88	279
Charter Revenue	\$3,432	\$273	\$106	\$57	\$1,478	\$4,911
All Services						
Revenue Ton Miles – Passenger	60,743	10,667	5,856	6,147	23,410	84,153
Revenue Ton Miles – Other	15,098	6,202	2,272	9,505	24,700	39,799
Revenue Ton Miles – Total	75,842	16,868	8,128	15,652	48,110	123,952
Available Ton Miles – Total	125,127	27,627	13,370	25,824	79,257	204,383
Aircraft Departures (Thousands)	10,855	184	411	126	789	11,644
Operating Revenues – Total	\$123,809	\$20,712	\$11,364	\$14,346	\$49,295	\$173,104
Weight Load Factor – Total (%)	60.6	61.1	60.8	60.6	60.7	60.6

¹ Includes some nondomestic service not reflected in the Atlantic, Latin or Pacific entities due to varying Department of Transportation reporting requirements.

I am saying that success in this New Pioneer Age – an environmental Pioneer Age – will not come from one magical invention. It will combine innovations in equipment, operating procedures and processes across all the sectors: manufacturers, airlines, air traffic management, airports and all the others. In other words, success in the New Pioneer Age will require a combination of what I will call today technology, tactics and teamwork.

Marion C. Blakey, President and CEO, Aerospace Industries Association Chair, International Coordinating Council of Aerospace Industries Associations Air Transport Action Group 3rd Aviation & Environment Summit April 22, 2008

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2007 Airline Industry Review



In 2007, U.S. passenger and cargo airlines recorded net income of \$5 billion on \$173 billion in revenues – including \$107 billion in passenger revenue – yielding a traditionally modest profit margin of 2.9 percent. Continued restructuring and aggressive fuel conservation programs helped offset record-breaking fuel prices, a delay-stricken air traffic control system and a decline in spending on air travel relative to the nation’s economy. Notably, airlines extended their impressive record of safety and fuel efficiency.

Safety

In 2007, the National Transportation Safety Board (NTSB) recorded zero fatal airline accidents on U.S. airlines in approximately 11 million departures. According to the National Safety Council, airlines are consistently the safest mode of intercity travel, followed by bus, rail and the automobile. Together with the Federal Aviation Administration (FAA) and the NTSB, airlines strive to achieve zero fatalities and accidents. The safety of passengers and crew members remains the airlines’ number-one priority.

Environment

With jet fuel prices reaching new records again in 2007, the airline industry intensified efforts to increase fuel efficiency – the most effective means of reducing emissions. In addition to retiring less fuel-efficient aircraft, U.S. airlines retrofitted aircraft with winglets, employed more efficient operational procedures and reduced aircraft weight. Consequently, they were able to carry 20.4 percent more passenger and cargo traffic while using nearly 3 percent (538 million) fewer gallons of fuel than in 2000. As the industry continues to migrate to quieter and cleaner jets and as engine and airframe technologies evolve, per-operation noise and air quality impacts will diminish accordingly. U.S. carriers continue working with the International Civil Aviation Organization (ICAO) on measures to address aviation noise and emissions.

Fleet

According to the FAA, the U.S. airline fleet included 7,816 aircraft at the end of 2007, comprising 6,808 (3,972 mainline and 2,836 regional) passenger aircraft and 1,008 cargo jets.

U.S. Air Carrier Fleet

(As of December 31, 2007)

Operator	Narrowbody	Widebody	Other	Total
Mainline Passenger/Combination	3,341	544	87	3,972
Regional Passenger (Jet)	–	–	1,803	1,803
Regional Passenger (Prop)	–	–	1,033	1,033
All-Cargo	432	576	–	1,008
Total	3,773	1,120	2,923	7,816

Source: Federal Aviation Administration

Operations

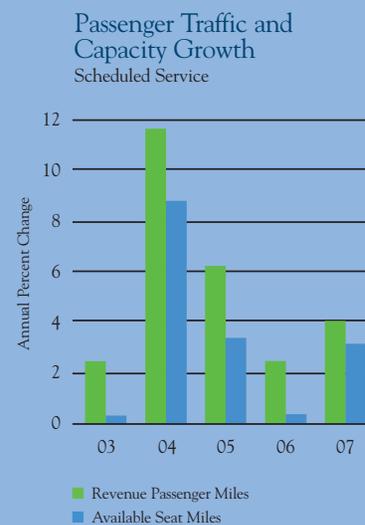
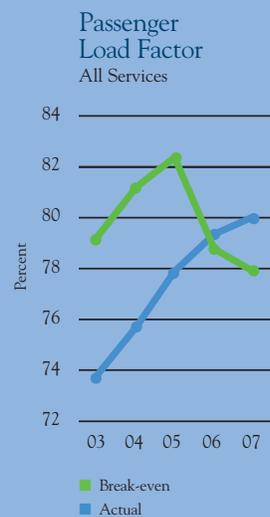
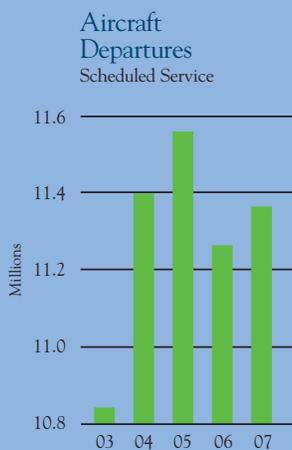
U.S. airlines posted another record, as passenger and cargo traffic surpassed levels observed in 2006. Some 769.2 million passengers took to the skies on U.S. airlines, 3.4 percent more than in 2006. Domestic and international enplanements – passenger boardings – grew 3.2 percent and 4.9 percent, respectively. Passenger traffic, as measured in systemwide revenue passenger miles (RPMs), grew 4.0 percent. Domestic RPMs increased 3.2 percent, well above the prior year's growth rate of 1.0 percent. International traffic jumped an impressive 6.4 percent. Traffic growth was particularly strong across the Atlantic and in the Latin marketplace, where RPMs

grew 9.9 percent and 7.7 percent, respectively. In 2007, systemwide available seat miles (ASMs) – the industry's measure of seating capacity – rose 3.1 percent, in sharp contrast to the 2006 growth rate of 0.1 percent. Domestic ASMs grew only 2.2 percent, whereas international ASMs grew 5.6 percent.

With traffic growth surpassing capacity growth again, industry load factors gained another 0.7 percentage points, reaching a modern record of 79.9 percent. The average domestic load factor rose 0.7 points to 79.8 percent; the average international load factor rose 0.5 points to 80.4 percent.

The New York metropolitan area appeared in 11 of the 12 most traveled domestic origin-and-destination (O&D) city pairs, led by New York-Chicago, which averaged 4,839 O&D passengers per day, each way. Aside from Chicago, New York also paired with Fort Lauderdale, Orlando, Los Angeles, Atlanta, San Francisco, Las Vegas, West Palm Beach, Miami, Boston and Tampa. Notably, Honolulu-Kahului (Maui), the seventh most traveled domestic city pair, averaged 2,660 daily passengers each way.

Atlanta ranked number one in annual passengers (42.7 million) and aircraft takeoffs and landings (991,627). Chicago O'Hare ranked second in both categories, with 34.2 million passengers and 926,973 operations. Memphis remained the busiest air cargo facility, enplaning 2.2 million tons of freight and mail, followed by Louisville, Anchorage and Miami.



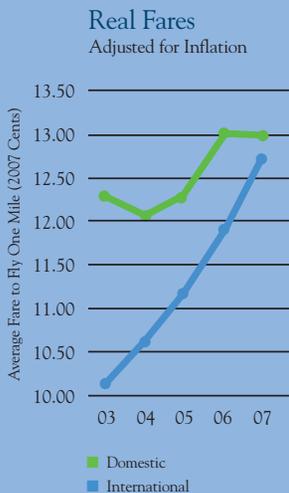
Air cargo traffic grew only 0.6 percent in 2007, as international scheduled revenue ton miles (RTMs) grew 1.4 percent, offset by a 0.4 percent drop in domestic cargo traffic. Once again, the aviation sector led all modes by transporting a third of U.S. exports, as measured by value.

Infrastructure

The FAA's most recent forecast (March 2008) projected that U.S. airlines would carry more than one billion passengers in scheduled service in federal fiscal year 2016. Although the subsequent fuel spike may push that milestone out further, the aviation community – indeed the country – must invest in the Next Generation Air Transportation System (NextGen), the successor to today's antiquated air traffic control system. NextGen, a modern, satellite-based system, will open new airways, improve efficiency and significantly ease flight delays. To put the urgency of this need in perspective, ATA estimates that delays in 2007 cost airline customers more than \$4 billion in lost productivity and wages. Meanwhile, at a rate of more than \$60 per aircraft operating minute, ATA estimates that the 134 million system delay minutes experienced by U.S. airlines in 2007 cost the industry \$8.1 billion.

Pricing

In 2007, the prices paid by U.S. consumers for a market basket of goods and services – measured by the consumer price index (CPI) – rose 2.8 percent, twice as fast as airline passenger yield. Consequently, inflation-adjusted (real) airfares actually fell 1.4 percent. In real terms, yield fell 3.0 percent domestically, offsetting a 3.6 percent gain in international markets.



Passenger Yield

U.S. Airlines

		1978 ¹	2006	2007	2007 vs. 1978 (%)	2007 vs. 2006 (%)
Current Yield	Domestic	8.49	13.02	12.98	52.9	(0.3)
	International	7.49	11.93	12.71	69.7	6.5
	Total	8.29	12.73	12.91	55.7	1.4
U.S. CPI²	Index	65.2	201.6	207.3	217.9	2.8
Constant Yield (2007 Cents)	Domestic	26.99	13.38	12.98	(51.9)	(3.0)
	International	23.81	12.27	12.71	(46.6)	3.6
	Total	26.36	13.09	12.91	(51.0)	(1.4)

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

² Consumer Price Index: 1982=1984=100

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

Air travelers continue to benefit from the intense competition unleashed by economic deregulation in 1978. Since then, in real terms, domestic airfares have fallen 51.9 percent. This tremendous decline in price is largely responsible for the long-term growth of air travel. Since the arrival of the jet age, in real terms, airfares have declined due to technological advances and efficiency gains. In 1978, the rate of decline accelerated with deregulation. After falling 2.1 percent per year from 1970 to 1978, real domestic airfares dropped 2.5 percent per year from 1978 to 2007.

Airlines, airports, manufacturers and the Air Force are at the forefront of developing better planes, technology and operating procedures to conserve fuel and reduce emissions. They are a perfect example of how innovation is driven by necessity, as fuel costs are the largest single expenditure for the airlines ... Moreover, the industry is leading the way in research on alternative fuels. Besides the positive impact on the bottom line, there are obvious positive environmental impacts from these efforts, with lessons for the rest of the country.

Rep. Jerry Costello (D-Ill.)
"Aviation sector leads travel industry on energy efficiency," *The Hill*
April 8, 2008

thinking green
about fuel



To put this trend in perspective, domestic airfares have grown just 53 percent in unadjusted terms since 1978, while the price of milk has risen 154 percent, new vehicles and single-family homes 345 percent, prescription drugs 499 percent and public college tuition 799 percent.

Revenues

Industry operating revenues rose 5.0 percent to \$173.1 billion on the heels of solid growth in passenger, cargo and ancillary revenues. Passenger revenue rose as traffic growth was accompanied by an internationally driven 1.4 percent gain in systemwide yield. Domestic yield fell 0.3 percent, ending two years of gains and remaining 10.9 percent below 2000 levels. In stark contrast, international yield posted a fifth consecutive year of growth at 6.5 percent, surging 20 percent higher than 2000 levels. Year over year, U.S. spending on air travel fell slightly to 0.80 percent of gross domestic product (GDP), well below the pre-9/11 average of 0.95 percent. That gap of 0.15 percentage points, applied to the nation's 2007 nominal GDP, translated to \$20 billion in "missing" passenger revenue for U.S. airlines.

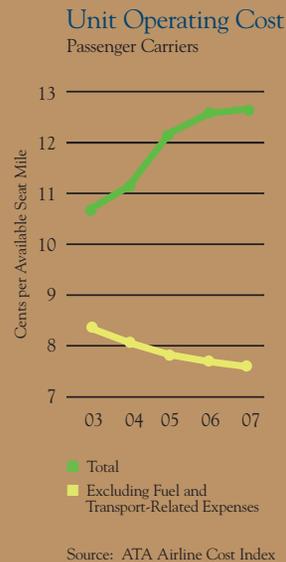
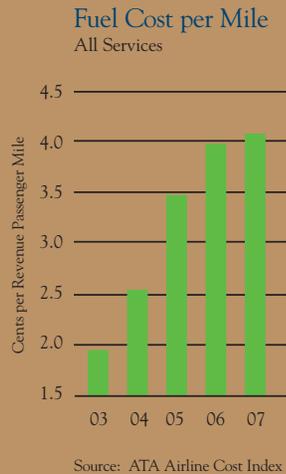
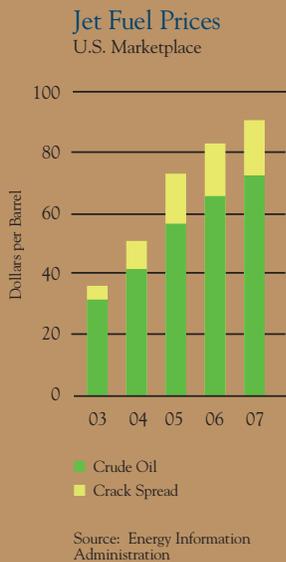
Cargo revenue rose 7.4 percent to \$24.5 billion on 9.6 percent greater domestic sales and 5.2 percent more international business. Charter revenue, which constituted 2.8 percent of total industry sales, fell 18.5 percent. Transport-related revenues rose 4.5 percent to \$33.6 billion as regional carriers performed more flying on behalf of their mainline partners. Other revenue rose 11.0 percent to \$3.8 billion or 2.2 percent of industry operating revenues.

Expenses

Industry operating expenses increased 4.1 percent to \$163.9 billion. Flying operations, the industry's largest functional cost center at 37.9 percent, climbed 3.9 percent to \$62.1 billion. Fuel drove the lion's share of this category as crude oil prices averaged \$72.34 per barrel in 2007, up \$6.29 from 2006, and the average jet fuel crack spread – the additional amount charged for refining – rose from \$16.69 to \$18.59. Consequently, even after factoring in the airlines' fuel hedging programs, the average price paid for jet fuel, excluding pipeline tariffs, tank fees and state and federal taxes, rose 7.0 percent, from \$1.97 per gallon in 2006 to \$2.10 per gallon in 2007.

Transport-related expenses, principally payments from mainline carriers to their regional airline partners, constituted the industry's second-largest cost at 16.9 percent, up 4.3 percent to a total of \$27.6 billion. Demand for regional airline capacity remained strong as mainline carriers continued to align capacity more closely with demand across their respective networks. Aircraft and traffic servicing, and maintenance, were the industry's third and fourth largest functional costs, respectively. Notably, general and administrative expenses rose 8.1 percent.

At U.S. passenger airlines, a 2.7 percent increase in average salary and wage was more than offset by an 11.9 percent reduction in average benefits and pension expenses and a 3.4 percent reduction in payroll taxes, pulling the average cost of a full-time equivalent (FTE) employee down 0.9 percent to \$74,786. Salaries and wages composed 75 percent of total compensation.



Management and frontline workers did their best to combat unprecedented fuel costs. Passenger airlines increased fuel efficiency 3.3 percent to 50.3 passenger miles per gallon, and labor productivity 0.5 percent to 2.53 million ASMs per FTE.

Earnings

Profit margins for airlines have consistently trailed the average profitability of U.S. corporations and, since 2000, they have been overwhelmingly negative. However, in 2007, the U.S. airline industry generated an operating margin of 5.3 percent on operating profits of \$9.2 billion. Passenger airlines impressively filled four out of every five seats. Equally important, rising passenger yield and aggressive cost control drove the average break-even load factor down 0.7 points to 77.9 percent. After factoring in \$3.8 billion in interest expense, \$2.3 billion in income taxes and \$1.9 billion in miscellaneous nonoperating income, the industry – including passenger airlines and air cargo operators – posted net earnings of \$5.0 billion and a net profit margin of 2.9 percent.

Capital Structure

The airline industry is asset-intensive, requiring major investments in aircraft, facilities and equipment. By the end of 2007, the net value of these investments had reached \$96.3 billion out of assets totaling \$177.8 billion. Though current liabilities and long-term debt remained unchanged at \$95.1 billion, other noncurrent liabilities plunged from \$73.1 billion to \$56.6 billion. Net stockholders' equity swung back into the black, from negative \$13.9 billion to positive

\$11.5 billion. Unfortunately, the industry's year-end balance sheet featured retained losses of \$11.0 billion. Consequently, the industry remains highly leveraged, especially after factoring in the airlines' sizable off-balance-sheet debt associated with aircraft operating leases.

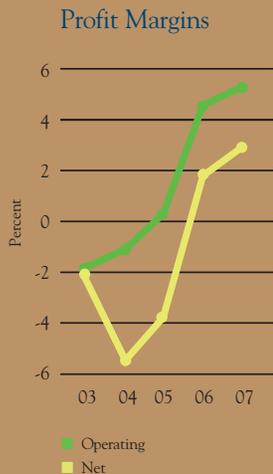
It will take several years of sizable profits to reduce the industry's debt load to an acceptable level. Notably, of the 10 U.S. passenger airlines rated by Standard & Poor's (S&P), only one is considered "investment grade." In the airfreight arena, only two U.S. airlines carry investment-grade credit, helping them borrow money at reasonable interest rates. In contrast, 75 of the 76 U.S. airport authorities rated by S&P enjoy investment-grade credit.

Jobs

After consistently falling from 2000 through 2006, airline employment in 2007 grew to an average of 560,997 FTEs. Despite the year-over-year increase, the workforce remained 118,970 FTEs below the 2000 peak. Though pilots, copilots and other personnel experienced a modest decline in headcount, all other work groups showed gains, lead by flight attendants at 9.5 percent.

Outlook

A year ago, ATA's financial outlook for the industry was "guardedly optimistic ... leaving the airlines vulnerable to fuel spikes, recession or exogenous shocks." The steep increase in fuel prices in 2008, coupled with a deteriorating U.S. economy, is taking a toll – not only on the



Airports across the country are implementing programs and strategies to reduce their environmental impacts, most of the time without any government mandate. As a few examples, we see airports installing more efficient lighting; providing power and preconditioned air at gates; converting to low emission vehicles; implementing programs to reduce landside vehicle trips such as consolidated shuttles and cell phone parking lots; and conducting inventories of their emissions, including greenhouse gas emissions.



Greg Principato, President, Airports Council International – North America
National Chamber Foundation's 7th Annual Aviation Summit
April 3, 2008

thinking green
on the ground

airline family but also on the communities it serves across America. A thoughtful, balanced, comprehensive national energy policy and a disciplined legislative and regulatory posture of “do no harm” are essential to begin to reestablish an economically vibrant airline industry. If serious steps are not taken immediately to stem the economic damage, a much smaller air transport network will become a permanent reality, hindering economic growth and seriously crimping American mobility, just-in-time movement of goods and the lifestyle to which all of us have become accustomed.

Along with the airlines, policymakers and the public at large must recognize that in order to enhance the travel experience, renew fleets, expand and develop new infrastructure, retain talented employees and promote economic well-being, the industry’s financial conditions must improve markedly. Public policies that have long contributed to industry instability will need to be abandoned, and airline restructuring must continue without interference. More than 10 million U.S. jobs are depending on it.

Employment

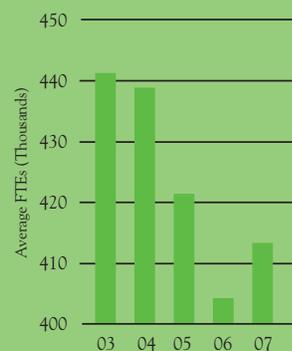
U.S. Airlines – Average Full-Time Equivalents (FTEs)

	2006	2007	Change (%)
Pilots and Copilots	71,050	69,379	(2.4)
Other Flight Personnel	5,103	4,902	(3.9)
Flight Attendants	92,607	101,397	9.5
Mechanics	48,944	50,025	2.2
Aircraft and Traffic Service Personnel	261,395	264,988	1.4
Office Employees	34,289	35,644	4.0
All Other	32,307	34,662	7.3
Total Employment	545,695	560,997	2.8
Average Compensation¹			
Salaries and Wages	\$54,495	\$55,950	2.7
Benefits and Pensions	16,726	14,737	(11.9)
Payroll Taxes	4,242	4,099	(3.4)
Total Compensation	75,463	74,786	(0.9)

¹ Passenger airlines only.

Employees

Passenger Airlines



Every day airlines are connecting and protecting those who enjoy the freedom of air travel. We don't often think about how flying has changed our lives, but cross-country family reunions and international business meetings – so commonplace in today's world – would have been impossible not too long ago. Moving emergency relief supplies from across the country, dining on fresh Alaskan salmon in Topeka and receiving overnight deliveries from Europe or Asia are among the many remarkable innovations made possible by safe, affordable and abundant air service.

Although airlines value their role in bringing the world together, they also understand their obligation to treat passengers and shippers with respect and care. And, like their commitment to environmental stewardship, the airlines' commitment to customer service is rock solid.

The skies will continue to be crowded but, thanks to the tireless efforts of airline employees, government agencies and comprehensive safety programs, they also will be safe. We all want air travel to be safe, of course, but also pleasant. To make your journey more convenient on the front end, airlines are using smart technologies like e-ticketing and Web check-in to simplify the travel process. Soon things will be even easier. For example, at some airports, passengers are already able to check in using bar codes on some hand-held mobile devices.

Airlines are providing more updates to passengers about flight changes and alternative arrangements when flights are delayed or canceled. Unfortunately, at times, overcrowded skies, severe weather or other concerns disrupt the flow of traffic, resulting in lengthy flight delays. While extended delays account for only

one out of 5,000 flights, no one hates delays more than airlines do, primarily because they inconvenience and frustrate passengers and shippers. Flight delays also wreak havoc on airline schedules – a domino effect of sorts – as planes and crews are not where they are supposed to be, resulting in even more misconnected passengers, baggage and cargo.

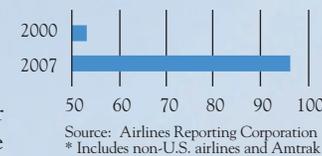
In the past year, airlines have recommitted to avoiding lengthy flight delays whenever possible and to improving customer service during unavoidable delays. Airlines have adopted detailed contingency plans to ensure that planes have sufficient food/water/lavatory service to respond adequately during extended ground delays, and to better coordinate with airports when flights are delayed at the gate.

Passengers, shippers, airlines and the U.S. economy benefit from efficient air service. Airlines can better serve their customers with people and products arriving at their destinations safely and on time. Sadly, the foundation of that network – today's air traffic control system – is outdated,

inefficient and overwhelmed by the volume of flights, including the tremendous growth in business jet traffic. This growth and unnecessarily complex routings lead to increased delays and emissions. However, with prudent leadership from Congress and the executive branch, the air traffic control system and its funding can be modernized. All will be better served and the airlines will be better able to connect their customers and protect our planet.

E-Ticketing as Percent of Tickets Processed*

U.S. Travel Agencies



Serving Our
Customers

While it is important to plan for the long-term improvements that our air traffic management (ATM) system will need to respond to demand 10 or 20 years in the future (the much discussed NextGen ATM system), the Federal Aviation Administration (FAA) is struggling to keep up with demand for air traffic services right now. Not only is that contributing in a very significant way to delayed and canceled flights and the associated litany of customer and airline frustrations, it is also a major drag on the airline industry's efforts to reduce unnecessary emissions.

It is the search for substantive, real-world solutions to these inextricably linked issues that is at the heart of the Air Transport Association's commitment to connecting and protecting our planet. It is all about easing the travel and transportation process to bring people and goods to the right place,

at the right time, from across the country or around the world – and doing that in the most fuel-efficient and environmentally responsible fashion. Fortunately, with the right leadership, there is a real opportunity to introduce “NowGen” and leverage NextGen capabilities in the very near term to reduce congestion and enable new capacity, targeting first the most constrained regions of our national airspace system.

This NowGen concept would begin by accelerating the strategic deployment of key NextGen capabilities in the most congested areas, where they are most needed now, not only providing relief from today's constraints and delays but also enabling further refinement of NextGen technologies and procedures as they move into still broader use nationwide. Just as important, NowGen will help us move even more aggressively on maximizing the

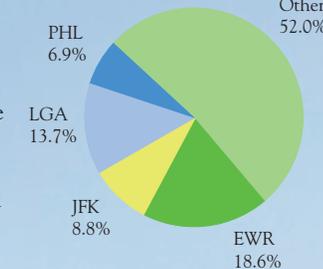
airline industry's remarkable fuel efficiency and eliminating unnecessary emissions.

While more detailed technical information is available on NowGen at www.airlines.org, in brief summary, it envisions: improved separation of aircraft through reliance on Automatic Dependent Surveillance Broadcast (ADS-B); leveraging current and emerging commercial air/ground digital communications service to increase airline and FAA efficiency; improved navigation capabilities through rapid deployment of Required Navigation Performance (RNP); and streamlined traffic flows using improved Area Navigation (RNAV) procedures. In addition, as we have seen in moving to address the

particularly critical airspace issues in the New York region, there are dozens upon dozens of site-specific, operational improvements that can be implemented now.

These steps are not complicated, but they demand strong and determined leadership; that, of course, is what our commitment to connecting and protecting is all about. We are determined to get to NowGen and, in the longer term, to NextGen in order to provide the public with the aviation service it needs and expects. At the same time, we know that we cannot accomplish everything that needs to be done alone; consequently, we will continue to focus public attention on the crucial role the government must play in advancing critical aviation infrastructure improvements.

Share of Delay Minutes – 2007
Arrivals at Major U.S. Airports

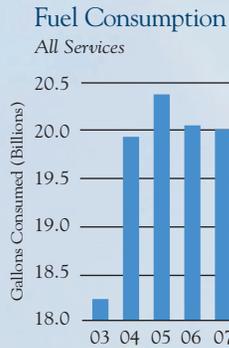


Source: Federal Aviation Administration

Managing Our Airspace

ATA members expanded on their record of environmental excellence while moving more passengers and freight in 2007. Federal Aviation Administration (FAA) statistics reveal that the number of people in the United States affected by aircraft noise has diminished by 94 percent since 1975, though passenger boardings have more than tripled. And our members' environmental management practices for fuel handling and de-icing at airports continue to be cited as exemplary around the world.

The airlines' advances on aircraft emissions are no less impressive. The U.S. Environmental Protection Agency (EPA) emissions inventory states that U.S. commercial aviation contributes just 2 percent of domestic greenhouse gas emissions. This is a remarkably small portion, especially given that commercial aviation drives more than three times the economic activity.



Airlines have been able to deliver such strong economic output while reducing emissions by continually improving fuel efficiency through reinvestment in technology and more fuel-efficient operations. Here, the airlines' economic and environmental goals converge. With fuel as the largest cost center, conserving fuel is a business imperative, driving continued environmental improvement. In fact, U.S. airlines (passenger and cargo combined) improved their fuel efficiency by 110 percent between 1978 and 2007, resulting in 2.5 billion metric tons of carbon dioxide (CO₂) savings – roughly equivalent to taking 18.7 million cars off the road each of those years.

But ATA members are not stopping there. In 2007, the ATA Board of Directors approved a comprehensive plan to further limit aircraft emissions with a commitment to improve fuel efficiency another 30 percent through 2025, on top of prior improvements. That equates to an additional 1.2 billion metric tons of CO₂ saved or another 13 million cars taken off the road each year.

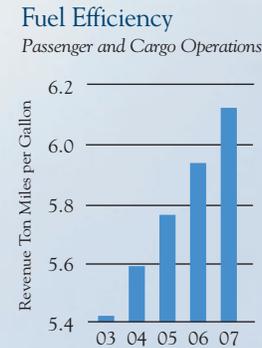
Recognizing that improving fuel efficiency with today's carbon-based fuel supply can take us only so far in limiting emissions, the ATA plan also sets out commitments to stimulate the development and implementation of commercially viable, environmentally friendly alternative jet fuels. As part of this effort, ATA and its members continue to play a leading role in the Commercial Aviation Alternative Fuels Initiative (CAAFI), a consortium of airlines, government, manufacturers, fuel suppliers, universities, airports and other stakeholders who hold the various keys to research, development and environmentally responsible implementation of alternative jet fuels.

It is critical that government policies be aimed at complementing – not impeding – the airlines' initiatives. For example, by moving forward with the much needed modernization of our outdated air traffic control (ATC) system, the U.S. government could add 10 to 15 percent

more emissions savings on top of the ATA member commitment, while enabling broader application of operational procedures that minimize aircraft noise exposure. Moreover, Congress should restore funding to NASA and FAA aviation environmental research and development programs, which it has cut by

approximately 50 percent in the past 10 years. Finally, the government should refrain from imposing additional taxes and charges on airlines, which siphon funds that airlines otherwise would use to invest in newer aircraft and other emissions- and noise-reducing measures. This point cannot be overstated.

ATA airlines are committed to maintaining an ever stronger environmental record and to working together with industry partners and government for even more progress. The ATA airlines are working hard to connect our world. They are working just as hard to protect our planet.



Protecting Our Environment

Safety in the airline world is about collaboration – and the extraordinary results are indisputable. The numbers demonstrate clearly that voluntary safety programs – enabled by collaboration – have pushed safety to extraordinary levels. These voluntary programs provide the data that will fuel safety improvements for the next decade. Of course, we need to be certain that these programs are properly executed and, when necessary, that adjustments are made to improve their effectiveness.

These data-centered programs are essential, because the U.S. airline industry's remarkable safety record means that to improve that record, we need to look at every aspect of our operations. Success in this effort requires complex, sophisticated analysis.

The key to data-driven safety risk management is the collection not only of data, but

of the *right* data. Voluntary programs like the Aviation Safety Action Program (ASAP) and Flight Operational Quality Assurance (FOQA) provide direct feedback from various employee groups and the aircraft itself on airline performance. These data streams identify discrete holes in the layers of safety nets relied upon to trap errors. Without that data, safety risks would likely go undetected.

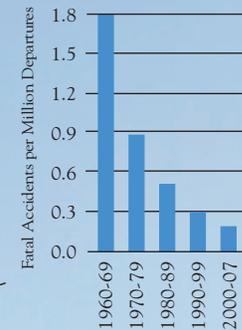
Once collected, the data must be translated into information that can be used to enhance safety. Understanding and prioritizing the wide range of risks facing an airline is a critical step in driving safety improvements. Equally important, however, is the ability to aggregate data and identify industrywide risks that may not be evident at the individual airline level. The Aviation Safety Information Analysis and Sharing (ASIAS) initiative does just that. This groundbreaking approach surfaces risks

and supplements the basic safety reports with other data such as weather conditions and radar tracks. ASIAS helps safety professionals “connect the dots” in order to create a clearer picture of emerging risks facing the industry. Understanding those risks to safety allows airlines and the FAA to invest safety resources wisely.

Because voluntarily submitted safety data is the cornerstone of modern safety risk-management efforts, it is crucial that the stream of data flow freely. The voluntary, data-driven safety programs allow us to trace the root causes of potential safety concerns and to take concrete steps to stop adverse trends. Experience tells us, again and again, that

they are invaluable in ensuring that aviation remains the safest form of travel.

Safety Trend



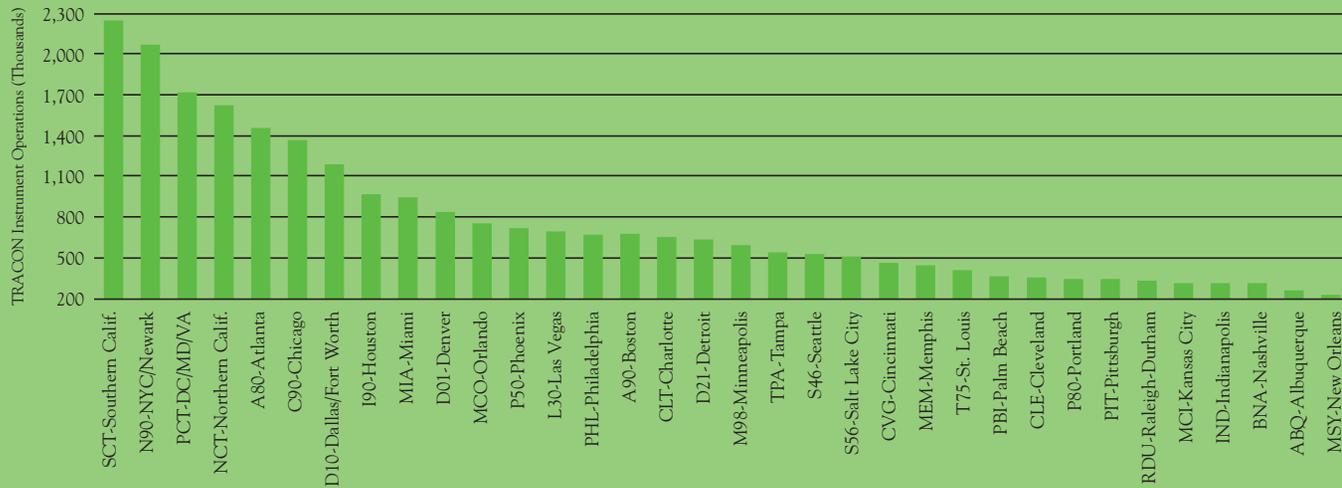
Source: National Transportation Safety Board

Even as our nation enjoys the safest period ever in commercial aviation, ATA member airlines are striving to achieve still higher levels of safety. The low-hanging fruit was picked long ago and the next harvest requires a tall ladder. Voluntary safety programs are the rungs of that ladder and they are secured in place by collaboration among airlines, labor groups and the FAA. ATA member airlines remain continuously focused on climbing to the next level of safety, and

look to their safety partners in the field and in the government to help steady the ladder.

Partnering for **Safety**

Air Traffic Volumes – 2007



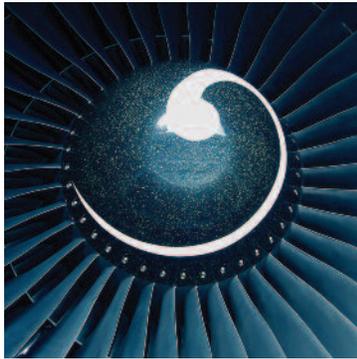
Note: Terminal Radar Approach Controls (TRACONs) are FAA facilities that house air traffic controllers who use radar displays and radios to guide aircraft approaching and departing airports generally within a 30- to 50-mile radius up to 10,000 feet, as well as aircraft that may be flying over that airspace. Once an aircraft that is landing is within five miles of an airport and below 2,500 feet, TRACON controllers hand the aircraft off to air traffic controllers in the airport tower.

Source: Federal Aviation Administration

NextGen is green. Through it, we'll improve the scientific understanding of the effects of aviation on climate change. NextGen promotes continued improvements in the development of environmentally friendly aircraft. It steps up research on alternative fuels. It accelerates air traffic management reforms that can contribute to a reduction in aviation emissions.

Robert A. Sturgell, Acting Administrator
 Federal Aviation Administration
 Singapore Air Show Aviation Leadership Summit
 February 18, 2008

thinking green
 about our blue skies



Connecting | Protecting

Improving Fuel Efficiency

U.S. airlines have a tremendous record of improving fuel efficiency, the most effective means of limiting emissions – including those associated with climate change. In fact, U.S. airlines improved their fuel and greenhouse gas efficiency by 110 percent between 1978 and 2007, but the airlines are not stopping there. Air Transport Association airlines have pledged an additional 30 percent improvement by 2025, a commitment that will save more than 1.2 billion metric tons of carbon dioxide emissions alone.



Income Statement

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

	2006	2007	Change (%)	Share (%)
Operating Revenues				
Passenger	\$101,419	\$107,011	5.5	61.8
Cargo	22,848	24,531	7.4	14.2
Charter (Passenger and Property)	6,026	4,911	(18.5)	2.8
Transport-Related	32,157	33,589	4.5	19.4
Other	2,462	3,063	24.4	1.8
Total Operating Revenues	164,912	173,104	5.0	100.0
Operating Expenses				
Flying Operations	\$59,794	\$62,145	3.9	37.9
Maintenance	15,900	16,675	4.9	10.2
Passenger Service	8,756	8,914	1.8	5.4
Aircraft and Traffic Servicing	21,314	22,306	4.7	13.6
Promotion and Sales	8,418	8,539	1.4	5.2
General and Administrative	9,784	10,580	8.1	6.5
Depreciation and Amortization	6,931	7,099	2.4	4.3
Transport-Related	26,501	27,637	4.3	16.9
Total Operating Expenses	157,398	163,894	4.1	100.0
Operating Profit (Loss)	\$7,514	\$9,210	22.6	nm
Interest Income (Expense)	(4,150)	(3,837)	7.5	nm
Income Tax Credit (Provision)	(739)	(2,276)	(208.0)	nm
Other ¹	498	1,901	281.5	nm
Net Profit (Loss)¹	\$3,123	\$4,998	60.0	nm

¹ Excludes bankruptcy-related charges (reorganization expenses and fresh-start accounting gains).
nm=not meaningful

Balance Sheet

U.S. Airlines (In millions)

	2006	2007	Change
Assets			
Current Assets	\$40,300	\$43,302	\$3,002
Investments and Special Funds	13,112	12,945	(168)
Other Property	16,341	22,680	6,339
Aircraft, Facilities and Equipment – Net (<i>Detail Below</i>)	95,696	96,288	592
Deferred Charges	2,380	2,585	205
Total Assets	167,830	177,799	9,969
Liabilities and Stockholders' Equity			
Current Liabilities	\$49,108	\$49,345	\$238
Long-Term Debt	46,012	45,768	(244)
Other Noncurrent Liabilities	73,086	56,558	(16,528)
Deferred Credits	13,540	14,674	1,134
Stockholders' Equity – Net (<i>Detail Below</i>)	(13,915)	11,454	25,369
Total Liabilities and Stockholders' Equity	167,830	177,799	9,969

Note: Values shown reflect airline balance sheets as of December 31.

<i>Detail: Aircraft, Facilities and Equipment – Net</i>	2006	2007	Change
Flight Equipment Owned	\$115,582	\$115,791	\$209
Ground Equipment and Property Owned	25,987	23,345	(2,643)
Reserve for Depreciation	(51,620)	(48,107)	3,513
Leased Equipment and Property Capitalized	8,767	7,550	(1,216)
Reserve for Amortization	(3,020)	(2,291)	729
Total	95,696	96,288	592

<i>Detail: Stockholders' Equity – Net</i>	2006	2007	Change
Preferred Stock	\$402	\$132	(\$270)
Common Stock	4,830	5,135	305
Other Paid-In Capital	18,358	17,802	(556)
Retained Earnings	(35,699)	(10,953)	24,747
Less: Treasury Stock	1,806	663	(1,143)
Total	(13,915)	11,454	25,369

Operating Fleet of Selected U.S. Airlines – 2007

	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	DC-10	MD-10	MD-11	MD-80	MD-90	E190	TOTAL	
AirTran								87		50														137
Alaska										101											14			115
Allegiant																					26			26
Aloha										24														24
American	34									77		124	73	47							300			655
Continental										261		58	26	20										365
Delta										71		133	101	8							117	16		446
Frontier				11	49	2																		62
Hawaiian								11					18											29
JetBlue					104																	30		134
Midwest								25													13			38
Northwest				57	73		32				29	71				94								356
Southwest										520														520
Spirit				31		8																		39
United				55	97					94	30	97	35	52										460
US Airways				93	75	28	9			87		43	10									11		356
SUBTOTAL	34	-	11	285	351	36	41	123	-	1,285	59	526	263	127	-	94	-	-	-	470	16	41	3,762	
ABX													40			57								97
ASTAR	6								29						8									43
Atlas/Polar										37														37
Evergreen Int'l										15														15
FedEx Express	63	66							90								14	65	58					356
UPS	53									12	75	32			38							32		242
SUBTOTAL	122	66	-	-	-	-	-	-	119	-	64	75	72	-	46	57	14	65	90	-	-	-	-	790
GRAND TOTAL	156	66	11	285	351	36	41	123	119	1,285	123	601	335	127	46	151	14	65	90	470	16	41	4,552	

Note: Values reflect mainline aircraft counts as of Dec. 31, 2007, except FedEx Express (Feb. 29, 2008).

Source: Company Reports

■ Member, Air Transport Association of America, Inc. (as of July 2008)



From the time our planes start out as a design on a drawing board to the end of their lives when they're shredded apart for recycling, our planet is first and foremost in our minds.

Allan McArtor, Chairman, Airbus North America Holdings, Inc.
Aero Club Luncheon, April 22, 2008

We're committed to pioneering new technologies. This goes beyond just a philosophical commitment. We're leveraging 75% of our R&D investments on environmental improvements for future aircraft generations with an emphasis on CO₂, noise, and alternative fuels.

Scott Carson, President and CEO, Boeing Commercial Airplanes
ICAO-McGill Aviation Safety, Security & the Environment Conference, September 16, 2007

Statistics of Selected U.S. Airlines – 2007

	Operating Aircraft (Year-End)	Employees (Full-Time Equivalents)	Aircraft Departures ¹ (Thousands)	Passengers Enplaned ² (Thousands)	Revenue Passenger Miles ² (Millions)	Available Seat Miles ² (Millions)	Cargo Revenue Ton Miles ¹ (Millions)	Operating Results ¹ (\$ in Millions)			Net Results ^{1,3} (\$ in Millions)	
								Revenues	Earnings	Margin (%)	Earnings	Margin (%)
AirTran	137	8,002	262	23,741	17,233	22,680	6	2,309	137	5.9	52	2.2
Alaska	115	9,641	182	17,544	18,446	24,197	58	3,076	130	4.2	139	4.5
Allegiant	26	993	26	2,974	2,801	3,369	–	340	30	8.8	28	8.2
Aloha	24	2,736	58	3,890	1,916	2,465	9	390	(72)	(18.5)	(85)	(21.9)
American	655	73,060	769	98,165	138,417	169,856	2,129	22,833	702	3.1	356	1.6
Continental	365	35,644	411	48,974	81,380	99,061	972	14,105	621	4.4	460	3.3
Delta	446	47,316	553	72,924	103,279	127,323	1,128	19,239	1,005	5.2	579	3.0
Frontier	62	4,962	102	10,102	9,503	12,036	9	1,334	(10)	(0.7)	(26)	(1.9)
Hawaiian	29	3,105	57	7,051	7,922	9,065	70	983	11	1.2	11	1.1
JetBlue	134	9,695	196	21,304	25,722	32,148	16	2,843	166	5.8	18	0.6
Midwest	38	2,175	56	4,029	4,220	5,431	13	673	(2)	(0.4)	8	1.1
Northwest	356	29,265	468	53,678	72,907	86,123	2,067	12,735	1,124	8.8	836	6.6
Southwest	520	33,436	1,162	101,910	72,320	99,636	136	9,861	790	8.0	645	6.5
Spirit	39	2,170	58	6,901	6,855	8,492	–	762	13	1.7	(4)	(0.5)
United	460	52,011	551	68,362	117,376	141,838	2,012	20,049	952	4.8	349	1.7
US Airways	356	32,602	525	57,829	61,222	75,790	320	12,055	524	4.3	350	2.9
SUBTOTAL	3,762	346,813	5,435	599,378	741,518	919,512	8,946	123,586	6,120	5.0	3,715	3.0
ABX	97	8,421	55	–	–	–	645	1,175	43	3.6	20	1.7
ASTAR	43	978	21	–	–	–	232	335	41	12.4	39	11.5
Atlas/Polar	37	1,668	24	–	–	–	4,958	1,741	150	8.6	129	7.4
Evergreen Int'l	15	514	5	–	–	–	752	512	38	7.4	(1)	(0.2)
FedEx Express	356	114,786	373	–	–	–	10,965	23,250	2,000	8.6	1,249	5.4
UPS	242	6,198	156	–	–	–	6,802	4,910	300	6.1	(84)	(1.7)
SUBTOTAL	790	132,565	634	–	–	–	24,354	31,923	2,573	8.1	1,351	4.2
GRAND TOTAL	4,552	479,378	6,069	599,378	741,518	919,512	33,300	155,509	8,693	5.6	5,066	3.3

¹ All services.

² Scheduled service only.

³ Net profit excludes bankruptcy-related charges (reorganization expenses and fresh-start accounting gains).

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thinking green
about our fleet

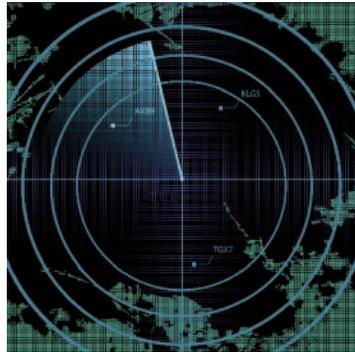
Top 25 U.S. Airlines – 2007

Aircraft Departures ¹	Thousands	Passengers Enplaned ²	Thousands	Revenue Passenger Miles ²	Millions	Cargo Revenue Ton Miles ¹	Millions	Operating Revenues ¹	Millions
1 Southwest	1,162	1 Southwest	101,910	1 American	138,417	1 FedEx Express	10,965	1 FedEx Express	23,250
2 American	769	2 American	98,165	2 United	117,376	2 UPS	6,802	2 American	22,833
3 SkyWest	612	3 Delta	72,924	3 Delta	103,279	3 Atlas/Polar	4,958	3 United	20,049
4 Delta	553	4 United	68,362	4 Continental	81,380	4 American	2,129	4 Delta	19,239
5 United	551	5 US Airways	57,829	5 Northwest	72,907	5 Northwest	2,067	5 Continental	14,105
6 American Eagle	547	6 Northwest	53,678	6 Southwest	72,320	6 United	2,012	6 Northwest	12,735
7 US Airways	525	7 Continental	48,974	7 US Airways	61,222	7 Kalitta	1,358	7 US Airways	12,055
8 ExpressJet	493	8 AirTran	23,741	8 JetBlue	25,722	8 Delta	1,128	8 Southwest	9,861
9 Northwest	468	9 SkyWest	22,047	9 Alaska	18,446	9 Southern	1,024	9 UPS	4,910
10 Continental	411	10 JetBlue	21,304	10 AirTran	17,233	10 Continental	972	10 Alaska	3,076
11 FedEx Express	373	11 American Eagle	18,518	11 SkyWest	11,564	11 Evergreen Int'l	752	11 JetBlue	2,843
12 Atlantic Southeast	294	12 Alaska	17,544	12 ExpressJet	10,182	12 Gemini Air Cargo	661	12 AirTran	2,309
13 Mesa	290	13 ExpressJet	17,243	13 Frontier	9,503	13 ABX	645	13 SkyWest	2,024
14 Pinnacle	264	14 Mesa	13,013	14 American Eagle	8,340	14 World	606	14 American Eagle	2,016
15 AirTran	262	15 Atlantic Southeast	12,018	15 Hawaiian	7,922	15 Cargo 360	532	15 Atlas/Polar	1,741
16 Comair	240	16 Frontier	10,102	16 Spirit	6,855	16 Tradewinds	448	16 ExpressJet	1,676
17 Chautauqua	222	17 Pinnacle	9,965	17 Atlantic Southeast	6,183	17 Arrow	394	17 Atlantic Southeast	1,378
18 JetBlue	196	18 Comair	9,316	18 Mesa	5,731	18 US Airways	320	18 Frontier	1,334
19 Horizon	182	19 Chautauqua	7,800	19 Pinnacle	4,630	19 Centurion	251	19 ABX	1,175
20 Alaska	182	20 Horizon	7,552	20 Comair	4,605	20 ASTAR	232	20 Comair	1,165
21 Air Wisconsin	166	21 Hawaiian	7,051	21 ATA	4,597	21 Air Transport Int'l	193	21 Mesa	1,041
22 UPS	156	22 Spirit	6,901	22 Midwest	4,220	22 Florida West	188	22 Hawaiian	983
23 Piedmont	136	23 Air Wisconsin	5,710	23 Chautauqua	3,428	23 Southwest	136	23 Spirit	762
24 Mesaba	124	24 PSA	4,994	24 Continental Micronesia	2,934	24 Capital Cargo	103	24 Horizon	718
25 PSA	124	25 Republic	4,508	25 Horizon	2,919	25 Kitty Hawk	78	25 Midwest	673

1 All services.

2 Scheduled service only.

■ Member, Air Transport Association of America, Inc. (as of July 2008)



Connecting | Protecting

Limiting Emissions

U.S. airlines emitted 11.2 billion fewer pounds of carbon dioxide in 2007 than in 2000 while carrying more than 20.4 percent more passenger/cargo traffic on nearly 3 percent less fuel. Air Transport Association airlines are committed to seeking every efficiency possible, but government action is needed to modernize its outdated air traffic control system. In addition to reducing delays and congestion, system modernization would help cut greenhouse gas emissions by 10 to 15 percent beyond savings from the ATA airlines' 30 percent fuel efficiency commitment.



Connecting | Protecting
*Preserving
Water Quality*

The Air Transport Association and its member airlines have continually taken steps to preserve water quality on and in the vicinity of airports, working with aircraft de-icing fluid manufacturers to make their products more environmentally friendly and with airports to implement best management practices and permit requirements for storm-water runoff. As the U.S. Environmental Protection Agency considers setting additional effluent guidelines for de-icing activities, we are working closely with the agency and with airports to ensure that our waters continue to be protected.



Top 40 U.S. Airports – 2007

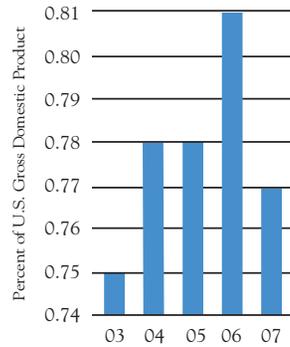
Passengers Enplaned ¹		Thousands	Cargo Tons Enplaned		Thousands	Aircraft Takeoffs and Landings ²		Thousands
1	Atlanta (ATL)	42,703	1	Memphis (MEM)	2,150	1	Atlanta (ATL)	992
2	Chicago (ORD)	34,213	2	Louisville (SDF)	1,160	2	Chicago (ORD)	927
3	Dallas/Fort Worth (DFW)	28,184	3	Anchorage (ANC)	754	3	Dallas/Fort Worth (DFW)	687
4	Los Angeles (LAX)	23,794	4	Miami (MIA)	634	4	Los Angeles (LAX)	681
5	Denver (DEN)	23,728	5	Indianapolis (IND)	588	5	Denver (DEN)	620
6	Las Vegas (LAS)	21,490	6	Los Angeles (LAX)	554	6	Las Vegas (LAS)	619
7	Phoenix (PHX)	20,560	7	Chicago (ORD)	450	7	Houston (IAH)	604
8	Houston (IAH)	20,092	8	Newark (EWR)	441	8	Phoenix (PHX)	539
9	Detroit (DTW)	17,279	9	Wilmington (ILN)	412	9	Charlotte (CLT)	526
10	Minneapolis/St. Paul (MSP)	16,893	10	Oakland (OAK)	369	10	Philadelphia (PHL)	500
11	New York (JFK)	16,753	11	New York (JFK)	329	11	Detroit (DTW)	467
12	Newark (EWR)	16,613	12	Philadelphia (PHL)	318	12	New York (JFK)	457
13	Orlando (MCO)	16,590	13	Dallas/Fort Worth (DFW)	282	13	Minneapolis/St. Paul (MSP)	454
14	Charlotte (CLT)	16,506	14	Atlanta (ATL)	268	14	Newark (EWR)	442
15	Philadelphia (PHL)	15,314	15	Honolulu (HNL)	243	15	Salt Lake City (SLC)	421
16	Seattle (SEA)	14,912	16	San Francisco (SFO)	188	16	Washington (IAD)	419
17	San Francisco (SFO)	14,849	17	Houston (IAH)	169	17	Boston (BOS)	402
18	Miami (MIA)	13,476	18	Phoenix (PHX)	150	18	New York (LGA)	397
19	Boston (BOS)	12,484	19	Rockford (RFD)	148	19	Long Beach (LGB)	396
20	New York (LGA)	12,108	20	Minneapolis/St. Paul (MSP)	144	20	Miami (MIA)	386
21	Salt Lake City (SLC)	10,559	21	Boston (BOS)	131	21	San Francisco (SFO)	380
22	Fort Lauderdale (FLL)	10,500	22	Denver (DEN)	128	22	Phoenix (DVT)	378
23	Washington (IAD)	10,392	23	Washington (IAD)	125	23	Memphis (MEM)	377
24	Baltimore (BWI)	10,293	24	Portland (PDX)	121	24	Los Angeles (VNY)	374
25	Chicago (MDW)	9,127	25	Seattle (SEA)	120	25	Orlando (MCO)	368
26	Tampa (TPA)	9,126	26	Fort Worth (AFW)	115	26	Oakland (OAK)	348
27	Honolulu (HNL)	9,081	27	Toledo (TOL)	106	27	Seattle (SEA)	347
28	San Diego (SAN)	9,046	28	Detroit (DTW)	96	28	Santa Ana (SNA)	342
29	Washington (DCA)	8,934	29	Salt Lake City (SLC)	88	29	Denver (APA)	337
30	Cincinnati (CVG)	7,727	30	Fort Lauderdale (FLL)	83	30	Cincinnati (CVG)	328
31	Portland (PDX)	7,129	31	Hartford/Springfield (BDL)	82	31	Mesa (FFZ)	314
32	St. Louis (STL)	7,085	32	Orlando (MCO)	81	32	Fort Lauderdale (FLL)	308
33	Oakland (OAK)	7,065	33	San Diego (SAN)	77	33	Daytona Beach (DAB)	308
34	Kansas City (MCI)	5,816	34	San Juan (SJU)	74	34	Honolulu (HNL)	307
35	Cleveland (CLE)	5,555	35	Charleston (CHS)	72	35	Chicago (MDW)	305
36	Memphis (MEM)	5,545	36	Kansas City (MCI)	71	36	Seattle (BFI)	300
37	Sacramento (SMF)	5,314	37	Columbia (CAE)	67	37	Anchorage (ANC)	300
38	San Jose (SJC)	5,183	38	Seattle (BFI)	66	38	Phoenix (IWA)	297
39	San Juan (SJU)	5,048	39	Charlotte (CLT)	65	39	Baltimore (BWI)	297
40	Orange County (SNA)	4,946	40	San Antonio (SAT)	60	40	San Diego (SEE)	296

¹ Scheduled service only.

² Includes military and general aviation.

Source: Bureau of Transportation Statistics and Federal Aviation Administration

Passenger Revenue as
Share of U.S. Economy
All Services



Source: ATA Airline Cost Index

Price of Air Travel versus Other Goods and Services

Product (Unit)	1978	1990	2007	Growth (1978-2007)
College Tuition – Public (Year) ¹	\$688	\$1,908	\$6,185	9.0 x
College Tuition – Private (Year) ¹	\$2,958	\$9,340	\$23,712	8.0 x
Prescription Drugs (Index) ²	61.6	181.7	369.2	6.0 x
New Single-Family Home ³	\$55,700	\$122,900	\$247,900	4.5 x
New Vehicle ⁴	\$6,470	\$15,900	\$28,800	4.5 x
Unleaded Gasoline (Gallon) ⁵	\$0.67	\$1.16	\$2.80	4.2 x
CPI (All Items)²	65.2	130.6	207.3	3.2 x
Movie Ticket ⁶	\$2.34	\$4.22	\$6.88	2.9 x
First-Class Domestic Stamp ⁷	\$0.15	\$0.25	\$0.42	2.8 x
Whole Milk (Index) ²	81.0	124.4	205.4	2.5 x
Grade-A Large Eggs (Dozen) ²	\$0.82	\$1.01	\$1.68	2.0 x
Air Travel – International (Mile)⁸	7.49¢	10.83¢	12.71¢	1.7 x
Air Travel – Domestic (Mile)⁸	8.49¢	13.43¢	12.98¢	1.5 x
Television (Index) ²	101.8	74.6	16.9	0.2 x

1 The College Board (based on beginning of academic year).

2 Bureau of Labor Statistics (includes hedonic “quality-change” adjustments).

3 Census Bureau – www.census.gov/const/uspriceann.pdf (median).

4 National Automobile Dealers Association – www.nada.org (average retail selling price).

5 Department of Energy – www.eia.doe.gov/emeu/mer/pdf/mer.pdf, Table 9.4.

6 National Association of Theatre Owners – www.natooonline.org (average U.S. ticket prices).

7 U.S. Postal Service – www.usps.com/postalhistory/welcome.htm, Publication 100.

8 ATA via Bureau of Transportation Statistics – www.airlines.org.



Connecting | Protecting
*Supporting
Development of
Alternative Fuels*

The airline industry is working in partnership with government, industry, academia and others to stimulate the development of commercially viable, environmentally friendly alternatives to today's petroleum-based jet fuel. Achieving our goal will mean not only reduced emissions on a lifecycle basis, but also enhanced energy security for America.

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Top 40 U.S. City Pairs¹ – 2007

Origin-Destination Market	Daily Passengers (Average, Each Way)	Average One-Way Ticket Price ²		
		2006	2007	Change (%)
1 New York-Chicago	4,839	\$132.36	\$123.60	(6.6)
2 New York-Fort Lauderdale	4,777	112.48	119.56	6.3
3 New York-Orlando	4,423	111.13	116.98	5.3
4 New York-Los Angeles	3,776	264.42	284.68	7.7
5 New York-Atlanta	3,518	139.49	145.40	4.2
6 New York-San Francisco	2,908	284.84	292.00	2.5
7 Honolulu-Kahului	2,660	46.95	35.35	(24.7)
8 New York-Las Vegas	2,418	188.44	197.14	4.6
9 New York-West Palm Beach	2,363	115.06	124.13	7.9
10 New York-Miami	2,305	124.68	134.54	7.9
11 New York-Boston	2,275	124.61	148.51	19.2
12 New York-Tampa	2,249	111.74	113.33	1.4
13 Chicago-Las Vegas	2,192	132.50	135.82	2.5
14 Dallas/Fort Worth-Houston	2,147	84.66	87.86	3.8
15 Washington, DC-New York	2,083	125.51	132.06	5.2
16 Washington, DC-Chicago	2,071	126.96	117.89	(7.1)
17 Dallas/Fort Worth-New York	2,001	215.89	219.01	1.4
18 Chicago-Los Angeles	1,988	167.05	177.81	6.4
19 Chicago-Orlando	1,968	107.63	107.79	0.1
20 Chicago-Phoenix	1,874	131.65	133.61	1.5
21 Orlando-Philadelphia	1,852	99.30	93.85	(5.5)
22 Honolulu-Lihue	1,847	46.65	35.70	(23.5)
23 San Juan-New York	1,811	136.57	162.38	18.9
24 Los Angeles-San Francisco	1,790	102.75	94.45	(8.1)
25 Los Angeles-Las Vegas	1,774	76.02	79.53	4.6
26 Honolulu-Kona	1,771	53.30	37.40	(29.8)
27 Minneapolis/St. Paul-Chicago	1,763	95.27	90.21	(5.3)
28 Dallas/Fort Worth-Chicago	1,756	133.85	136.63	2.1
29 Honolulu-Hilo	1,694	52.78	38.20	(27.6)
30 Washington, DC-Atlanta	1,688	132.84	147.39	11.0
31 Washington, DC-Boston	1,683	132.80	147.67	11.2
32 Chicago-Denver	1,667	121.62	121.99	0.3
33 Houston-New York	1,642	186.02	196.12	5.4
34 Los Angeles-Honolulu	1,615	183.81	195.15	6.2
35 Denver-New York	1,569	178.00	170.51	(4.2)
36 Atlanta-Chicago	1,562	141.93	142.51	0.4
37 Denver-Phoenix	1,552	75.45	82.75	9.7
38 Los Angeles-Oakland	1,511	80.90	76.75	(5.1)
39 Detroit-New York	1,478	142.40	137.07	(3.7)
40 Oakland-San Diego	1,416	86.30	77.50	(10.2)
Composite	88,272	131.72	134.89	2.4

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

² Includes government-imposed taxes and fees.

Source: Department of Transportation

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Note: Current as of July 2008. Visit www.airlines.org for a description of ATA membership categories.

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