



**Airlines for America<sup>®</sup>**

**We Connect the World**

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

Updated January 25, 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 October 2024; other statistics are average for 12ME September 2024

# Key Points

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- » Demand for air travels remain healthy, but growth rates have slowed.
  - » **YOLOism** and the nearly four-fold increase in **hybrid work** have been positive forces.
- » Air cargo demand remains solidly above 2019 levels.
- » 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.
- » Through favorable supply/demand dynamics and product improvements, airlines are pursuing high-margin revenue diversification, earnings durability, equity appreciation and balance sheet strength.

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

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**Contain  
the Virus**



**Stabilize the  
Economy**



**Increase  
Efficiency**

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

**Traffic  
Recovery**



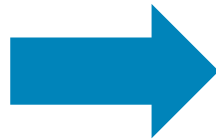
**Revenue  
Recovery**



**Financial  
Recovery**

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

**Reduce  
Cash Burn**



**Restore Profitability  
& Rebuild Margins**



**Repair Balance  
Sheets**

# Airline Equity Analyst Perspectives

Fall 2024

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“We saw much-needed **capacity rationalization** at the lower-end of the cabin unfold across the industry in 3Q... Meanwhile, **industry-wide cost pressures** continue, **stemming from (1) elevated labor costs following updated contracts, and (2) continued aircraft manufacturing / delivery delays**, which translates into higher maintenance costs, higher costs from less optimal planes in the air, and misalignment of employees on hand vs. employees actually needed (i.e., end up paying for employees not actually generating expected levels of revenue) when capacity plans get thrown off.”

Bernstein Research (Oct. 31, 2024)

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“The outlook for the consumer isn’t perfect (housing affordability is still a very real concern), but a near-term shock appears unlikely...setting up well for all things travel.... **[A]s consumer confidence improves, spend will continue to gravitate towards travel, where the relative value remains quite attractive.** Parts of the U.S. economy remain unaffordable, housing values are now up 50% since '19, eggs are up 253%, McDonald’s Happy Meal is up +130%, Disney World day pass +28%...the list goes on. Air fares, however, are only up 10%, cruise pricing up 15%, hotel ADRs up 20% and rideshare rates up approx. 40%.

Melius Research (Nov. 17, 2024)

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Sources: David Vernon and Justine Laufer, Bernstein Research (Oct. 31, 2024) and Conor Cunningham and Patrick Coleman, Melius Research (Nov. 17, 2024)

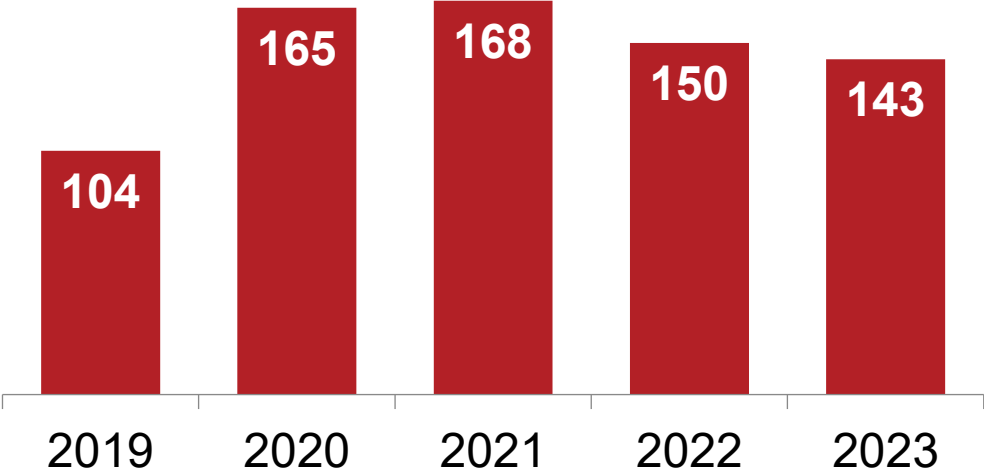
# Airlines Have Prioritized Debt Reduction, Accompanied by Heavy Cash Outlays for Interest

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

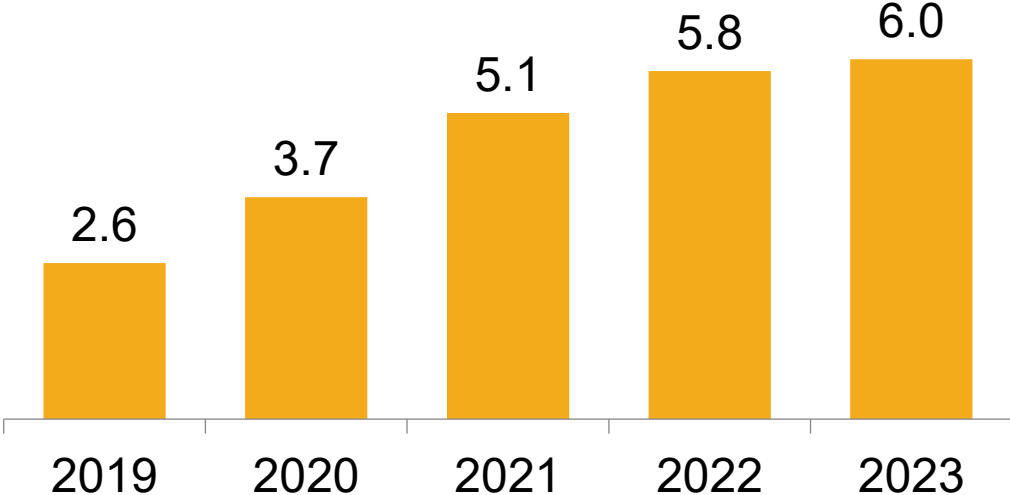
“To suggest that the airlines should have better prepared for this environment seems akin to suggesting Pompeii should have invested more heavily in firefighting technology.” (Jamie Baker, JPMorgan, March 22, 2020)

“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)



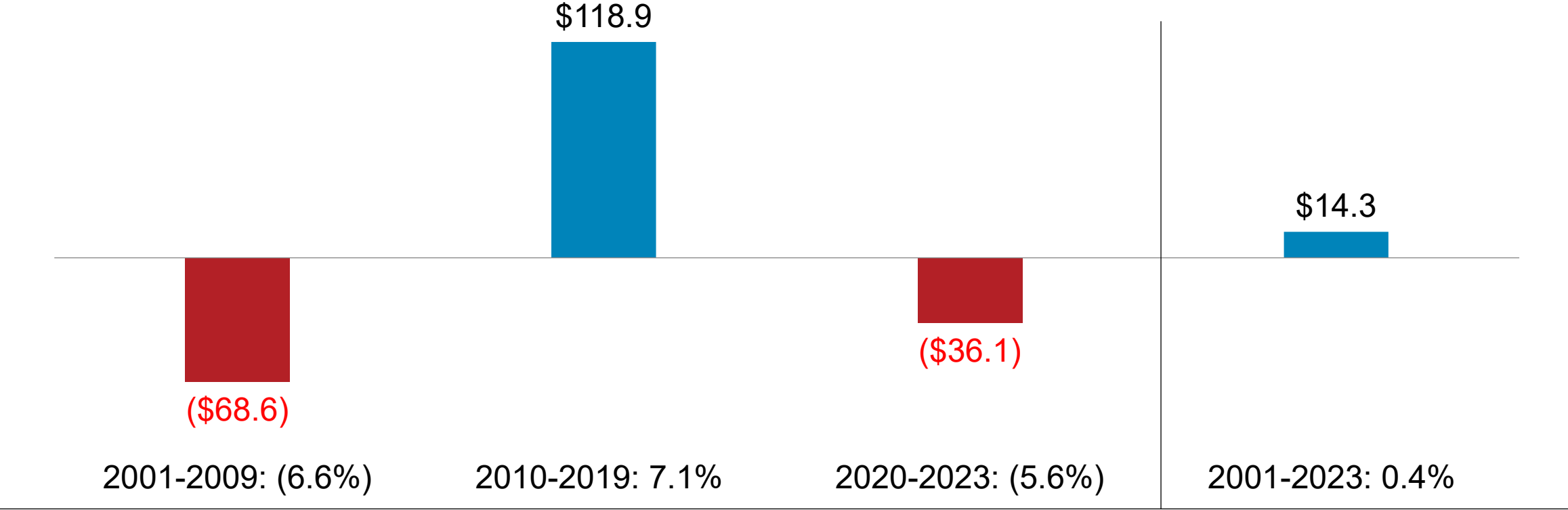
Source: SEC filings of Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United

\* Includes lease and pension obligations

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

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

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



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

# In YTD 2024, U.S. Passenger Airlines Collectively Posted a Pre-Tax Profit Margin of 3.4% Higher Operating Expenses Outpaced Operating Revenues, Reducing Profits by 23%

Financial Results: YTD 3Q 2024	\$ Billions	% Chg. YOY	% of Category
Passenger (RPMs +4%, yield -2%)	154.5	2	89.2
Cargo	2.7	6	1.6
Other <sup>1</sup>	15.9	9	9.2
<b>Total operating revenues</b>	<b>173.2</b>	<b>3</b>	<b>100.0</b>
Salaries, wages and benefits	54.0	7	32.8
Aircraft fuel and taxes (consumption +3%, price -7%)	36.8	(4)	22.4
Maintenance materials and repairs	9.3	9	5.7
Landing fees and airport (terminal/hangar) rents	10.9	13	6.6
Depreciation and amortization <sup>2</sup>	8.3	6	5.1
Other <sup>3</sup>	45.2	4	27.4
<b>Total operating expenses</b>	<b>164.6</b>	<b>4</b>	<b>100.0</b>
Interest and other non-op expenses, net	(2.7)	0	n/a
<b>Pre-tax profit/(loss)</b>	<b>5.9</b>	<b>(23)</b>	<b>n/a</b>
<b>Pre-tax margin<sup>4</sup></b>	<b>3.4%</b>	<b>(1.1 pts)</b>	<b>n/a</b>

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

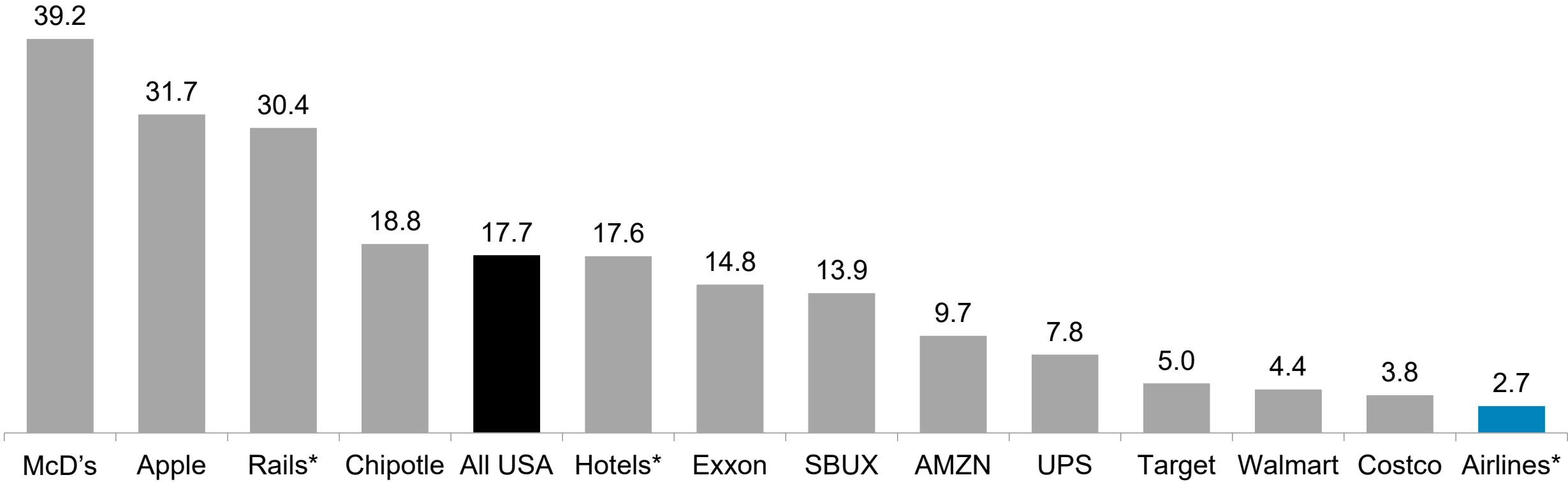
Source: Alaska/Hawaiian, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit and United



**In 1H 2024, the Average U.S. Corporation Was 6.5 Times More Profitable Than U.S. Airlines**  
**McDonald's Was 14.5 Times More Profitable Than Airlines**

**Pre-Tax Profit Margin (%) for Selected U.S. Companies and Industries, 1H24**

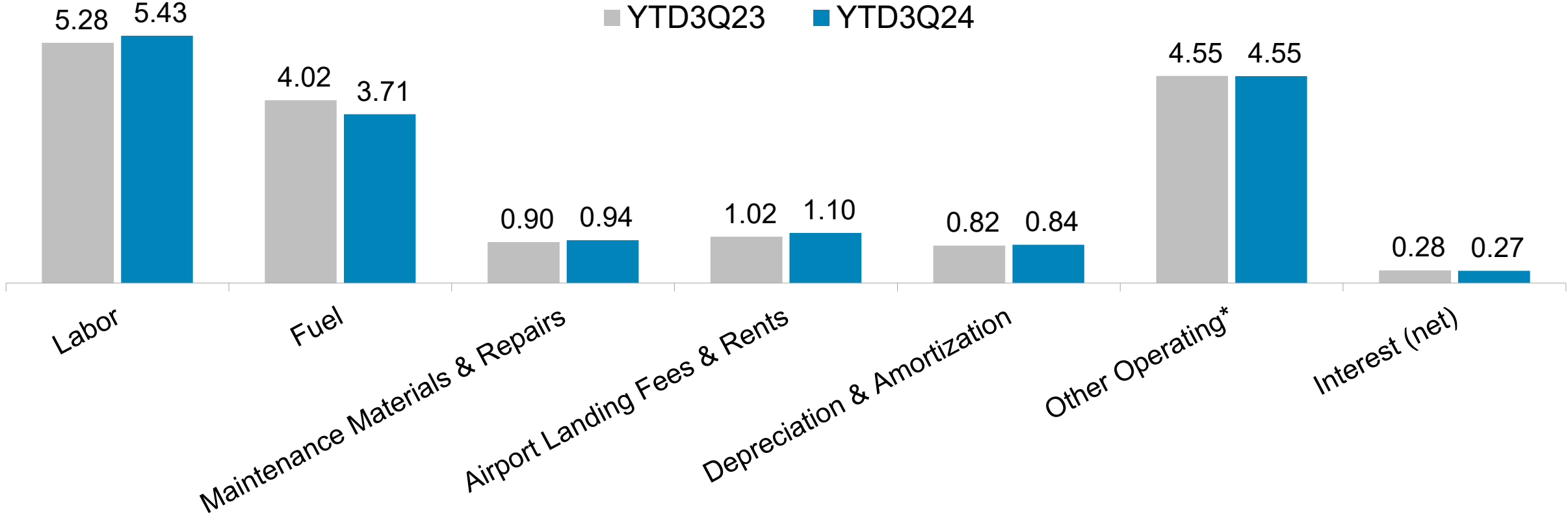
Note: Profit Margin = (Revenues – Expenses) ÷ Revenues



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

**In YTD 2024, U.S. Airlines' Pre-Tax Unit Costs Fell 0.2% YOY on 7.7% Lower Fuel CASM**  
**Labor CASM Up 3%, Maintenance CASM Up 4.3%, Airport CASM Up 8.2%**

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



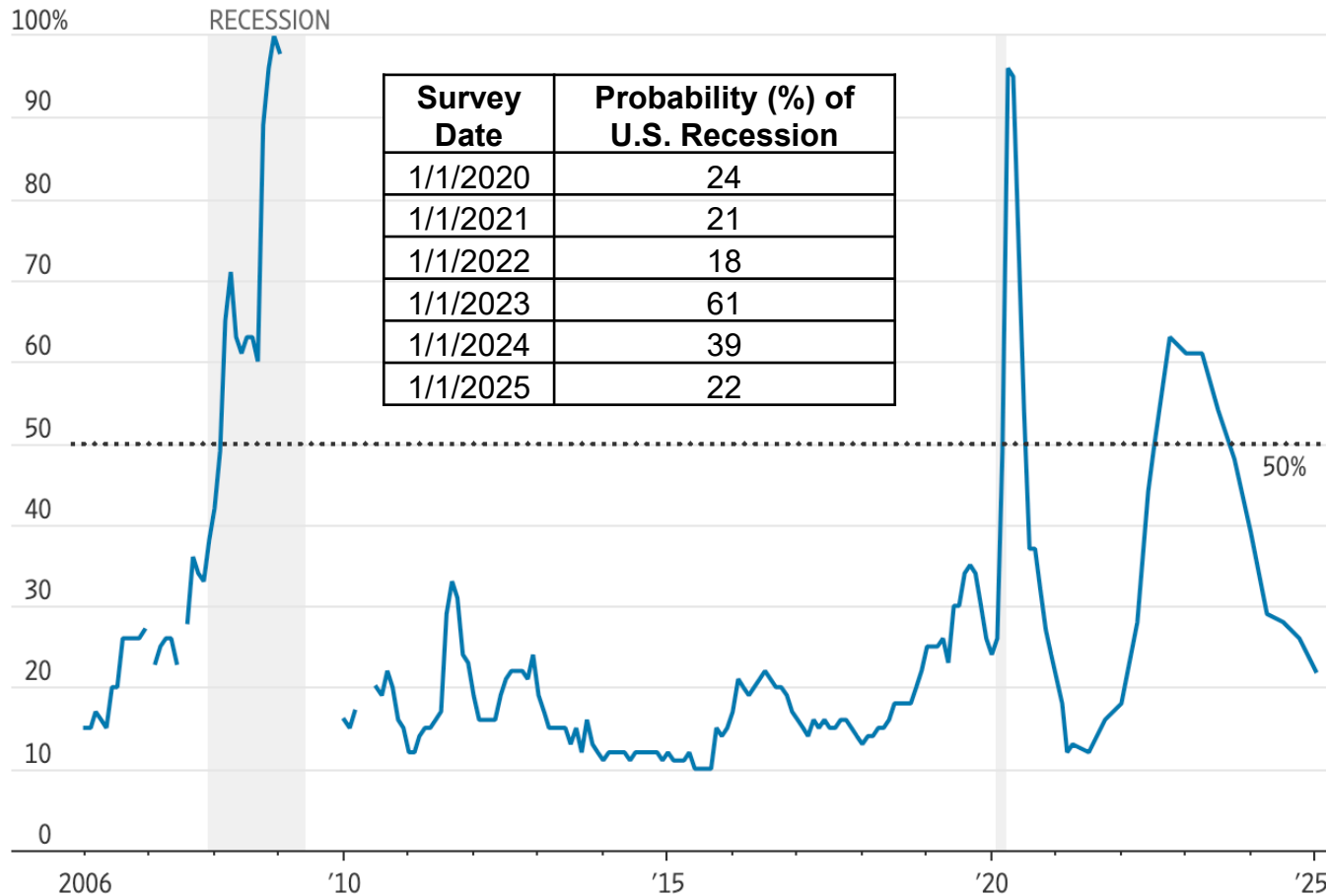
Source: SEC filings of Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United

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

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

Probability Most Recently Gauged at 22%, Down From 39% in Jan-2024 and 61% in Jan-2023

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*

“Economists are starting to model the effects of...**plans to raise tariffs, cut taxes and restrict immigration**. The upshot: **Inflation and interest rates are likely to be higher for at least the next two years** than forecasters anticipated before the election.”

Source: The Wall Street Journal Economic Forecasting Survey and “Trump's Return Nudges Economists' Inflation Outlook Higher,” *The Wall Street Journal* (Jan. 19, 2025)

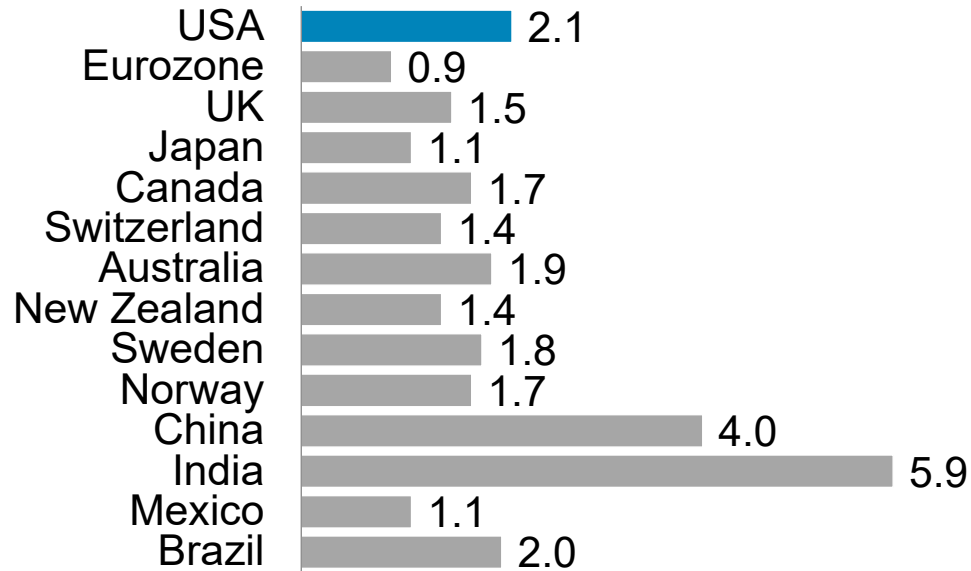
# U.S. Economic Growth and Consumer Spending Expected to Slow in 2025 and 2026

## Many Mature Economies Are Expected to Grow 2% or Less

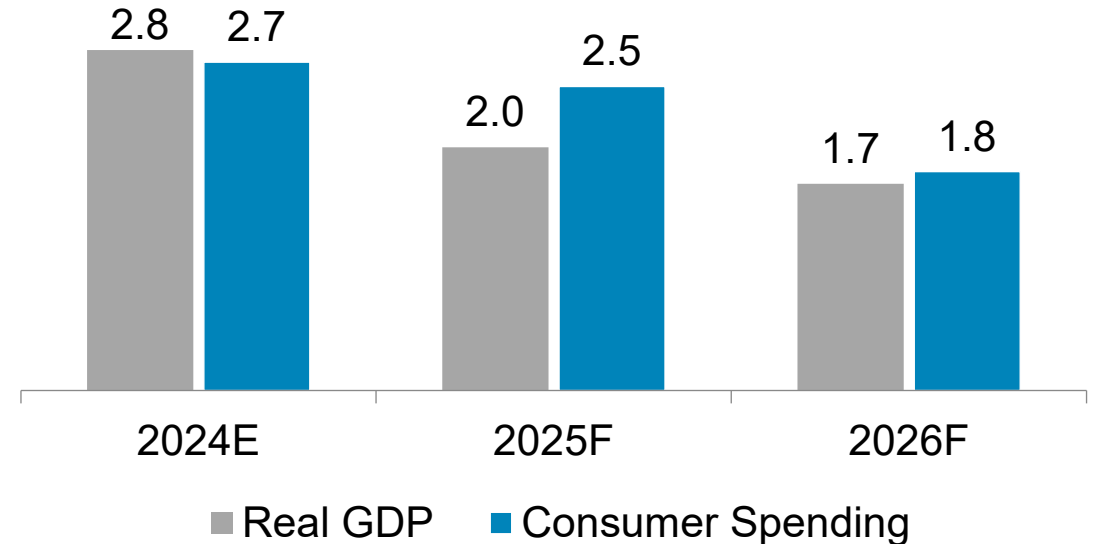
“**The U.S. economy has entered the new year with a strong head of steam...** [The] outlook is clouded by the potential for changes in U.S. trade policy.”

“The growth that we estimate for 2024 and that we forecast for 2025 and 2026 is below potential GDP growth, supporting **our expectation that the unemployment rate will continue to drift higher.** Risks to the outlook remain in the policy space.”

### Wells Fargo: Projected 2025 Real GDP Growth (%)



### S&P Global: Projected U.S. Growth

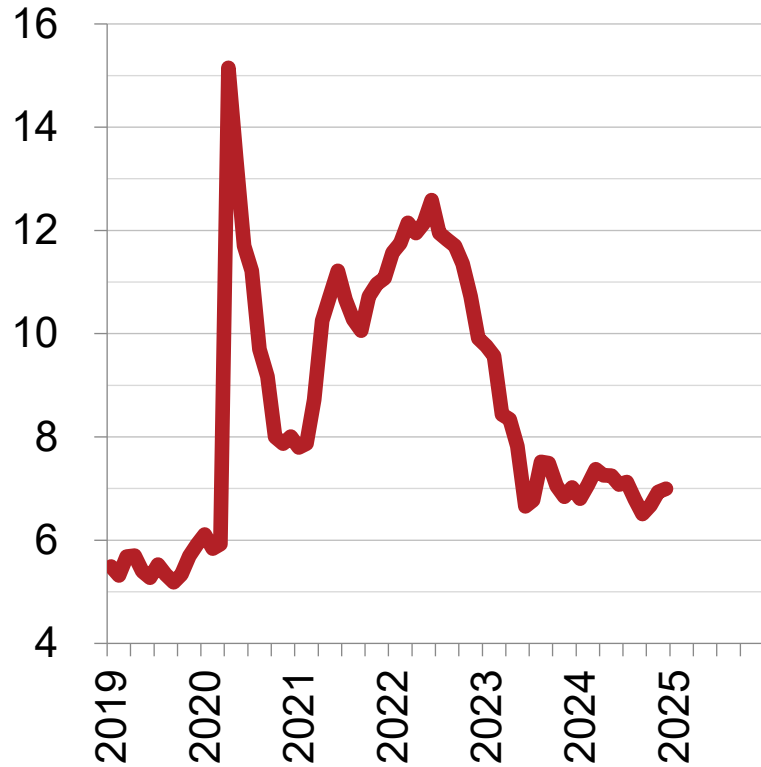


Source: Wells Fargo 2025 International Economic Outlook (Jan. 16, 2025) and S&P Global Market Intelligence US Economic Outlook (January 2025)

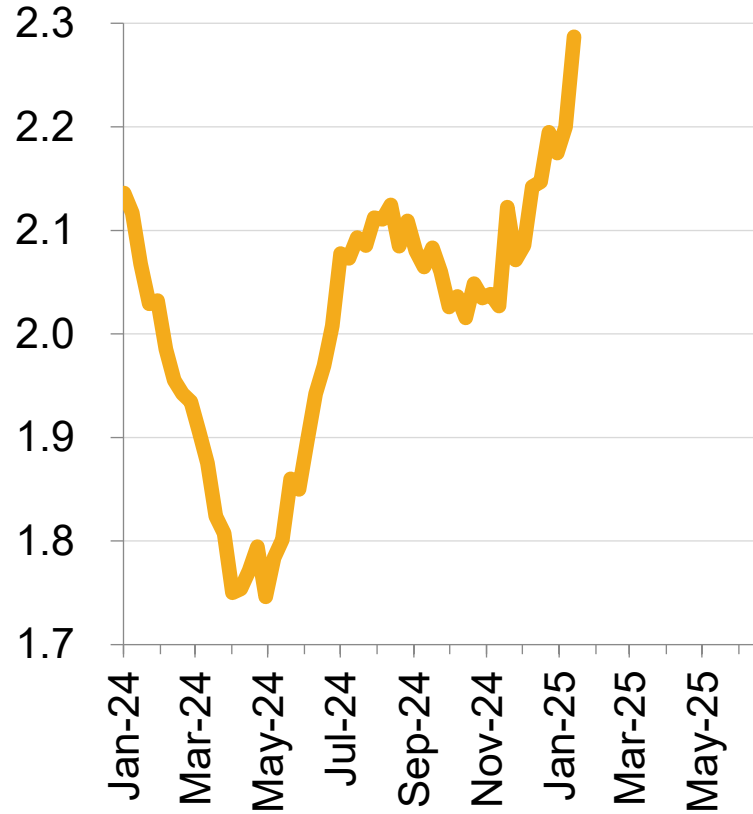
# U.S. Consumer Sentiment Rose in August-December But Fell in January

## U.S. Misery Index Remains Low Despite Stubborn Inflation; Weekly Economic Index Surging

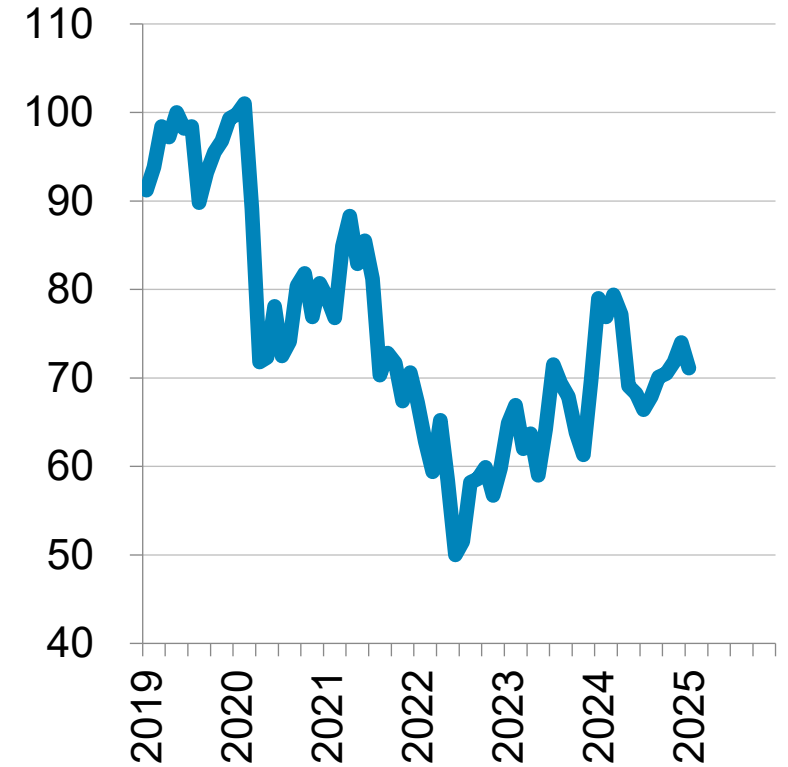
### U.S. Misery Index Unemployment Rate + Inflation



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



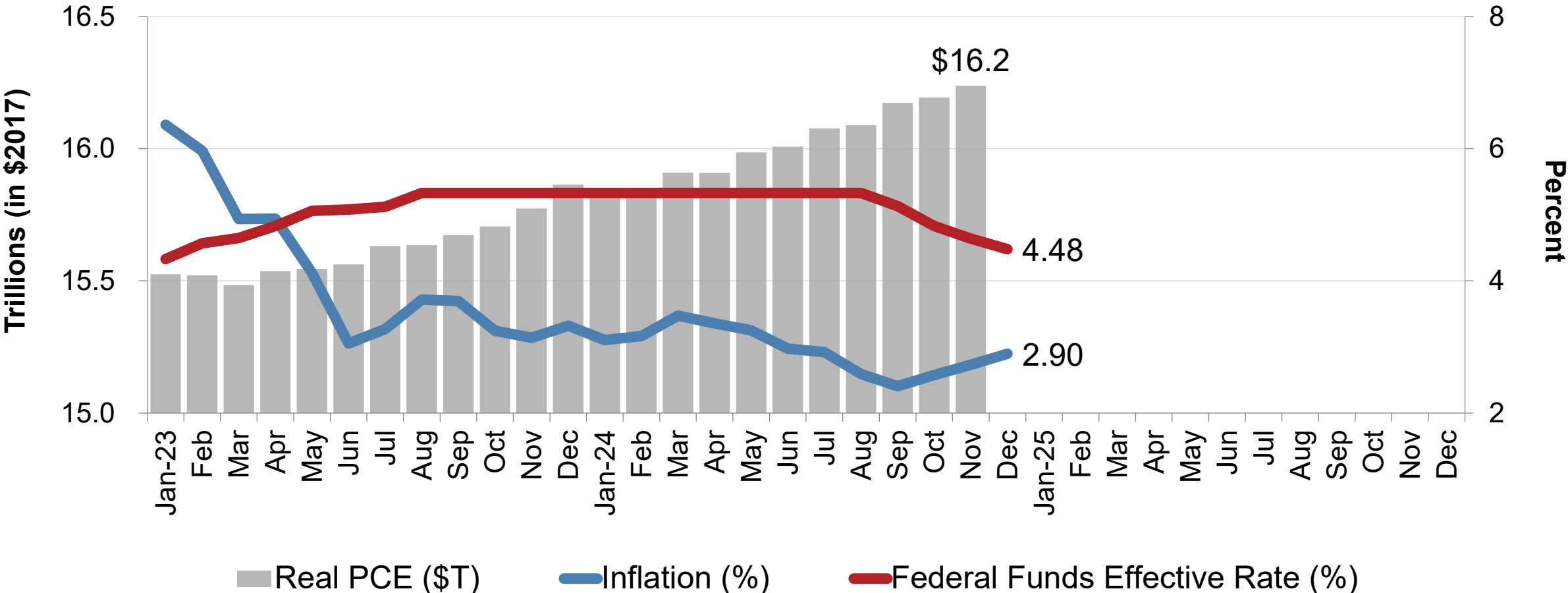
### U.S. Consumer Sentiment Index: 1Q 1966 = 100



Sources: Bureau of Labor Statistics, Federal Reserve Bank of Dallas for index of 10 daily and weekly indicators of real economic activity; developed by Daniel J. Lewis, Karel Mertens and James H. Stock; University of Michigan

# Inflation-Adjusted (Real) Consumer Spending Reached an All-Time High in November 2024

## U.S. Consumers Have Been Buoyed by Declining Inflation Rate, Undaunted by Elevated Interest Rates



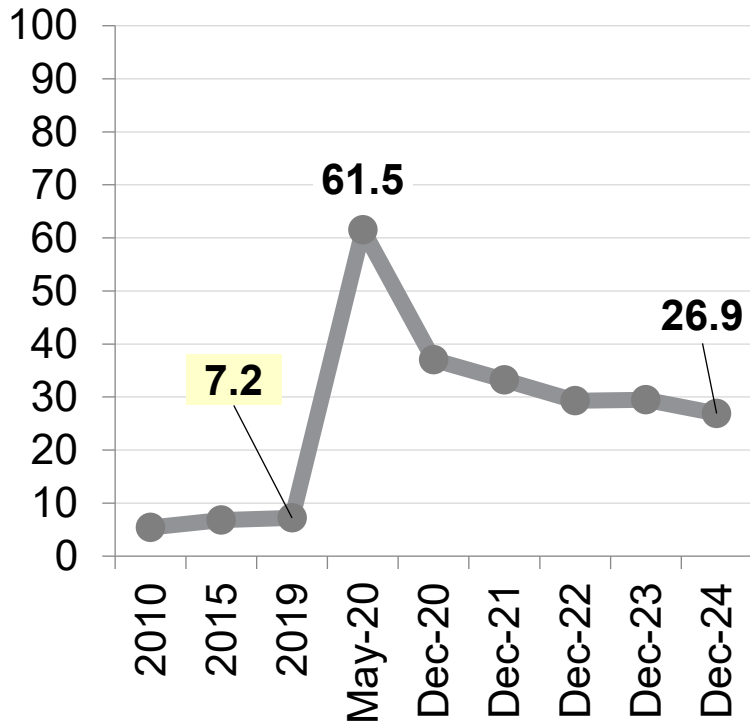
Source: U.S. Bureau of Economic Analysis and Bureau of Labor Statistics via Federal Reserve Bank of St. Louis

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

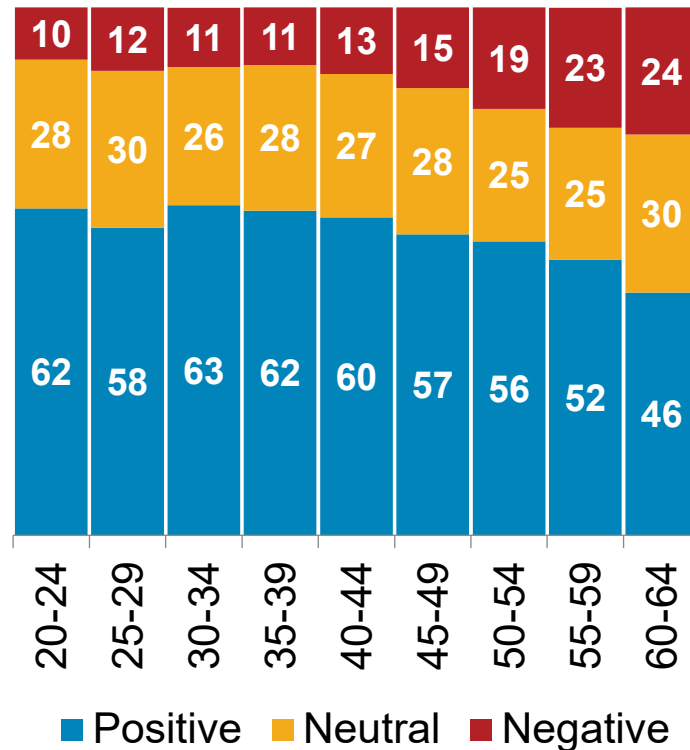
# Share of Remote Work Remains Well Above 2019; Preference for Hybrid Work Persists

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

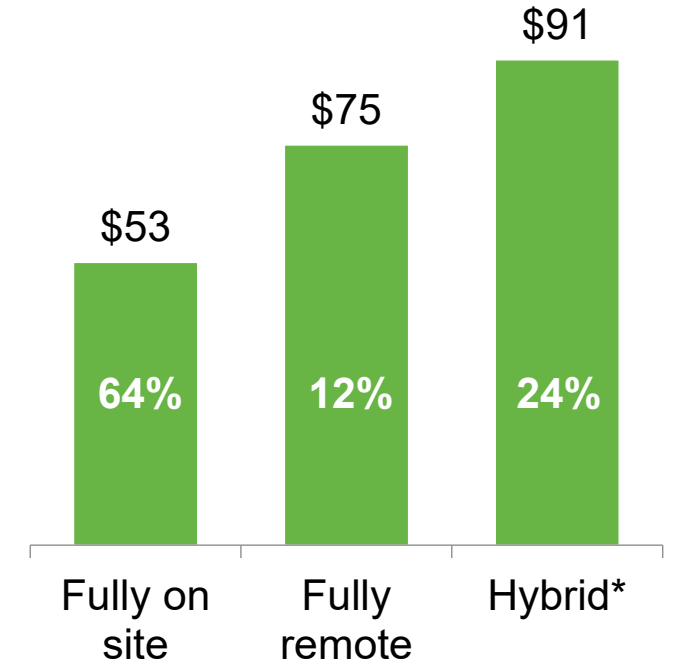
**% of U.S. Resident Paid Workdays Conducted Remotely**



**Attitude Toward Hybrid\* Work (% Viewpoint by Age Group)**



**U.S. Resident Average Earnings (000) by Working Arrangement**



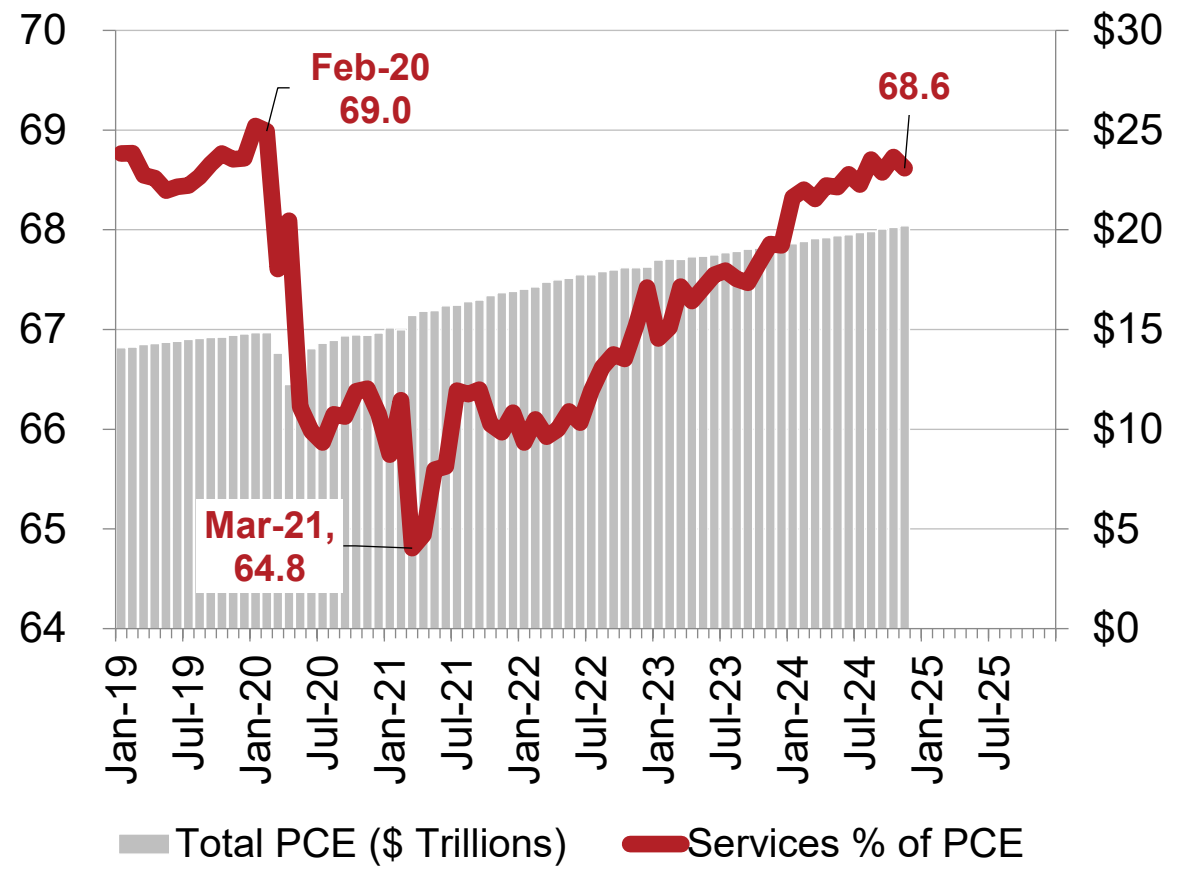
\* Two to three days per week

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

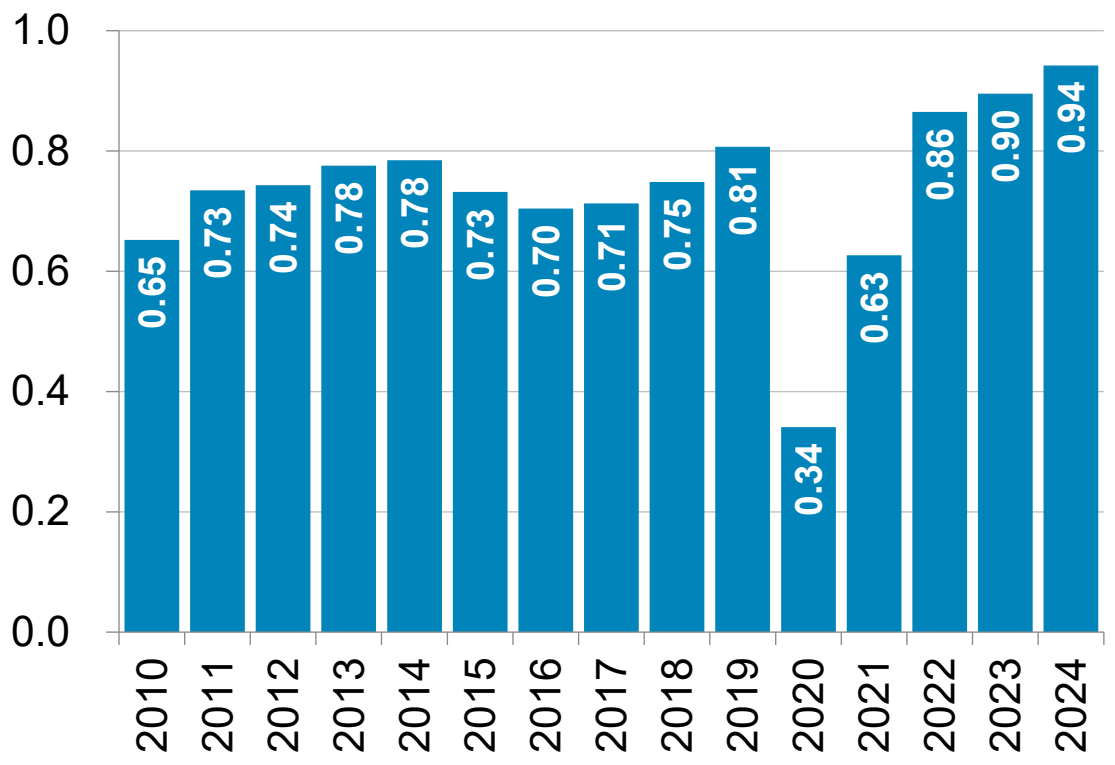
# Since Spring 2021, U.S. Consumers Have Increasingly Directed Spending Toward Services

Every Percentage Point Increase Translates to ~\$200 Billion in Shifted Spending

### Services Share (%) of Personal Consumption



### Air Travel Share (%) of Personal Consumption



Source: Bureau of Economic Analysis

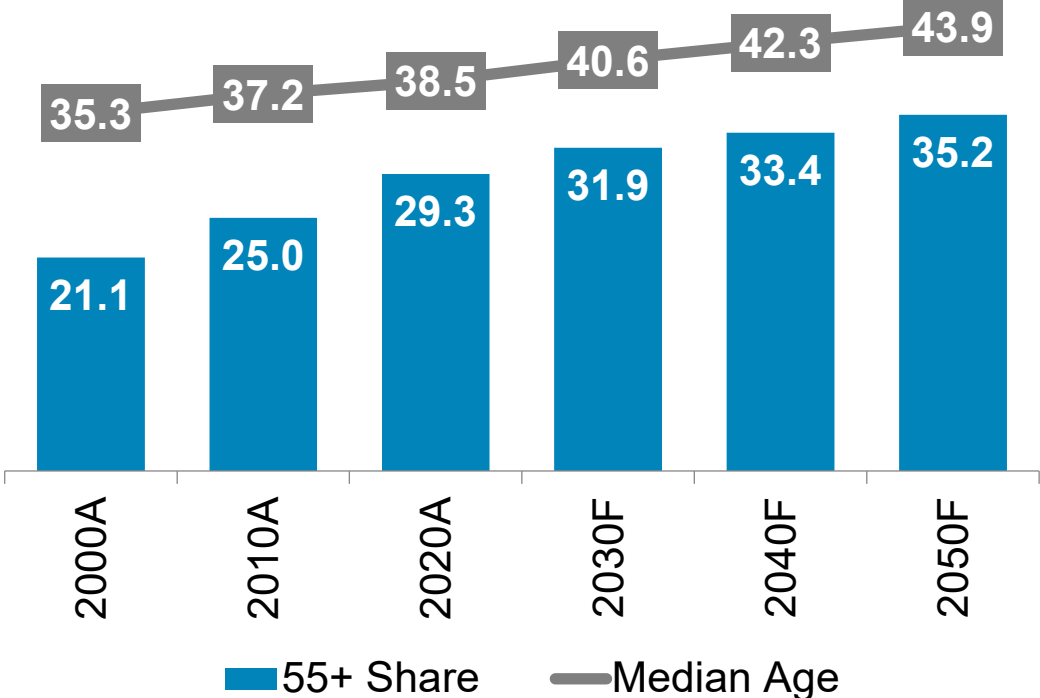
Note: PCE = personal consumption expenditures; 2024 = through September.



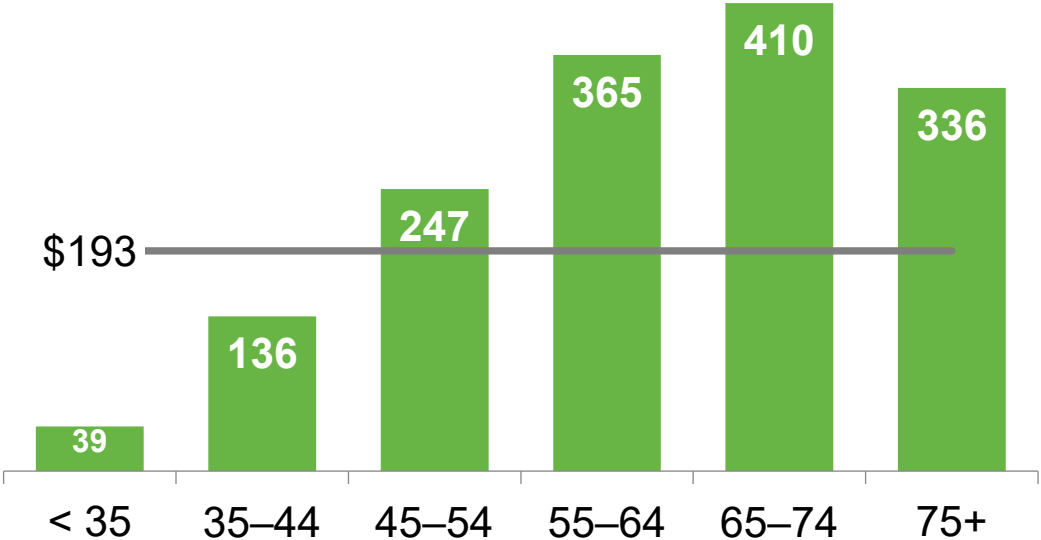
# The Older (and Wealthier) Share of the U.S. Population Is Expected to Continue Growing

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

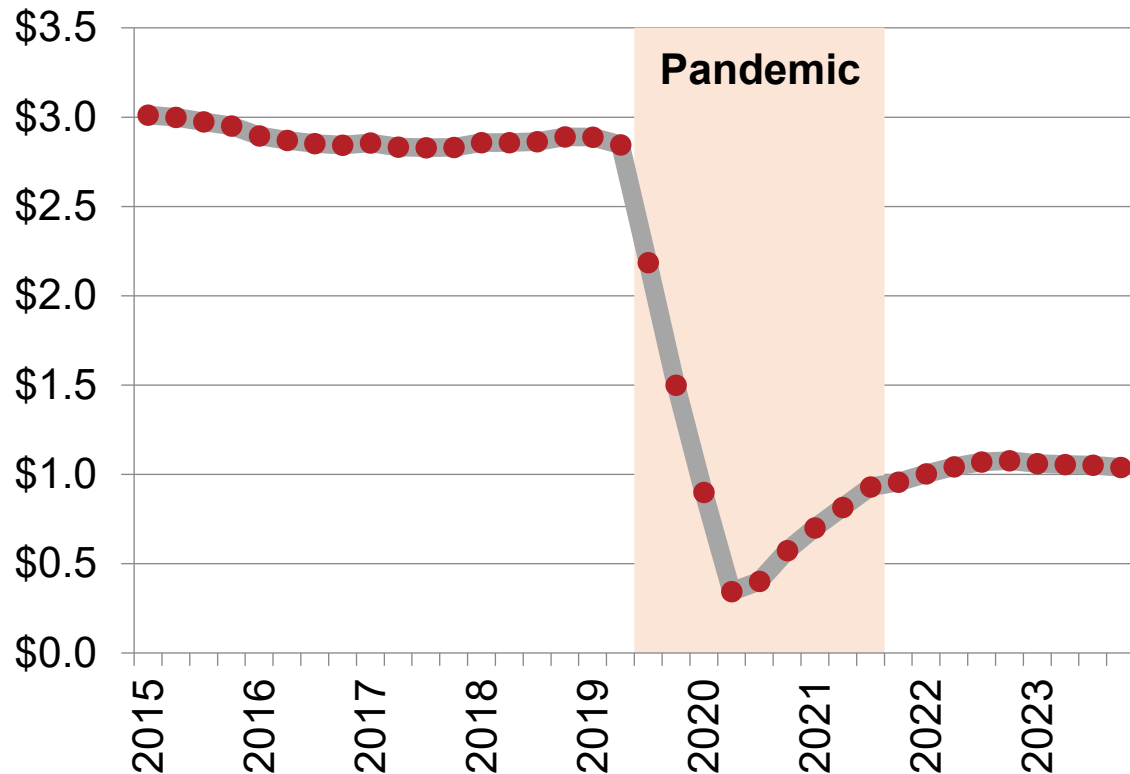


Source: U.S. Census Bureau and Federal Reserve 2022 Survey of Consumer Finances (Oct. 18, 2023)

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

## Widespread Elimination of Change Fees Has Boosted Traveler Flexibility

U.S. Airline Change-Fee Revenues (Billions)  
Four-Quarter Rolling Basis



**“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 in their policies over the past two years was to quietly get rid of change fees.”**

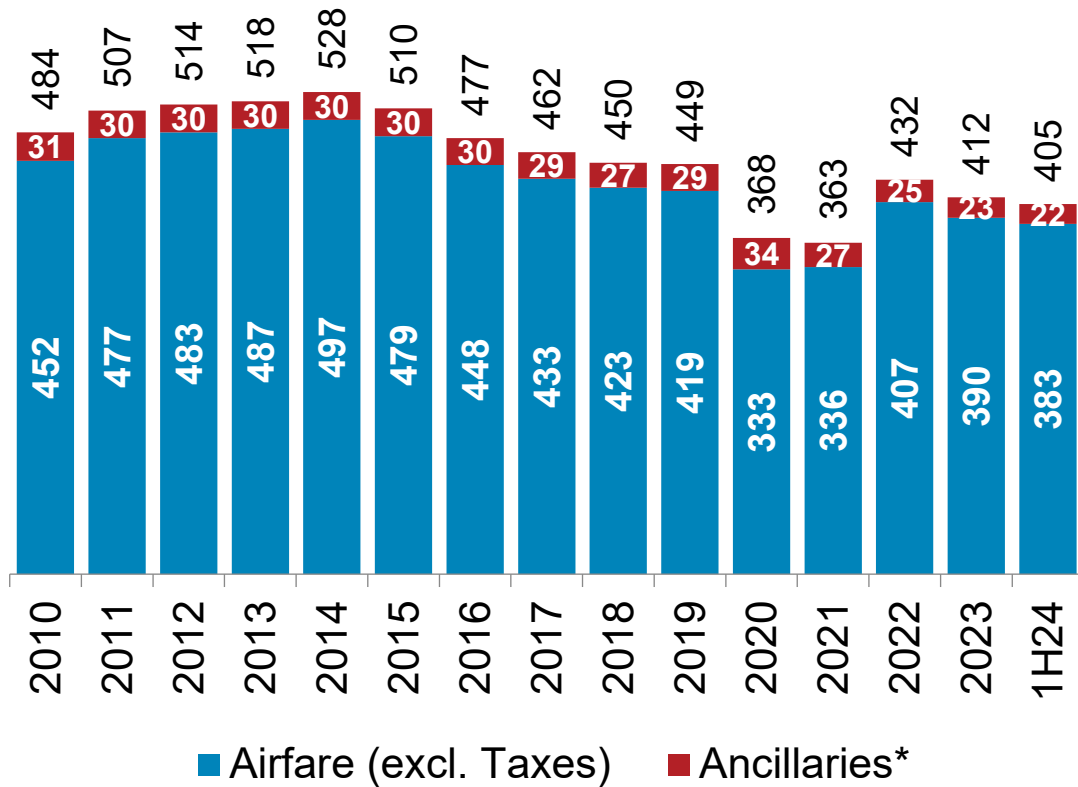
Scott Keyes, Scott’s Cheap Flights (April 4, 2022)

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

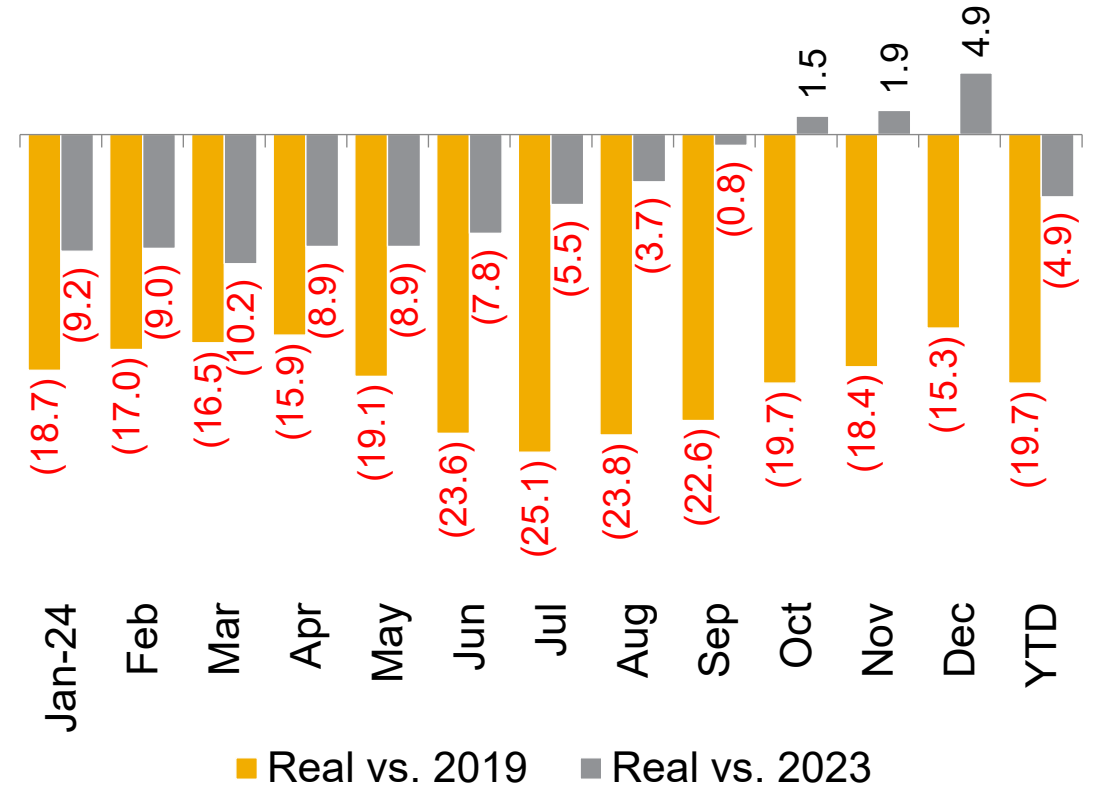
# Government Data Show That Inflation-Adjusted Fares/Fees Have Trended Down Since 2014

In 2024, Airfare CPI Fell ~5% From 2023 When Adjusted for Inflation, ~20% From 2019

**Round-Trip Ticket Price (in \$ 1H 2024)**  
Down 10% From 2019, 16% From 2010



**Change (%) in Inflation-Adjusted Airfare**  
2024 vs. 2019/2023

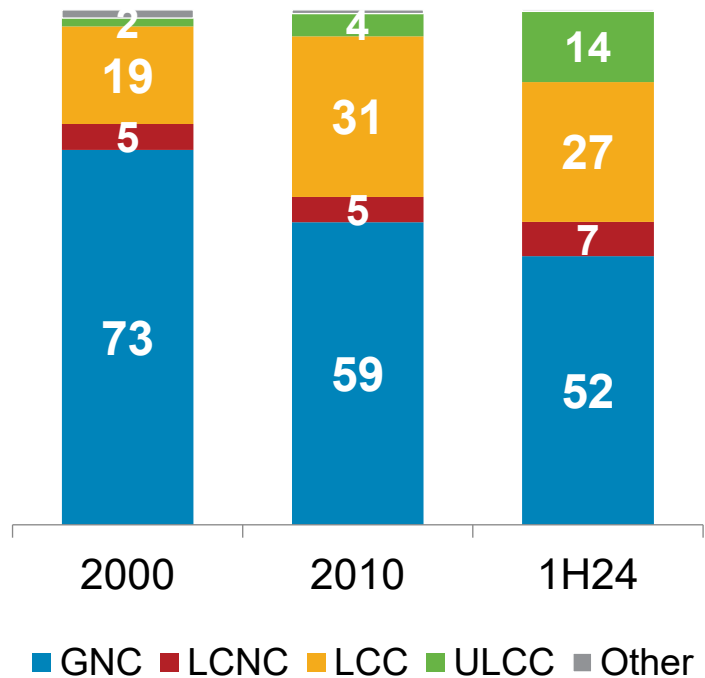


Source: A4A analysis of DOT Data Bank 1B and DOT Form 41 via Airline Data Inc.; Bureau of Labor Statistics (CPI Series CUUR0000SETG01, not seasonally adjusted)

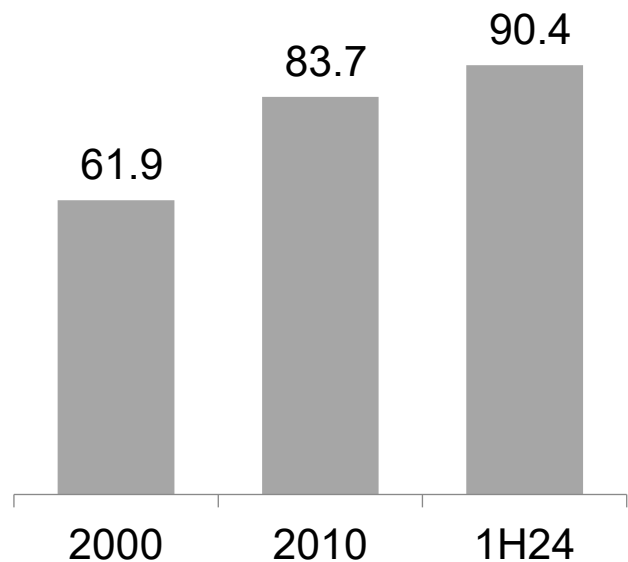
\* Fees for reservation changes and transport of bags

**From 2000-1H 2024, the Number of Competitors per Domestic Air Trip Rose From 3.33 to 3.48**  
**Global Network Carrier Share of Domestic Passengers Fell From 73% in 2000 to 52% in 1H 2024**

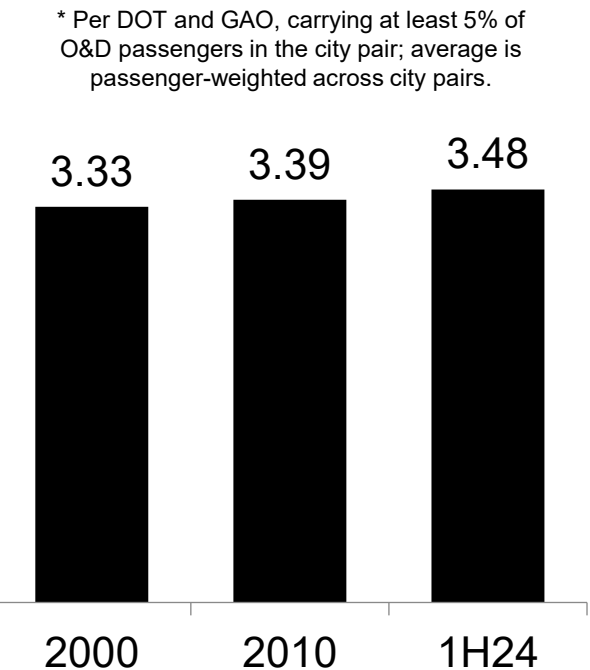
**% of Domestic O&D Pax by Airline Business Model**



**% of Domestic O&D Pax With Access to Lower-Cost Carriers**



**Average # of Competitors\* in Domestic O&D City Pairs**

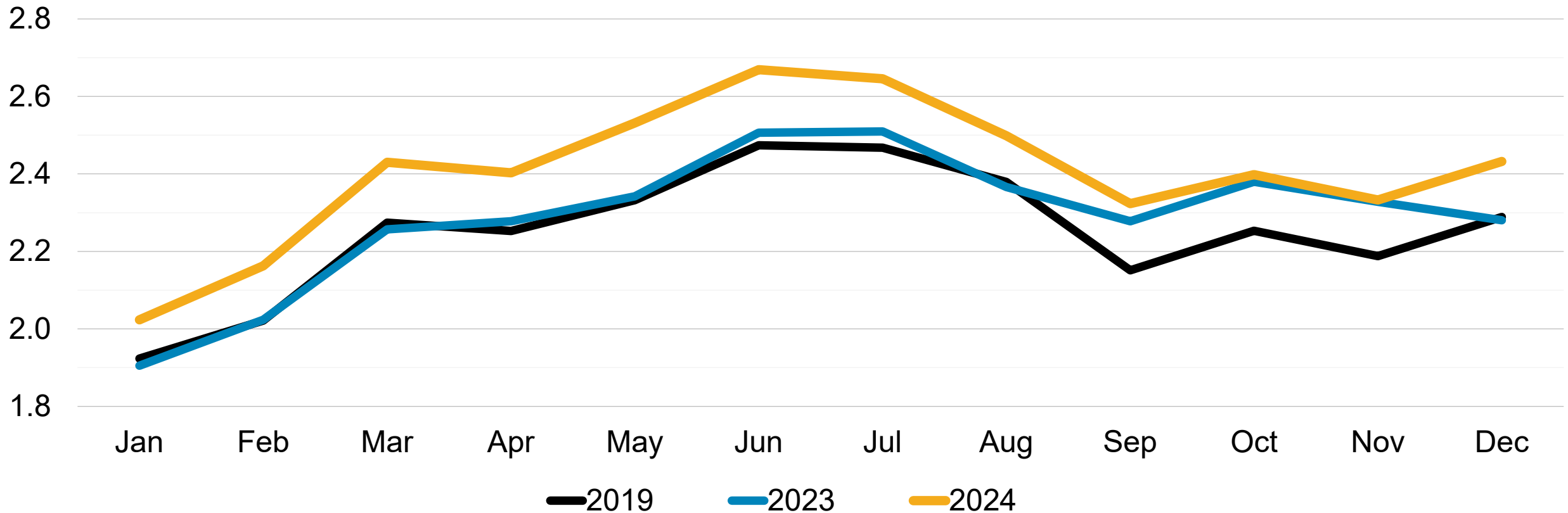


Source: DOT Data Bank 1B and Compass Lexecon. Global network carriers (GNCs) include AA/DL/UA and predecessor airlines (e.g., US Airways, America West, TWA, Northwest, Continental) and defunct legacy network carriers (e.g., Eastern, Braniff). Low-cost carriers includes Southwest, JetBlue, Breeze, Reno 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.

# TSA Is Experienced Record-High Checkpoint Volumes in 2024

Daily Average Throughput Rose 5.4% From 2023

### Daily Average TSA Throughput\* (Millions)



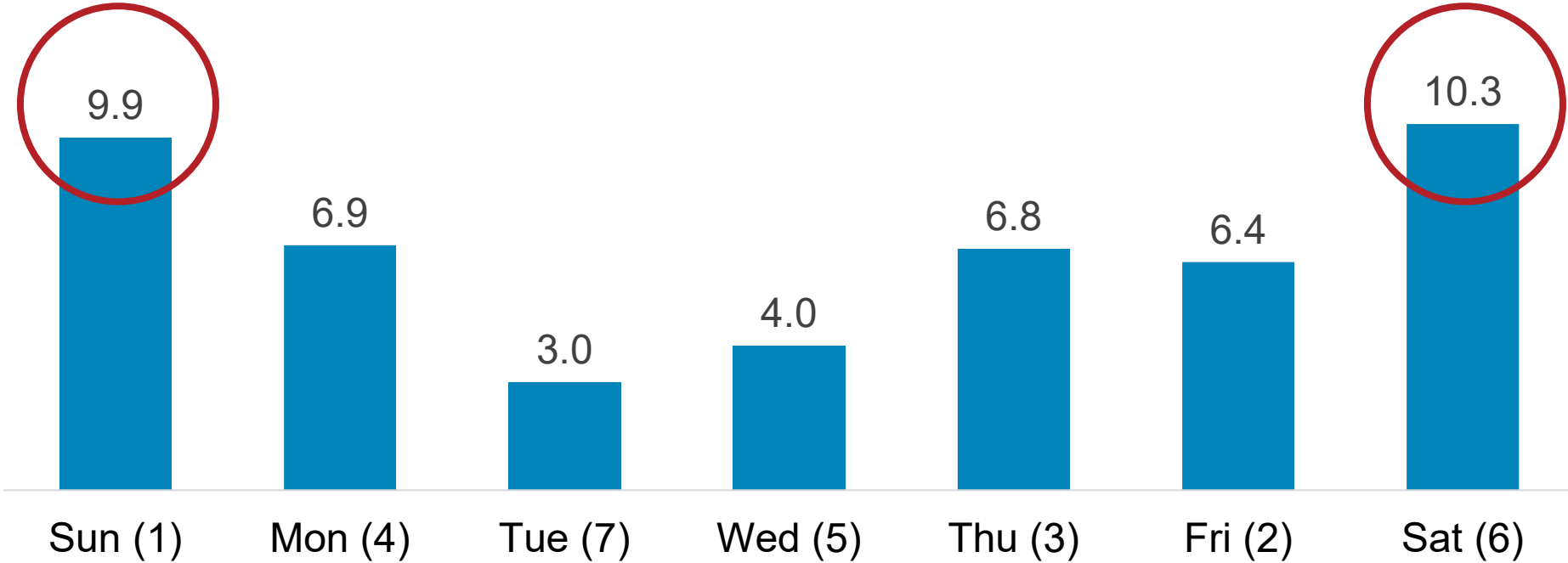
Source: A4A analysis of data from the Transportation Security Administration

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

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

Big Winners = Leisure-Oriented Saturday/Sunday; Sunday Now the Busiest Day, Tuesday the Slowest

Change (%) in TSA Checkpoint Volume: 2024 vs. 2019



Day of Week and Rank (by Volume)

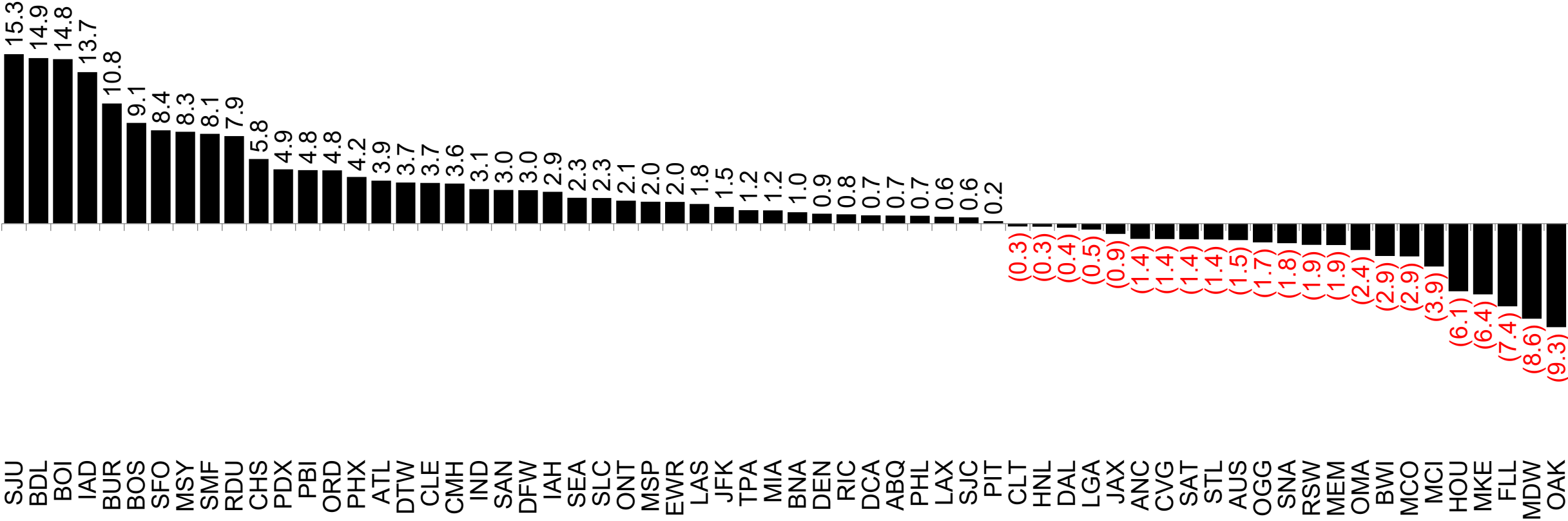
Source: A4A analysis of data from the Transportation Security Administration

Note: Volume reflects travelers only, not Known Crewmember® personnel; 2019 base adjusted for 2024 leap day

# In 1Q 2025, San Juan/Hartford/Boise/Dulles/Burbank Leading U.S. Airports' Seat Growth

## Oakland/Chicago Midway/Fort Lauderdale Seeing the Deepest Year-Over-Year Cuts

Change (%) in Systemwide *Daily Average* Scheduled Seats: 1Q25 vs. 1Q24



Source: Cirium published schedules (Jan. 24, 2025) for all U.S. and non-U.S. airlines providing scheduled service to all U.S. and non-U.S. destinations

Note: 2024 adjusted for Leap Day

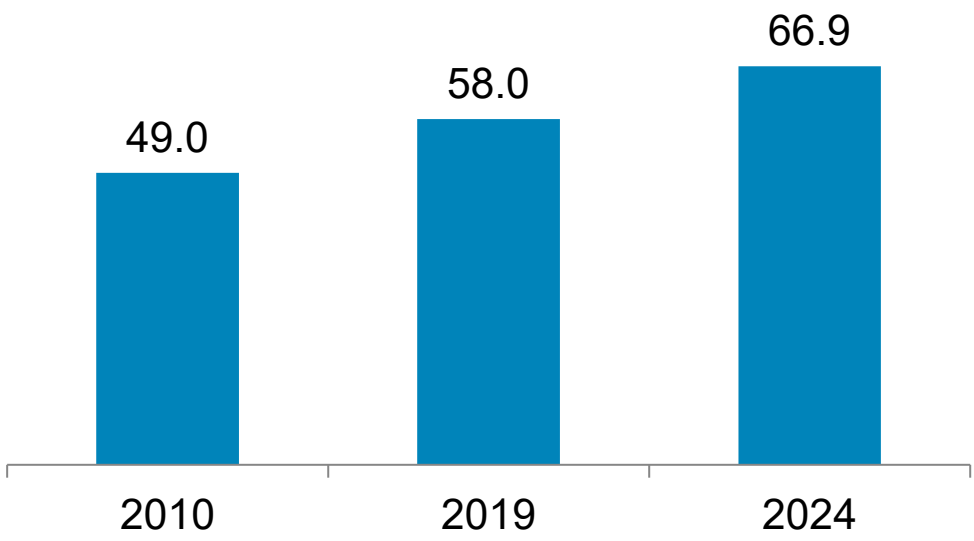
# Increases in Mainline Flying *and* in Aircraft Size Have Fueled Domestic Up-Gauging

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

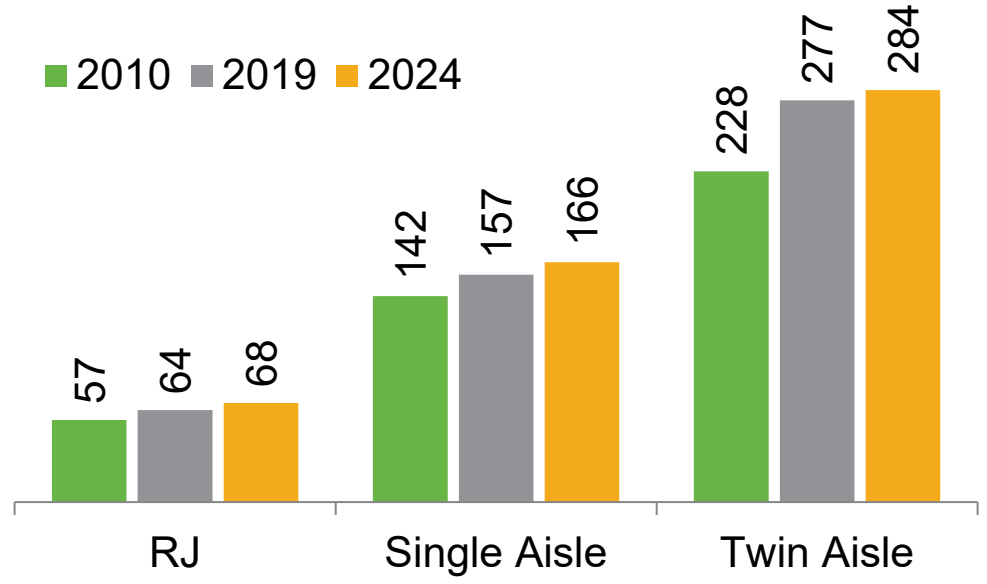
“[Y]ou’re never again gonna see the **50-seat aircraft** have the level of prominence in the industry.” (Delta CEO Ed Bastian, Sept. 20, 2022)

“Expect the [regional jet] fleet to still be around..., but it will become **a smaller and smaller percentage of the business.**” (United CEO Scott Kirby, Oct. 16, 2024)

Mainline\* % of Domestic U.S. Flights



Average Seats per Domestic U.S. Flight

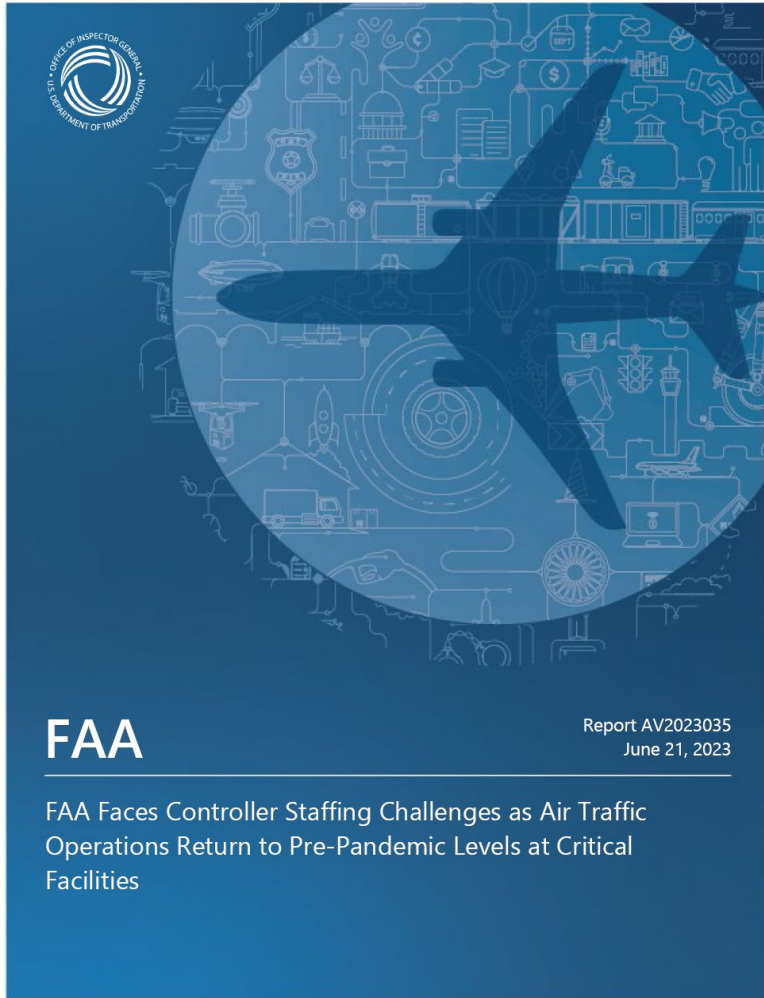


Source: Cirium published schedules (Jan. 3, 2025)

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

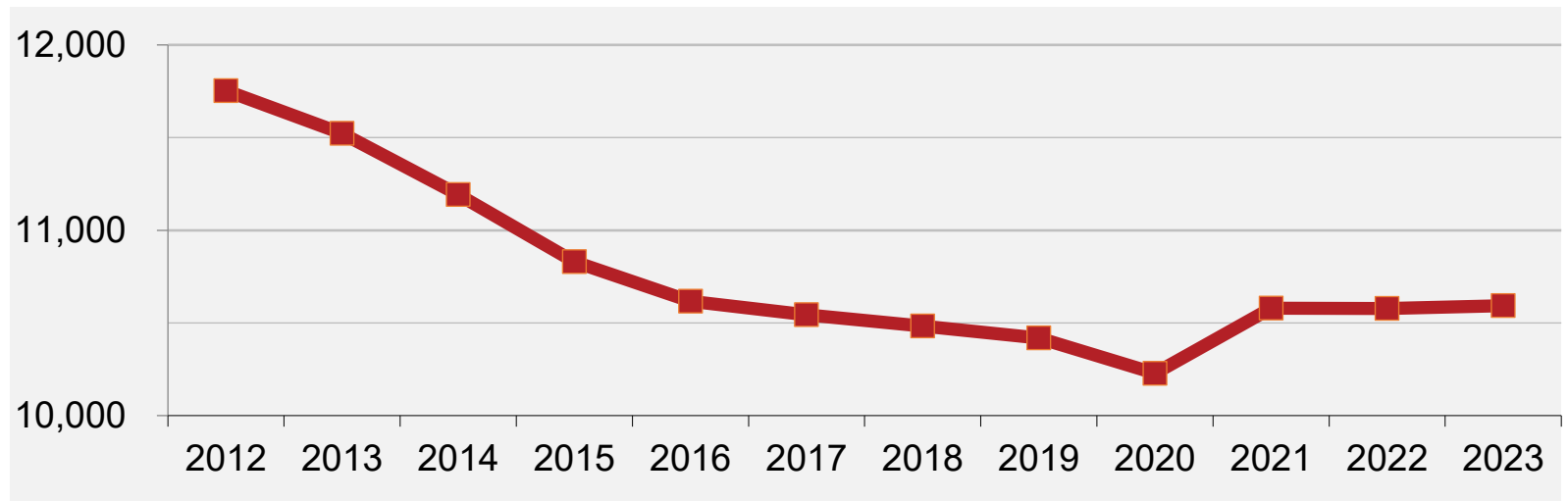


# DOT Inspector General: FAA Faces Controller Staffing Challenges as Air Traffic Operations Return to Pre-Pandemic Levels at Critical Facilities



“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**

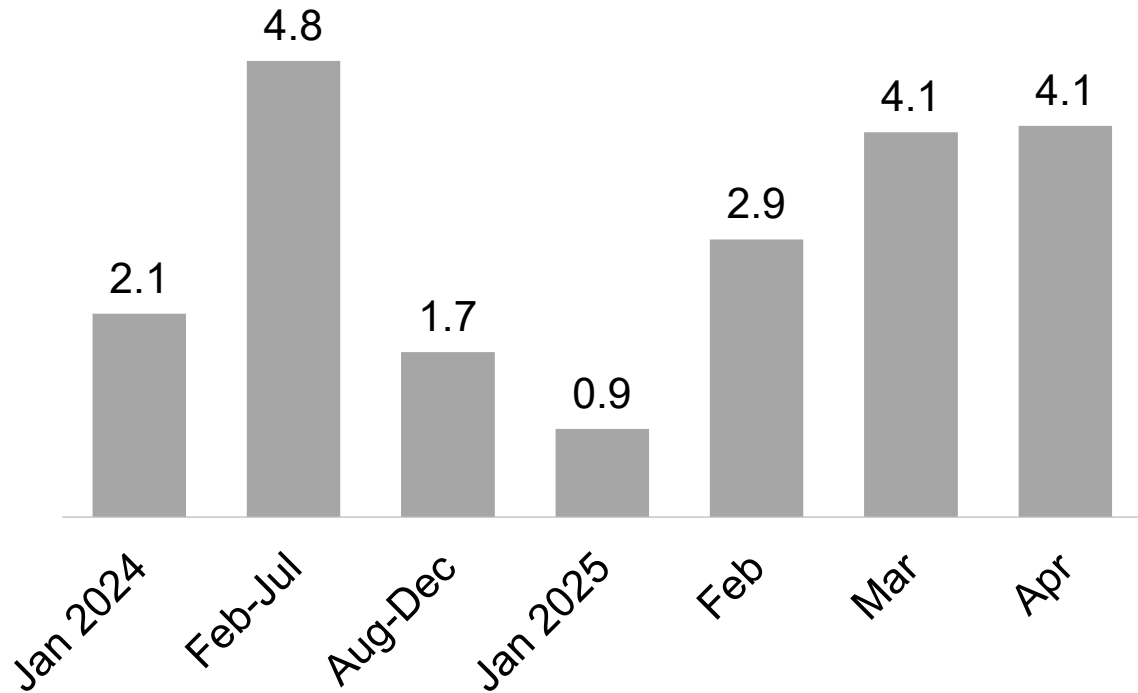


Source: DOT Office of Inspector General, Report AV2023035 (June 21, 2023) and FAA Air Traffic Controller Workforce Plan (May 10, 2024)

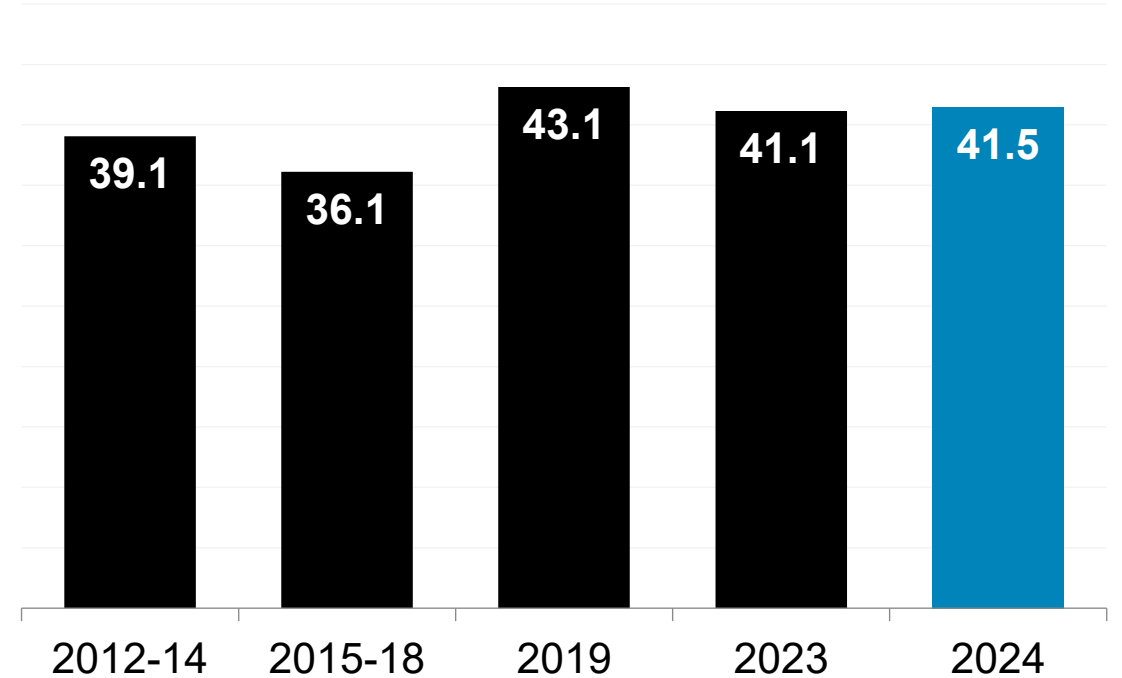
# Multiple Factors Led to Reductions in Domestic U.S. Capacity Growth

After Feb-Jul 2024 Surge, Domestic Capacity-to-GDP Ratio Ended a Bit Higher Than in 2023

% Change YOY in *Daily Avg. Sched. Domestic ASMs*



Sched. Domestic ASMs per \$1K of Real U.S. GDP

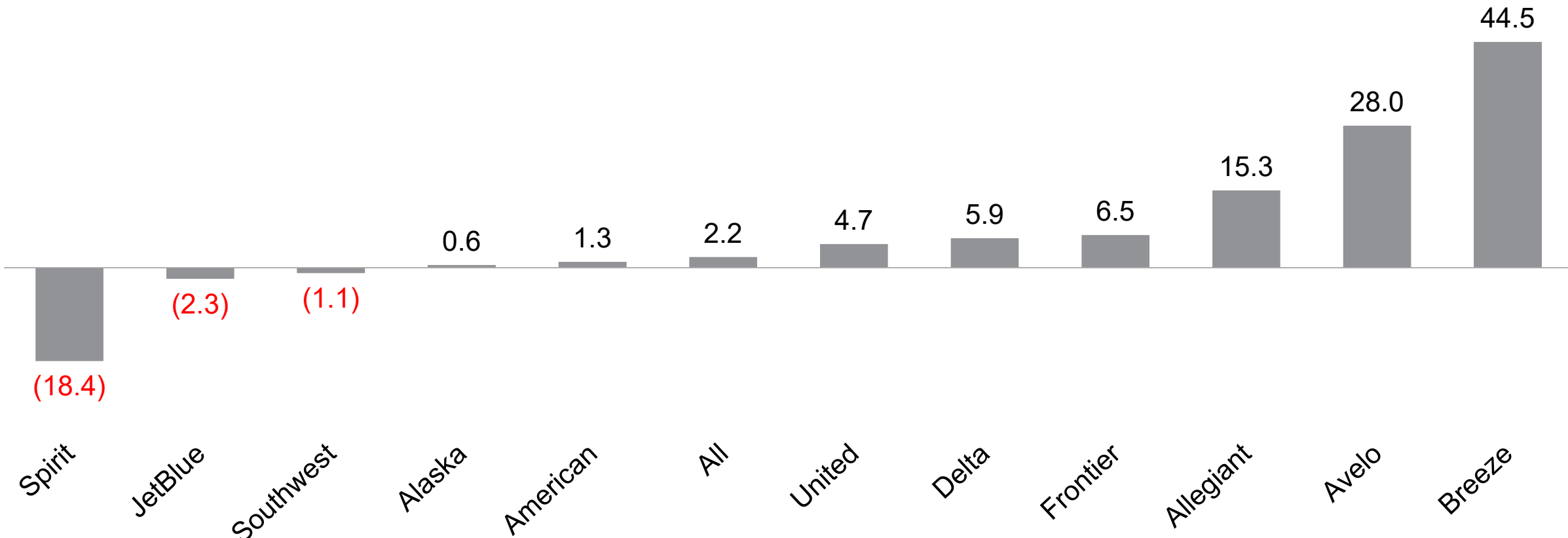


Sources: Bureau of Economic Analysis for GDP; Diio by Cirium (Jan. 24, 2025) for published schedules

# Collectively, U.S. Airlines Showing 2.2% Systemwide Growth in 1Q 2025

## But Growth Rates Differ Dramatically by Company, With Spirit/JetBlue/Southwest Contracting

% Change in Systemwide Daily Average Capacity\* — 1Q 2025 vs. 1Q 2024



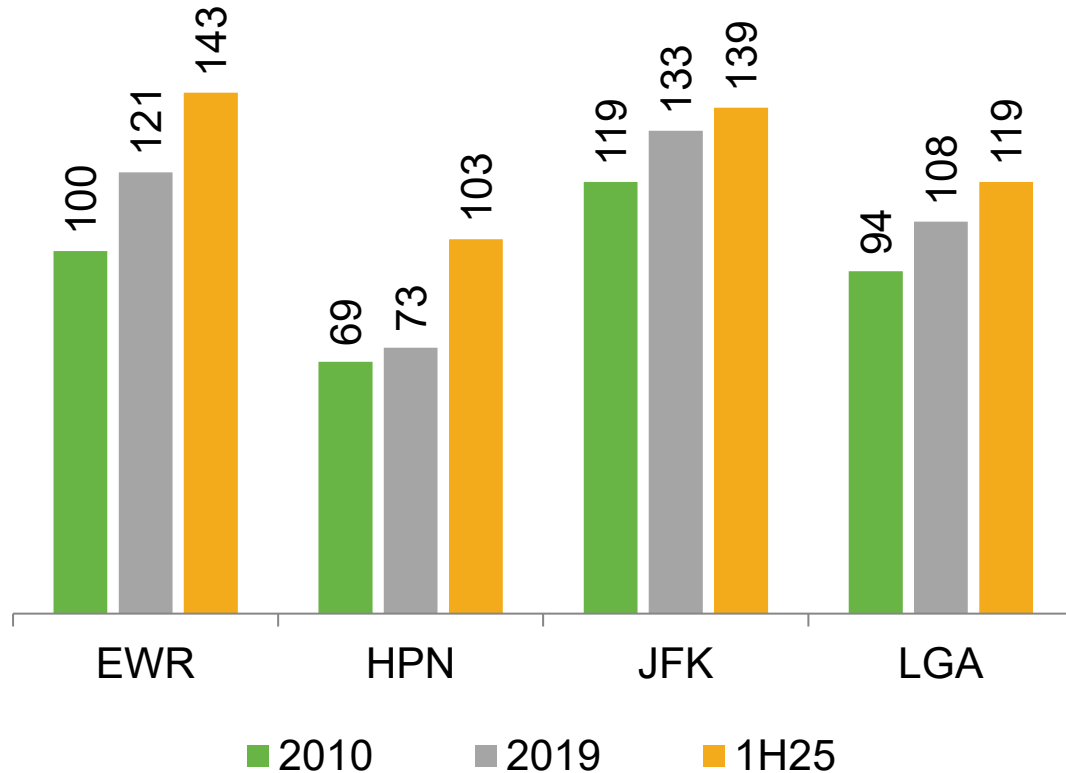
Source: Cirium published schedules (Jan. 24, 2025) for selected marketing airlines (including regional affiliates)

Capacity = available seat miles, adjusted for 2024 Leap Day; "Alaska" includes Hawaiian Airlines

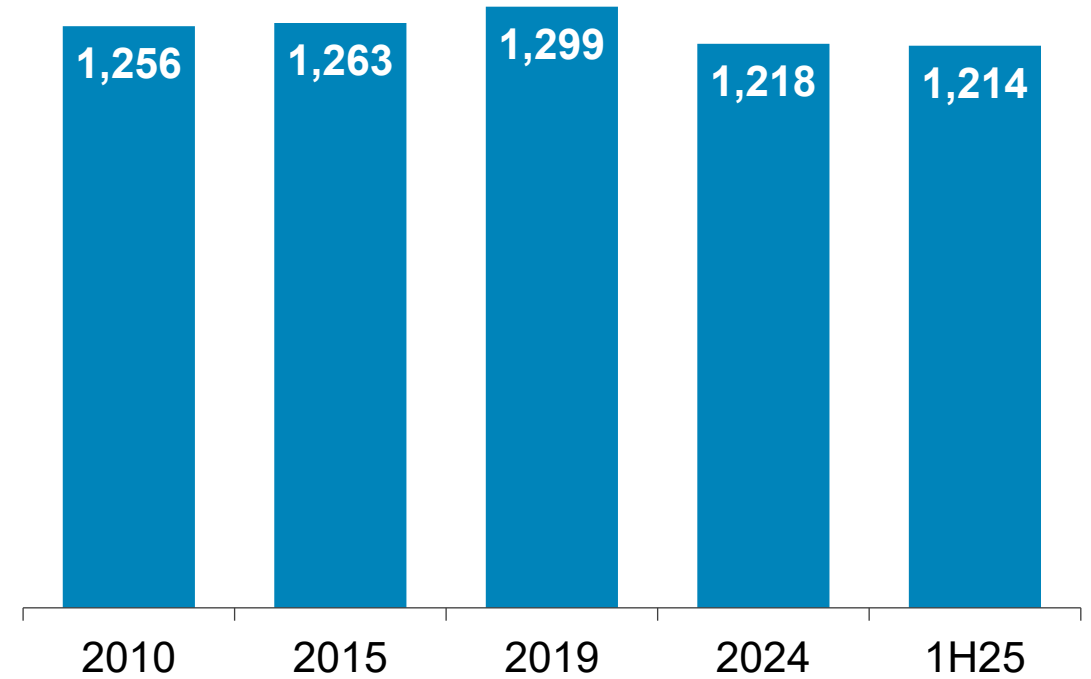
# Airlines Have Up-Gauged Domestic Flying and Pared Schedules in New York City

2019-1H25: Aircraft Size Up 18% at EWR, 10% at LGA; Flights Down 6.5% Across the Four Airports

### Seats per Domestic Departure at NYC\* Airports



### Daily Domestic Departures at NYC\* Airports



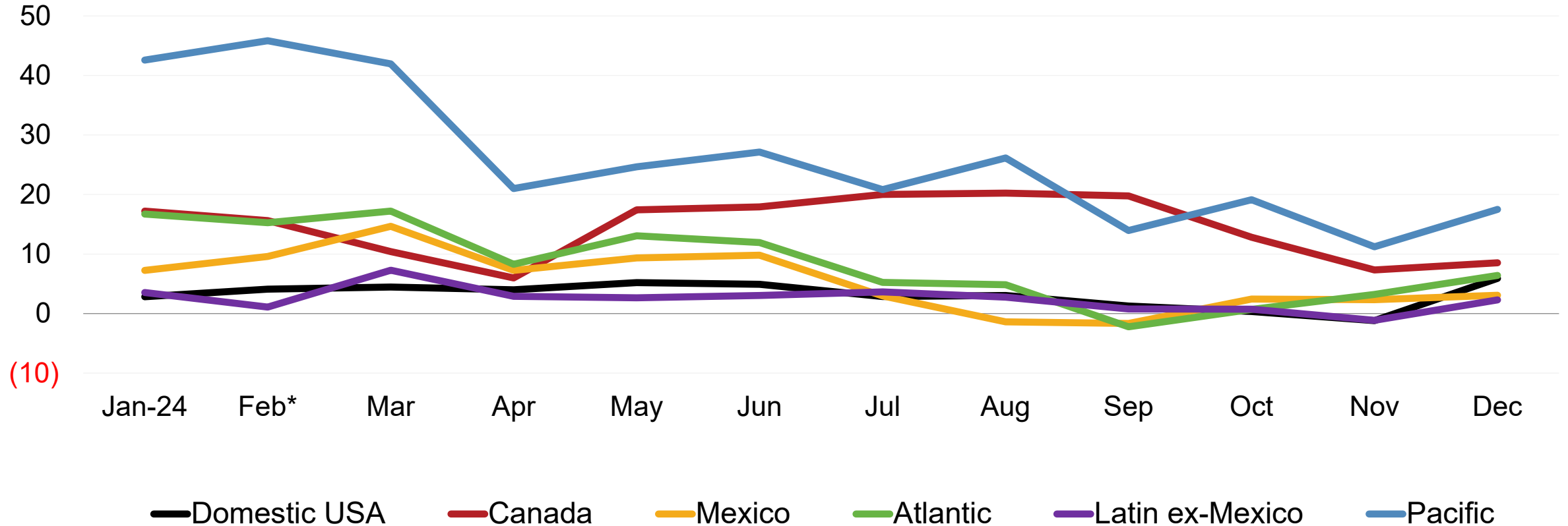
Source: Cirium published schedules (Jan. 3, 2025)

\* EWR/HPN/JFK/LGA

# A4A Member Airlines Continue to See Strong Transpacific and U.S.-Canada Pax Growth

## November/December Affected by YOY Shift in Timing of Thanksgiving Return

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



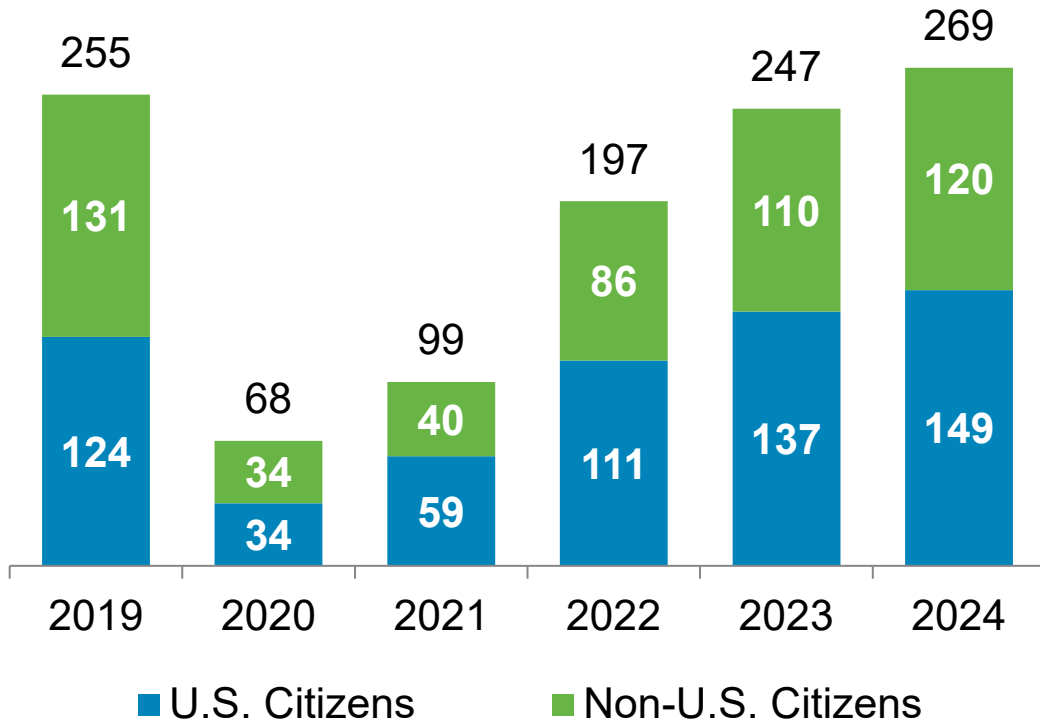
Source: A4A member passenger airlines (Alaska/American/Delta/Hawaiian/JetBlue/Southwest/United) and branded code share partners

\* Adjusted for Leap Day

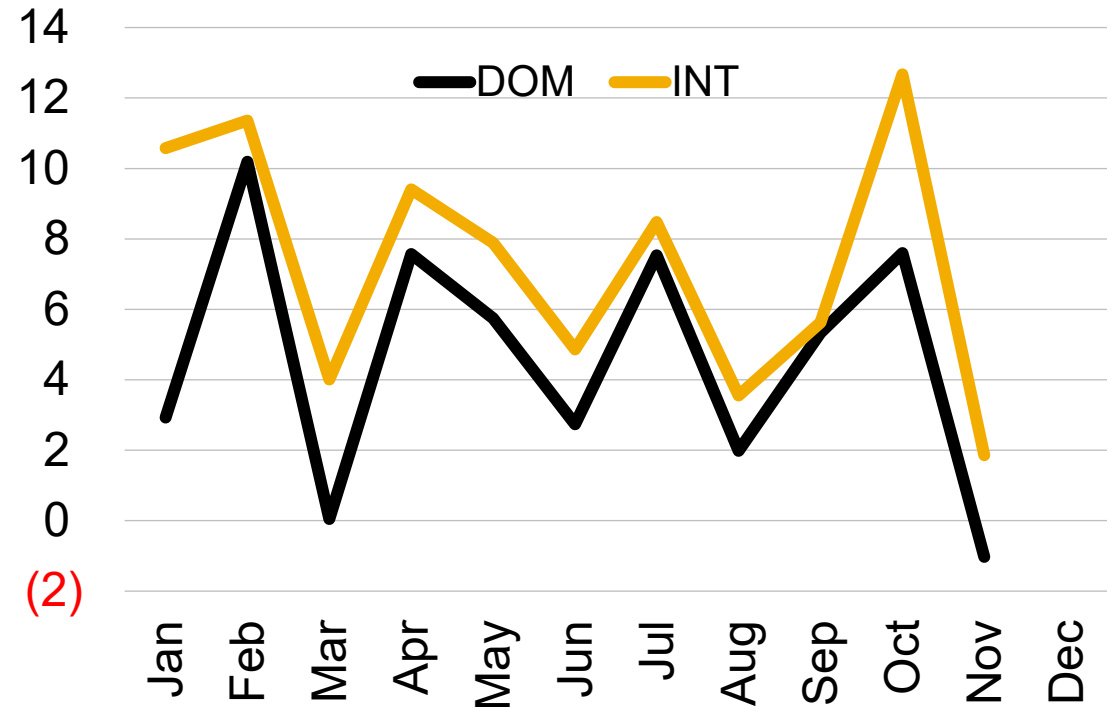
# In 2024, U.S.-International Air Travel Rose ~9% Year Over Year

## Growth in Sales for International Trips Outpacing Domestic

**U.S.-International Airline Passengers (Millions)**  
January through December



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



Sources: DHS I-92 / APIS via Commerce and A4A analysis of data from Airlines Reporting Corporation (ARC)

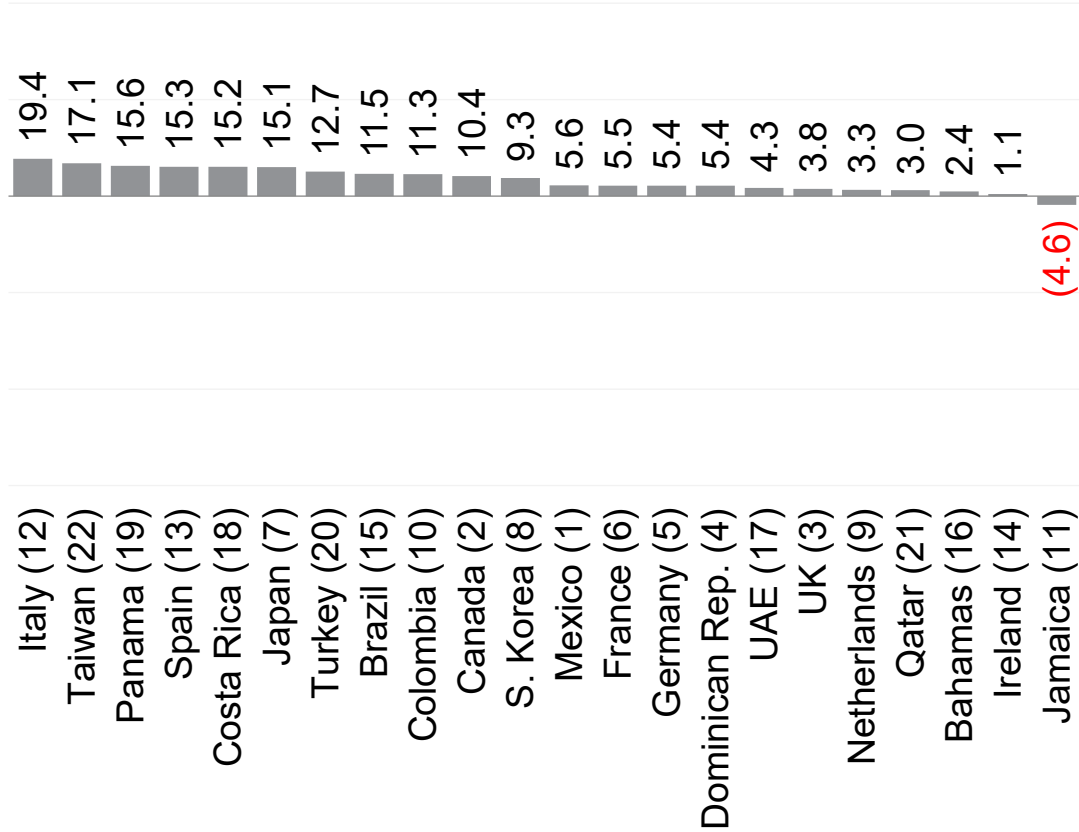
\* Net tickets (gross sales minus refunds) for travel to/from U.S. airports

# In 2024, U.S.-Italy Routes Saw a 19% YOY Increase in Passengers

Relative to 2019, U.S.-Colombia Volumes Rose 44% While U.S.-China Volumes Fell 74%

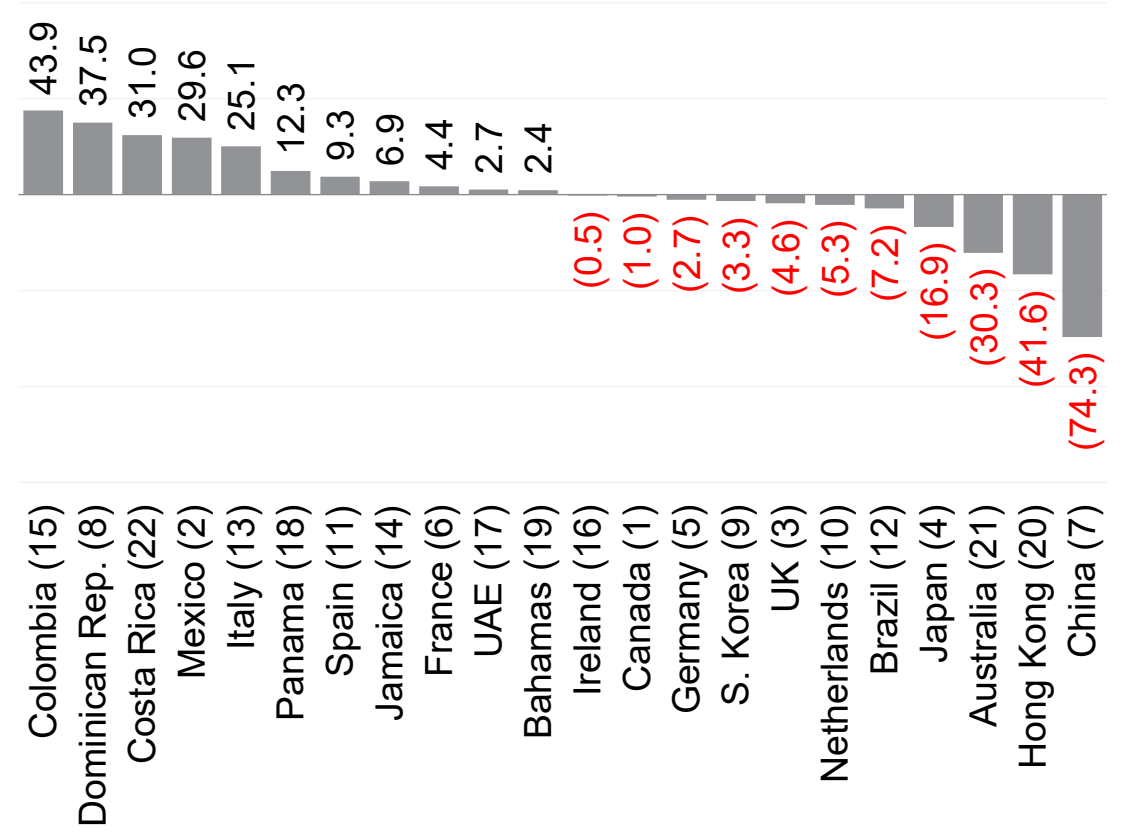
## 2024 Change (%) in Passengers\* vs. 2023

Note: 2023 Ranking in Parentheses



## 2024 Change (%) in Passengers\* vs. 2019

Note: 2019 Ranking in Parentheses



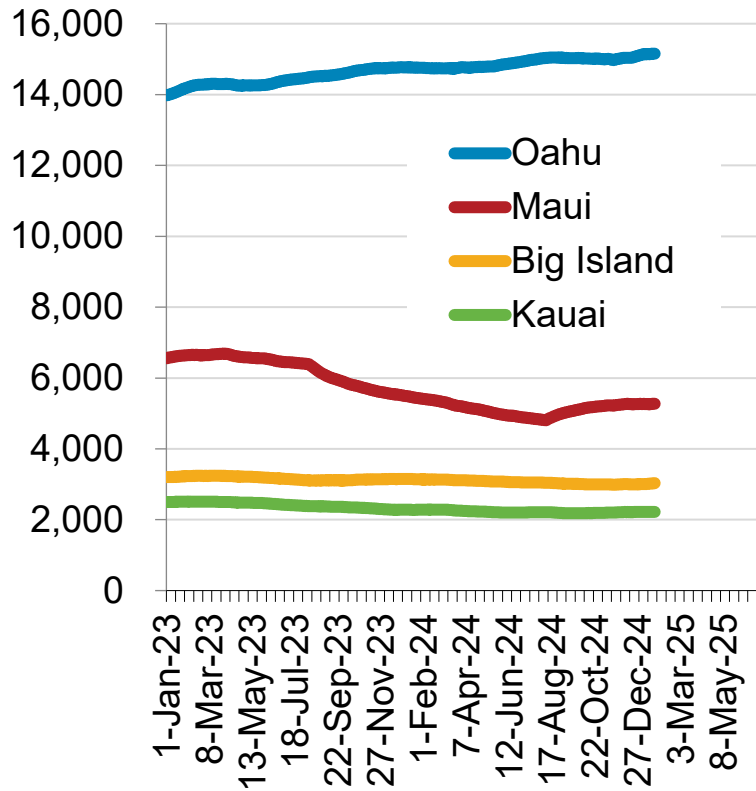
Source: DHS I-92 / APIS data compiled by U.S. Department of Commerce National Travel and Tourism Office

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

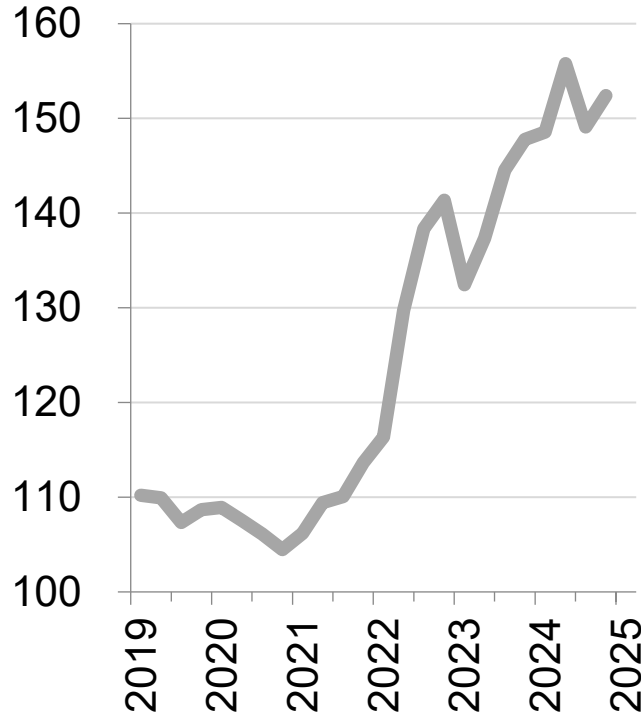
# Weak Yen Challenged Japanese Point of Sale in 2024; Maui Arrivals Lagging as Oahu Grows

## International Air Arrivals (Especially From Japan) to Hawaii Remain Depressed

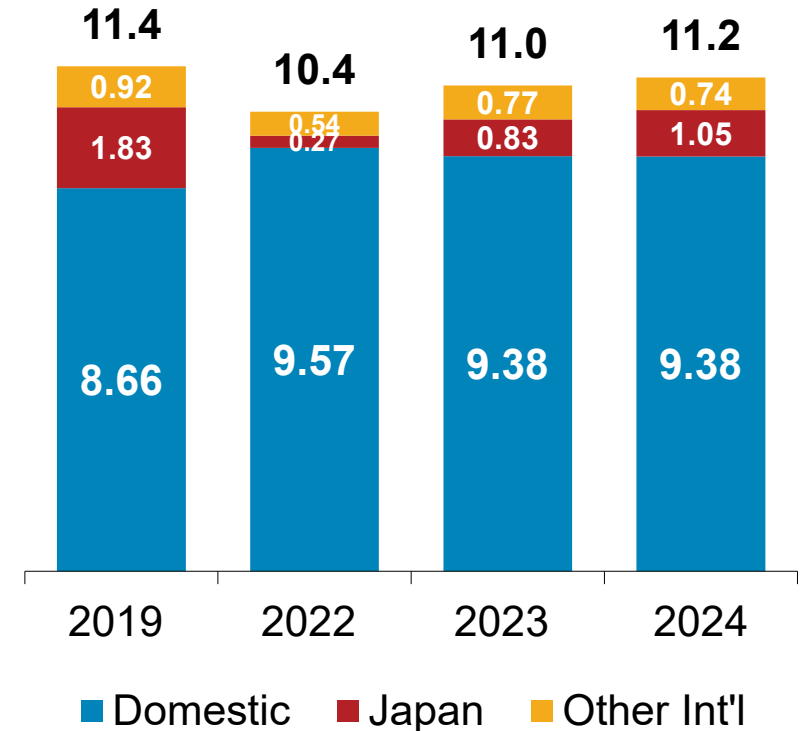
**Daily Domestic Air Pax Arrivals\***  
365-Day Moving Average



**Japanese Yen to U.S. Dollar**  
Quarterly Exchange Rate



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



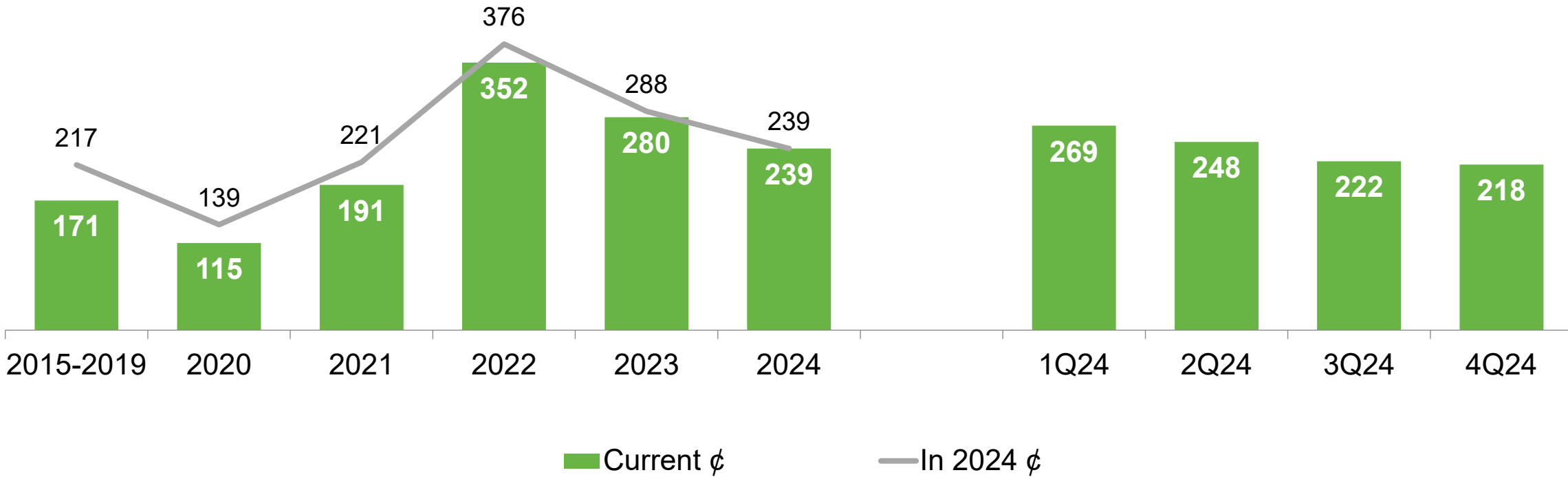
Source: Hawaii Department of Business, Economic Development & Tourism and Federal Reserve Bank of St. Louis \* Includes returning residents, intended residents and visitors but exclude interisland and Canada passengers



# Jet Fuel Less Expensive Than in 2022-2023 But 23% Higher Than the 2015-2019 Average

## Nationwide Spot Price Fell Sequentially Throughout 2024

Argus US Jet Fuel Index™ — Average Spot Price (Cents per Gallon)\*

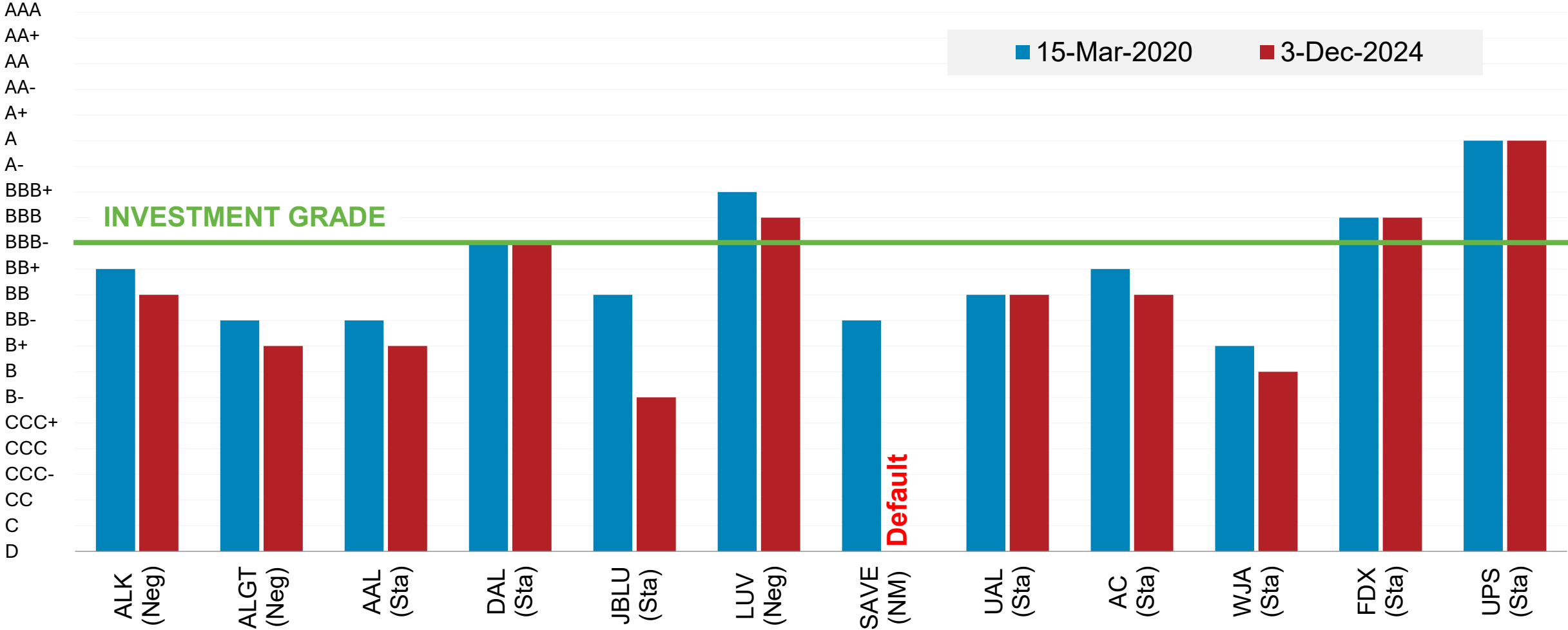


Sources: Argus Media (<https://www.airlines.org/dataset/argus-us-jet-fuel-index/>)

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

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

## Ratings Reflect Assessment of Financial Condition and Risk

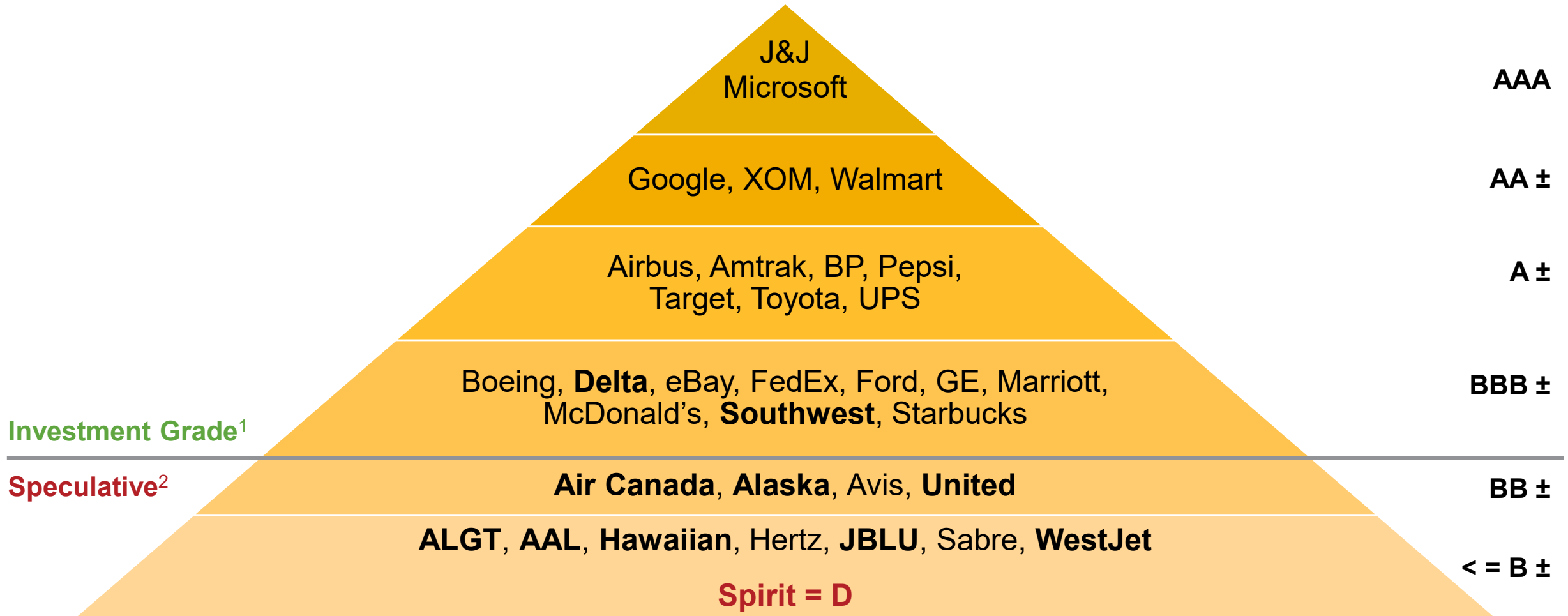


Source: Standard & Poor's issuer ratings and outlook (in parentheses) for publicly traded U.S. and Canadian carriers in the S&P coverage universe

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



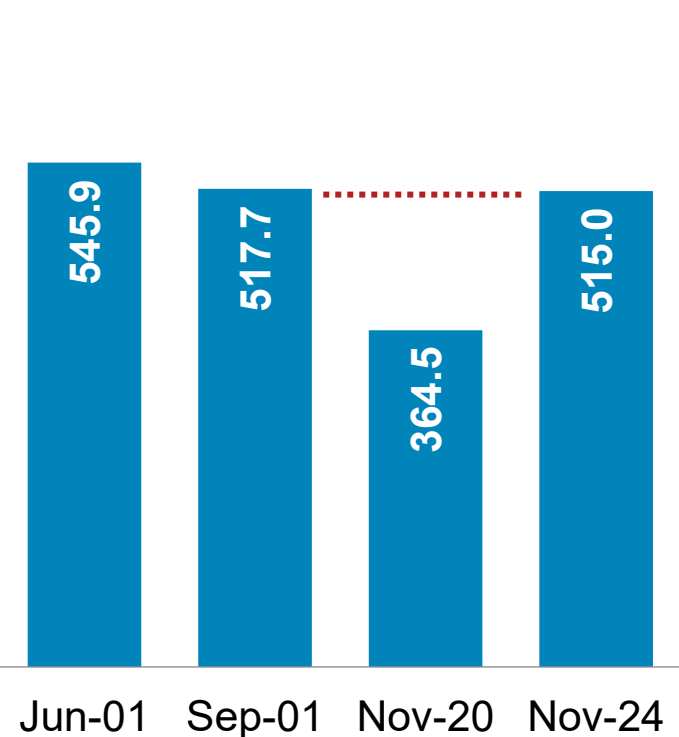
Source: Standard & Poor's (**bold** = air-only companies) as of Aug. 12, 2024

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

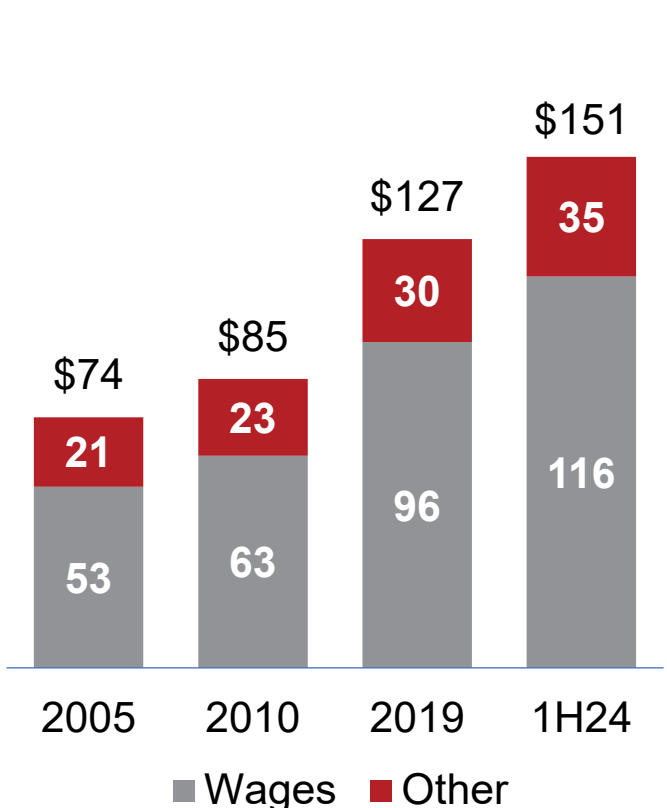
<sup>2</sup> Issuers with ability to repay but facing significant uncertainties, such as adverse business or financial circumstances that could affect credit risk

# Firmer Financial Footing Has Enabled Airlines to Re-Invest in Employees, Whose Average Wage Rose 85% from 2010-1H 2024 (vs. 43% U.S. CPI) and Who Now Garner 31% of Airline Revenues

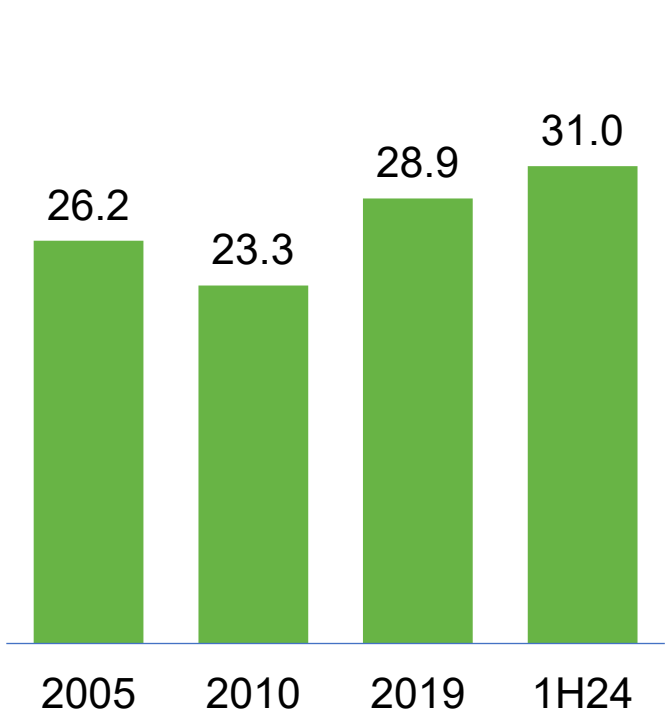
Employees (000 FTEs\*)



Average Compensation (000)



Wages and Benefits as % of Operating Revenues



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

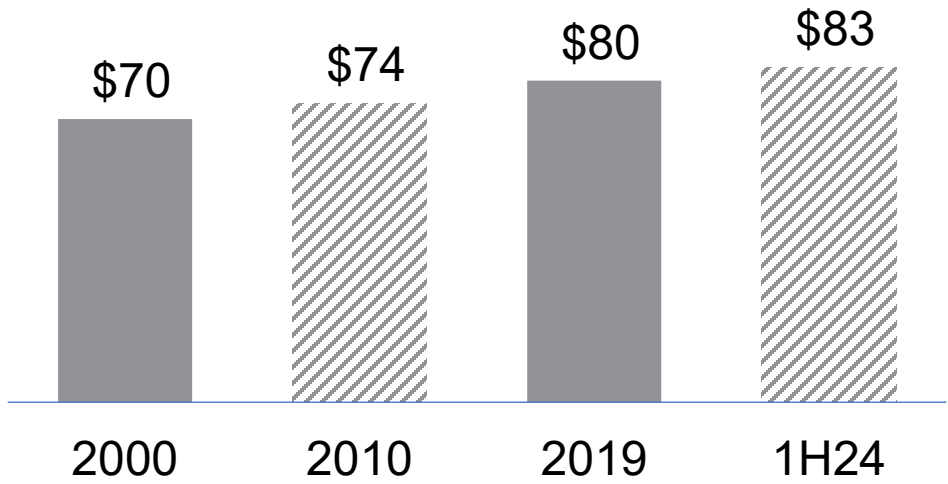
\* Full-time equivalents (FTE) = full-time workers plus 0.5 \* part-time workers

# Real (Inflation-Adjusted) Airline Wages Grew 29% From 2010 to the First Half of 2024

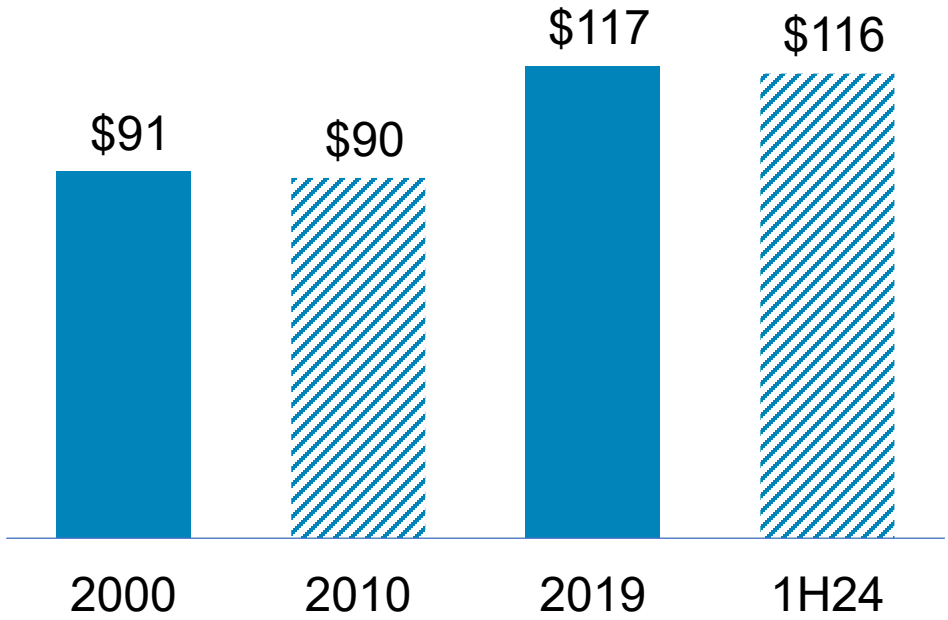
The Average Private Sector Wage Grew Just 12% in Real Terms Over That Period

Average Wage (000) in Constant 1H 2024 Dollars

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



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

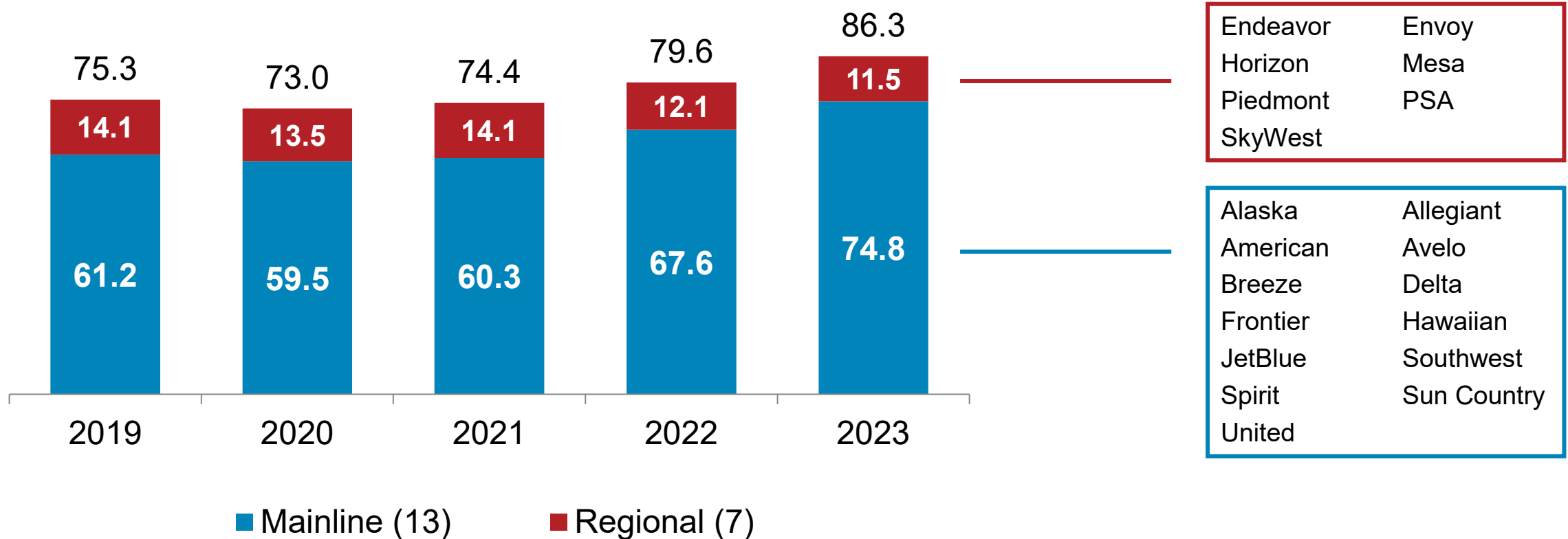


Source: A4A Passenger Airline Cost Index

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

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

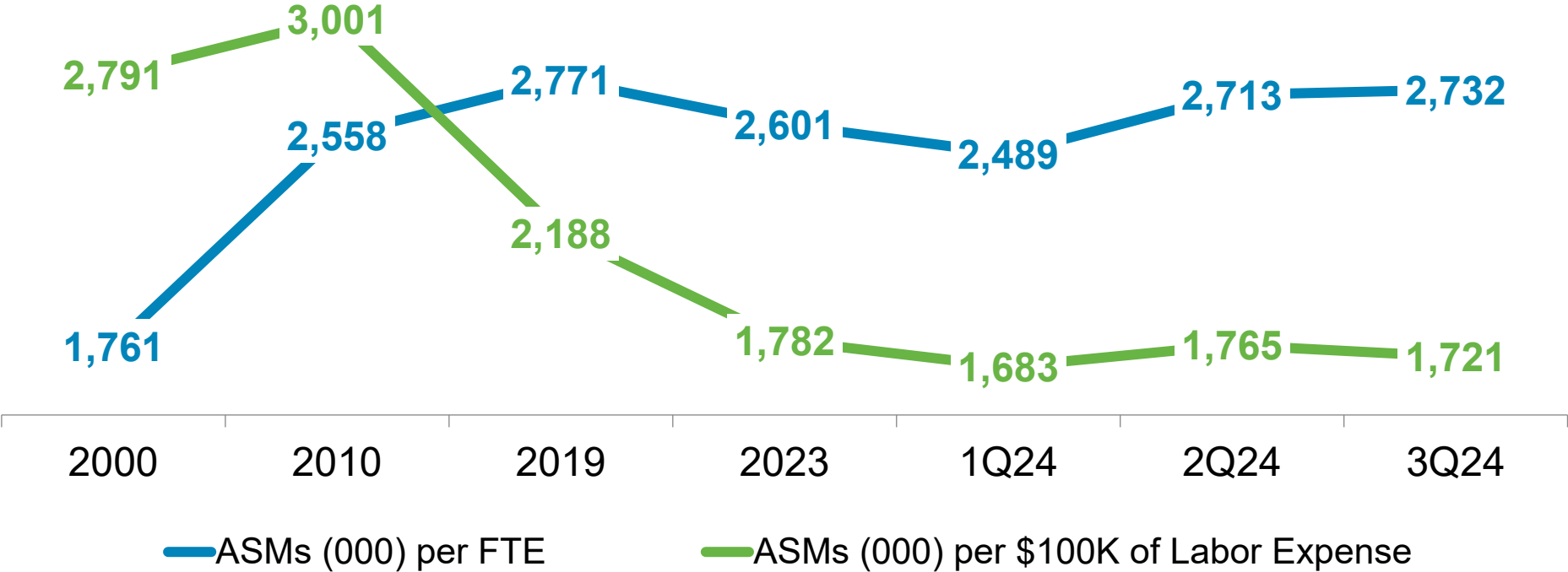
## Year-End Active Pilots (000) at 20 U.S. Passenger Airlines



Source: Company SEC filings or direct reports

# U.S. Airline FTE Productivity Recovering in 2024, But Labor-Dollar Productivity Down ~21% Greater Labor Expense Needed to Generate Pre-Pandemic Levels of Capacity

Trends in U.S. Passenger Airline Productivity



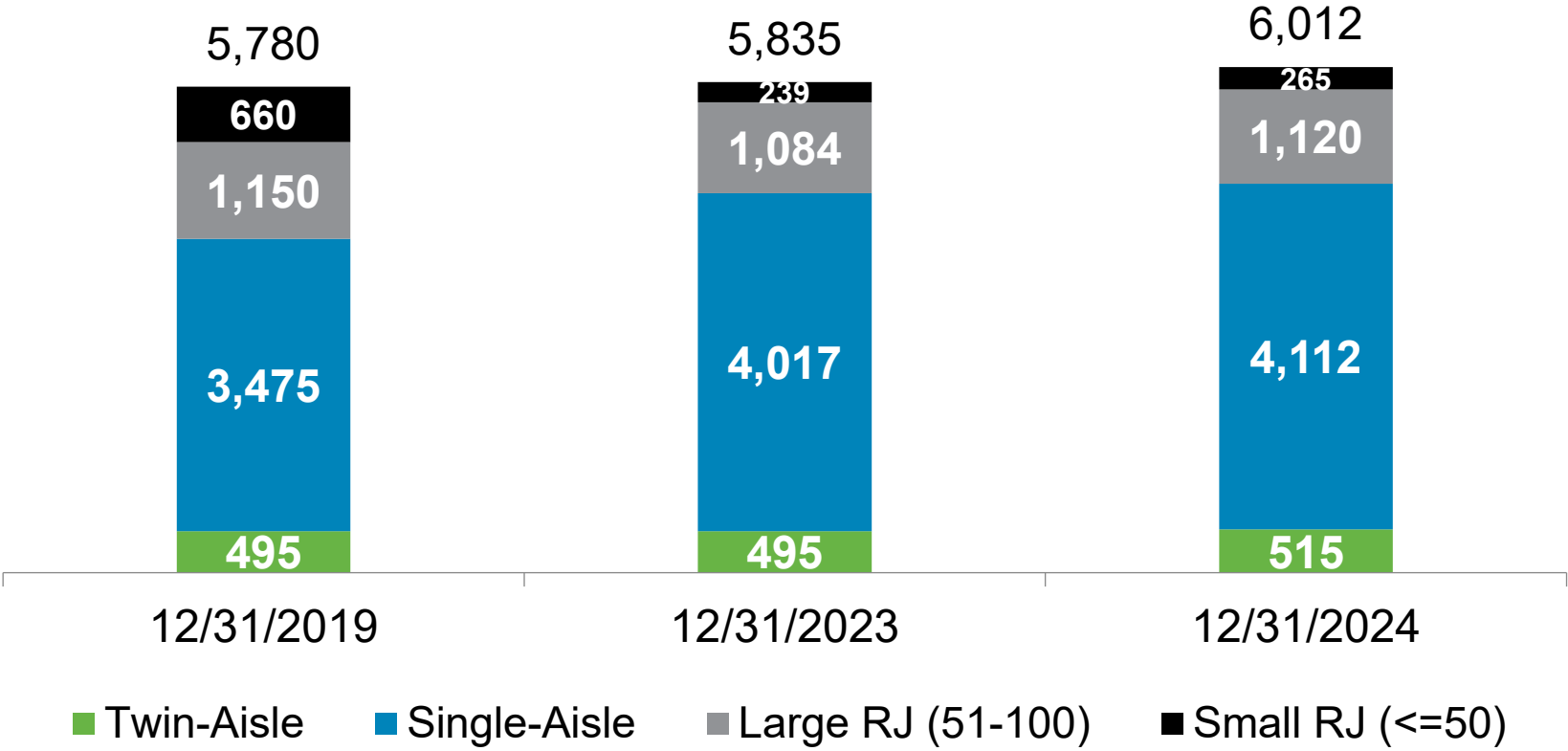
Source: A4A Passenger Airline Cost Index

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

# U.S. Passenger Airlines Ended 2024 Operating More Than 6,000 Aircraft – Up 232 From 2019

From 2019 to 2024, the Fleet of *Small Regional Aircraft* Declined by 395 Units (60%)

Number of Active Aircraft\*



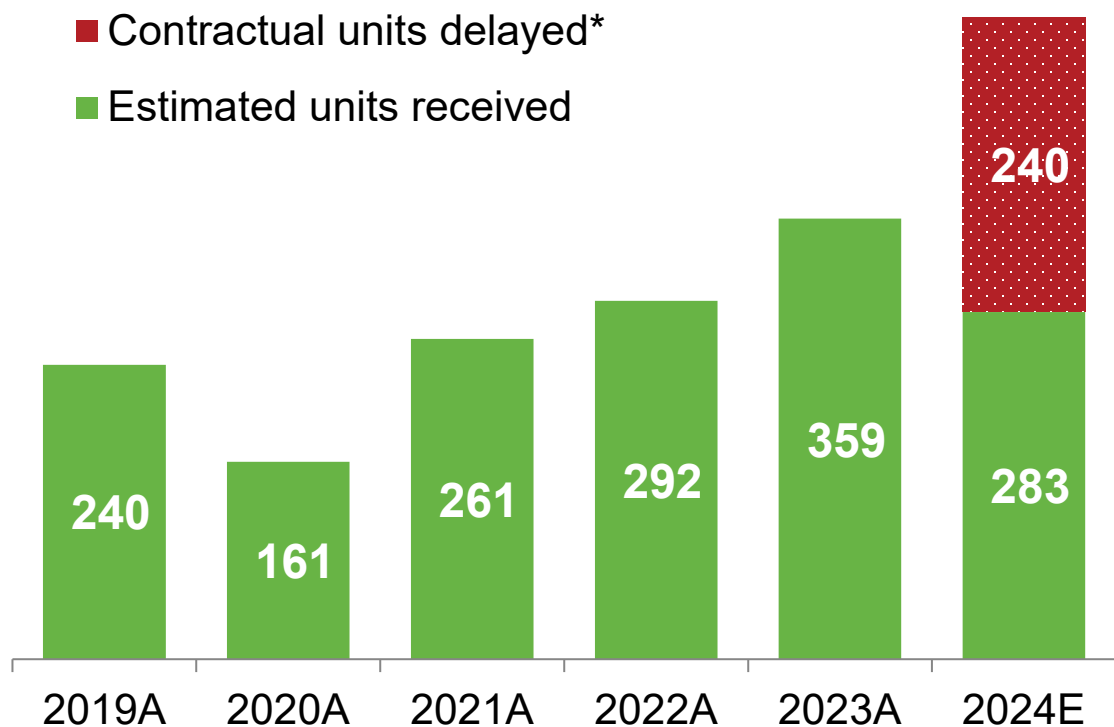
Source: Anuvu \* Operated by or on behalf of Alaska/Allegiant/American/Avelo/Breeze/Delta/Frontier/Hawaiian/JetBlue/Southwest/Spirit/Sun Country/United in any of the previous seven days



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

## U.S. Passenger Airlines Now Expect 46% Fewer Deliveries Than Contractually Stipulated

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



**“A weakened supply chain that still hasn’t fully recovered** from the pandemic is one of the main culprits. As a result, **the 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.**”

Anthony Palazzo, Jinshan Hong, William Wilkes and Mary Schlangenstein, *Bloomberg Government*, “A Lost Decade of Planemaking Costs Airlines Thousands of Jets” (Oct. 29, 2024)

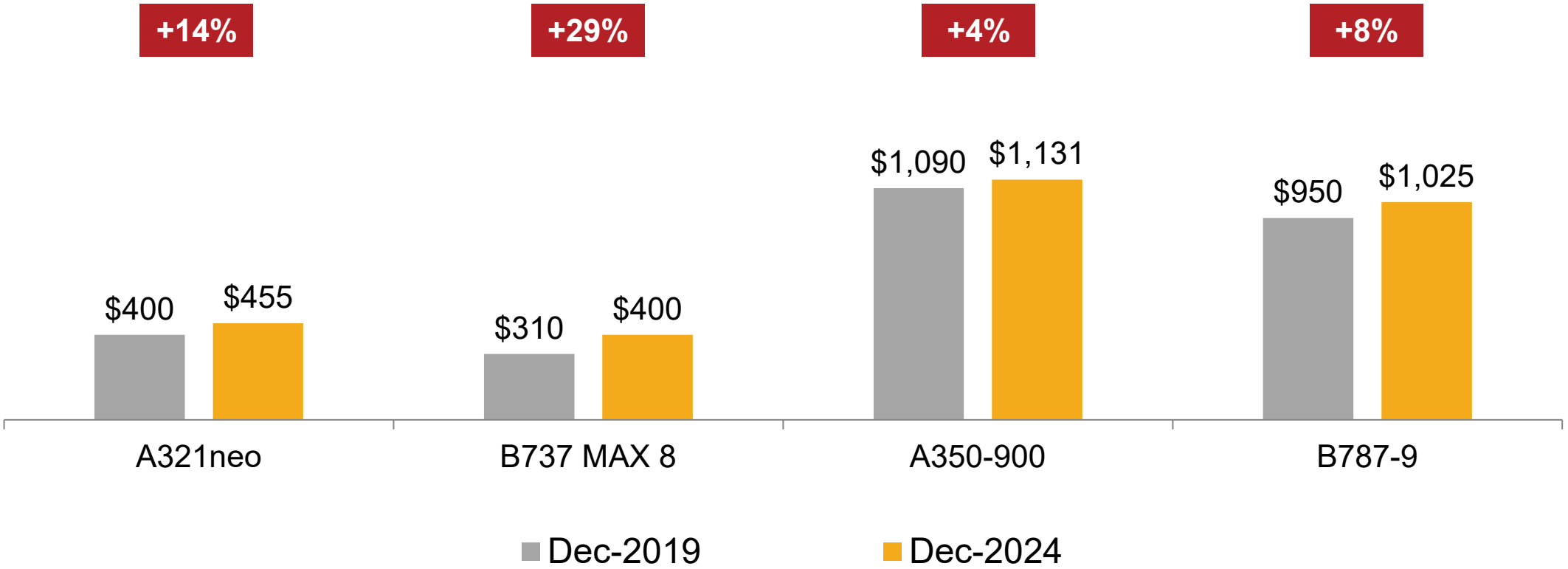
Source: Alaska, Allegiant, American, Breeze, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United as of Oct. 15, 2024

\* 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 (000) for New Builds



Source: Cirium and Deutsche Bank (January 2025)

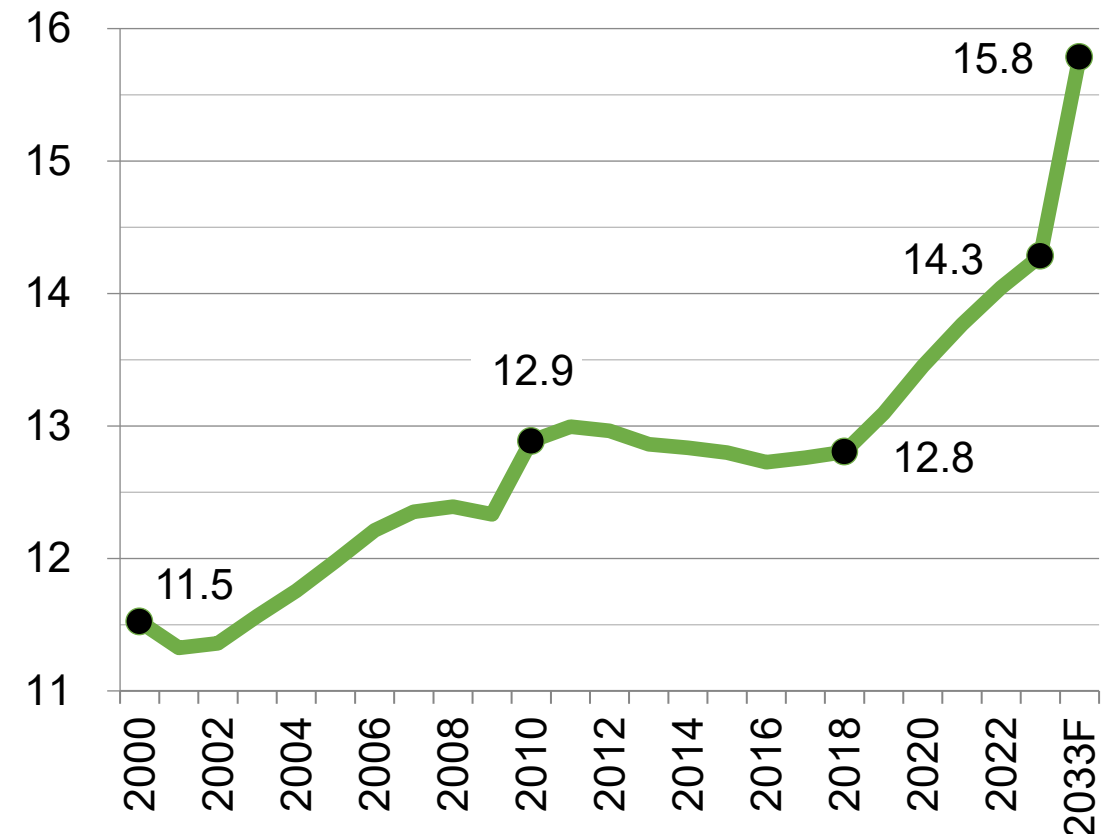
# Globally, Delivery Delays Are Translating to an Aging Fleet

Average Fleet Age Expected to Rise to ~16 Years by 2033

“**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



Source: CAPA (<https://centreforaviation.com/>) and Mike Stengel, AeroDynamic Advisory, *Aviation Week & Space Technology*, (Nov. 25, 2024)

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

# Supply Chain Issues Are Exacerbating Airline Cost and Operating Pressures

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

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**“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)

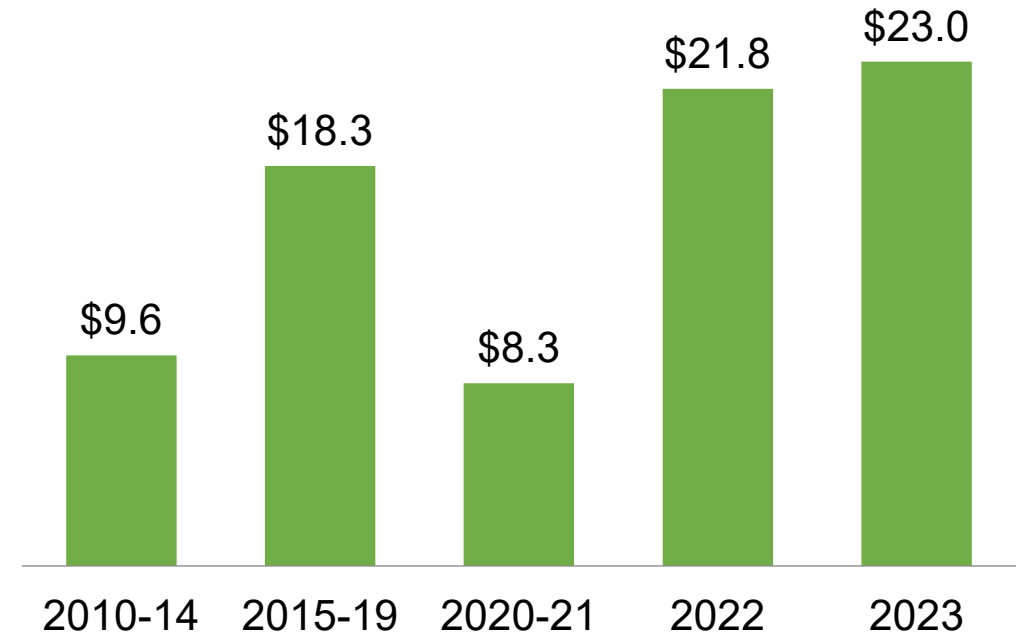
“For airlines, an aging fleet **increases pressure on maintenance costs**... Inflation has certainly played a role..., **but older fleets also drive nonroutine tasks during maintenance events, and parts become more difficult to source**... [M]ost airlines will find their options limited...” (Mike Stengel,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

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

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



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



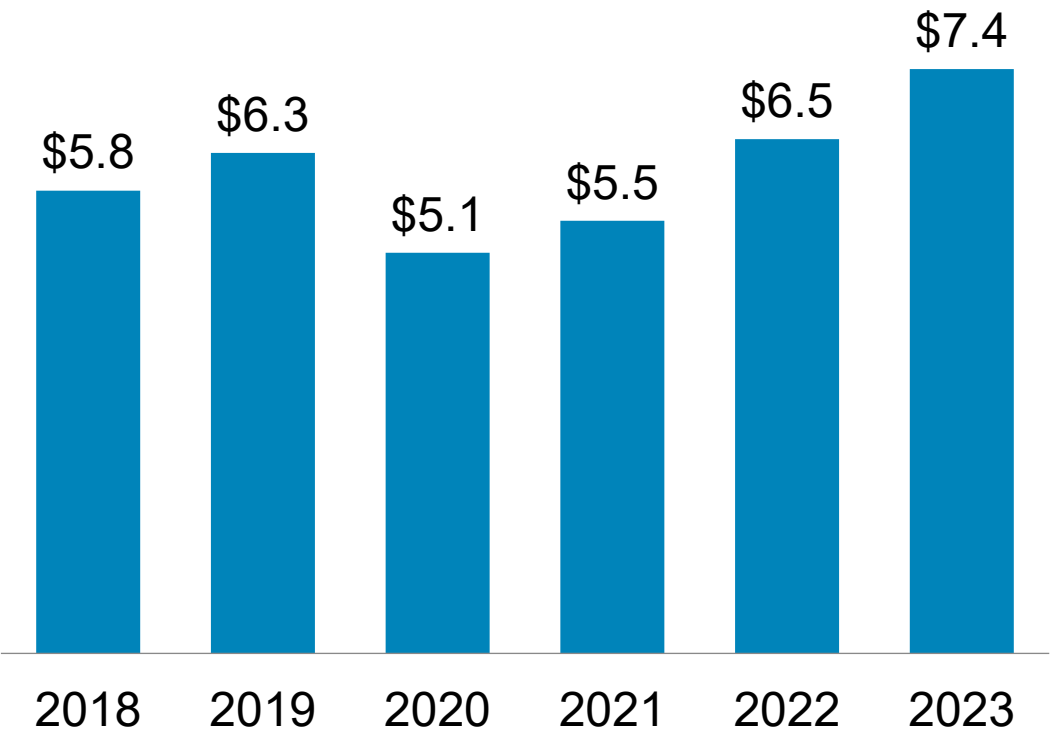
\* Includes payments made for aircraft and other flight equipment, ground and other property and equipment (e.g., baggage carts, lavatory trucks, deicing vehicles), airport and other facility construction and technology

Sources: CapEx from SEC filings of Alaska/Allegiant/American/Delta/Frontier/Hawaiian/JetBlue/Southwest/Spirit/Sun Country/United and predecessors

# From 2018-2023, U.S. Passenger Airlines Spent ~\$36.5 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

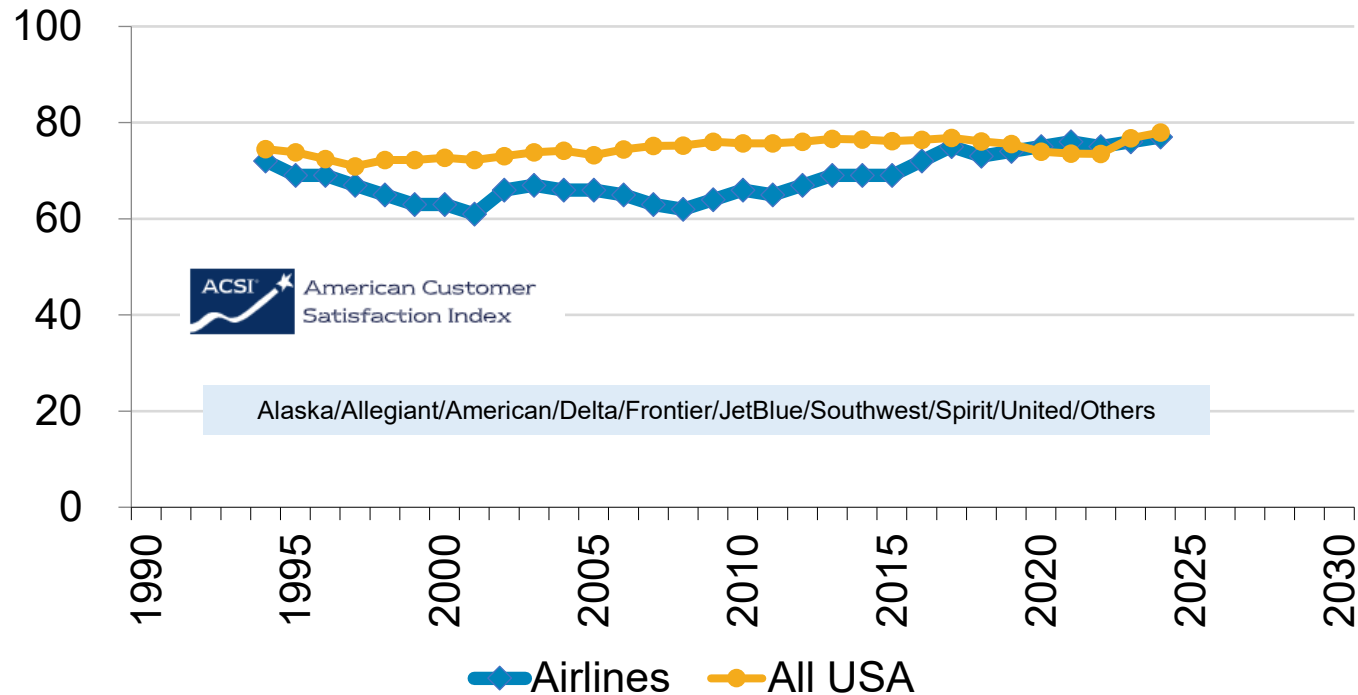
Sources: Alaska/Allegiant/American/Avelo/Breeze/Delta/Frontier/Hawaiian/JetBlue/Southwest/Spirit/Sun Country/United

# ACSI Airline Customer Satisfaction Index Reached an All-Time High in 2024

Airlines Scored 80+ on 14 of the 19 Satisfaction Benchmarks; Scores Rose on All 19 From 2019-2024

“Carriers have bounced back strongly, showing that **innovations and service improvements implemented during the last two years have resonated with customers.**”

Forrest Morgeson, Dir. of Research Emeritus, (April 23, 2024)



Satisfaction Benchmark	2019	2024	Diff
Ease of making reservation	81	84	+3
Mobile app quality	82	84	+2
Mobile app reliability	82	84	+2
Ease of check-in	82	83	+1
Website satisfaction	80	83	+3
Cabin and lavatory cleanliness	78	82	+4
Courtesy: flight crew	80	82	+2
Baggage handling	79	81	+2
Boarding experience	79	81	+2
Call center satisfaction	78	81	+3
Courtesy: gate staff	80	81	+1
Timeliness of arrival	80	81	+1
Loyalty program	75	80	+5
Range of flight schedules	77	80	+3
Overhead storage	73	79	+6
Food and beverage: purchased	73	78	+5
Inflight entertainment	71	78	+7
Food and beverage: free	73	76	+3
Seat comfort	69	76	+7

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 2023-2024 reflects interviews with 16,352 customers, chosen at random and contacted via email between April 2023 and March 2024.

# ACSI Study Shows Airline Customer Satisfaction in Line With Other Transport/Travel Sectors

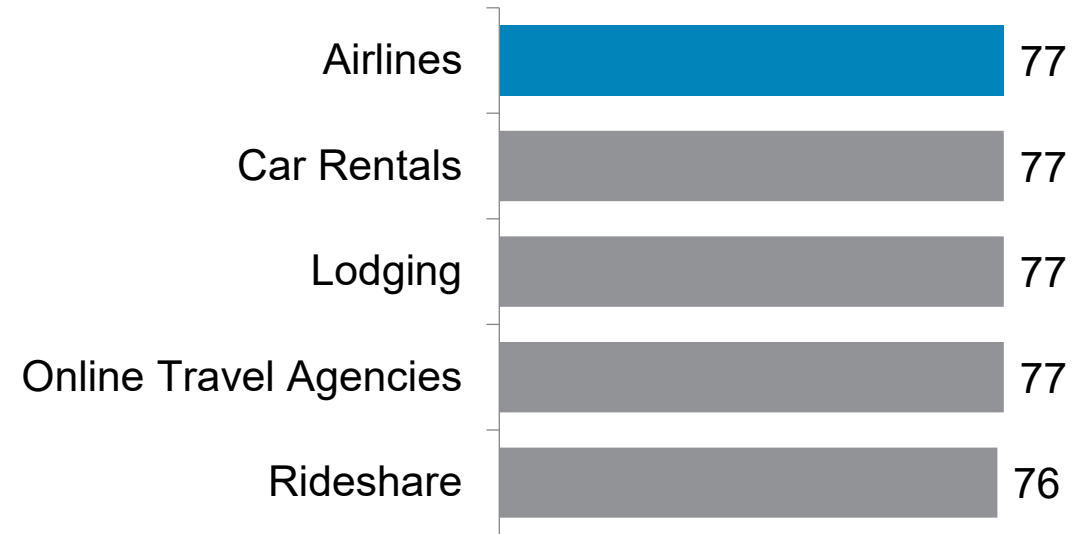
## Latest Survey Research Shows Airlines Tied With Car Rentals/Lodging/OTAs, Ahead of Rideshare



**The National Cross-Industry Measure of Customer Satisfaction**

ACSI: **“Airlines today face more challenges than perhaps any other industry but are rising to the task.** Ensuring passenger safety, satisfaction, and profitability can seem daunting, but ACSI’s solution forecasts the expected results from various improvement strategies in terms of customer satisfaction, retention, and financial returns.”

**Customer Satisfaction Scores (0 to 100) by Industry**



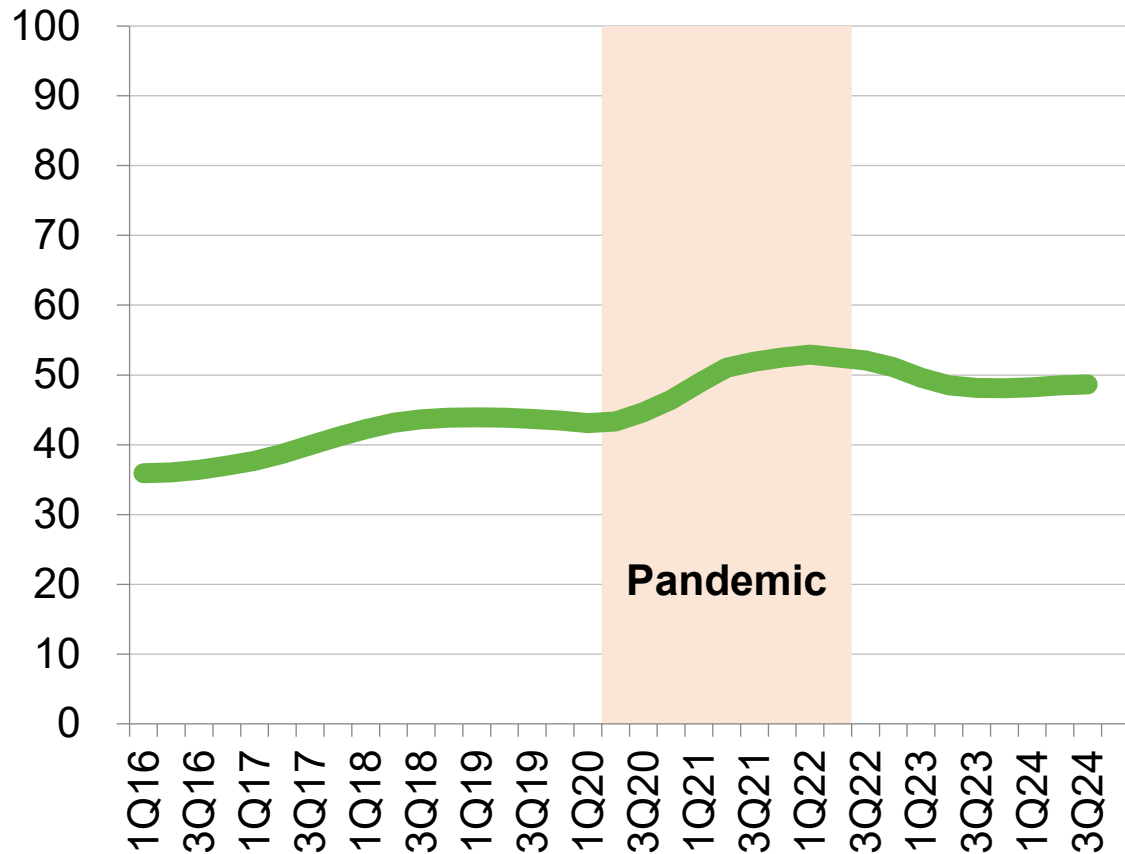
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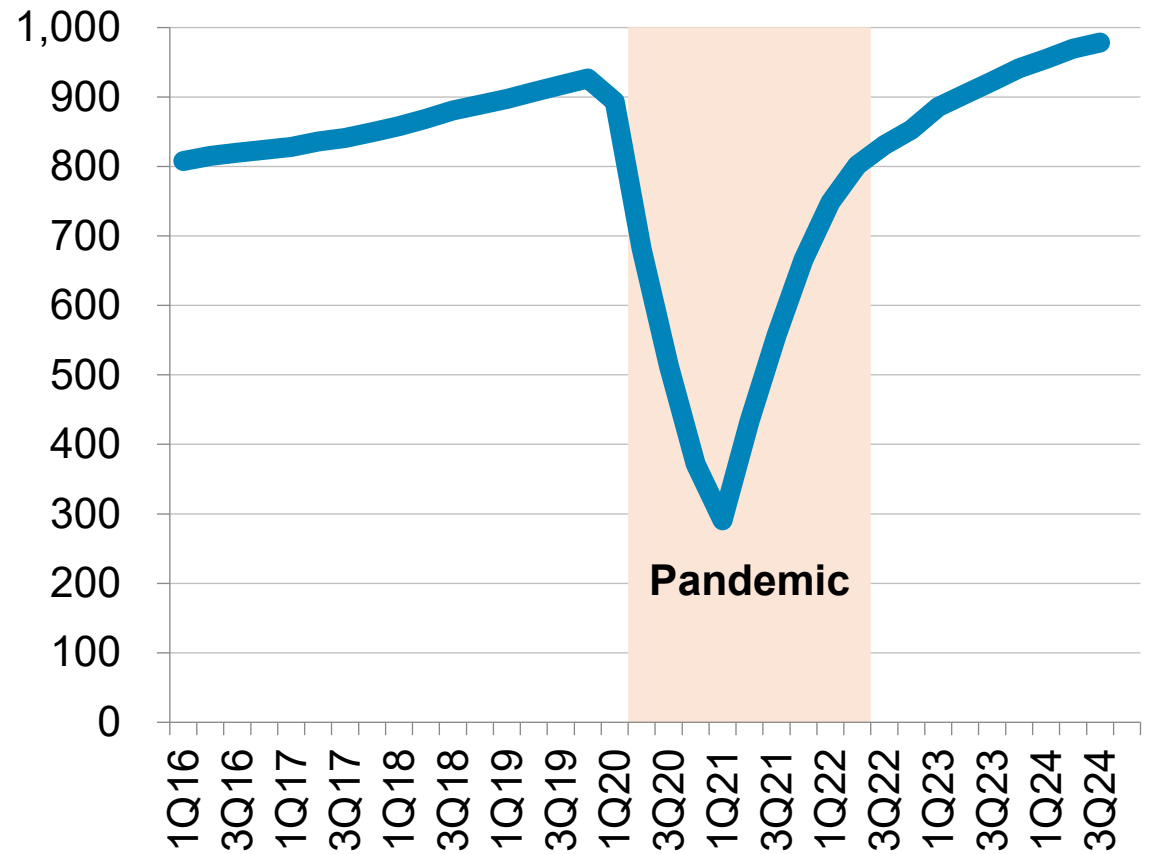
# For U.S. Airlines, Air-Travel and Air-Cargo Demand Exceed Pre-Pandemic Levels

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

### Annualized Air Cargo Revenue Ton Miles\* (Bils)



### Annualized Scheduled-Service Passengers (Mils)



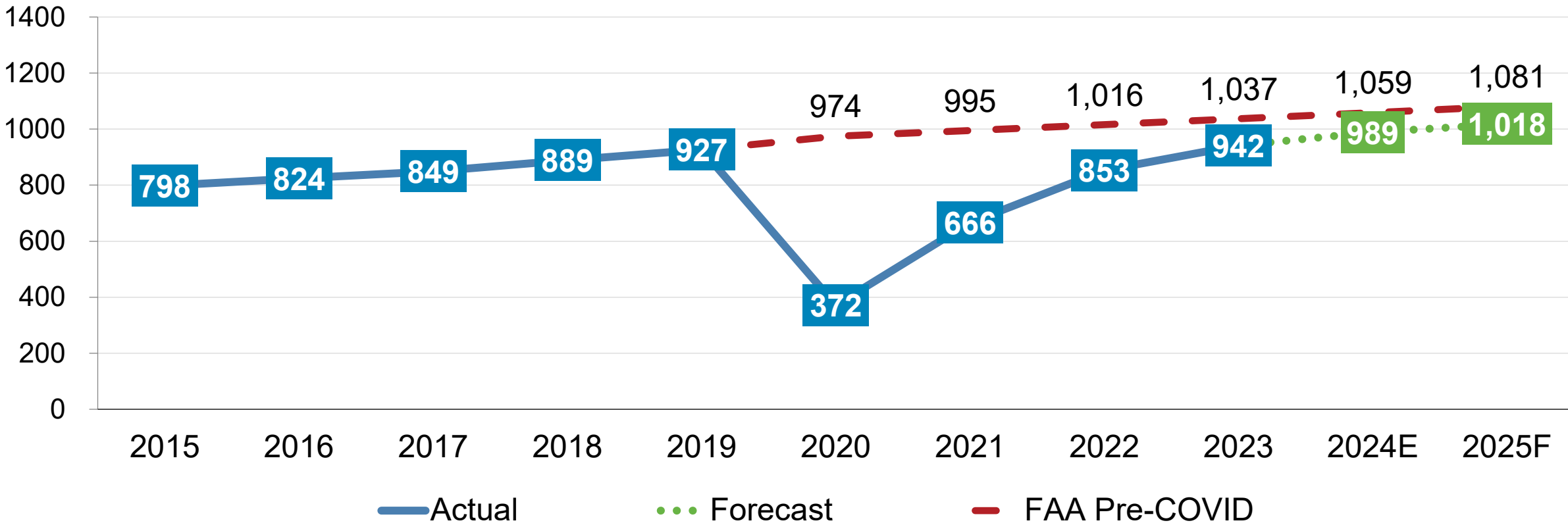
Source: Bureau of Transportation Statistics (Form 41 Schedule T1 and T100 segment data)

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

# U.S. Airline Passenger Volumes Projected to Reach All-Time Highs in 2024 and 2025

Forecast Assumes Continued U.S. Job Growth and Disinflation

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



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

Note: F= forecast; 2024 projection assumes 5% year-over-year growth



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