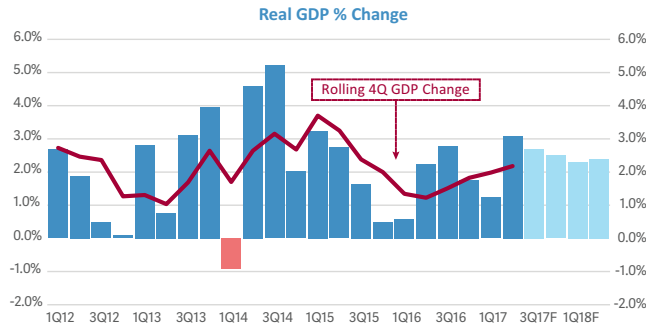




The State of the North American Airline Industry

Figure 1 | U.S. GDP Continues to Grow by 2 Percent



Source: Historic data from the U.S. Bureau of Economic Analysis and forecast data from The Wall Street Journal Economic Forecasting Survey, August 2017

Figure 2 | Global Economy Maintains Momentum

Real GDP Growth and Forecasts

	2015E	2016E	2017P	2018P
World	3.4%	3.20%	3.5%	3.6%
Advanced Economies	2.1%	1.7%	2.0%	1.9%
United States	2.6%	1.6%	2.1%	2.1%
Euro Area	2.0%	1.8%	1.9%	1.7%
United Kingdom	2.2%	1.8%	1.7%	1.5%
Japan	1.1%	1.0%	1.3%	0.6%
Emerging & Developing Economies	4.3%	4.3%	4.6%	4.8%
Developing Asia	6.8%	6.4%	6.5%	6.5%
Latin America & Caribbean	0.1%	-1.0%	1.0%	1.9%
Commonwealth of Independent States	-2.2%	0.4%	1.7%	2.1%
Central & Eastern Europe	4.7%	3.0%	3.5%	3.2%
Middle East/North Africa	2.7%	5.0%	2.6%	3.3%
Subsaharan Africa	3.4%	1.3%	2.7%	3.5%

Source: IMF World Economic Outlook Update, July 2017

Note: (E) Estimated, (P) Projected

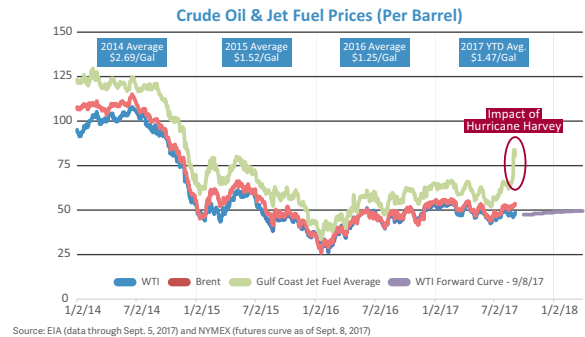
Figure 3 | Fuel Costs Rise Significantly from 2016

Mainline Avg. Fuel Cost (\$/Gal)	1H2017	1H2016	% Chg.
Hawaiian	1.63	1.54	5.8%
American	1.65	1.31	26.0%
JetBlue	1.65	1.31	26.0%
United	1.66	1.42	16.9%
Delta	1.69	1.74	-2.9%
Spirit	1.71	1.35	26.7%
U.S. Industry	1.71	1.52	12.8%
Alaska + Virgin America	1.74	1.40	24.3%
Allegiant	1.76	1.33	32.3%
Southwest	1.94	1.80	7.8%

Air Canada	2.35	1.90	23.7%
WestJet	2.38	1.90	25.3%

Air Canada and WestJet fuel costs are CAD\$/gal and include fuel costs for third-party carriers.
Source: Corporate press releases and SEC filings (excludes out-of-period hedges)

Figure 4 | Crude Oil Tops 2016 Prices



Source: EIA (data through Sept. 5, 2017) and NYMEX (futures curve as of Sept. 8, 2017)

Figure 5 | Mainline Margins Down from 2016

Corporate Pretax Margins	1H2017	1H2016	Pts. Chg.
Allegiant	18.6%	30.7%	-12.1
Alaska + Virgin America	18.4%	22.4%	-4.0
Hawaiian	16.9%	15.3%	1.7
Southwest	16.5%	20.6%	-4.1
Spirit	14.2%	21.3%	-7.1
Delta	13.5%	16.5%	-2.9
JetBlue	13.3%	18.8%	-5.5
U.S. Industry	12.0%	15.9%	-3.9
American	9.6%	14.2%	-4.6
United	8.2%	11.6%	-3.4

WestJet	6.3%	8.9%	-2.6
Air Canada	2.1%	4.2%	-2.1

Source: Company press releases, SEC filings, and ALPA Economic & Financial Analysis analysis
Excludes special items (other than fuel hedging settled in the current period)

Figure 6 | Passenger Revenue Improves

Mainline PRASM, SSL Adjusted	1H2017	1H2016	% Chg.
Hawaiian	12.25	11.20	9.4%
American	12.11	11.46	5.7%
Spirit	4.09	3.93	3.9%
U.S. Industry	11.56	11.37	1.7%
Delta	12.57	12.39	1.5%
Alaska + Virgin	10.21	10.11	1.0%
United	13.26	13.18	0.6%
Southwest	9.55	9.58	-0.3%
JetBlue	10.32	10.42	-0.9%
Allegiant	5.11	5.27	-3.1%

WestJet	12.00	11.80	1.7%
Air Canada	13.40	13.90	-3.7%

Industry average includes U.S. carriers only, SSL adjusted.
Air Canada and WestJet PRASM is reported in CAD\$ and not SSL adjusted.
Source: Corporate press releases, SEC filings, OAG, and ALPA Economic & Financial Analysis analysis

Figure 7 | Canada's Economic Growth Strong Through First Half of 2017

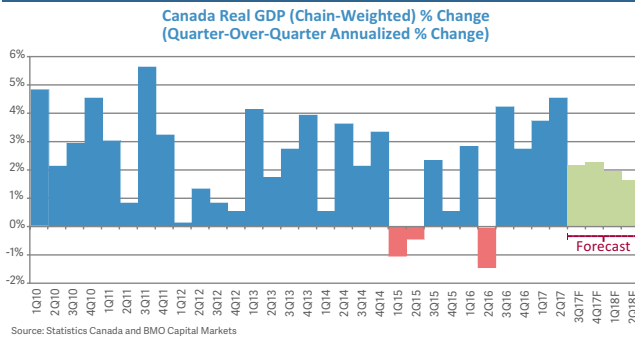


Figure 8 | Canadian Dollar Outperforms U.S. Dollar

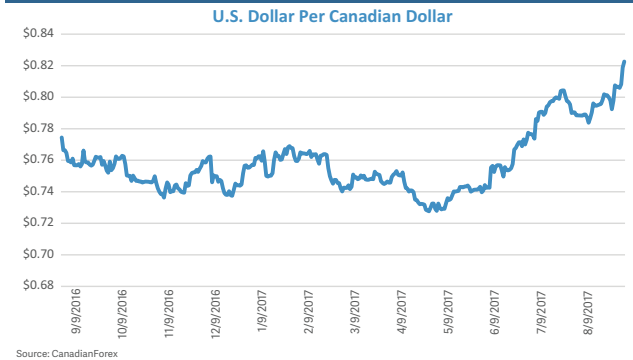


Figure 9 | Canadian Carriers' Overall Pretax Margins Decrease

Corporate Pretax Margin			
	1H2017	1H2016	Pts. Chg.
EIF (Bearskin)	28.0%	28.0%	0.0
Jazz	12.0%	14.6%	-2.7
WestJet	6.3%	8.9%	-2.6
Air Canada	2.1%	4.2%	-2.1
Air Transat	-3.6%	-6.6%	3.0

Note: EIF Information is shown for aerospace and aviation segment only (EBITDA margin).
Source: Company reports

Figure 10 | Global Freight Traffic Grows Double-Digits Through First Seven Months of 2017

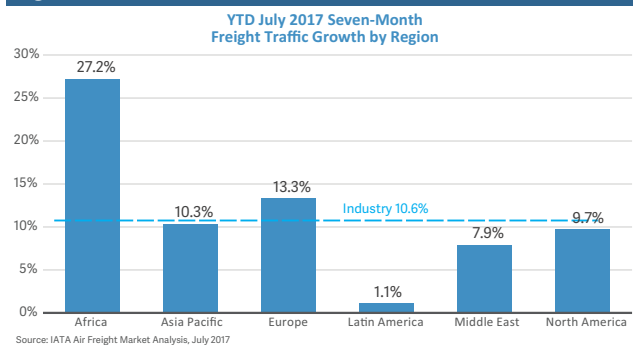


Figure 11 | Air Freight Demand Growth Exceeds Capacity Growth

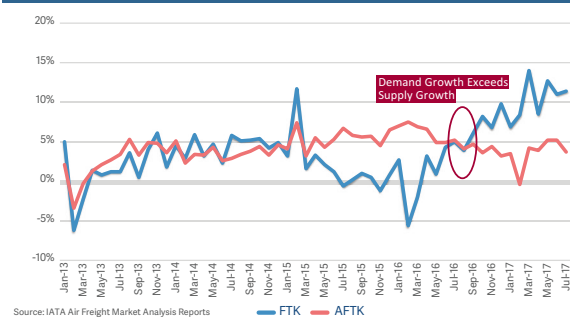


Figure 12 | Volume Increases at Most Major Cargo Airports

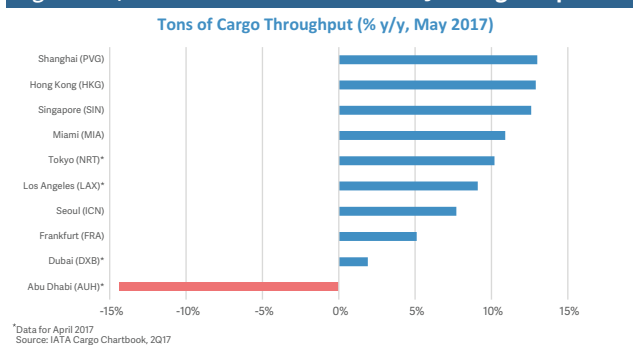


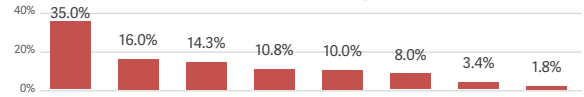
Figure 13 | Industry Pretax Margin Increases Nearly 0.9 Points

Adjusted Pretax Margins			
Calendar Year	1H2017	1H2016	Pts. Chg.
UPS	12.3%	12.7%	-0.5
FedEx	9.1%	6.6%	2.5
Atlas	3.8%	3.2%	0.5
ATSG	6.7%	7.4%	-0.7

Note: Results are based on calendar year; therefore, FedEx fiscal year adjusted to a calendar basis.
Source: Company reports and ALPA Economic & Financial Analysis analysis

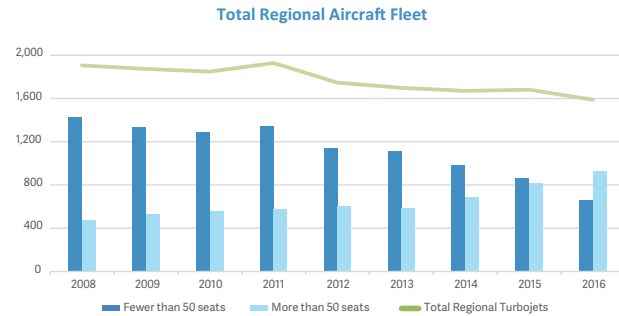
Figure 14 | Fee-for-Departure Landscape Continues to Evolve

FFD Partners							
EXPRESSJET SKYWEST	ENVOYAIR PSA PIEDMONT	REPUBLIC SHUTTLE AMERICA	TRANS STATES GOJET COMPASS	MESA	ENDEAVOR AIR	HORIZON	AIR WISCONSIN*
AS						AS	
AA	AA	AA	AA	AA			AA
UA		UA	UA	UA			UA
DL		DL	DL		DL		



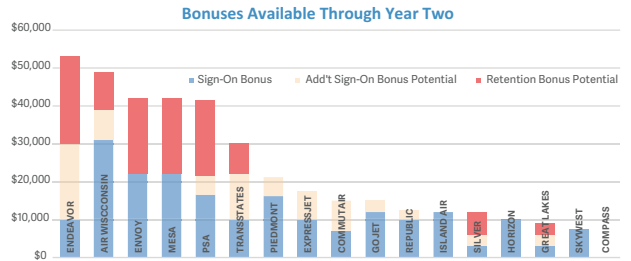
*Air Wisconsin's flying for American expires in early 2018, while flying for United will begin in September 2017.
Source: OAG and ALPA Economic & Financial Analysis analysis

Figure 15 | Fee-for-Departure Fleet Is Shrinking



Source: Regional Airline Association annual reports, FAA aerospace forecast, and ALPA Economic & Financial Analysis analysis

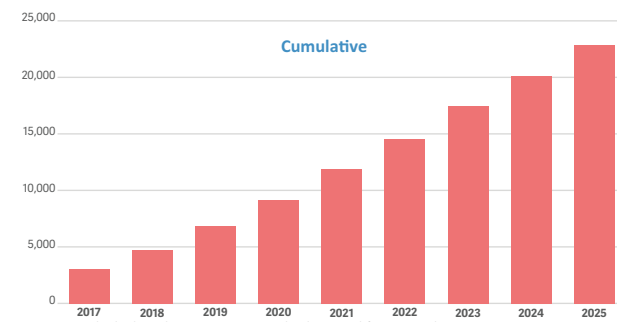
Figure 16 | Fee-for-Departure Carriers Relying on Bonuses to Attract and Retain Pilots



Note 1: Figures are based on available data as of July 1, 2017.
Note 2: Figures apply to a first officer hired in 2017 and remains employed as a first officer for at least two years.
Note 3: Additional retention bonuses available at Air Wisconsin, Endeavor Air, Great Lakes, PSA, Piedmont, and Trans States after a first officer's second anniversary.

Source: Company reports and ALPA Economic & Financial Analysis analysis.

Figure 17 | Large-Jet Carriers Will Need to Replace 23,000+ Pilots by 2025



Source: ALPA membership data and ALPA Economic & Financial Analysis research for non-ALPA pilot groups