



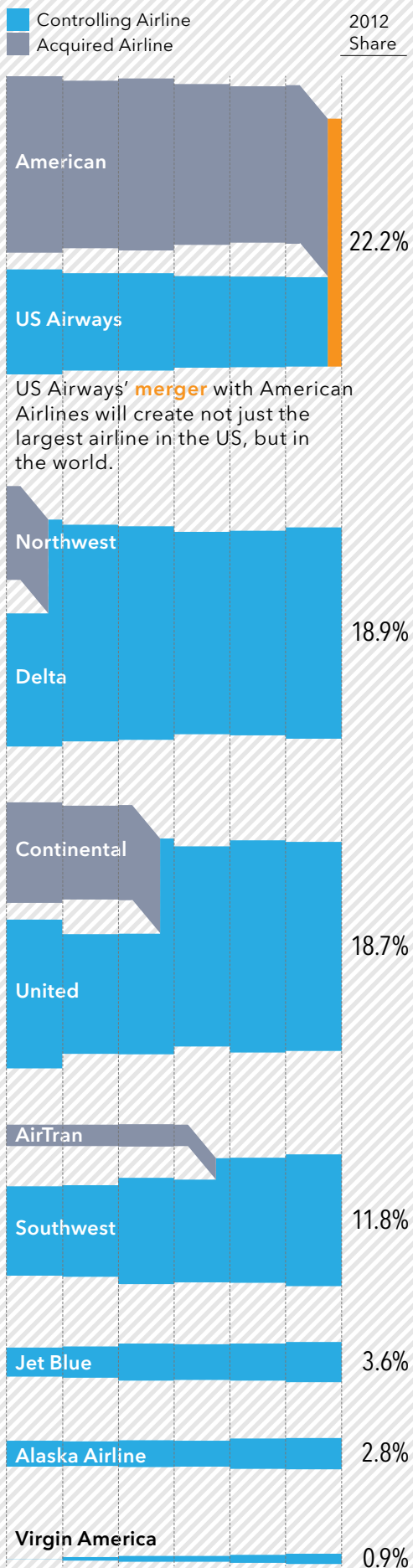
# Why US Airlines Have Been Consolidating

## RECENT MERGERS

In the last five years, the six big, legacy US carriers have consolidated into three—once the American Airlines & US Airways merger is completed.

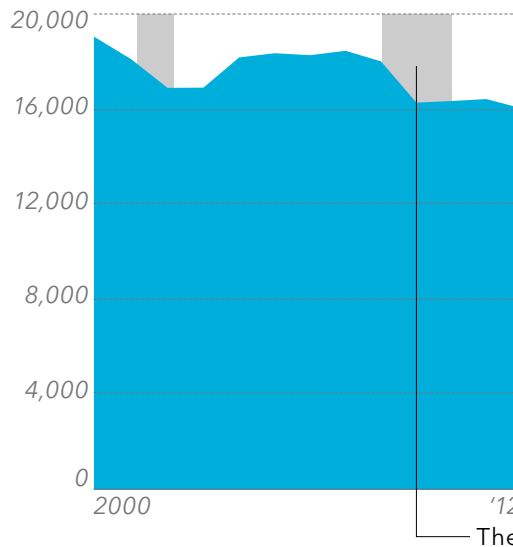
Rising fuel costs, salaries and pensions, and competition from low-cost or budget airlines have all pressured the big six into considering mergers & consolidation.

**Consolidation from 2007 to 2012**  
Market Share, retail value RSP

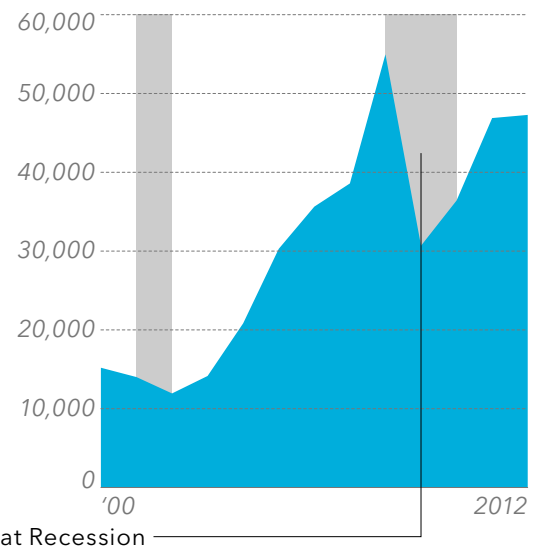


### Despite Using Less Fuel, Total Fuel Costs Remain High

Fuel Consumption, mns gal., 2000-12

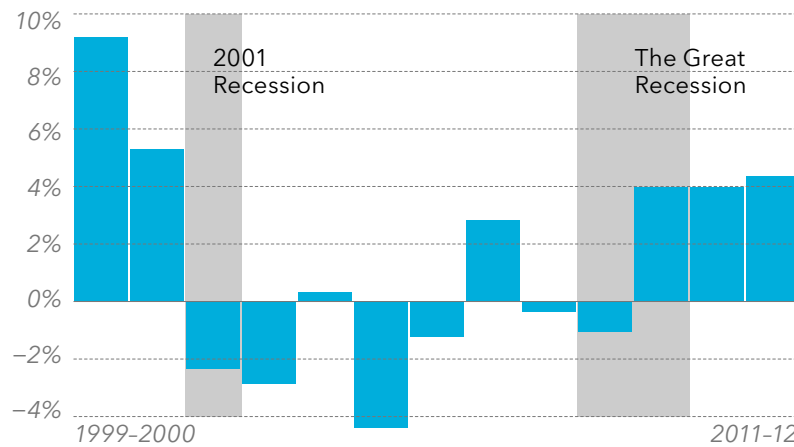


Total Fuel Cost, US\$ mn, 2000-12



### Layoffs & Bankruptcies Have Been Used to Cut Salaries & Benefits

Year-on-year Growth in Salary and Benefits, 2000-12



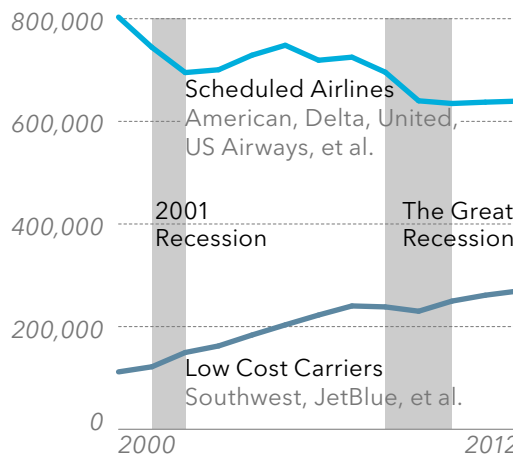
#### Select Bankruptcies

- 2001 Trans World
- 2002 US Airways  
United Airlines
- 2004 US Airways (again)
- 2005 Northwest  
Delta
- 2008 ATA Airlines  
Skybus  
Frontier
- 2011 American Airlines

Bankruptcies allowed the major airlines to drastically restructure their costs.

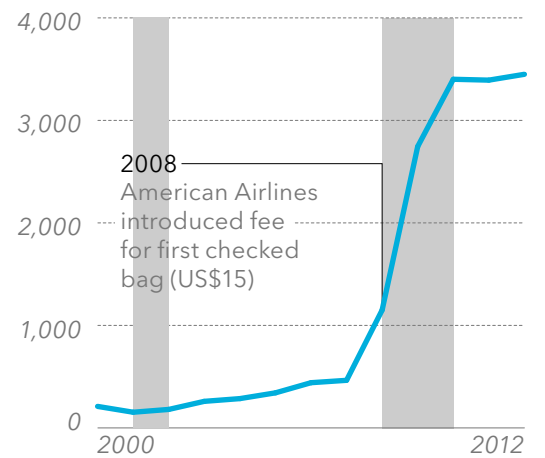
### Scheduled Airlines Are Cutting Capacity...

Capacity, '000 persons, 2000-12



### ...and Adding Ancillary Sources of Revenue

Baggage Fees, US\$ mn, 2000-12



### These Moves Have Helped the Bottom Line Recover

Annual Net Income, mn US\$, 2000-12

