Federal Aviation Administration

FAA AEROSPACE FORECASTS

FISCAL YEARS 2006-2017

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
OFFICE OF POLICY & PLANS

MESSAGE FROM THE ADMINISTRATOR

The FAA's Forecast for 2006 to 2017 is a clear indication that we face challenges, but given the passenger numbers, we're confident the future holds promise.

We expect aviation activity to escalate, with passengers totaling one billion by 2015. In the near-term, however, growth is tempered by significant challenges. There's little question that the price of oil is forcing the industry to change how it operates. But even with the industry's financial state being in such a flux, history has demonstrated time and again that aviation is resilient.

As the market stands now, trends suggest an industry evolving over the next several years with increased passenger demand among the low-cost carriers and the smaller regional airlines. In addition, we expect continued growth in larger regional jets flying more point-to-point routes. There will be increases in corporate jet flights, fractional ownership, and new micro jets. Finally, airline operations are expected to return to traditional levels at most "hub-and-spoke" airports.

In 2006, we expect small gains in domestic capacity, with larger gains coming in the international market. The size of aircraft will continue to shrink as airlines redefine their operations in search of new business models.

As aviation grows and adapts to a business climate that few would have expected a decade ago, the nature of the FAA's workload is changing along with it. We are moving rapidly to make sure that we are able to respond. Commercial aviation demand and activity at FAA facilities exceeded pre-September 11th levels in 2005, but with many more regional jet operations. The demand for general aviation products and services is increasing, and with new products like the Very Light Jets, it is expected to continue to increase in the future.

The FAA is tightening its belt as well in terms of cost-cutting and looking for new ways to deliver our services better. The FAA is committed to keep aviation growing. We are redesigning airspace, deploying new software that will help increase capacity, and putting new procedures in place. The lessons learned from the summers of 2000 and 2004 dictate that we must pursue new avenues. We are.

These forecast trends will require that the FAA's resources be properly targeted during this period of change. We will be ready.

This year marks the FAA's 31st annual Aviation Forecast Conference. Your continued participation will make it a success. I look forward to hearing from you.

Marion C. Blakey

Marion C. Blakey
Administrator

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FORECAST HIGHLIGHTS 2006-2017

The 2006 forecast for commercial aviation anticipates small gains, but in the longer run, the industry is expected to grow significantly. System capacity - the overall yardstick for how busy aviation is both domestically and internationally - will increase just 0.9 percent this year, as legacy carriers cut back on flights. Capacity in international markets will rise 5.9 percent.

Domestically, capacity is expected to shrink 0.7 percent, triggered by cutbacks made by legacy carriers in their fleets. This creates a ripple in regional carrier capacity, which get feed from the legacy carriers. Regional carrier capacity had grown by as much as 20 percent per year since 2003. This year, the growth will be about 4.5 percent. Likewise, revenue passenger miles will increase just 0.2 percent. Enplanements will shrink 0.2 percent.

The size of domestic aircraft will decline this year by 1.4 seats. Legacy carriers continue to replace their wide-body and larger aircraft with smaller, narrow-body planes. Additionally, demand for 70-90 seat aircraft will continue to increase, which furthers the decline in the overall number of seats per aircraft. Conversely, passenger trip length will increase this year by almost 3 miles.

General aviation is expected to receive a boost from relatively inexpensive twin-engine microjets, which may redefine “on-demand” air taxi service. Next year, 100 microjets will join the fleet, growing to 400-500 per year through 2017. The number of general aviation hours flown will also increase by 3.2 percent per year through 2017.

The FAA continues to be optimistic about the future. Since 2000, the industry has been battered with 9/11, the spread of the Severe Acute Respiratory Syndrome (SARS), and record high fuel prices. An important yardstick, though, remains the number of passengers that traveled. Last year, that number was a record 739 million, up from 690 million the previous year. U.S. commercial aviation remains on track to carry one billion passengers by 2015. In addition, international traffic is growing almost 2 percent faster than domestic traffic. The remaining formidable hurdle for the commercial aviation industry as a whole will be the price of oil.

In the long run, inexpensive tickets, a strong national economy, and increasing demand for seats aboard aircraft should bode well for the industry and consumers.

REVIEW OF 2005

In 2005[1], for the second year in a row, passenger demand on U.S. airlines remained strong. System revenue passenger miles (RPMs) and enplanements grew 8.0 and 7.1 percent, respectively. Commercial air carrier domestic enplanements rose 6.6 percent and were 4.5 percent higher than pre-9/11 levels. International enplanements grew 12.1 percent and were 22 percent higher than in 2000. The system-wide load factor increased to an all-time high of 77.1 percent. However record oil prices and falling yields resulted in a fifth consecutive year of losses.

Continuing a trend that has been occurring for several years, regional and low-cost carriers[2] grew much faster than their legacy carrier[3] counterparts. In 2005 the domestic market share for these carriers increased 2.2 points to 45 percent, up from a 30 percent share in 2000. Increased competition is prompting legacy carriers to continue to cut costs and prices in markets served by low-cost carriers. This is good news for the flying public but a bitter pill for an industry navigating through tough business times.

As competition increases, the legacy carriers continue to see their finances worsen. After reporting a $6 billion net loss in 2004, legacy carriers reported a $10.3 billion net loss in 2005 and by the end of the year three legacy carriers were operating under Chapter 11 bankruptcy protection[4]. Low-cost and regional carriers are struggling too. Higher fuel prices and fallout from the legacy's financial woes resulted in losses of $2.5 billion for these carriers. Higher fuel prices cost the industry some $9.6 billion last year alone. Cargo carriers, on the other hand, reported net profits of $1.1 billion.

The market for general aviation products and services climbed for the second consecutive year, following a 3-year run of declining shipments and weak billings. General aviation aircraft shipments and billings were stimulated by growth in the U.S. economy as well as by accelerated depreciation allowances for the operators of new aircraft.

For the FAA, the overall shift from large jets to smaller aircraft increases our workload. Regional jets carry less passengers each flight and represent 37 percent of the commercial traffic at the nation's 35 busiest airports. That's up from 30 percent in 2000. Lower ticket prices have resulted in less tax revenues flowing into the Aviation Trust Fund, which pays for most of the FAA's costs to run the system. All of these changes have left the trust fund in a more precarious state. At the end of FY 2005, it is estimated that the balance in the trust fund was $1.9 billion. In 2000, the balance was $7.1 billion.

Through it all, though, the aviation industry remains resilient. It continues to find ways to adopt as the business model changes.

1 All stated year and quarters for U.S. economic and U.S. air carrier traffic and financial data and forecasts are on a fiscal year (FY) basis (October 1 through September 30). All stated years and quarters for international economic and world traffic and financial data are on a calendar year (CY) basis, unless otherwise stated.

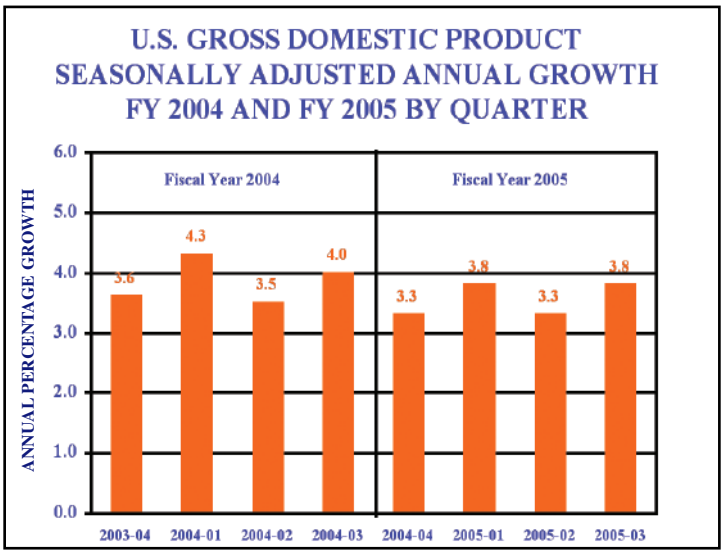
2 American Trans Air, America West Airlines, AirTran Airways, Frontier Airlines, JetBlue Airways, Sun Country Airlines, Southwest Airlines, and Spirit Airlines.

3 Alaska Airlines, American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways.

4 Delta, Northwest, United.

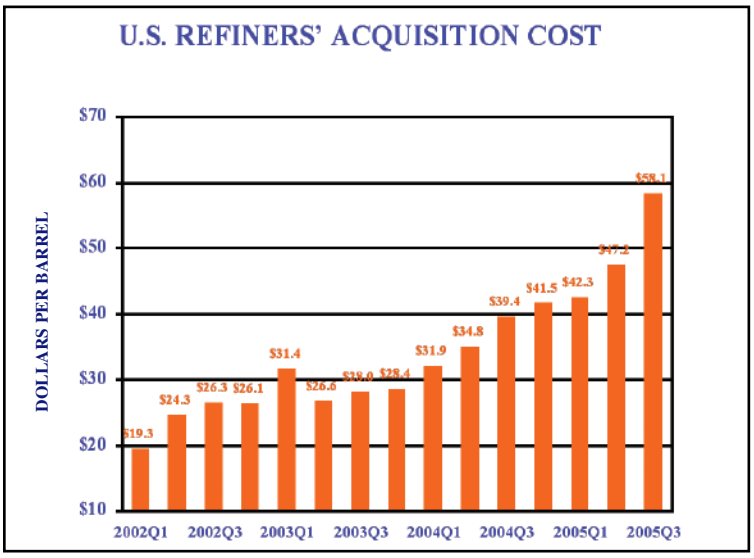
U.S. Economic Activity

The U.S. has kept a strong growth path, with U.S. Gross Domestic Product (GDP) growing by 4.3 and 3.6 percent, respectively, in fiscal years 2004 and 2005. Seasonally adjusted quarterly growth has ranged from a high of 4.3 percent in second quarter fiscal 2004 to a low of 3.3 percent in first and third quarters fiscal 2005.



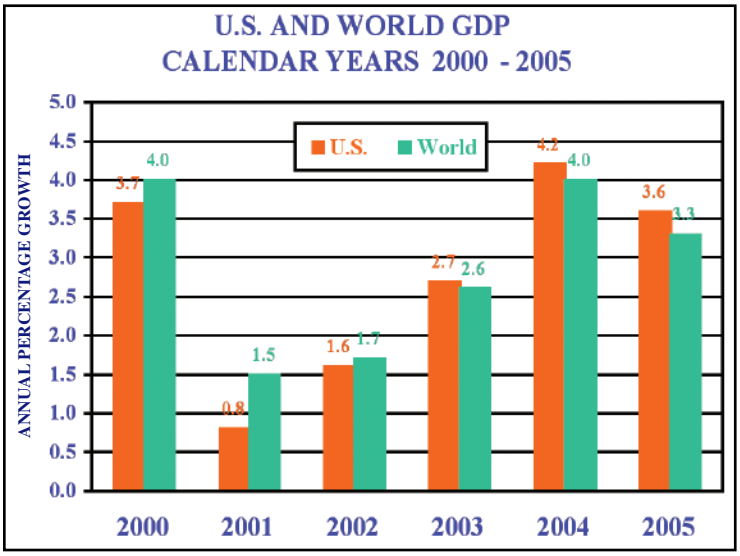
U.S. inflation (as measured by the consumer price index [CPI]) averaged 2.3 percent in fiscal year 2004 and jumped to 3.3 in 2005. During 2005, inflation rose substantially above the long-term average of the past decade of 2.5 percent. The large increases in oil prices played an important role in the rise of overall prices.

Fuel prices, as measured by the U.S. Refiners' Acquisition Cost, rose by 40.5 percent in fiscal year 2005 following a sharp rise the previous year of 20.1 percent. Oil prices rose from an average $41.89 a barrel during the first half of 2005 to $52.65 a barrel in the last half. Higher prices were spurred on by strong global demand for oil and concerns about potential supply disruptions, especially after hurricanes Katrina and Rita.



World Economic Activity

U.S economic prosperity has helped to lead world GDP growth out of the doldrums of 2001 and 2002. U.S. and world economic growth reached 4.2 and 4.0 percent, respectively, in 2004; growth dropped off in 2005 to 3.6 and 3.3 percent. The similarity in growth reflects global trade markets converging as well as the growing dependency of many world economies on trade with the United States. The U.S. makes up nearly a third of world GDP and is twice the size of the world's second largest economy, Japan. It is six times the size of the rapidly growing economy of China.



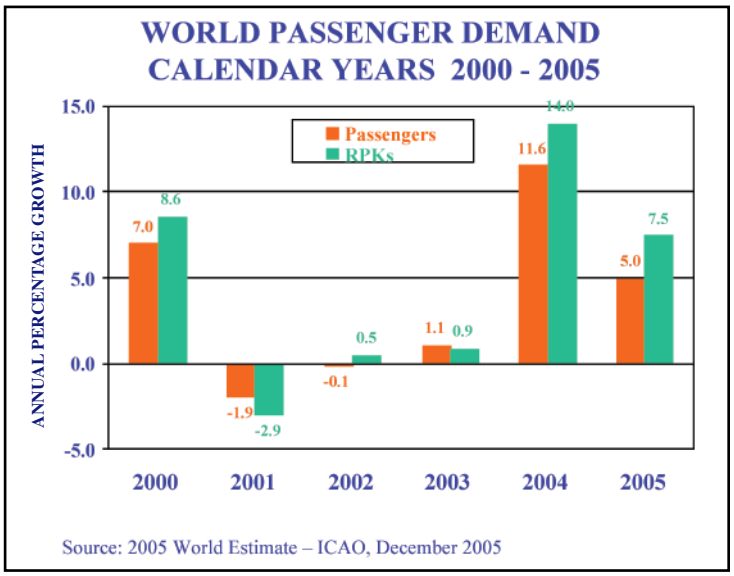
On a calendar year basis, Canadian economic growth substantially lagged behind the U.S. in 2004 and 2005 with growth rates of 2.9 and 2.8 percent, respectively. The combined economies of the Asian and Far East nations grew by 3.8 percent in 2005. This region includes the world's second largest economy, Japan (up 1.8 percent) that grew below average, and the world's most dynamic economy, China (up 9.3 percent) that grew far above average. The combined economies of the Europe/Middle East/Africa nations rose by 2.2 percent in 2005, as the GDP in the vibrant economies of Eastern Europe climbed 5.4 percent offsetting the sluggish growth in Eurozone[5] countries of 1.3 percent. GDP in Latin America and Mexico combined rose by 4.3 percent in 2005, down from the soaring 6.1 percent rise of a year earlier. This region continues its expansion following a strong downturn in 2002.

Commercial Aviation

High jet fuel prices continued to hurt both U.S. and world airlines in 2005. However, the demand for aviation services was only minimally affected as the strong economy offset the impact from higher fares as carriers passed increased fuel costs on to the traveling pubic. The impact to U.S. and world airlines was to the bottom line--namely the lack of profits.

World Travel Demand

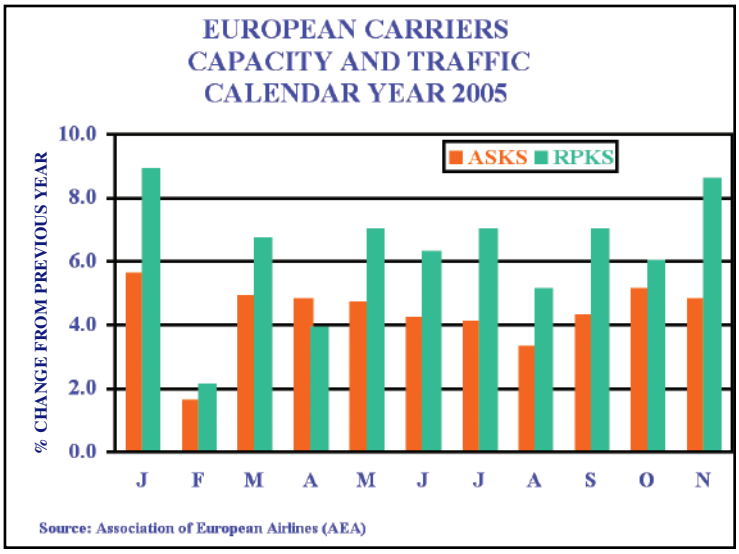
Based on data compiled by the International Civil Aviation Organization (ICAO), world air carriers transported 1.9 billion passengers (up 11.6 percent) a total of 3.4 trillion revenue passenger kilometers (RPKs) (up 14.0 percent) in calendar year 2004. Although worldwide traffic results are not available for full year 2005, signs are the demand for world aviation services continued to grow strongly in 2005. In December 2005, ICAO estimated that worldwide RPKs increased 7.5 percent and passengers increased about 5.0 percent in 2005.[6]



[5] *Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.*

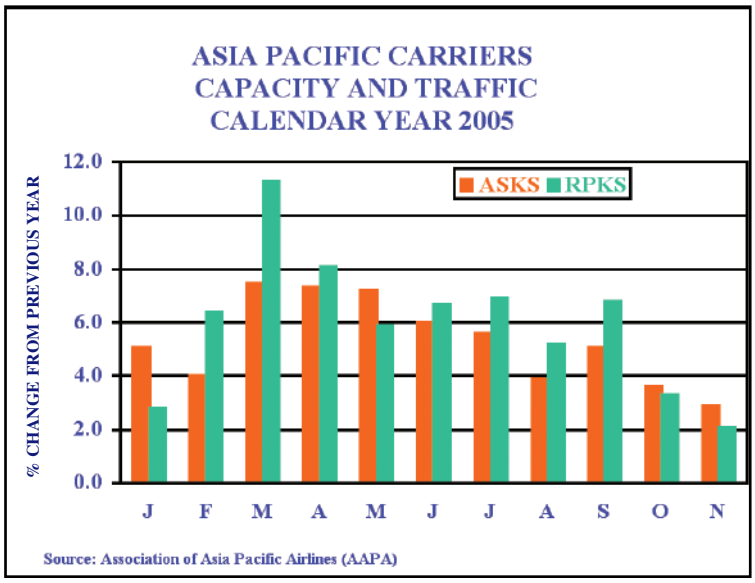
[6] *ICAO News Release, December 15, 2005.*

Statistics from the Association of European Airlines (AEA) show that passengers and RPKs increased 3.0 percent and 5.8 percent, respectively, during the first eleven months of 2005. Capacity, as measured by available seat kilometers (ASKs), was up 3.9 percent. Long-haul markets (Atlantic, Far East, Sub-Saharan Africa) grew at a faster rate than did short-haul markets (Europe, Northern Africa, and Middle East).

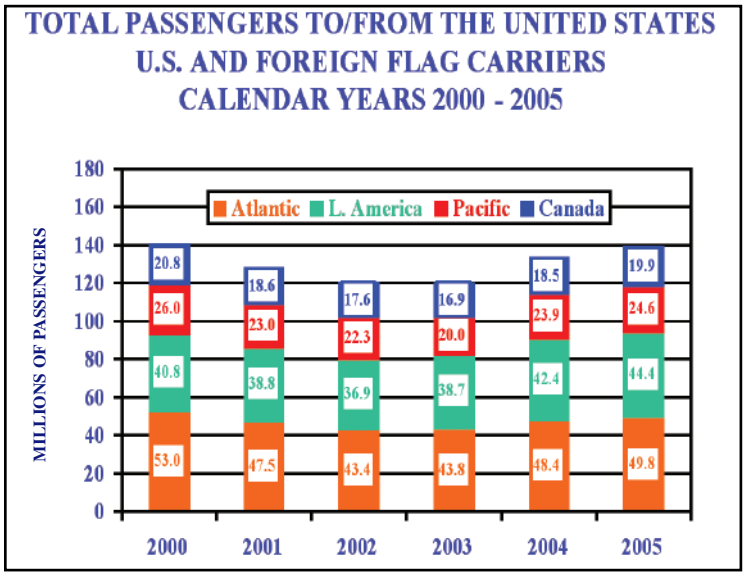


AEA members did not see a pronounced slowdown in growth in the latter part of 2005. During the July to November 2005 time period, passengers were up 3.8 percent and RPKs were up 6.2 percent. In comparison, the growth in passengers and RPKs for the January to June 2005 time period was 2.3 and 5.5 percent, respectively.

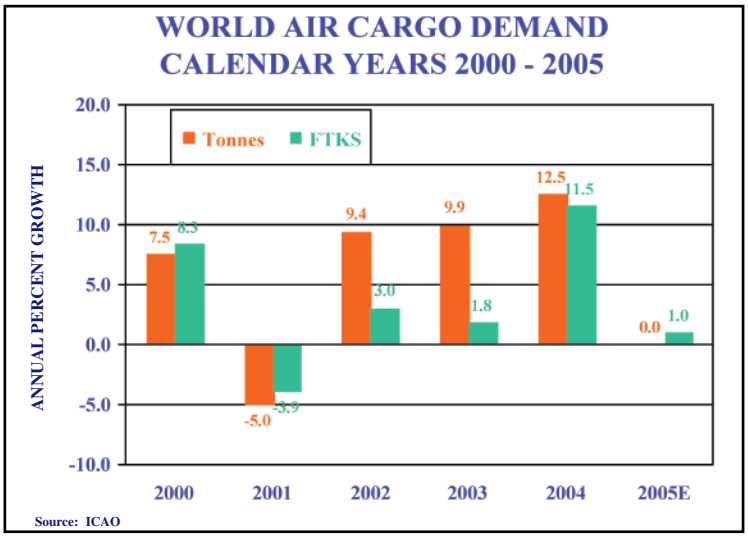
The Association of Asian Pacific Airlines (AAPA) reported increases of 5.4 percent in RPKs and 4.8 percent in ASKs for the first eleven months of 2005. Passengers increased 5.5 percent during the same period.



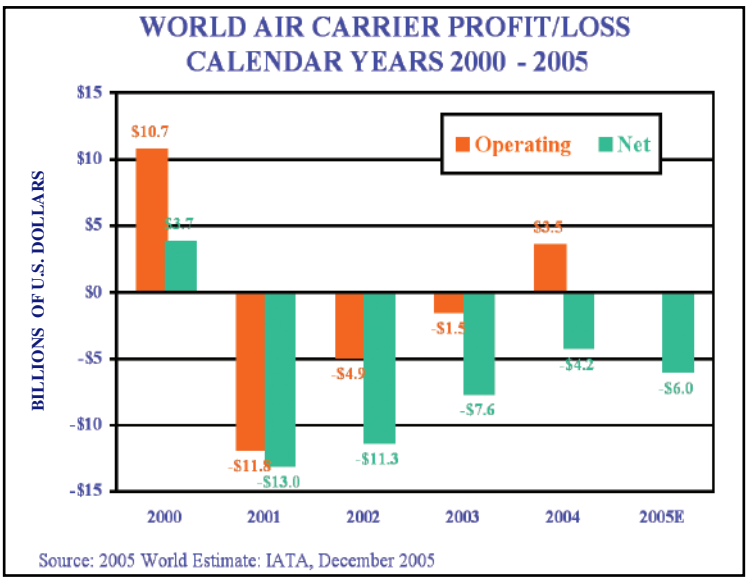
In calendar year 2005, it is estimated that U.S. and foreign flag carriers combined will transport 138.7 million passengers between the United States and the rest of the world, an increase of 3.9 percent over 2004. Growth occurred in all four world travel regions, with Canadian transborder markets growing the fastest, up 7.7 percent, followed by Latin America (up 4.6 percent), Asia/Pacific (up 3.3 percent), and Atlantic markets (up 2.2 percent). Latin America remains the only international travel market to return to pre-9/11 levels by the end of 2005.



Worldwide air cargo demand continued to grow rapidly in 2004 responding positively to stronger global economic activity, with freight tonnes and freight ton kilometers (FTKs) up 12.5 and 11.5 percent, respectively. However, it appears that high fuel prices have taken their toll on air cargo demand in 2005. For the first ten months of 2005, IATA reported that member carrier cargo traffic was up only 2.6 percent. AEA and AAPA statistics show that their member carriers' FTKs were up only 2.2 and 3.2 percent, respectively, during the January to November 2005 time period. ICAO estimated that member cargo carrier traffic increased about 1.0 percent in 2005.[7]



[7] *ICAO News Release, December 15, 2005.*



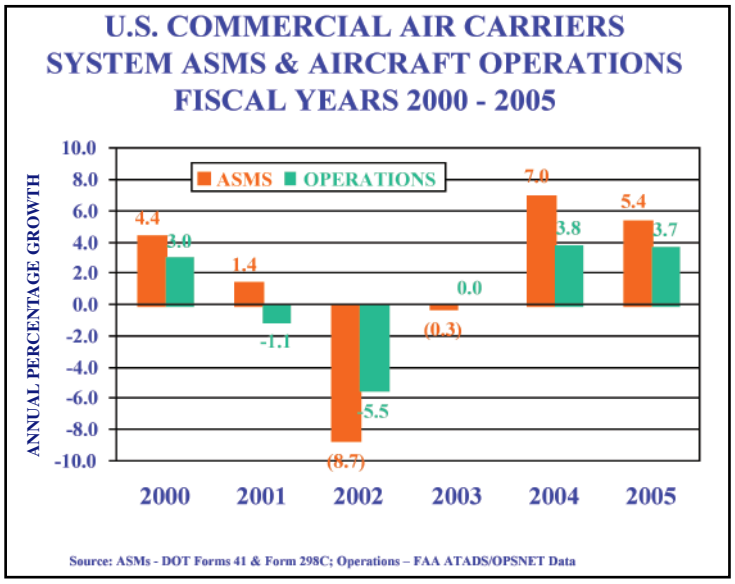
Based on financial data compiled by ICAO, world air carriers (including U.S. airlines) reported an operating profit of $3.5 billion but a net loss of $4.2 billion in 2004. Since 2000, world airlines have incurred cumulative operating losses of $14.7 billion and net losses of $36.1 billion. Air carrier financial results in 2005 were hurt by significantly higher fuel prices. In early December, the International Air Transport Association (IATA) estimated that global airline industry losses would be $6.0 billion in 2005.[8]

U.S. Travel Demand

The U.S. commercial aviation industry consists of 34 mainline air carriers that use large passenger jets (over 90 seats) and 79 regional carriers that use smaller piston, turboprop, and regional jet aircraft (up to 90 seats) to provide connecting passengers to the larger carriers. Mainline and regional carriers provide both domestic and international passenger service between the U.S. and foreign destinations, although regional carrier international service is confined to border markets in Canada, Mexico, and the Caribbean. An additional 25 mainline all-cargo carriers provide domestic and/or international air cargo service.

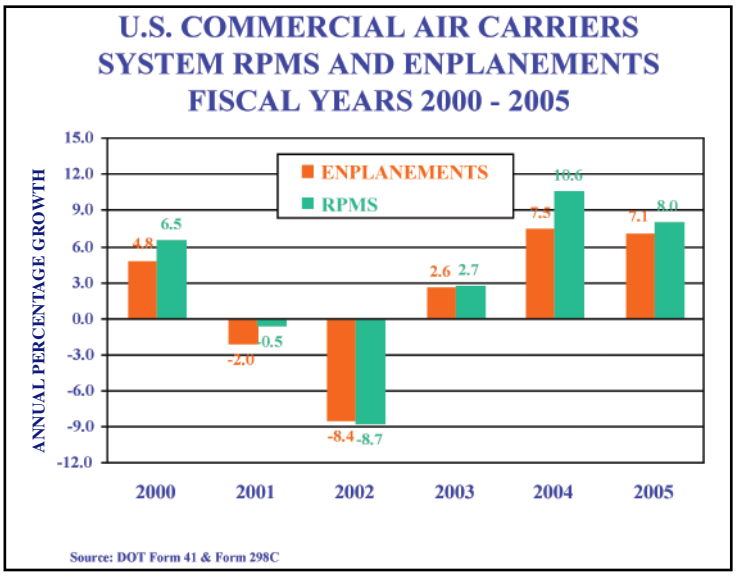
Three distinct trends have emerged since the events of 9/11 that have helped shape today's U.S. commercial air carrier industry: (1) major restructuring and downsizing among the mainline legacy carriers; (2) rapid growth among low-cost carriers, particularly in nontraditional long-distance transcontinental markets; and (3) exceptional growth among regional carriers.

[8] *Air Transport World Daily News, December 15, 2005*



Commercial Air Carriers—Passengers

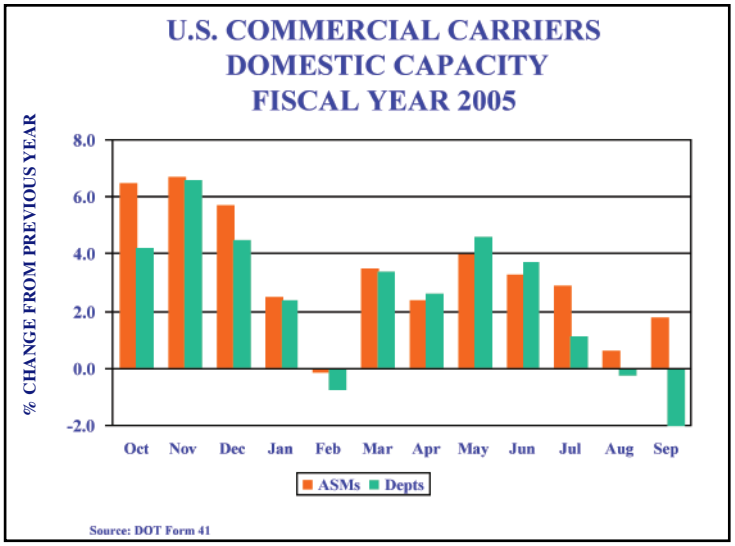
U.S. commercial carrier system capacity and traffic (the sum of domestic and international services) grew strongly for a second consecutive year in 2005. System ASMs were up 5.4 percent while system RPMs and enplanements showed gains of 8.0 and 7.0 percent, respectively.



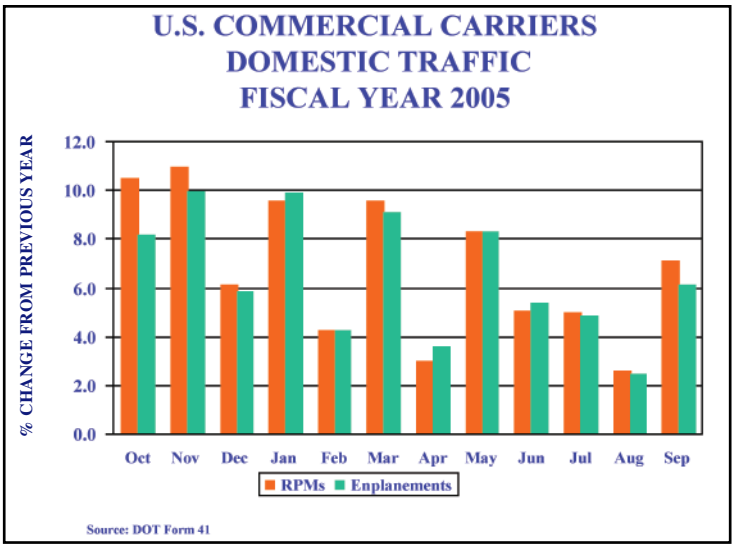
At the end of 2005, commercial air carrier enplanements exceeded pre-September 11th levels by 5.9 percent while RPMs were 11.6 percent higher than in 2000. The system-wide load factor increased 1.9 points to 77.1 percent in 2005, an all-time high.

Domestic Passenger Markets

Domestic capacity (50 states, Puerto Rico, and the U.S. Virgin Islands) was up 3.5 percent in 2005 while the number of departures was up 3.6 percent. ASM growth was higher in the first half of the year, up 4.0 percent, but up 3.0 percent over the latter half of the year. Mainline carrier capacity was up an estimated 1.5 percent while regional carrier capacity was up 20.7 percent. At the end of 2005, domestic ASMs were 4.0 percent above pre-9/11 levels while departures were 1.1 percent below.



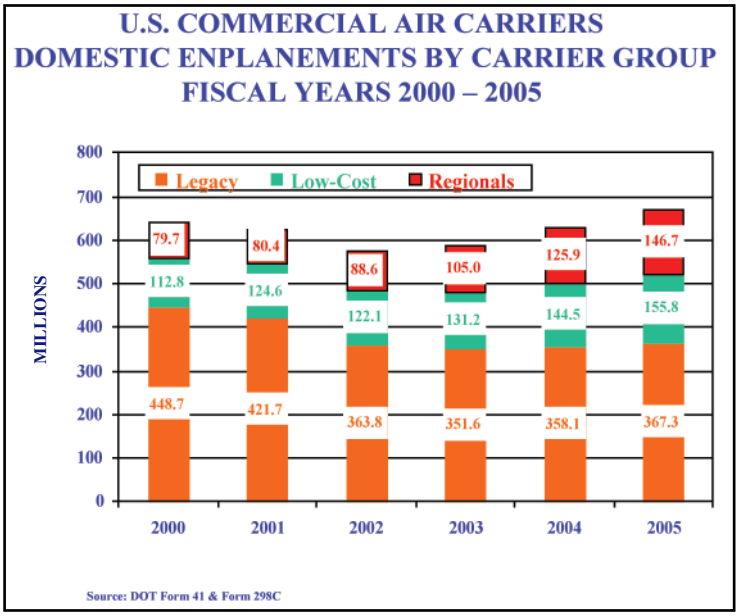
Despite record high oil prices, domestic passenger growth was strong in 2005, as enplanements were up 6.6 percent. All sectors of the industry recorded increases with mainline enplanements up 4.1 percent while regional carrier enplanements were up 16.5 percent. Similar to capacity, gains in the first part of the year were higher than in the latter half of the year. With the gains achieved in 2005, domestic enplanements have now surpassed pre-9/11 levels.



Domestic passenger traffic was also robust in 2005 with domestic RPMs up 6.9 percent. Traffic growth was higher in the first half of the year, up 8.5 percent before slowing significantly to 5.1 percent in the second half. Mainline carrier RPMs were up 5.1 percent while regional carrier RPMs were up an impressive 23.9 percent, the fourth consecutive year with growth more than 20 percent.

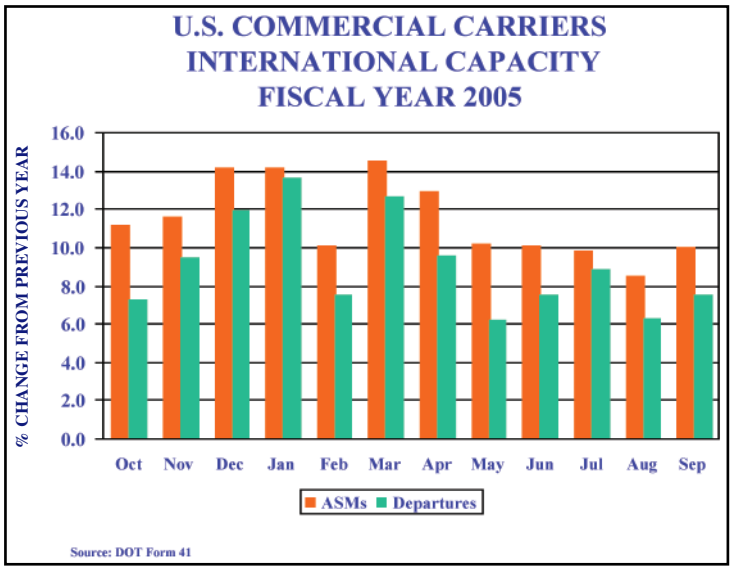
Domestic carrier load factor achieved an all-time high of 76.4 percent in 2005, an increase of 2.4 points over 2004 as both mainline (77.3 percent, up 2.6 points) and regional (69.9 percent, up 1.8 points) carriers achieved all-time highs.

Since 2000, total domestic capacity has increased by 4.0 percent. Legacy carriers have reduced their domestic capacity by 14.9 percent while low-cost carriers have increased capacity by 50.8 percent and regional carriers have increased capacity a whopping 139.3 percent. Owing to the large cuts in capacity, legacy carrier RPMs and enplanements fell 6.7 and 18.5 percent, respectively. During this same time period, low-cost carrier RPMs and enplanements have increased 60.3 and 38.0 percent, respectively, while regional carrier RPMs and enplanements have increased 180.8 and 84.1 percent, respectively. As a result, legacy carriers' share of domestic capacity has fallen from 78.5 percent in 2000 to 64.4 percent in 2005 while their share of RPMs has fallen from 79.5 to 66.0 percent. The combined domestic enplanements of the low-cost carriers and regionals have increased 57.1 percent since 2000, to 302.5 million in 2005. In 2005, their combined passenger count represented 45.3 percent of domestic commercial enplanements, up from 30.0 percent in 2000.

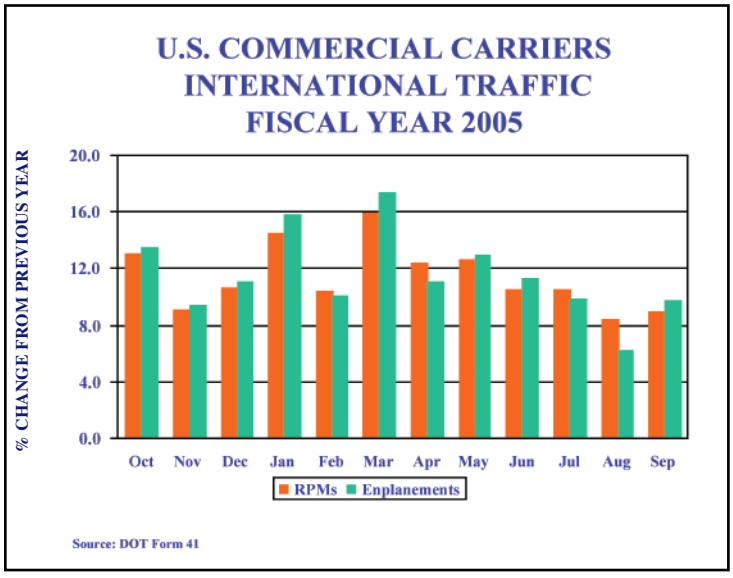


International Passenger Markets

U.S. carriers posted a second consecutive year of strong gains in international capacity and traffic in 2005. U.S. carrier ASMs and departures were up 11.5 and 9.3 percent, respectively, in 2005. Similar to domestic markets, ASM growth was higher in the first half of the year at 12.7 percent, than in the second half of the year, up 10.2 percent. ASMs increased in all world travel regions-up 15.1, 14.2, and 8.0 percent, respectively, in Latin American, Asia/Pacific, and Atlantic markets.



International RPMs and passenger enplanements were up 11.6 and 12.1 percent, respectively, in 2005 with faster growth recorded in the first half of the year. Latin American markets posted the strongest gains, with RPMs up 18.0 percent and enplanements up 16.1 percent, respectively. RPMs and enplanements grew by 10.6 and 8.1 percent, respectively, in Asia/Pacific markets and by 8.7 and 8.5 percent, respectively, in Atlantic markets.



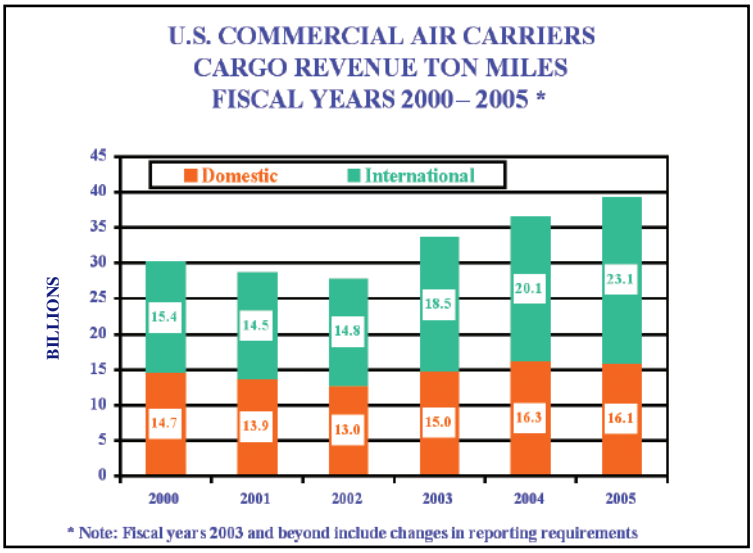
International load factor held steady at 79.3 percent in 2005. Load factor increased in Atlantic markets (up 0.7 points to 82.4 percent) and Latin American markets (up 1.8 points to 72.4 percent) while declining in Asia/Pacific markets (down 2.7 points to 81.5 percent).

With strong growth in 2005, U.S. international ASMs and RPMs moved above levels recorded in 2000. At the end of FY 2005, international ASMs were 4.3 percent higher while international RPMs were 8.9 percent higher than the levels recorded in 2000. However, both departures and enplanements exceeded 2000 levels in 2004. This disparity reflects the stronger growth showed in the shorter trip distance Latin American markets for both capacity and traffic since 2000.

Commercial Air Carriers—Cargo

Air cargo traffic comprises both domestic and international revenue freight/express and mail. The demand for air cargo is a derived demand resulting from economic activity. Cargo is moved in the bellies of passenger aircraft and in dedicated all-cargo aircraft, on both scheduled and nonscheduled service.

U.S. air carriers flew 39.2 billion revenue ton miles (RTMs) in 2005, up 7.5 percent from 2005. Domestic cargo RTMs (16.1 billion) decreased 1.6 percent, while international RTMs (23.1 billion) were up 14.8 percent. The decrease in domestic RTMs reflects a continuation of the modal shift from air to ground shipments and the impact of air fuel surcharges. The increase in international RTMs is attributable to increases in trade (e.g., Asia) and military shipments to the Middle East.

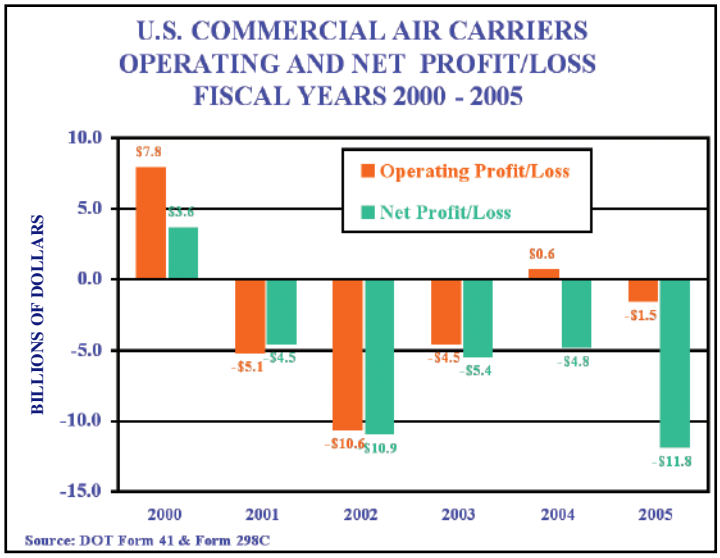


Air cargo RTMs flown by all-cargo carriers were 70.8 percent of total RTMs in 2005: passenger carriers flew the rest, or 29.2 percent of the total. Total RTMs flown by all-cargo carriers increased 7.6 percent in 2005, from 25.8 billion to 27.7 billion. Total RTMs flown by passenger carriers were 11.4 billion in 2005 (up 7.2 percent).

Since 9/11 the FAA and the Transportation Security Administration (TSA) have issued security directives aimed at strengthening security standards for transporting cargo by air. These directives have caused the diversion of a portion of the freight and mail cargo from passenger to all-cargo carriers. In November 2004, TSA issued a notice of proposed rulemaking that applies security requirements throughout the supply chain. This rule, which is expected to become final in 2006, is likely to increase the shift in cargo share from passenger to all-cargo carriers.

U.S. Commercial Air Carriers 2005 Financial Results

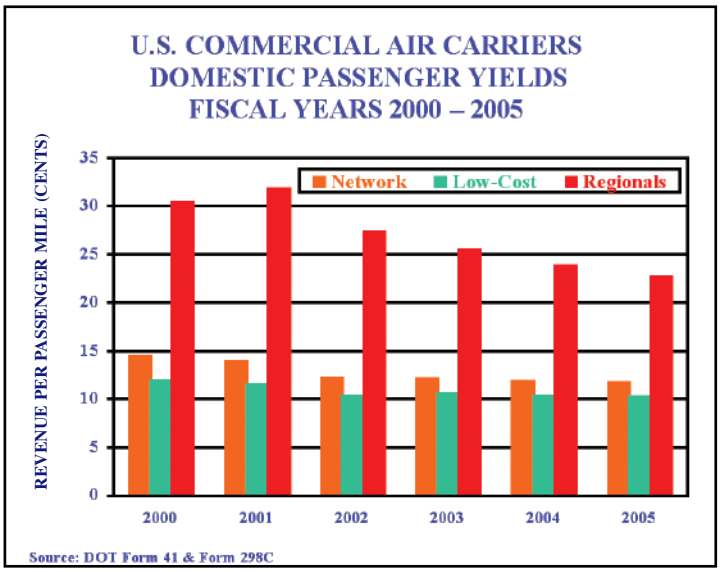
Financial results for the U.S. commercial airline industry (including regional carriers) were largely grim in 2005, reflecting the impact of record high oil prices, although disparities were evident between passenger and cargo carriers, and between domestic and international markets. In fiscal year 2005, U.S. commercial airlines reported an operating loss of $1.5 billion and a net loss of $11.8 billion. Over the last five years, the industry has posted cumulative operating and net losses of more than $21.0 and $37.0 billion, respectively.



Operating revenues (passenger and cargo) were up 9.7 percent in 2005, reflecting strong passenger and cargo demand. Operating expenses were up 11.4 percent in 2005, as the 48.5 percent increase in jet fuel prices (from $1.021 to $1.516) more than offset the tremendous strides made by most mainline carriers in reducing operating costs. Higher jet fuel prices are estimated to have added $9.6 billion to industry operating costs in 2005, effectively wiping out what could have been a reasonably strong year financially.

In 2005, passenger carriers reported operating and net losses of $3.5 and $12.8 billion, respectively, while air cargo carriers, chiefly because of FedEx, reported operating and net profits of $2.0 billion and $1.1 billion, respectively. International operations were largely profitable for both air cargo and passenger carriers in 2005. In international markets, air cargo carriers reported operating and net profits of $1.1 billion and $582.3 million. In the same markets, passenger airlines earned $1.0 billion in operating profit but recorded a net loss of $1.1 billion, mainly because of one-time expenses associated with United's bankruptcy. Domestic markets were profitable for cargo carriers who posted operating and net profits of $829 and $473 million, respectively. However, they were a disaster for passenger carriers who incurred an operating loss of $4.5 billion and a net loss of $11.6 billion in 2005.

Although the overall financial results for passenger carriers were terrible, there were noticeable differences between the carrier groups. The eight low-cost carriers reported combined operating and net losses of $251.5 million and $716.5 million, respectively, in 2005. However, these results were skewed by the results of American Trans Air (operating under Chapter 11 bankruptcy protection), which posted operating and net losses more than $1.0 billion. Excluding American Trans Air's financial results, the low-cost carriers reported operating and net profits of $790.0 and $329.3 million, respectively. Strong competition against the legacy carriers, especially in the intra-east coast markets, has been costly to all carriers' passenger yield. Low-cost carriers' passenger yield declined 0.2 percent in 2005 (compared to a 1.8 percent decline for the network carriers) and is down 13.8 percent since 2000.



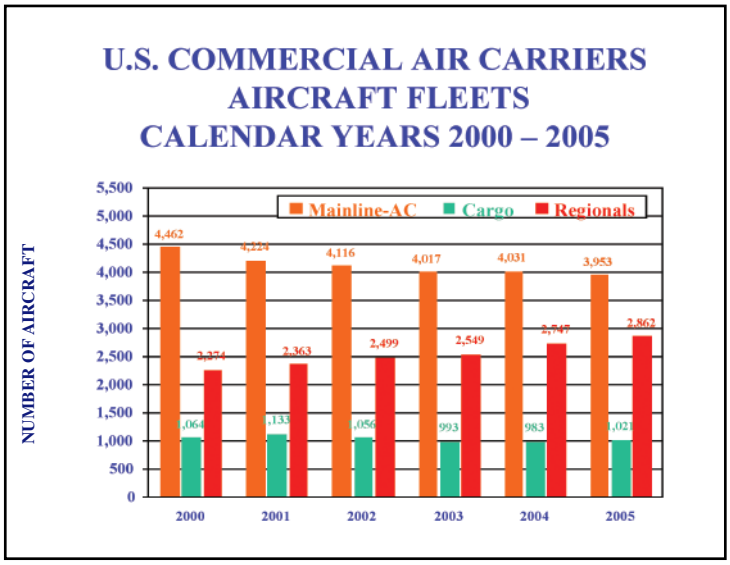
In 2005, regional carriers reported operating profits of $515.8 million, but a net loss of $1.8 billion, attributable to accounting adjustments at Comair and Atlantic Southeast Airlines in connection with Delta's financial difficulties. The future of regional carriers is closely tied to the fortunes of the larger legacy carriers for whom they provide feed at major air carrier airports. Regional carrier passenger yield declined 4.5 percent in 2005 and is down 25.2 percent since 2000. Much of the decline in 2005 reflects the lower fee-per-departure contracts negotiated with their larger partners.

Most of the industry's financial losses are from the seven legacy carriers' domestic operations. These seven carriers accounted for 62.4 percent of domestic capacity and transported 52.9 percent of all domestic passengers in 2005. Since 2000, the domestic operations of the legacy carriers have reported combined operating and net losses of $27.8 and $32.2 billion, respectively. In 2005 alone, the legacy carriers' domestic operations incurred operating and net losses of $4.8 and $9.0 billion, respectively. Three of the carriers are operating under Chapter 11 bankruptcy protection, while a fourth, just came out of Chapter 11 bankruptcy.

U.S. Commercial Air Carriers 2005 Aircraft Fleets

Immediately following the events of 9/11 many of the mainline airlines grounded large numbers of their older, less efficient aircraft and deferred delivery of many of the new aircraft scheduled for delivery over the next several years. The industry's current weakened financial condition has dictated yet another round of restructuring and cost cutting efforts, resulting in additional aircraft being grounded and/or the deferring of additional aircraft deliveries.

The total number of aircraft in the U.S. commercial fleet (including regional carriers) is estimated at 7,836 for 2005, an increase of 75 aircraft from 2004. This includes 3,953 mainline air carrier passenger aircraft (over 90 seats), 1,021 mainline air carrier cargo aircraft, and 2,862 regional carrier aircraft (jets, turboprops, and pistons).

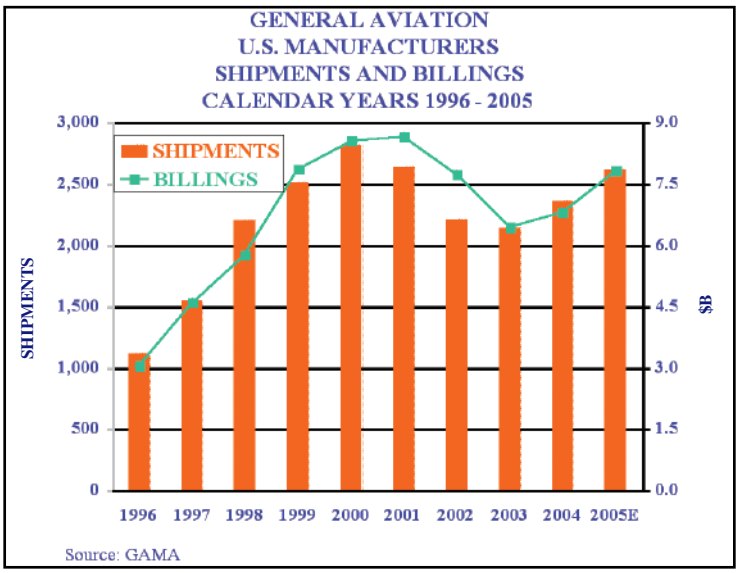


The mainline carriers' passenger jet fleet fell by 78 aircraft in 2005 as cuts at legacy and other non low-cost carriers offset increases in low-cost carrier fleets. The mainline carrier fleet now contains 509 fewer aircraft than in 2000 with the legacy carriers' fleet down by 627 aircraft.

After falling for 3 consecutive years, the mainline carrier cargo fleet increased by 38 in 2005. On the other hand, the regional carrier passenger fleet has increased by 588 aircraft since 2000. During this 5-year period, 1,188 regional jets have come into to the regional carriers' fleet while the number of turbo-props and pistons has declined by 600 aircraft.

General Aviation

Based on preliminary numbers released by the General Aviation Manufacturers Association (GAMA), U.S. manufacturers of general aviation aircraft shipped 2,615 aircraft during calendar year 2005. This represents an increase of 10.0 percent over the same period in 2004, and represents the second consecutive year of impressive gains. All aircraft categories shared in the recovery--jet aircraft, up 15.1 percent; piston aircraft, up 9.5 percent; and turboprops, up 5.3 percent. Billings totaled $7.8 billion (up 14.7 percent) in 2005.

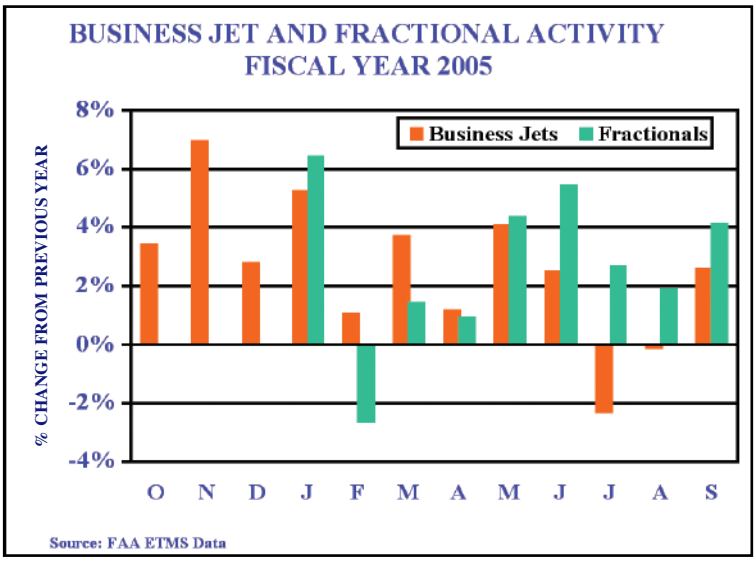


The estimated shipment of 2,050 (4.0 percent increase) single-engine piston aircraft in 2005 provides more evidence the array of new aircraft models has stimulated sales in the low-end of the market. Data from the Aerospace Industries Association of America (AIA) also shows an upturn in general aviation shipments and billings in 2005. AIA predicts that general aviation aircraft shipments will total 2,956 (up 25.7 percent) and that industry billings will total $8.5 billion (up 27.2 percent) in 2005.[9]

General aviation activity at FAA air traffic facilities was mixed in 2005. Operations at combined FAA and contract towers declined 2.5 percent in 2005 with declines in both itinerant and local operations. General aviation instrument activity (IFR) at combined FAA and contract towers also declined in 2005, falling 3.4 percent. The number of general aviation aircraft handled at FAA en route centers remained rather flat, up 0.2 percent.

Statistics from the FAA's Enhanced Traffic Management System (ETMS) database do not yet show an expected turnaround in business flying. For FY 2005 the number of general aviation jet flights were 2.6 percent higher than FY 2004, although growth in the first half of the year was much higher than in the second half (3.8 percent vs 1.3 percent). The FAA ETMS data also show that general aviation flying by fractional aircraft has continued to outpace the industry, with flights up 2.7 percent for the January through September period. The industry is counting on growth in fractional ownership companies and corporate flying to expand the market for jet aircraft.

[9] *2005 Year-end Review and 2005 Forecast-An Analysis, Aerospace Industries Association of America, December 2005.*



Based on the latest FAA assumptions about fleet attrition and aircraft utilization along with GAMA aircraft shipment statistics, the active general aviation fleet is estimated to have increased 1.0 percent in 2005, to 214,591. General aviation flight hours are estimated to have increased 3.8 percent to 28.3 million.

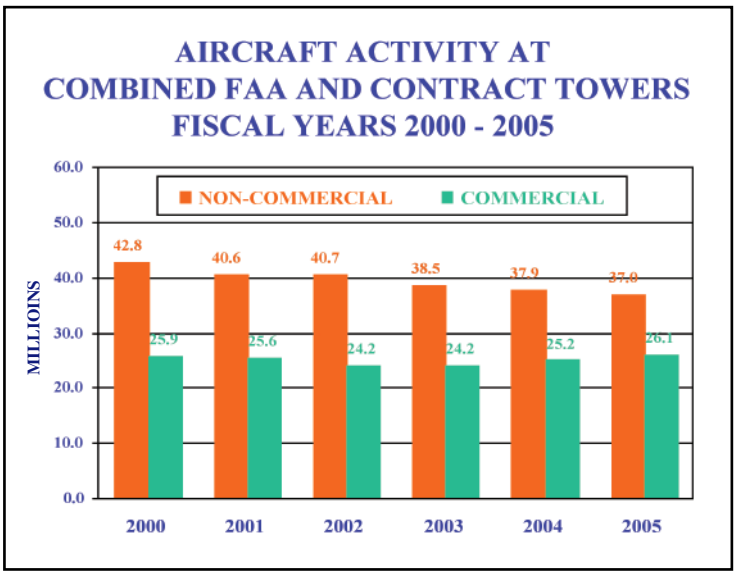
Student pilots are important to general aviation and the aviation industry as a whole. Based on statistics compiled by the FAA's Mike Monroney Aeronautical Center, the number of student pilots decreased by 0.8 percent in 2005. This will end two consecutive years of increases in this important pilot category. The industry has, over the past several years, begun several industry-wide programs designed to attract new pilots to general aviation. By augmenting older programs and developing new ones, the industry is trying to stimulate interest in flying.

FAA Workload

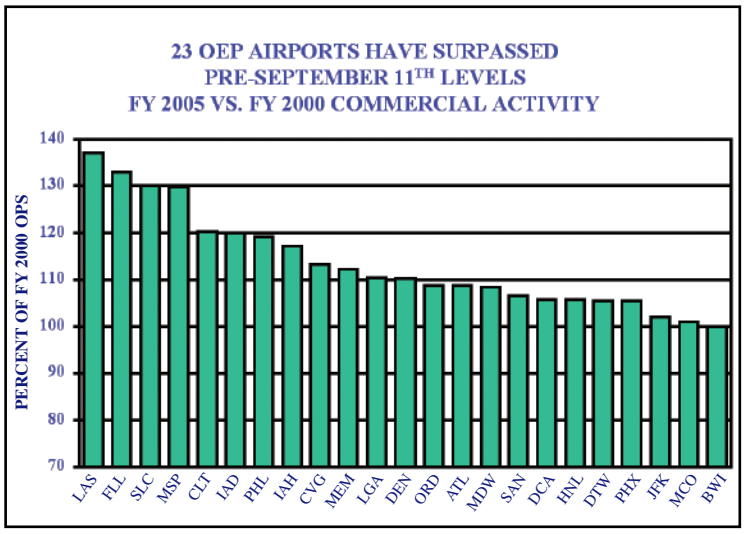
During the late 1990's, the demand for both commercial and general aviation expanded significantly resulting in the delays that plagued many U.S. commercial airports in 2000 and 2001. Passenger demand and activity at FAA air traffic facilities declined significantly following the events of 9/11. However, passenger levels have recovered and the combination of the recovery in passenger demand plus the shift in activity from larger aircraft to smaller regional jets has resulted in increased delays at some U.S. airports during 2005.

Total activity at combined FAA and contract tower airports totaled 63.1 million operations in 2005, down 0.1 percent from 2004 and 8.2 percent below the peak activity level recorded in 2000. Commercial activity (the sum of air carrier and commuter/air taxi) at combined FAA and contract towers increased 3.7 percent in 2005 with gains in both air carrier operations (up 4.6 percent) and commuter/air taxi operations (up 2.7 percent). Although air carrier operations remain 10.7 percent below their peak 2000 activity level, total commercial operations in 2005 exceeded 2000 levels.

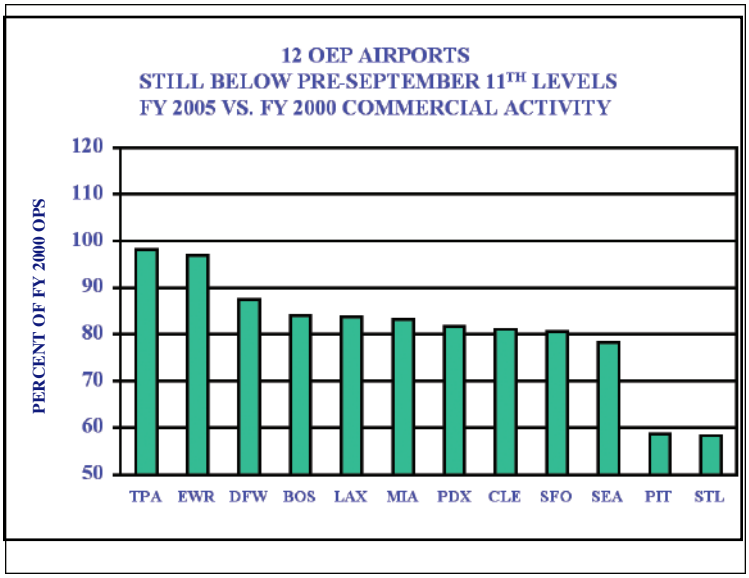
Non-commercial activity (the sum of general aviation and military) at combined FAA and contract towers fell 2.6 percent in 2005, with general aviation activity (34.1 million) down 2.5 percent and military activity (2.9 million) down 4.2 percent. At the end of 2005, non-commercial aircraft activity remains 13.6 percent below the activity in 2000.



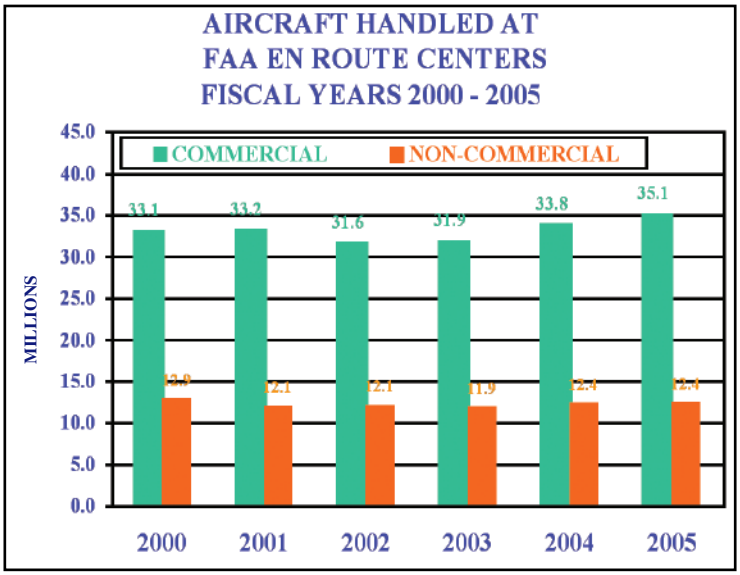
The FAA pays close attention to the trends occurring at the 35 Operational Evolution Plan (OEP) airports. These airports are the top 35 airports in the country in terms of passenger activity and account for about 73 percent of commercial passengers. Because of strong growth in fiscal year 2005, combined commercial activity at these airports exceeded pre-9/11 peak activity levels by 1.1 percent. Twenty-three airports now exceed their 2000 peak activity levels while 12 airports remain below 2000 levels.



Reflecting the shift in demand to low-cost and regional carriers, commercial operations at Las Vegas (up 37.0 percent), Ft. Lauderdale (up 32.9 percent), and Salt Lake City (up 30.1 percent), are up the greatest relative to their pre-9/11 activity levels. The financial difficulties of the legacy carriers and bankruptcy have resulted in the largest reductions in commercial operations at St. Louis (down 41.6 percent) and Pittsburgh (down 41.4 percent).



During 2005, total activity at FAA en route centers (47.5 million) was up 2.8 percent. Commercial activity was up 3.7 percent, with air carrier and commuter/air taxi operations up 4.8 and 0.9 percent, respectively. Non-commercial activity was up just 0.3 percent in 2005 with general aviation and military activity recording increases of 0.2 and 0.6 percent, respectively. In 2005, operations for both commercial user groups (air carrier and commuter/air taxi) exceeded their 2000 activity level. The non-commercial user groups remain below their 2000 peak activity levels-general aviation, down 4.3 percent; and military, down 3.3 percent.



FAA AEROSPACE FORECASTS FISCAL YEARS 2006–2017

Developing forecasts of aviation demand and activity levels continues to be challenging as the uncertainties confronting the aviation industry have remained complex and difficult to quantify. Nevertheless, the FAA has developed a set of assumptions and forecasts consistent with the emerging trends and structural changes currently taking place within the aviation industry.

The main assumption in developing this year's forecasts continues to be that there will not be a successful terrorist incident against either U.S. or world aviation. Also, the forecasts do not assume further major contractions of the industry through bankruptcy, consolidation, or liquidation.

The commercial aviation forecasts and assumptions are developed from econometric models that try to explain and incorporate emerging trends for three carrier groupings-legacy network carriers, low-cost carriers, and regionals. Strategies and success levels have historically differed for each carrier grouping.

The commercial aviation forecast methodology is a blended methodology. It relies on published schedule information and current monthly trends to drive the short-term (one year out) forecasts and then bases the medium and long-term (2007-2017) forecasts on the results of econometric models. The starting point for developing the commercial aviation forecasts (air carriers and regionals) continues to be the future schedules published in the Official Airline Guide (OAG). Using monthly schedules allows FAA forecasters to develop monthly capacity and demand forecasts for both mainline and regional carriers for fiscal and calendar year 2006.

The general aviation forecasts rely heavily on the discussions with industry experts that occurred at the October 2005 FAA/Transportation Research Board (TRB) Workshop on General Aviation. The assumptions have been updated by FAA economists to reflect more recent data and developing trends, as well as further discussions with industry experts.

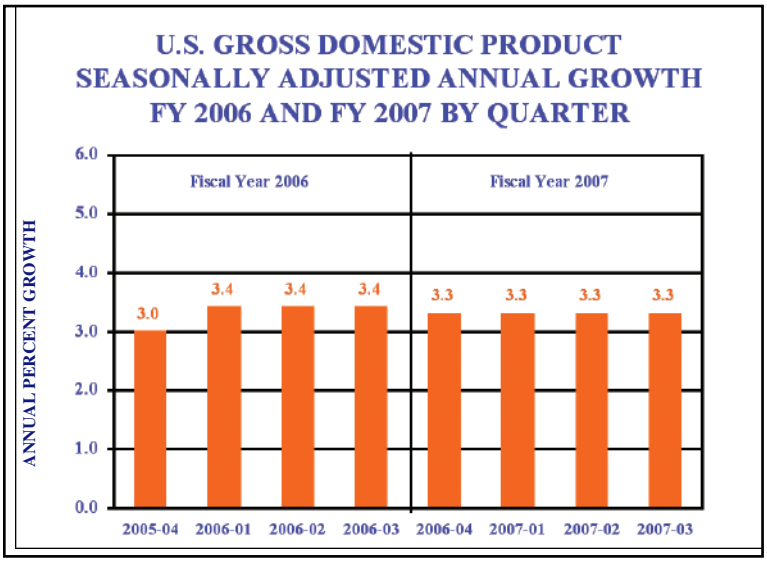
FAA also presents the forecasts and assumptions to industry staff and aviation associations, who are asked to comment on the reasonableness of the assumptions and forecasts. Their comments and/or suggestions have been incorporated into the forecasts.

Economic Forecasts

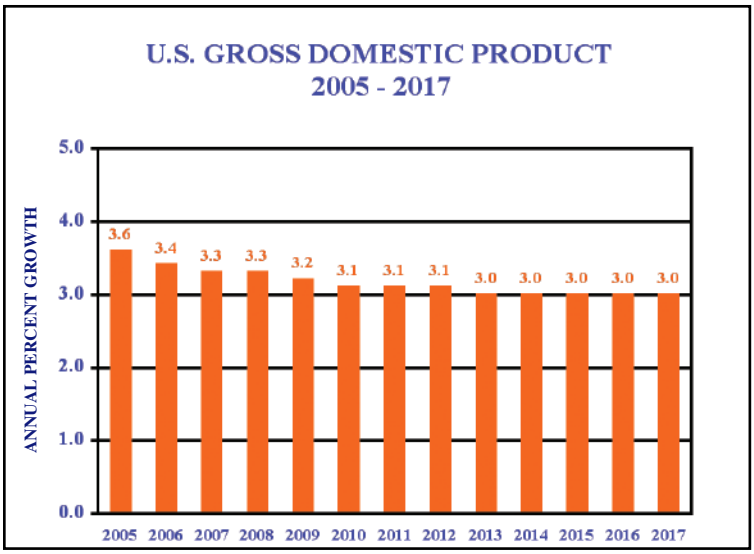
The FAA uses economic forecasts developed by the Executive Office of the President, Office of Management and Budget (OMB) to project domestic aviation demand. The FAA uses the world and individual country economic projections provided by Global Insight to forecast the demand for international aviation services. Annual historical data and economic forecasts are presented in tabular form in Tables 1 through 4.

United States Economy

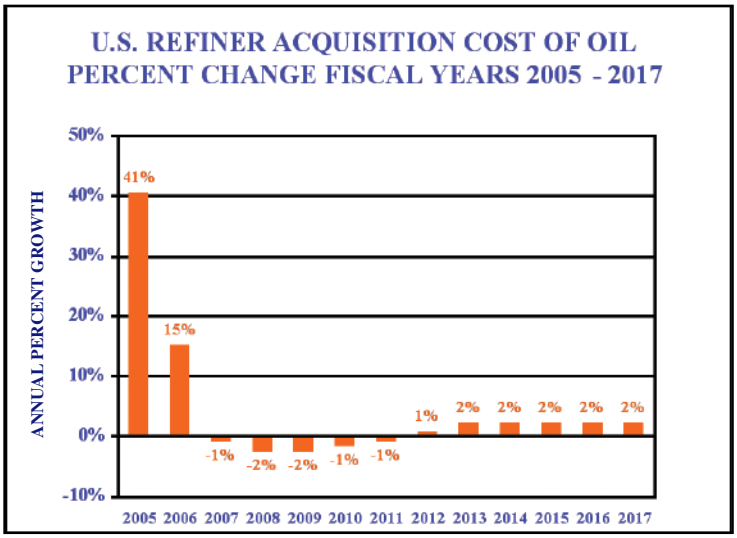
The OMB economic forecasts call for continued growth in the U.S. Gross Domestic Product (GDP). The quarter-by-quarter forecast for the next two years depicts economic growth rising slightly from 3.0 percent in the first quarter of fiscal year 2006 to 3.4 percent for the rest of 2006 and then at 3.3 percent for each quarter of 2007. This consistent and strong economic expansion bodes well for the U.S. commercial aviation industry.



Over the entire forecast period, the expansion is expected to remain strong with growth rates declining slightly from 3.6 percent in 2005 to 3.0 percent in 2013. According to Global Insight a continued boom in productivity will fuel the expansion. A major risk to U.S. continued economic growth is the upward pressures on commodity prices, including the price of oil, worldwide. These inflationary pressures, if unchecked, could force up inflation and bond yields and reduce domestic demand.



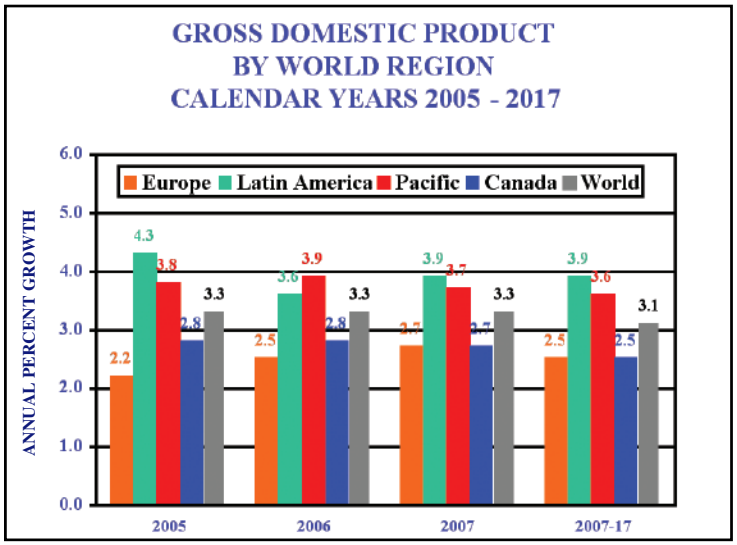
OMB forecasts the price of oil, as measured by Refiner's Acquisition Cost, to increase by 15 percent in 2006 following the 40.5 percent increase in 2005. The cost of oil is expected to decline by between 0.6 to 2.5 percent annually between 2007 and 2012 and then rise by just over 2 percent for the balance of the forecast period.



The inflation rate (as measured by the CPI) is expected to rise to 3.3 percent in 2006, about the same as 2005. The higher rate of inflation in 2005/06 is mostly attributed to higher energy prices. Consumer price inflation is expected to drop off in 2007 and to remain in the 2.3 to 2.5 percent range for the rest of the forecast period, averaging 2.5 percent annually.

World Economy

Worldwide economic activity is predicted to expand 3.3 percent over each of the next two years, 2006 and 2007. Over the entire 12-year forecast period, worldwide economic growth is forecast to increase at an average annual rate of 3.1 percent.



Long-term economic growth is forecast to be greatest in the Latin American and Asia/Pacific regions, expanding at annual rates of 3.8 and 3.6 percent, respectively over the period. The Asia/Pacific region is still dominated by the relatively slow growing Japan (GDP up 1.6 percent annually over the forecast period). However, two of the most populous and economically dynamic countries in the world (China and India) are part of the region. China, with a population of 1.3 billion, is forecast to expand by 7.0 percent a year while India, with a population of 1.1 billion, is projected to grow 5.8 percent a year. Economic growth in Canada and Europe/Africa/Middle East countries is expected to grow an average of 2.6 and 2.7 percent a year, respectively, over the forecast period.

Aviation Traffic and Activity Forecasts

Total traffic and activity forecasts for commercial air carriers (the sum of mainline and regional carriers) are contained in Tables 5 through 9. These tables contain year-to-year historical data and forecasts.

Mainline air carrier traffic and activity forecasts and the forecast assumptions are contained in Tables 10 through 18, 20, and 22. These tables contain year-to-year historical data and forecasts.

Regional carrier forecasts and assumptions are found in Tables 23 through 26. These tables provide year-to-year historical and forecast data.

Table 19 provides year-to-year historical and forecast data for cargo activity. Table 21 provides year-to-year historical and forecast data for the cargo jet aircraft fleet.

General aviation forecasts are found in Tables 27 through 30. These tables provide year-to-year historical data and forecasts.

Tables 31 through 34 provide forecasts of aircraft activity at FAA and contract facilities.

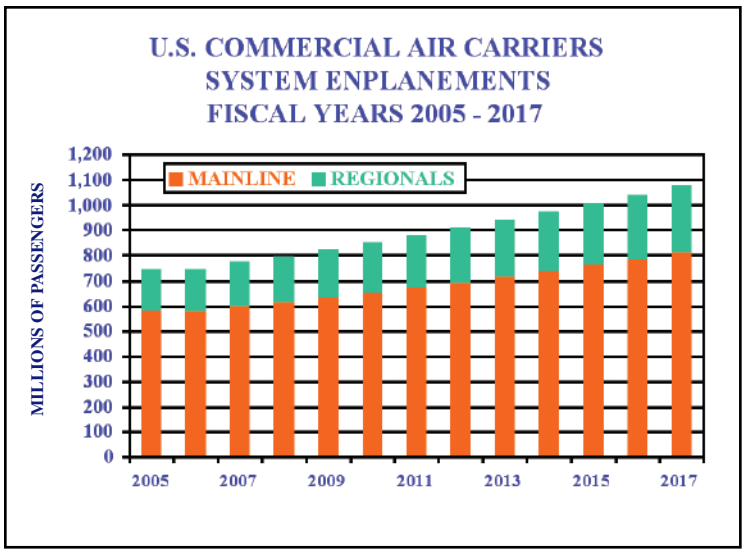
Commercial Aviation Forecasts

Continuing the turnaround that began in 2004, U.S. commercial air carriers in 2005 posted strong capacity and traffic results. In 2005, system (the sum of domestic plus international) capacity increased by 5.4 percent to just over one trillion ASMs. Passenger demand, buoyed by a strong economy, grew at a slightly faster pace, with enplanements up 7.1 percent to 738.6 million while RPMs increased 8.0 percent to 775.3 billion. Both mainline and regional carriers saw healthy demand in 2005 with the fastest growth at regional carriers. International markets grew almost twice as fast as domestic markets propelled by double-digit increases in both the Latin American and Pacific regions. The combined ASMs and enplanements of commercial air carriers returned to pre-9/11 levels in 2005. RPMs returned to pre-9/11 levels in 2004.

System load factor and trip length climbed in 2005, while seats per aircraft mile shrunk. Load factor increased 1.9 points to an all-time high of 77.1 percent, and trip length grew 9.4 miles to average of 1,049.7 miles. Continuing a 7-year downward trend, seats per aircraft mile decreased by 0.5 in 2005 to 135.1 seats per aircraft mile as carriers continued to shift more and more of their flying to regional jets.

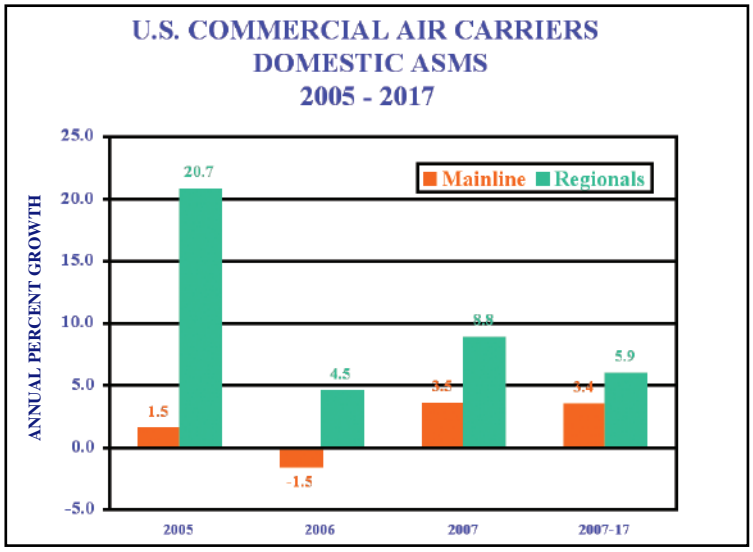
Capacity and demand growth are forecast in 2006 to slow down from 2005's levels. Capacity is projected to grow just 0.9 percent as the legacy carrier cuts in domestic markets offset increases in international markets. Mainline carrier system capacity is projected to increase 0.5 percent while regional carrier capacity rises 4.8 percent. Passenger demand growth also slows with RPMs forecast to increase 1.5 percent (up 0.9 percent and 7.4 percent for mainline and regional carriers, respectively) while passengers rise slightly (up 0.3 percent) with the domestic capacity cutbacks. A rebound in growth is projected for 2007 as capacity rises 4.6 percent while passenger demand increases slightly faster with RPMs and passengers increasing 4.8 and 3.9 percent, respectively. For the balance of the forecast, system capacity is projected to increase an average of 4.2 percent a year. Supported by solid economic growth and

falling real yields, system RPMs are projected to increase 4.3 percent a year, with regional carriers (6.4 percent a year) growing 2.3 percent a year faster than mainline carriers (4.1 percent a year). System passengers are projected to increase an average of 3.4 percent a year, with regional carriers growing faster than mainline carriers (4.3 vs. 3.1 percent a year). By 2017, U.S. commercial air carriers are projected to fly 1.6 trillion ASMs and transport 1.07 billion enplaned passengers a total of 1.256 trillion passenger miles. Planes will become fuller, as load factor is projected to increase every year in the forecast to 78.4 percent by 2017. Passenger trip length is also forecast to increase by more than 120 miles over the forecast to 1,171.9 miles (up 10.2 miles annually). The growth in passenger trip length reflects the faster growth in the relatively longer international trips and longer domestic trips resulting from increased point-to-point service.

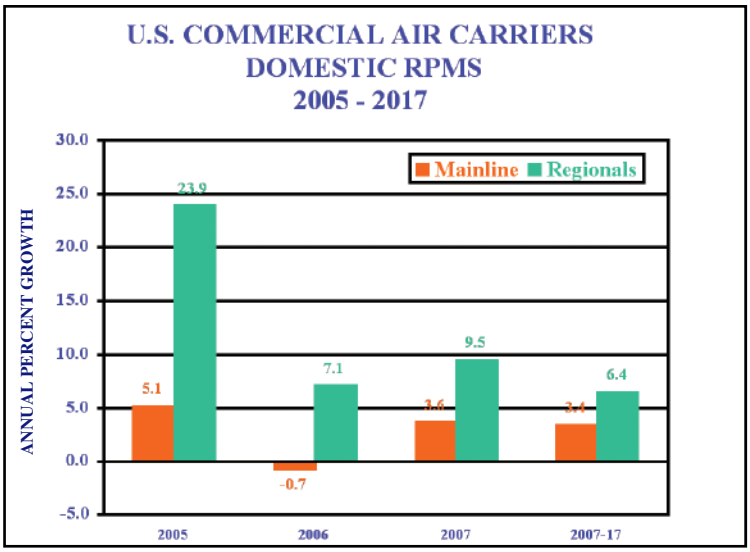


Domestic Markets

In domestic markets, commercial capacity grew 3.5 percent in 2005 propelled by large increases at low-cost and regional carriers. During 2006, domestic capacity is slated to shrink 0.7 percent from 2005's level. Capacity cuts by legacy carriers due to fleet reductions and a shift to more flying in international markets, more than offset growth by low-cost and regional carriers driven by increases in their fleet size. In an environment of high oil prices, and unrelenting low-cost carrier competition, legacy carriers continue to fine-tune their business models. In the post-9/11 environment legacy carriers released a windfall of capacity to their regional partners. However, in the current environment, Chapter 11 legacy carriers are carrying out schedule cuts that not only reduce mainline capacity, but also capacity flown by their regional partners. These schedule cuts will dampen capacity growth by the regional carriers during 2006. After posting annual increases in the 20 percent range between 2003 and 2005, regional carrier capacity is forecast to grow moderately in 2006 at 4.5 percent. In 2007, capacity growth for all carriers is forecast to rebound from the low rates of 2006, up 4.2 percent. For the balance of the forecast, domestic capacity is projected to increase at an average annual rate of 3.8 percent, with most of the growth concentrated in the low-cost and regional carrier segments.



After two years of rapid growth, RPMs are forecast to increase just 0.2 percent in 2006 reflecting the impact of capacity cutbacks. RPM growth returns in 2007 (up 4.3 percent) as industry capacity and demand move more into balance and for the rest of the forecast, continued growth in the economy and falling real yields result in RPMs growing an average of 3.9 percent a year. Following a pattern similar to RPMs, enplanements are forecast to shrink 0.2 percent in 2006, and then bounce back in 2007 with growth of 3.7 percent. Enplanements for the rest of the forecast period will grow at an average annual rate of 3.2 percent. Mainline carrier RPM and enplanement growth over the forecast period is projected to be 3.1 and 2.5 percent a year, respectively, significantly lower than for regional carriers (6.7 and 4.2 percent a year, respectively). Mainline carrier RPM and enplanement growth is concentrated in the low-cost segment. Although domestic carrier enplanements exceeded pre-9/11 levels in 2005, mainline carrier domestic enplanements do not return to pre-9/11 levels until 2009.



Nominal mainline carrier domestic passenger yield, which declined 1.7 percent in 2005 (down 4.8 percent in real terms), is forecast to increase 3.7 percent (0.4 percent in real terms) in 2006 and 1.4 percent in 2007. For the balance of the forecast, nominal yield will grow at a rate of 1.5 percent

a year. In real terms, mainline carrier domestic yield is projected to decline an average of 0.8 percent a year over the 12-year forecast period. The decline in real yields over the forecast period is based on the assumption that increased competition from low-cost carriers will continue. The competition will exert pressure on the legacy carriers to match the lower fares on competitive routes, and they will do so. Competition in domestic markets will come from established low-fare carriers such as Southwest, as well as smaller low-cost carriers such as AirTran, Frontier, and JetBlue. In addition, the newly formed US Airways (the result of the merger between America West and US Airways) may be a catalyst for a broader application of simpler fare structures in domestic markets.

The slower growth in commercial carrier activity at FAA air traffic facilities compared to expected passenger traffic growth (2.4 versus 2.9 percent growth in domestic enplanements) reflects increased efficiencies in three operational measures--aircraft size, load factor, and trip length.

Domestic aircraft size[10] declined in 2005 by 1.3 seats to 120.4. Aircraft size is forecast to shrink in 2006 and 2007, dropping by 1.4 and 0.6 seats, respectively. After 2007, aircraft size is projected to decline until bottoming out in 2011 at 117.7. After 2011, seats per aircraft mile climb gradually, reaching 119.2 in 2017. The short-term decline in aircraft size is attributed to the decrease in the legacy carrier fleet of larger aircraft as well as an increase in smaller aircraft flying longer distances. Legacy carriers have been replacing their wide-body and larger narrow-body aircraft in their route networks with smaller narrow-body aircraft. In addition, some carriers, such as JetBlue, are turning to smaller aircraft, like the 100-seat Embraer 190, to supplement their network structure. The use of smaller narrow-body aircraft allows mainline carriers to serve their customers better by boosting frequency and improve profitability by more closely matching supply (the number of seats) with demand (the number of passengers). While mainline carriers have been reducing the size of aircraft flown domestically, regional carriers have been increasing the size of their aircraft. The most visible example of this trend is the wave of 70-90 seat regional jet aircraft that are entering the fleet with the continuing relaxation of scope clauses. Regional carriers are better able to support operations of their mainline partners when they can provide capacity that complements market demand. The greater number of the larger 70 and 90 seat regional jets increases the average seating capacity of the regional fleet—from 49.4 seats in 2005 to 55.1 seats in 2017. The changing aircraft fleet mix is narrowing the gap between the size and aircraft types operated by the mainline and regional carriers.

Commercial carrier domestic load factor increased 2.4 points in 2005 to 76.4 percent. The increase in load factor was heavily weighted by the results of the legacy carriers whose load factor soared 3.2 points in 2005 to 78.4 percent. In 2006, load factor for all carriers is expected to increase 0.7 points, and then grow 0.1 points in 2007. For the balance of the forecast, load factor increases an average of 0.1 points a year, reaching 78.1 percent in 2017. Passenger trip length is also increasing. In 2005 domestic passenger trip length increased by 2.4 miles to 862.0 miles with gains recorded by both mainline and regional carriers. Passenger trip length is forecast to increase 2.9 miles in 2006, and then grow 5.2 miles in 2007. For the remaining forecast years, trip length is projected to increase an average of 5.8 miles a year, reflecting gains in both mainline carrier and regional carrier trip length. Mainline carrier trip lengths are increasing mainly because shorter length routes are continuing to be transferred to regional partner carriers and because of increased point-to-point service. Regional carrier trip lengths increase because the introduction and use of the larger 70 and 90 seat regional jets allow these carriers to service longer haul markets.

[10] *Defined as seats per mile flown and computed by dividing ASMs by miles flown.*

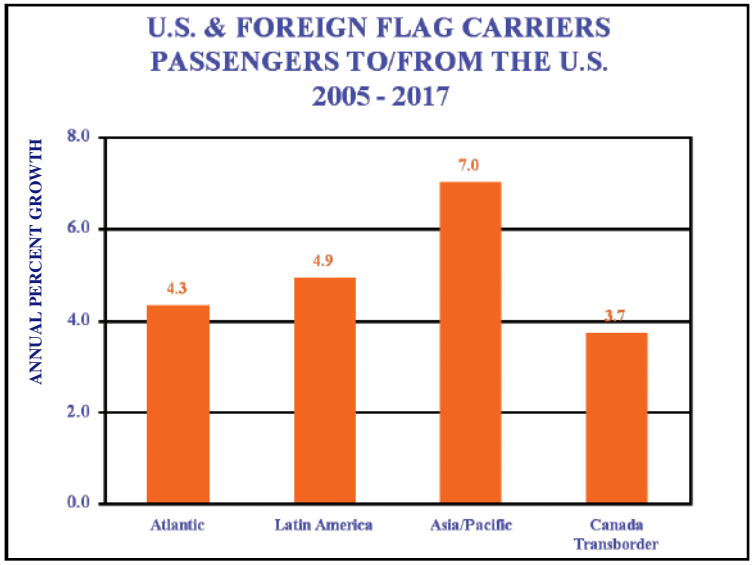
International Markets

U.S. and Foreign Flag Carriers

FAA provides forecasts of total international passenger demand (the sum of U.S. and foreign flag carriers) for travel between the United States and three world travel areas—Atlantic, Latin America (including Mexico and the Caribbean), and Asia/Pacific—as well as for U.S./Canadian transborder traffic. These forecasts are based on historical passenger statistics from the United States Immigration and Naturalization Services (INS) and Transport Canada, and on regional world historical data and economic projections from Global Insight.

Total passenger traffic between the United States and the rest of the world is estimated to total 138.7 million in calendar year 2005, 3.9 percent higher than in 2004, but 1.4 percent below its peak in 2000. Strong economic growth in both the U.S. and the rest of the world drives passengers up 5.8 and 6.5 percent, respectively, in 2006 and 2007. For the balance of the forecast, U.S. and world economic growth over 3 percent a year leads to passengers growing an average of 4.7 percent a year, with total passengers reaching 247.9 million in 2017. It is expected that total passenger traffic between the U.S. and the rest of the world will return to pre-9/11 levels in 2006.

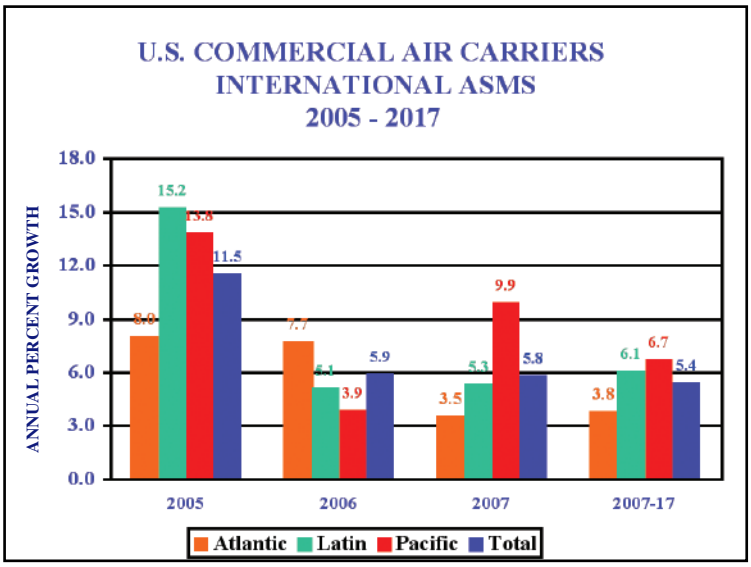
Over the entire forecast period, high economic growth in the Asia/Pacific and Latin American regions fuels the fastest passenger growth in these markets, up 7.0 and 4.9 percent a year, respectively. Passenger traffic is projected to grow an average of 4.3 percent a year in Atlantic markets and 3.7 percent a year in Canadian transborder markets.



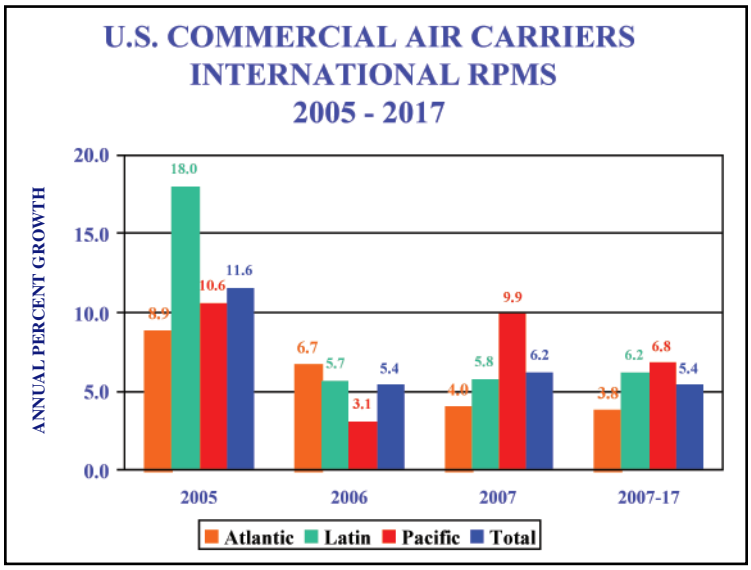
U.S. Flag Air Carriers

In 2005, U.S. commercial air carrier international capacity grew 11.5 percent, exceeding pre-9/11 levels for the first time since the terror attacks. Capacity is forecast to increase 5.9 percent in 2006, with the fastest growth in the Atlantic markets. Capacity growth remains robust at 5.8 percent in 2007, and

averages 5.4 percent a year for the balance of the forecast. Strong growth throughout the forecast reflects favorable U.S. and world economic activity as well as the realization by U.S. mainline carriers that international markets represent their best, if not only, source of profitable operations.



U.S. commercial air carrier international RPMs increased 11.6 percent in 2005 and enplanements increased 12.1 percent. RPM growth is projected to slow in 2006 to 5.4 percent reflecting slowdowns in Latin and Pacific growth. A rebound in Pacific market growth as supply and demand move into balance, results in total U.S. carrier international RPMs growing 6.2 percent in 2007. For the balance of the forecast, RPM growth is forecast to average 5.4 percent a year with the fastest growth in the Pacific region. A similar pattern is forecast for enplanement growth. International enplanement growth is projected to slow in 2006, to 4.5 percent, then bounce back up to 5.4 percent in 2007. Over the balance of the forecast period, enplanements are forecast to increase an average of 5.0 percent a year with the fastest growth in Pacific markets.



The similar growth in U.S. carrier international passenger traffic compared with total international traffic (which includes foreign flag carrier traffic) over the forecast period (5.0 percent a year) reflects stabilization in market share for U.S. airlines. Forecasts of international demand assume U.S. carriers will benefit from the favorable economic activity in both the United States and world markets. Stronger growth in international travel relative to domestic markets is driven by growth in the Asia/Pacific and Latin America markets.

International load factor for U.S. commercial carriers was 79.3 percent in 2005. Load factor is expected to drop slightly in 2006 to 78.9 percent as capacity increases, especially in Atlantic markets, outpace the growth in traffic. International load factor is then projected to increase to 79.2 percent in 2007 as traffic grows slightly faster than capacity. For the balance of the forecast period load factor increases very slowly to 79.4 percent by 2017.

International passenger yields were up 4.4 percent in 2005, largely because of increases in Asia/Pacific (6.3 percent), and Atlantic markets (up 6.0 percent), reflecting strong demand in these regions. Latin America yield was down 0.9 percent in 2005 as capacity increased 15.2 percent. International yields are expected to increase by 4.3 percent in 2006 and increase an average 1.4 percent a year over the balance of the forecast. In real terms, international yields are forecast to decline at an annual rate of 0.8 percent over the forecast. The decline in real yields is based on the assumption that competitive pressures will continue to exert pressure on carriers to hold the line on fare increases. In international markets, this takes the form of expanded open sky agreements and new and existing global alliances.

Air Cargo

Historically, air cargo activity has moved in synch with GDP. Additional factors that have affected the growth in air cargo traffic include declining real yields, improved productivity, and globalization. Significant structural changes have occurred in the air cargo industry. Among these changes are the following: air cargo security regulations by FAA and TSA; market maturation of the domestic express market; modal shift from air to other modes (especially truck); increases in air fuel surcharges; growth in international trade from open skies agreements; expanded use of all-cargo carriers (e.g., FedEx) by the U.S. Postal Service to transport mail; and increased use of mail substitutes (e.g., e-mail).

The forecasts of Revenue Ton Miles (RTMs) are based on several assumptions specific to the cargo industry. First, security restrictions concerning air cargo transportation will remain in place. Second, most of the shift from air to ground transportation has occurred. Finally, long-term cargo activity will be tied to economic growth.

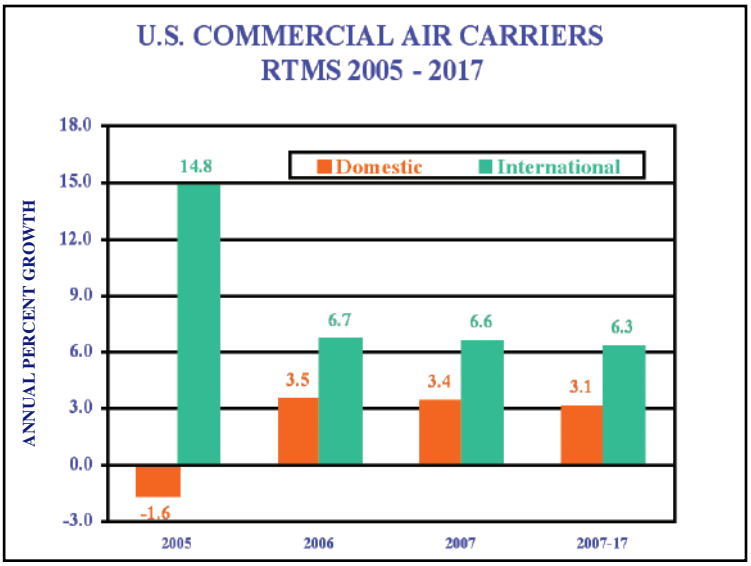
The forecasts of RTMs were based mainly on models that relate cargo activity to GDP. Forecasts of domestic cargo RTMs were developed with real U.S. GDP as the primary driver. Projections of international cargo RTMs were based on growth in world GDP, adjusted for inflation. The distribution of RTMs between passenger carriers and all-cargo carriers was forecast based on an analysis of historic trends in shares; changes in industry structure and market assumptions; and discussions with industry representatives.

Total RTMs are forecast to increase 5.4 percent in 2006 and 5.3 percent in 2007. For the balance of the forecast period, total RTMs are forecast to increase at an average annual rate of 5.1 percent, based mainly on economic growth. The forecast of 71.7 billion RTMs in 2017 represents an average annual increase of 5.2 percent over the entire forecast period.

Domestic cargo RTMs are forecast to increase 3.5 percent in 2006 and 3.4 percent in 2007 based on strong economic activity. Between 2007 and 2017, domestic cargo RTMs are forecast to increase at an average annual rate of 3.1 percent, based on projected U.S. economic growth. The forecast of 23.4 billion RTMs in 2017 represents an average annual increase of 3.2 percent over the entire forecast period.

The freight/express component of domestic air cargo is highly correlated with capital spending. Consequently, the growth of this component in the future will be tied to growth in the economy. The mail component of domestic air cargo will be affected by overall mail volume.

The all-cargo carriers have increased their share of domestic cargo RTMs flown from 64.6 percent in 1996 to 80.8 percent in 2005. This is because of significant growth in express service by FedEx and United Parcel Service coupled with a lack of growth of domestic freight/express business for passenger carriers. There are a number of recent factors that account for the relative growth of the all-cargo sector. One was the October 2001 FAA security directive that strengthened security standards for transporting cargo on passenger flights. A second factor was the decision of the U.S. Postal Service to use all-cargo carriers as a means to improve control over mail delivery. A final factor was the inclusion of Airborne Express into the cargo data reported beginning in 2003. The all-cargo share is forecast to increase to 84.0 percent by 2017 based on increases in widebody capacity for all-cargo carriers and security considerations.



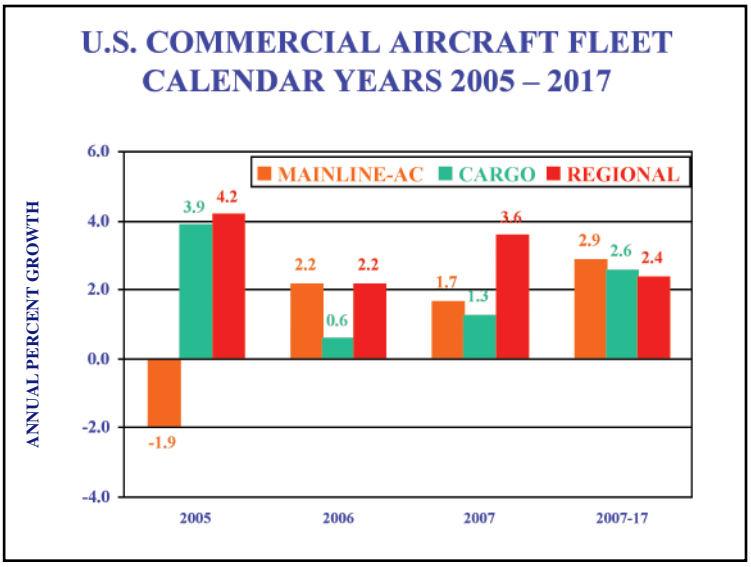
International cargo RTMs are forecast to increase 6.7 percent in 2006 and 6.6 percent in 2007 with growth of the world economy and expansion in trade with open skies agreements. For the balance of the forecast period, international cargo RTMs are forecast to increase an average of 6.3 percent a year based on projected growth in world GDP. The forecast 48.4 billion RTMs in 2017 represents an average annual increase of 6.3 percent over the entire forecast period.

Both the freight/express and mail components of international cargo will be affected by economic growth. The mail component will also be affected by some residual fear of terrorism as well as improvements in mail delivery services.

All-cargo carriers increased their share of international cargo RTMs flown from 52.0 percent in 1996 to 63.8 percent in 2005. This increase has resulted from the demand for expedited service, increased activity from the war in Iraq, and the change in reporting of contract services. The all-cargo share is forecast to increase to 68.0 percent by 2017 based on increased capacity.

Commercial Aircraft Fleet

The number of commercial aircraft is forecast to grow from 7,836 in 2005 to 10,677 in 2017, an average annual growth rate of 2.6 percent or 237 aircraft annually. The commercial fleet grows by 154 aircraft in 2006 and 188 aircraft in 2007; however, most of this growth occurs among regional and low-cost carriers.



The number of large passenger jets (over 90 seats) fell by 78 aircraft in 2005 but is expected to increase by 85 aircraft in 2006 and 70 aircraft in 2007. Over the remaining 10 years of the forecast period, the mainline air carrier passenger fleet increases by an average of 137 aircraft a year, reaching a total of 5,481 aircraft in 2017. The narrow-body fleet (including JetBlue's E-190's) is projected to grow by 98 aircraft annually over the 12-year forecast period; the wide-body fleet grows by 29 aircraft a year as the Boeing 787 and Airbus A350's enter into the fleet.

The regional carrier passenger fleet is forecast to increase by 273 aircraft over the next 3 years—63 in 2006, 105 in 2007 and 2008. After that, the regional carrier fleet is expected to increase by an average of 80 aircraft (2.3 percent) over the remaining 9 years of the forecast period, reaching 3,851 aircraft in 2017. The number of regional jets (90 seats or fewer) at regional carriers is projected to grow from 1,758 in 2005 to 2,819 in 2017, an average annual increase of 4.0 percent. Almost all of the growth in regional jets over the forecast period occurs in the larger 70 and 90 seat aircraft (1,019 compared to 42

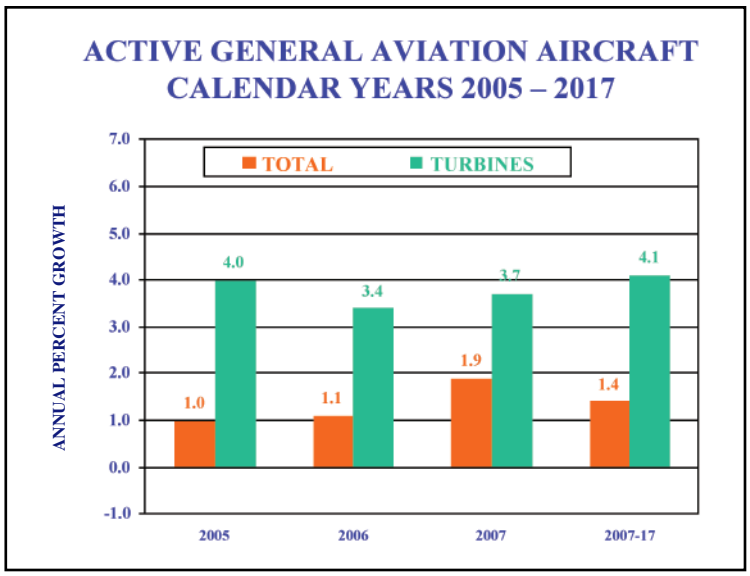
aircraft with 50 or less seats), reflecting the relaxation of scope clauses. The turboprop/piston fleet is expected to decline from 1,104 in 2005 to 1,032 in 2017. Turboprop/piston aircraft are expected to account for just under 27 percent of the regional fleet in 2017, down from a 38.6 percent share in 2005.

Cargo large jet aircraft are forecast to increase by 36 aircraft over the next 3 years (from 1,021 to 1,057 aircraft in 2008), and total 1,345 aircraft in 2017. The narrow-body jet fleet is projected to decline by more than 7 aircraft a year over the 12-year forecast period. The wide-body jet fleet, including the Airbus A-380 jumbo jet, is projected to increase by more than 34 aircraft yearly.

General Aviation

Despite a slowdown in the demand for business jets over the past several years, the current forecast assumes that business use of general aviation aircraft will expand at a more rapid pace than that for personal/sport use. The business/corporate side of general aviation should continue to benefit from a growing market for new microjets. In addition, corporate safety/security concerns for corporate staff, combined with increased processing times at some U.S. airports have made fractional, corporate, and on-demand charter flights practical alternatives to travel on commercial flights.

The active general aviation fleet is projected to increase at an average annual rate of 1.4 percent over the 12-year forecast period, growing from an estimated 214,591 in 2005 to 252,775 aircraft in 2017. The more expensive and sophisticated turbine-powered fleet (including rotorcraft) is projected to grow at an average of 4.0 percent a year over the 12-year forecast period with the turbine jet fleet doubling in size.

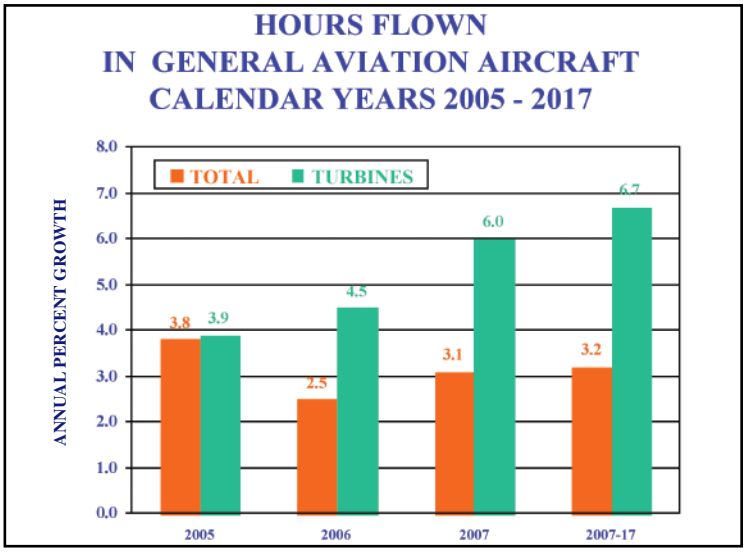


At the October 2005 TRB/FAA workshop, industry experts suggested the market for new microjets could add 500 aircraft a year to the active fleet by 2010. The relatively inexpensive twin-engine microjets (priced between $1 and $2 million) are believed by many to have the potential to redefine the business jet segment by expanding business jet flying and offering performance that could support a true on-demand air-taxi business service. This year's forecast assumes that microjets will begin to enter the active fleet in 2006 (100 aircraft) and grow by 400 to 500 aircraft a year after that, reaching 4,950 aircraft by 2017.

The number of piston-powered aircraft (including rotorcraft) is projected to increase from 193,098 in 2005 to 218,415 in 2017, an average increase of 1.0 percent yearly. The slow growth among single-engine and multi-engine piston aircraft (0.3 and 0.1 percent respectively) is offset by a projected 6.7 percent average annual growth in piston rotorcraft. In addition, it is assumed that relatively inexpensive microjets and new light sport aircraft could dilute or weaken the replacement market for piston aircraft.

Starting in 2005, a new category of aircraft (not currently included in the FAA's aircraft registry counts) was created: "light sport" aircraft. The forecast assumes registration of 10,000 aircraft over a 6-year period beginning in 2005. This new aircraft category is projected to total roughly 14,000 in 2017.

The number of general aviation hours flown is projected to increase by 3.2 percent yearly over the 12-year forecast period. Much of the increase reflects increased flying by business and corporate aircraft as well as increased utilization rates for piston aircraft. Hours flown by turbine aircraft (including rotorcraft) are forecast to increase 6.4 percent yearly over the forecast period, compared with 1.8 percent for piston-powered aircraft. Jet aircraft are forecast to account for most of the increase, expanding at an average annual rate of 10.2 percent over the 12 years. The large increases in jet hours result from the introduction of microjets, as well as increases in the fractional ownership fleet and its activity levels. Fractional ownership aircraft fly about 1,200 hours annually compared to only roughly 350 hours for all business jets in all applications. There is still a good deal of uncertainty about the utilization rates of the new microjets. Some analysts believe the microjets used for on-demand air taxi services could achieve utilization rates as high as 2,000 hours a year. However, FAA believes that microjet utilization rates will not be that high, but instead will be closer to the utilization rates achieved by fractional operators. Nevertheless, the high utilization rates are the primary driver behind the forecast increase in total hours flown.



The number of active general aviation pilots (excluding air transport pilots) is projected to be about 535,000 in 2017, an increase of more than 67,300 (up 1.1 percent yearly) over the forecast period. Commercial pilots are projected to increase from 120,614 in 2005 to 154,000 in 2017, an average annual increase of 2.1 percent as expected demand for corporate flying and on-demand air taxi stimulates hiring. The number of student pilots increase from 87,213 in 2005 to about 106,000 in 2017, an average annual rate of 1.7 percent. In addition, FAA is projecting roughly 13,600 new sport pilots will be certified during the forecast period. The number of private pilots is projected to total about 224,000 (down 0.2 percent yearly) in 2017.

FAA Workload Forecasts

There were 500 towered airports at the end of September 2005—266 FAA towers and 234 contract towers. While the number of FAA towers is expected to remain constant at 266 in 2006, the number of FAA contract towered airports is forecast to increase by 7 to 241. In 2005, aircraft activity at these 7 airports totaled roughly 750,000 operations, with general aviation accounting for 95.3 percent of the total activity.

FAA and Contract Towers

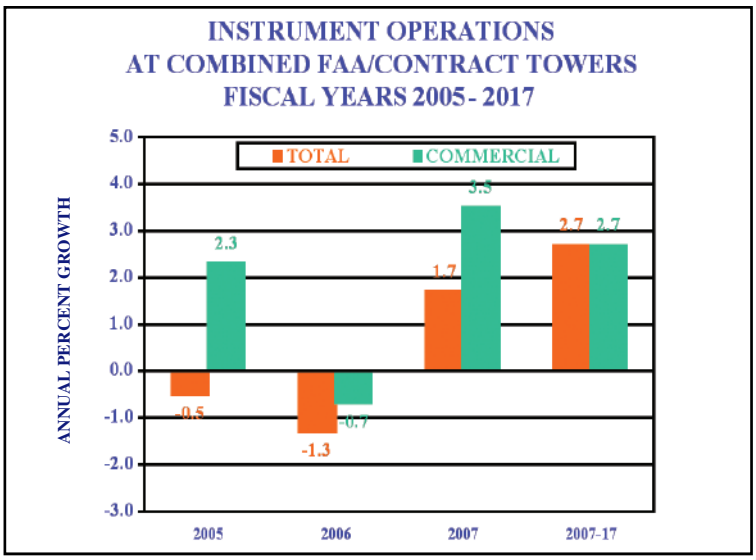
Activity at the combined FAA and contract towers totaled 63.1 million operations in 2005, virtually unchanged (down 0.1 percent) from 2004. Activity is projected to decrease 0.4 percent in 2006, reflecting lower commercial activity, rise 2.7 percent in 2007, and increase 2.2 percent a year over the remaining 10 years of the forecast period, reaching 80.3 million operations in 2017. Total activity at combined FAA/contract towers is not expected to return to pre-9/11 levels until 2011.

Most of the growth over the 12-year forecast period results from increased commercial aircraft activity (up 2.4 percent annually). Air carrier activity is projected to decrease 1.0 percent in 2006 reflecting capacity cuts, then rise 3 percent in 2007 as capacity increases, and increase an average of 2.7 percent a year over the remaining 10 years of the forecast period. Commuter/air taxi operations are forecast to fall 0.9 percent in 2006, then increase 2.7 percent in 2007, and grow an average of 2.7 percent a year over the rest of the forecast period.

General aviation activity (down 2.5 percent in 2005) is forecast to decline slightly (down 0.1 percent) in 2006 before rising 2.8 percent in 2007. For the balance of the forecast, general aviation activity at towered airports is projected to increase an average of 2.0 percent a year, to 42.7 million operations in 2017. Much of the growth in 2007 results from the extra activity at the 7 new contract towers that was not in the previous database. General aviation activity at combined FAA/contract towers is not expected to return to pre-9/11 levels until 2014.

Military activity, which declined 4.2 percent in 2005, is forecast to rise just 0.3 percent in 2006 and 0.7 percent in 2007. Activity levels are then held constant at the 2007 activity level (2.9 million) through the forecast period. The increase in 2006 and 2007 is because of activity at the 7 new contract towers.

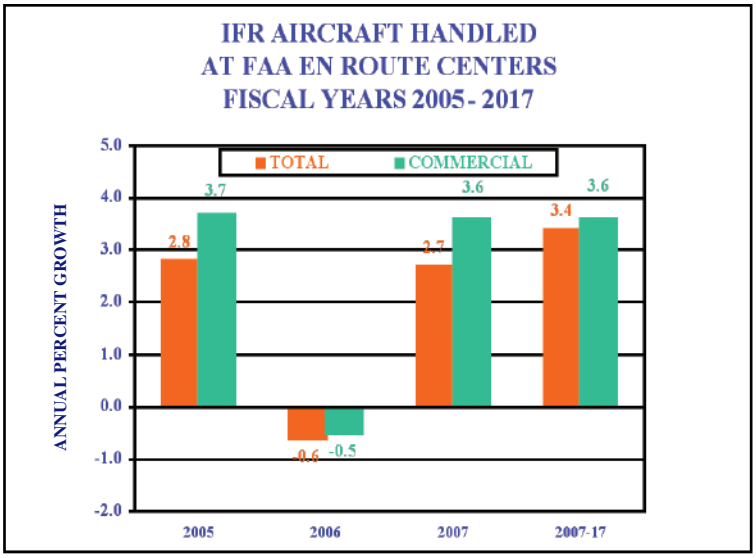
Combined instrument operations at FAA and contract towered airports (49.0 million) fell 0.5 percent in 2005. Instrument activity is projected to decrease 1.3 percent in 2006, reflecting a slowdown in air carrier activity, before rising 1.7 percent in 2007. For the balance of the forecast period, instrument operations grow an average of 2.7 percent a year, totaling 64.4 million in 2017. Instrument activity at combined FAA/contract towers is forecast to exceed pre-9/11 levels by 2011.



Over the 12-year forecast period, commercial aircraft instrument operations are forecast to increase at the same rate as general aviation instrument operations (2.4 percent a year). However, after 2007, general aviation instrument operations are projected to grow 3.3 percent a year versus a 2.7 percent annual rate for commercial instrument operations, reflecting the expected impact of the introduction of microjets to the general aviation fleet. Military activity is expected to remain constant at its 2005 level (2.9 million) of activity throughout the forecast period.

En Route Centers

The number of IFR aircraft handled at FAA en route traffic control centers increased 2.8 percent to 47.5 million in 2005. All user groups had positive growth in 2005, but air carrier activity, at 4.8 percent, increased the most. Other user categories — commuter/air taxi (up 0.9 percent), general aviation (up 0.2 percent) and military (up 0.6 percent) grew less than 1 percent. Activity at en route centers is forecast to decrease by 0.6 percent in 2006, reflecting lower air carrier and general aviation activity, then rise 2.7 percent in 2007 as commercial activity rebounds. En route activity then increases by 3.4 percent annually over the balance of the forecast period, reaching 67.7 million aircraft handled in 2017. Between 2007 and 2017, commercial activity is projected to increase at an average annual rate of 3.6 percent, reflecting the continuing increases in aircraft stage lengths and the use of regional jets. During the same period, general aviation activity is projected to grow faster, 4.0 percent a year, reflecting the expected impact of microjets and fractional activity. Military activity is held constant at the 2005 activity level throughout the forecast period.



Activity at FAA en route centers is growing faster than at FAA towered airports because more of the activity in en route centers is from the faster growing commercial sector, and high-end general aviation flying. Much of general aviation activity at FAA towered airports, which is growing more slowly, is local in nature and does not impact the centers.

An additional measure of activity that is important for workload planning at FAA en route centers is the total number of IFR Flight Hours. After increasing by 6.9 percent in 2004, growth in IFR Flight Hours slowed to 2.3 percent in 2005. Despite the slow growth in activity in 2006, hours are projected to increase by 2.8 percent. For the balance of the forecast, hours are projected to increase an average of 2.7 percent a year, as growth in international activity outpaces growth in domestic activity.

COMMERCIAL SPACE TRANSPORTATION

The Federal Aviation Administration's (FAA) Office of Commercial Space Transportation (AST) licenses and regulates U.S. commercial space launch activity including launch vehicles and non-federal launch sites authorized by Executive Order 12465 and 49 US Code, Subtitle IX, Chapter 701 (formerly the Commercial Space Launch Act). Title 49 and the Executive Order also direct the Department of Transportation (carried out by the FAA) to encourage, facilitate, and promote commercial launches.

AST's mission is to license and regulate commercial launch and reentry operations and non-federal launch sites to protect public health and safety, the safety of property, and the national security and foreign policy interests of the United States.

OVERVIEW

The term "commercial space transportation" refers to the launch of an object into space or the reentry of an object from space by a private, non-government entity. Typically, commercial space transportation concerns the activities of launch service providers, who place satellites into orbit under contract from corporations, governments, or other organizations. Launch service providers also conduct suborbital flights, launches of objects high into the atmosphere or into space that return to Earth instead of entering orbit. The world's major orbital launch service providers are in the United States, Europe, Russia, and China. Potential entrants include Brazil, Japan, and India.

The FAA licenses five expendable vehicles currently used for commercial orbital launches. These include the Pegasus and Taurus, two small vehicles built and operated by Orbital Sciences Corporation; the Delta 2, a medium-class vehicle built by Boeing and marketed by Boeing Launch Services (BLS); the Zenit 3SL, a heavy-class vehicle built by the Ukrainian company KB Yuzhnoye for the multinational Sea Launch venture and marketed by BLS; and the Atlas 5, a heavy-class vehicle built by Lockheed Martin and marketed by International Launch Services (ILS). Commercial vehicles under development include the Falcon family of boosters by SpaceX.

The FAA also licenses two expendable suborbital launch vehicles: the Oriole, manufactured by Alliant Techsystems and provided by DTI Associates; and Terrier-Orion, integrated by DTI Associates using surplus government rocket motors. In 2004 the FAA issued its first license for a suborbital reusable launch vehicle, Scaled Composites' SpaceShipOne; that vehicle was retired in 2005 after winning the $10-million Ansari X Prize in October 2004. A number of suborbital vehicles are currently under development for space tourism and other commercial applications.

From 1989 through the end of 2005, DOT/FAA has licensed 173 orbital and suborbital commercial launches.

Five commercial spaceports, located in Alaska, California (Vandenberg Air Force Base and Mojave Airport), Florida, and Virginia currently have FAA launch site operator licenses. Several other commercial spaceports are under active development, including sites in New Mexico, Oklahoma, and Texas.

Review of 2005

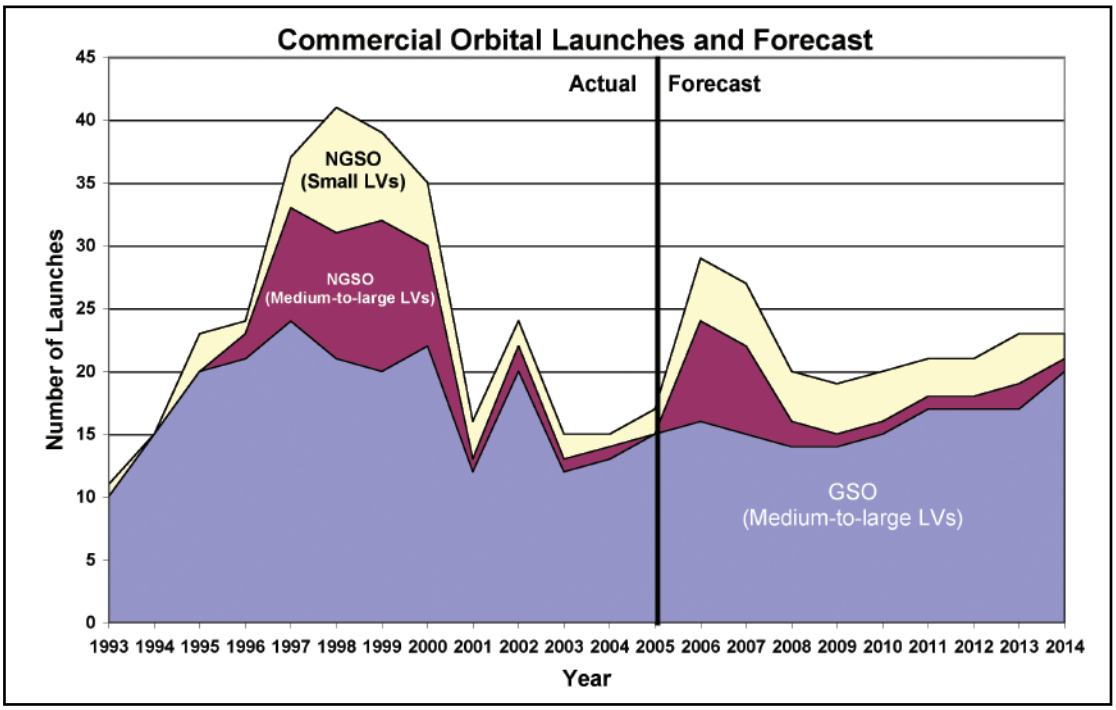
There were five FAA-licensed launches, all orbital, in 2005, down from 14 (including five suborbital) in 2004. ILS carried out one Atlas 5 launch from Cape Canaveral and Sea Launch conducted four successful launches from their Pacific Ocean platform.

Worldwide there were a total of 18 orbital commercial launches during 2005, compared to 15 in 2004. In addition to the five FAA-licensed launches, Europe performed five commercial launches of its Ariane 5 and Russia conducted eight launches of various vehicles. There were 55 total worldwide commercial, civil, and military launches in 2005, with commercial launches representing about one-third of the total. For more details, see the Year in Review report available from the FAA/AST website at http://ast.faa.gov/rep_study/yir.htm.

FORECAST

In May 2005, the FAA and the Commercial Space Transportation Advisory Committee (COMSTAC) published their annual forecast for commercial launch demand, the 2005 Commercial Space Transportation Forecasts. The report forecasts an average of approximately 23 commercial orbital launches per year of geosynchronous orbit (GSO) and non-geosynchronous orbit (NGSO) payloads through 2014, with the following annual averages:

- 16.4 launches of medium-to-heavy vehicles to deploy GSO satellites;
- 2.5 launches of medium-to-heavy vehicles to NGSO; and
- 3.9 launches to NGSO by small vehicles



The GSO and NGSO forecasts are not a prediction of what will actually be launched but instead represent the expected demand for launch services, based on a variety of inputs.

The complete forecast report is available at http://ast.faa.gov/rep_study/forcasts_and_reports.htm.

RISKS TO THE FORECAST

The FAA is once again "cautiously optimistic" that its current outlook for aviation demand and activity can be achieved. As has been the case for the past several years, terrorism remains the greatest risk to achieving the forecasts. Tighter security measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. However, because of aviation's high visibility and global reach, concerns remain about international terrorism. Any terrorist incident aimed at aviation would have an immediate and significant impact on the demand for aviation services. In addition, there has been much discussion about a worldwide pandemic with the Asian flu. Should such an event occur, it is likely that severe limits on aviation would be enacted and would have a significant impact on the demand for aviation services.

Terrorist and pandemic concerns notwithstanding, this year's forecast is driven, at least in the short-term, by the weakened financial health of the commercial aviation industry, which, in turn, is inextricably tied to what appears to be a permanent shift to higher jet fuel prices.

Oil prices peaked at $70/barrel in late August 2005 and then fell below $57/barrel by mid-November. However, prices then gradually rose to over $61/barrel by mid-December. Most economic projections now assume that oil prices will remain in the $45-$55/barrel range over the next several years, with $40/barrel being touted as the new floor for future oil prices.

Higher fuel prices cost U.S. commercial air carriers $9.6 billion in fiscal year 2005, essentially wiping out the significant improvements made by the legacy carriers in reducing their operating costs. The legacy carriers, which currently account for 62 percent of the industry's domestic capacity and carry 52 percent of the industry's domestic passengers, are most at risk from higher fuel prices. If oil prices (and jet kerosene prices) had stayed at 2004 levels in 2005, most carriers, including several legacy carriers, would have been profitable. This year's forecast assumes $54/barrel oil in 2006, falling gradually to under $51/barrel by 2010. With oil prices in the $50-$55 range, it is unlikely the industry will return to profitability in 2006. In a high oil price scenario, the potential exists for major supply disruptions/dislocations and/or increased passenger inconveniences, either of which could significantly lessen capacity and passenger demand and reduce competition in many markets. In a $70/barrel plus scenario, supply disruptions would most likely occur through liquidation and/or further contraction of mainline carrier route structures. Under this scenario, several large U.S. airports could lose their major service provider. In a $60-$65/barrel scenario, supply disruptions could occur through industry consolidation and/or contraction of legacy carrier route networks. However, it is unlikely that any airport would lose its major airline tenant.

Low-cost carriers are forecast to continue to increase their share of domestic traffic over the forecast period. However, except for Southwest, the 2005 financial performance of these carriers was, at best, mixed. Although most of the current low-cost carriers appear to have greater financial stability and access to funding than previous start-ups, continued high fuel prices, a prolonged slump in travel demand, and/or a prolonged fare war could cause these carriers to scale back planned growth and/or cease operations. In addition, low cost carriers have a significantly smaller percentage of their future

fuel needs hedged. With the apparent permanent shift to higher jet fuel prices, the cost gap between low-cost carriers and the legacy carriers should narrow, reducing the competitive advantage that many of the low-cost carriers currently enjoy. Any loss of competition could lead to higher fares and a loss of passenger demand.

Also, the forecast assumes continued high traffic and capacity growth among regional carriers, including the addition of sizable numbers of regional jets into their fleets. However, these carriers' future is closely tied to those of the larger legacy carriers. Should one or more of these large carriers cease to exist (three are operating under Chapter 11 bankruptcy protection), several regional carriers could find themselves either saddled with excess capacity or lack of sufficient capacity to accommodate future growth. The nature of this risk depends on whether the regional carrier or the legacy carrier owns or leases the aircraft. Already in both the Delta and Northwest bankruptcies, regional partners are seeing legacy carrier needs for regional flying substantially reduced.

Although FAA uses economic projections from OMB to derive the forecasts of aviation demand, an important part of the FAA forecast process is to compare the OMB forecasts with other economic forecasts. FAA typically compares OMB economic forecasts to those of Global Insight, Inc., a leading economic consulting firm. Global Insight's U.S. GDP forecast is similar to OMB's. Growth in U.S. GDP is projected to average 3.1 percent a year between 2005 and 2010 compared to the OMB forecast of 3.3 percent a year. In addition, Global Insight regularly provides alternative forecasts and assigns a likelihood of their occurrence; along with the likelihood of the baseline forecast occurring. In January 2006, Global Insight was assigning a 55 percent likelihood of their baseline forecast. An optimistic scenario-higher economic growth in the rest of the world, lower oil prices, and a continuation of the information-driven technology boom-that results in higher U.S. economic growth was assigned a 20 percent likelihood by Global Insight. Higher economic growth would lead to increased demand for aviation services and speed the industry's return to profitability.

However, Global Insight's pessimistic scenario--a weaker dollar, rising oil prices, higher inflation, and rising unemployment-that results in slower U.S. economic growth was assigned a 25 percent likelihood. Slower economic growth would not only slow the recovery in the demand for aviation services but would also hamper and slow the industry's return to profitability.

The global economy recovered from 5 years of weak and uneven growth in 2004, posting strong gains throughout the world. Although the current forecast calls for a return to higher historical growth rates throughout the forecast period, there are many downside risks inherent in these forecasts. The fate of the global economy will continue to depend on the sustainability and strength of U.S. economic growth, with most world regions counting on strong export growth to the United States as a major contributor to their future economic growth. If, as predicted, the U.S. dollar continues to fall, strong U.S. economic growth may not translate into strong U.S. import growth. If this occurs, global economic growth could remain sluggish for some time into the future.

In addition, there are potential geopolitical risks that could slow global economic growth, i.e., the uncertain political situations in several major oil exporting countries. Doubts also remain over the strength of domestic demand in both Japan and the Eurozone as these countries continue to be constrained by structural economic problems, political gridlock, institutional constraints, and the authorities' reluctance to take decisive action. The current forecasts assume strong passenger growth for travel between the United States and other world regions. Any slowing of global economic activity could seriously inhibit the growth in world passenger demand.

Historically, international markets have been subject to a series of bilateral agreements that have, for the most part, severely restricted competition. However, if current negotiations between the U.S. and the European Union are successful, more U.S. carriers could gain access to new markets and introduce new competition in the North Atlantic market. Greater competition could lead to lower fares and higher growth in these markets.

The demand for general aviation products and services, including business jets, appears to be recovering. How quickly the industry recovers depends, in large part, on the strength of the market for business jets and microjets. How quickly this flying segment responds to forecast economic growth will go a long way in determining whether general aviation achieves the predicted increases in the demand for its products and services.

The current forecast assumes the introduction of low priced micro jets starting in 2006, with the market growing to 4,950 by 2017. This is a relatively conservative assumption compared to some industry estimates. If the higher industry estimates are correct, the general aviation active jet fleet and hours flown could be higher than forecast.

The mix of aircraft operating at most large hubs is also expected to become increasingly complex over the forecast period. The expected large increases in the numbers of smaller regional jets and new microjets will increase the complexities of the national airspace system and make the FAA's job more challenging. The increased complexity of the mix of aircraft serves to compound the increases in workload strictly due to the increasing demand for aviation services projected over the forecast period.

Delays occurred at many U.S. airports in 2005 and could become a critical limit to growth over the forecast period. Based on the 2005 FAA Terminal Area Forecasts, 23 of the 35 Operational Evolution Plan (OEP) airports currently exceed pre-9/11 activity levels. In addition, another two airports are expected to reach or exceed pre-9/11 levels over the next 2 years.[11] FAA's forecasts of both demand and workload are unconstrained in that they assume that there will be sufficient infrastructure to handle the projected levels of activity. Should the infrastructure be insufficient and result in more delays, it is likely that the forecasts of both demand and workload would not be achieved.

[11] *Tampa in 2006; New York Newark in 2007.*

APPENDIX FORECAST ACCURACY

The Federal Aviation Administration (FAA) has developed econometric forecast models and established a forecast process that attempts to anticipate changes that may affect the future direction of the aviation industry. Using this forecast process, the FAA annually provides 12-year forecasts of aviation demand and activity measures that are used for aviation-related personnel and facility planning. The FAA occasionally sponsors workshops to critique techniques and practices currently used by the FAA and other aviation forecasters, and to examine the outlook for the aviation industry and its prospects for future growth. The workshops focus on the forecasting process and ways to improve the reliability and utility of forecasting results.

Tables A-1 and A-2 provide a measure of the accuracy of FAA projections of aviation demand and workloads at FAA facilities for forecasts published one and ten years prior to the year being forecast. The tables compare forecasts for both short- and long-term periods. The short-term period, 1 to 5 years, is the critical period for personnel planning; the long-term period, 10 years out, is important for facility planning.

For short-term trends, forecast errors normally tend to be modest. Table A-1 provides a summary of forecast errors for forecasts published one year earlier. Between 1995 and 2005, the average errors for forecasts published one year earlier for commercial carrier domestic RPMs, commercial carrier domestic enplanements, and en-route aircraft handled were 1.3, 0.1, and 0.6 percent, respectively. Using an alternative measure of forecast accuracy, the mean absolute error, the errors were 2.4, 2.1, and 1.6 percent, respectively. However, since the events of 9/11, the increased instability of the industry has resulted in larger forecast errors. Between 1995 and 2001, the mean absolute error for forecasts published one year earlier for commercial carrier domestic RPMs, commercial carrier domestic enplanements, and en-route aircraft handled were 1.9, 2.0, and 1.7 percent, respectively. For the period between 2002 and 2005, the mean absolute errors for the measures examined were 3.3, 2.2, and 1.3 percent, respectively.

TABLE A-1

Forecast Evaluation for Selected Measures
Percent Variance: Actual vs Forecast
Forecast Published One Year Earlier

Year Being Forecast	Domestic Commercial Carrier RPMs	Domestic Commercial Carrier Enplanements	En-Route Center Aircraft Handled
1995	(0.1)	(2.2)	0.8
1996	3.0	1.8	(1.7)
1997	0.0	(1.4)	1.2
1998	(2.0)	(1.7)	2.9
1999	1.8	1.3	1.1
2000	2.1	1.4	0.7
2001	(4.3)	(4.6)	(3.8)
2002	7.6	4.4	1.2
2003	0.7	(0.9)	0.4
2004	2.8	0.2	2.4
2005	2.1	3.2	1.2
Mean Error	1.3	0.1	0.6
Mean Absolute Error	2.4	2.1	1.6

The forecast errors for forecasts published ten years earlier tend to be larger because of unanticipated external events that have long-term impacts on the aviation system. Contributing external factors impacting the long-term forecasting accuracy of RPMs and aircraft handled include the 1991 Gulf War and the concomitant rise in fuel prices; the outbreaks of terrorism in 1986, 1991, and 2001; the Southeast Asian financial crisis in 1997-98; the War in Iraq along with the outbreak of SARS in 2003; and the rapid rise of oil prices in 2004-05. Since the FAA does not use cyclical economic projections in preparing its long-term forecasts, the 2001 economic recession was not considered in any of the forecasts prepared prior to 2001. Table A-2 provides a summary of the forecast errors for forecasts published ten years earlier.

For the period 1995 through 2005, the mean errors for forecasts published ten years earlier for commer-

TABLE A-2

Forecast Evaluation for Selected Measures
Percent Variance: Actual vs Forecast
Forecast Published Ten Years Earlier

Year Being Forecast	Domestic Commercial Carrier RPMs	Domestic Commercial Carrier Enplanements	En-Route Center Aircraft Handled
1995	(10.3)	(11.4)	(8.0)
1996	(10.9)	(12.2)	(8.2)
1997	(14.2)	(17.4)	(10.0)
1998	(12.6)	(14.9)	(6.3)
1999	(6.9)	(9.9)	(2.8)
2000	(1.1)	(5.5)	(2.3)
2001	(1.0)	(4.7)	(2.9)
2002	(10.3)	(14.5)	(3.0)
2003	(5.0)	(12.5)	(2.8)
2004	(6.5)	(20.0)	(2.3)
2005	(2.4)	(13.9)	(3.7)
Mean Error	(7.4)	(12.5)	(4.8)
Mean Absolute Error	7.4	12.5	4.8

cial carrier domestic RPMs, commercial carrier domestic enplanement, and en-route center aircraft handled were -7.4, -12.5, and -4.8 percent, respectively. Using the mean absolute error, the errors were 7.4, 12.5, and 4.8 percent, respectively. Some of the error is due to unanticipated exogenous events (e.g. the Gulf War in 1991, the shutdowns of Pan Am and Eastern, and the events of 9/11) and their impact on activity. Some of the error is due to errors in the assumptions (e.g. passenger trip length, seats per aircraft, economic growth) behind the forecasts. The evaluation of forecasts published in 1995 (for 2004) and 1996 (for 2005) indicate that the forecast error for domestic RPMs was 6.5 and 2.4 percent, respectively. For aircraft handled, the error for the forecasts published in 1995 and 1996 was 2.3 and 3.7 percent, respectively. There is also clear evidence that FAA's long run forecasts have been too high. For each of the variables chosen, every comparison between actual values and forecasts of the variables done ten years prior show the actual values were less than the forecast values. This suggests that there is a bias in the FAA's long run forecast process and FAA is exploring ways to eliminate the bias. This statistical comparison highlights the significant impact that unanticipated exogenous events, or the lack thereof, can have on the long-term accuracy of the forecasts.

FORECAST TABLES

TABLE 1

U.S. SHORT-TERM ECONOMIC FORECASTS

ECONOMIC VARIABLE	FISCAL YEAR 2006				FISCAL YEAR 2007			
	1ST. QTR.	2ND. QTR.	3RD QTR.	4TH. QTR.	1ST. QTR.	2ND. QTR.	3RD QTR.	4TH. QTR.
Real GDP								
(Billions of 2000$)	11,276.0	11,370.3	11,465.7	11,561.9	11,656.2	11,751.2	11,847.0	11,943.6
Seasonally Adjusted Annual Rate	3.0%	3.4%	3.4%	3.4%	3.3%	3.3%	3.3%	3.3%
Refiners' Acquisition Cost - Average								
(Dollars)	54.07	54.20	54.54	54.54	54.47	54.19	53.84	53.57
Seasonally Adjusted Annual Rate	-24.8%	1.0%	2.5%	0.0%	-0.5%	-2.0%	-2.6%	-2.0%
Consumer Price Index								
(1982-84 equals 100)	198.2	199.3	200.5	201.7	202.9	204.1	205.3	206.5
Seasonally Adjusted Annual Rate	3.4%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%

Source: Office of Management and Budget, November 2005.

TABLE 2

U.S. LONG-TERM ECONOMIC FORECASTS

FISCAL YEAR	GROSS DOMESTIC PRODUCT (Billions 2000$)	CONSUMER PRICE INDEX (1982-84=100)	REFINERS' ACQUISITION COST AVERAGE (Dollars)
Historical			
2000	9,762.8	170.74	26.70
2001	9,885.1	176.27	25.79
2002	10,002.4	178.86	21.98
2003	10,218.9	183.10	28.01
2004	10,657.0	187.34	33.65
2005E	11,044.7	193.48	47.27
Forecast			
2006	11,418.5	199.93	54.34
2007	11,799.5	204.72	54.02
2008	12,186.7	209.64	52.77
2009	12,572.8	214.67	51.58
2010	12,962.5	219.82	50.93
2011	13,364.4	225.18	50.61
2012	13,773.9	230.82	50.92
2013	14,187.0	236.58	52.04
2014	14,612.6	242.49	53.18
2015	15,051.1	248.57	54.35
2016	15,502.6	254.77	55.55
2017	15,967.8	261.13	56.77
Avg Annual Growth 2005-17	3.1%	2.5%	1.5%

Source: 2005-2016; Office of Management and Budget, November 2005. Extrapolated to 2017.

TABLE 3

INTERNATIONAL GDP FORECASTS BY TRAVEL REGION

CALENDAR YEAR	GROSS DOMESTIC PRODUCT (In Billions of 2000 U.S. Dollars)				
	CANADA	EUROPE/ AFRICA/ MIDDLE EAST	LATIN AMERICA/ MEXICO	JAPAN/PACIFIC BASIN/CHINA/OTHER ASIA/AUSTRALIA/ N. ZEALAND	WORLD
Historical					
2000	724.8	10,258.5	1,831.9	8,318.4	31,701.3
2001	737.7	10,448.5	1,834.4	8,465.8	32,163.3
2002	760.5	10,604.6	1,815.0	8,668.5	32,715.3
2003	775.8	10,785.3	1,849.0	8,974.8	33,569.3
2004	798.6	11,094.6	1,962.4	9,387.5	34,916.7
2005E	820.9	11,336.3	2,047.0	9,748.8	36,056.0
Forecast					
2006	844.2	11,624.4	2,119.9	10,130.0	37,249.8
2007	866.9	11,943.0	2,202.5	10,502.4	38,465.2
2008	891.2	12,280.7	2,289.2	10,901.4	39,767.9
2009	917.0	12,604.4	2,379.9	11,313.5	41,026.3
2010	943.6	12,927.4	2,473.5	11,743.9	42,304.6
2011	969.3	13,252.1	2,569.6	12,187.8	43,613.8
2012	994.4	13,578.9	2,669.3	12,639.7	44,943.7
2013	1,018.2	13,912.1	2,772.2	13,093.9	46,316.3
2014	1,041.8	14,247.4	2,878.4	13,556.7	47,749.5
2015	1,065.3	14,591.8	2,988.0	14,025.0	49,233.6
2016	1,088.8	14,942.1	3,101.3	14,500.4	50,732.9
2017	1,112.1	15,300.3	3,218.4	14,977.9	52,239.5
Avg Annual Growth 2005-17	2.6%	2.5%	3.8%	3.6%	3.1%

Source: Global Insight, World Economic Outlook, September 2005.

TABLE 4

INTERNATIONAL GDP FORECASTS--SELECTED AREAS/COUNTRIES

CALENDAR YEAR	GROSS DOMESTIC PRODUCT (In Billions of 2000 U.S. Dollars)				
	NORTH AMERICA (NAFTA)	EUROZONE	UNITED KINGDOM	JAPAN	CHINA
Historical					
2000	11,122.3	6,144.1	1,443.7	4,751.5	1,080.7
2001	11,208.0	6,259.7	1,475.8	4,759.4	1,161.8
2002	11,393.8	6,318.3	1,505.3	4,747.4	1,258.2
2003	11,689.1	6,365.8	1,543.2	4,812.1	1,377.7
2004	12,172.7	6,480.1	1,593.1	4,936.1	1,508.6
2005E	12,596.6	6,562.9	1,623.2	5,025.6	1,648.8
Forecast					
2006	13,016.1	6,677.3	1,658.9	5,114.8	1,788.7
2007	13,437.7	6,811.4	1,704.0	5,185.0	1,931.9
2008	13,897.3	6,957.4	1,754.7	5,268.4	2,082.6
2009	14,309.1	7,093.0	1,803.2	5,357.6	2,230.6
2010	14,719.3	7,229.8	1,850.5	5,452.5	2,389.2
2011	15,141.4	7,366.2	1,898.4	5,552.6	2,552.5
2012	15,573.3	7,501.9	1,946.5	5,652.5	2,721.4
2013	16,037.5	7,639.8	1,995.5	5,747.9	2,897.2
2014	16,547.5	7,777.8	2,044.0	5,839.2	3,083.0
2015	17,088.9	7,919.1	2,092.4	5,925.1	3,278.0
2016	17,628.2	8,062.0	2,141.8	6,002.2	3,484.8
2017	18,162.1	8,207.7	2,192.4	6,072.8	3,695.9
Avg Annual Growth 2005-17	3.1%	1.9%	2.5%	1.6%	7.0%

Source: Global Insight, World Economic Outlook, September 2005

TABLE 5

U.S. COMMERCIAL AIR CARRIERS 1/

TOTAL SCHEDULED U.S. PASSENGER TRAFFIC

FISCAL YEAR	REVENUE PASSENGER ENPLANEMENTS (Millions)			REVENUE PASSENGER MILES (Billions)		
	DOMESTIC	INTERNATIONAL	SYSTEM	DOMESTIC	INTERNATIONAL	SYSTEM
Historical*						
2000	641.2	56.4	697.6	512.8	181.8	694.6
2001	626.8	56.7	683.4	508.1	183.3	691.4
2002	574.5	51.2	625.8	473.0	158.2	631.3
2003	587.8	54.2	642.0	492.7	155.9	648.6
2004	628.5	61.4	689.9	540.2	177.4	717.7
2005E	669.8	68.8	738.6	577.4	197.9	775.3
Forecast						
2006	668.7	71.9	740.6	578.4	208.6	787.0
2007	693.3	75.8	769.1	603.3	221.5	824.7
2008	713.8	79.8	793.6	624.6	234.5	859.0
2009	735.7	84.0	819.7	647.7	247.9	895.6
2010	758.9	88.3	847.2	671.9	262.1	934.1
2011	782.6	92.9	875.5	697.6	276.9	974.5
2012	807.7	97.6	905.2	724.5	291.9	1,016.4
2013	833.4	102.3	935.7	752.6	307.4	1,059.9
2014	860.5	107.2	967.7	782.2	323.5	1,105.7
2015	888.4	112.3	1,000.7	813.3	340.2	1,153.5
2016	917.7	117.6	1,035.3	846.1	357.5	1,203.6
2017	948.4	123.1	1,071.6	880.6	375.2	1,255.8
Avg Annual Growth 2005-17	2.9%	5.0%	3.1%	3.6%	5.5%	4.1%

* Source: Forms 41 and 298-C, U.S. Department of Transportation.
1/ Sum of U.S. Mainline and Regional Air Carriers.

TABLE 6

U.S. COMMERCIAL AIR CARRIERS 1/

SCHEDULED PASSENGER CAPACITY, TRAFFIC, AND LOAD FACTORS

FISCAL YEAR	DOMESTIC ASMs (BIL)	DOMESTIC RPMs (BIL)	DOMESTIC % LOAD FACTOR	INTERNATIONAL ASMs (BIL)	INTERNATIONAL RPMs (BIL)	INTERNATIONAL % LOAD FACTOR	SYSTEM ASMs (BIL)	SYSTEM RPMs (BIL)	SYSTEM % LOAD FACTOR
Historical*									
2000	726.6	512.8	70.6	239.3	181.8	76.0	965.9	694.6	71.9
2001	732.5	508.1	69.4	246.6	183.3	74.3	979.1	691.4	70.6
2002	681.3	473.0	69.4	212.3	158.2	74.5	893.6	631.3	70.6
2003	684.2	492.7	72.0	207.1	155.9	75.3	891.3	648.6	72.8
2004	730.2	540.2	74.0	223.7	177.4	79.3	953.9	717.7	75.2
2005E	755.9	577.4	76.4	249.5	197.9	79.3	1,005.4	775.3	77.1
Forecast									
2006	750.3	578.4	77.1	264.2	208.6	78.9	1,014.5	787.0	77.6
2007	781.4	603.3	77.2	279.6	221.5	79.2	1,061.0	824.7	77.7
2008	808.8	624.6	77.2	295.7	234.5	79.3	1,104.5	859.0	77.8
2009	838.3	647.7	77.3	312.3	247.9	79.4	1,150.6	895.6	77.8
2010	869.0	671.9	77.3	329.9	262.1	79.5	1,198.8	934.1	77.9
2011	901.3	697.6	77.4	348.4	276.9	79.5	1,249.7	974.5	78.0
2012	935.0	724.5	77.5	367.3	291.9	79.5	1,302.4	1,016.4	78.0
2013	969.9	752.6	77.6	386.9	307.4	79.4	1,356.9	1,059.9	78.1
2014	1,006.7	782.2	77.7	407.3	323.5	79.4	1,414.0	1,105.7	78.2
2015	1,045.2	813.3	77.8	428.4	340.2	79.4	1,473.7	1,153.5	78.3
2016	1,085.7	846.1	77.9	450.2	357.5	79.4	1,536.0	1,203.6	78.4
2017	1,128.1	880.6	78.1	472.7	375.2	79.4	1,600.7	1,255.8	78.4
Avg Annual Growth 2005-17	3.4%	3.6%		5.5%	5.5%		4.0%	4.1%	

* Source: Forms 41 and 298-C, U.S. Department of Transportation.
1/ Sum of U.S. Mainline and Regional Air Carriers.

TABLE 7

U.S. COMMERCIAL AIR CARRIERS 1/

TOTAL SCHEDULED U.S. INTERNATIONAL PASSENGER TRAFFIC

	REVENUE PASSENGER ENPLANEMENTS				REVENUE PASSENGER MILES			
FISCAL YEAR	ATLANTIC (Mil)	LATIN AMERICA (Mil)	PACIFIC (Mil)	TOTAL INTERNATIONAL (Mil)	ATLANTIC (Bil)	LATIN AMERICA (Bil)	PACIFIC (Bil)	TOTAL INTERNATIONAL (Bil)
Historical*								
2000	20.9	24.3	11.2	56.4	87.1	36.3	58.4	181.8
2001	20.5	24.8	11.4	56.7	86.2	37.6	59.4	183.3
2002	18.0	23.6	9.6	51.2	74.7	34.5	49.0	158.2
2003	17.8	25.9	10.5	54.2	73.2	36.6	46.2	155.9
2004	19.9	29.2	12.3	61.4	82.1	41.8	53.5	177.4
2005E	21.6	33.9	13.2	68.8	89.5	49.3	59.2	197.9
Forecast								
2006	22.8	35.5	13.6	71.9	95.5	52.1	61.0	208.6
2007	23.7	37.2	14.9	75.8	99.3	55.1	67.0	221.5
2008	24.6	39.1	16.1	79.8	103.2	58.5	72.7	234.5
2009	25.5	41.1	17.4	84.0	107.3	62.2	78.4	247.9
2010	26.4	43.2	18.7	88.3	111.5	66.1	84.5	262.1
2011	27.4	45.4	20.1	92.9	115.8	70.3	90.8	276.9
2012	28.4	47.7	21.4	97.6	120.2	74.7	97.0	291.9
2013	29.4	50.1	22.8	102.3	124.8	79.3	103.3	307.4
2014	30.5	52.6	24.1	107.2	129.5	84.2	109.8	323.5
2015	31.5	55.2	25.6	112.3	134.4	89.4	116.4	340.2
2016	32.7	58.0	27.0	117.6	139.4	94.9	123.1	357.5
2017	33.8	60.8	28.5	123.1	144.6	100.6	130.0	375.2
Avg Annual Growth 2005-17	3.8%	5.0%	6.6%	5.0%	4.1%	6.1%	6.8%	5.5%

* Source: Forms 41 and 298-C, U.S. Department of Transportation.
1/ Sum of U.S. Mainline and Regional Air Carriers.

TABLE 8

U.S. AND FOREIGN FLAG CARRIERS

TOTAL PASSENGER TRAFFIC TO/FROM THE UNITED STATES

CALENDAR YEAR	TOTAL PASSENGERS BY WORLD TRAVEL AREA (Millions)				
	ATLANTIC	LATIN AMERICA	PACIFIC	U.S./CANADA TRANSBORDER	TOTAL
Historical*					
2000	53.0	40.8	26.0	20.8	140.6
2001	47.5	38.8	23.0	18.6	127.9
2002	43.4	36.9	22.3	17.6	120.1
2003	43.8	38.7	20.0	16.9	119.4
2004	48.7	42.4	23.9	18.5	133.5
2005E	49.8	44.4	24.6	19.9	138.7
Forecast					
2006	52.7	46.7	26.4	21.0	146.7
2007	56.4	49.2	28.9	21.8	156.3
2008	59.5	51.8	31.5	22.6	165.4
2009	62.3	54.5	33.9	23.5	174.2
2010	64.9	57.3	36.4	24.3	182.9
2011	67.4	60.1	38.9	25.2	191.7
2012	69.8	63.1	41.5	26.1	200.5
2013	72.3	66.1	44.2	27.0	209.5
2014	74.7	69.2	46.9	27.9	218.7
2015	77.2	72.4	49.6	28.9	228.2
2016	79.7	75.7	52.5	29.9	237.9
2017	82.3	79.2	55.5	30.9	247.9
Avg. Annual Growth 2005-17	4.3%	4.9%	7.0%	3.7%	5.0%

* Sources: Atlantic, Pacific, and Latin America, INS Form I-92, U.S. Department of Commerce; U.S./ Canada Transborder, Transport Canada.

TABLE 9

U.S. COMMERCIAL AIR CARRIERS' FORECAST ASSUMPTIONS 1/

SEATS PER AIRCRAFT AND PASSENGER TRIP LENGTH

FISCAL YEAR	AVERAGE SEATS PER AIRCRAFT			AVERAGE PASSENGER TRIP LENGTH		
	DOMESTIC (Seats)	INT'L. (Seats)	SYSTEM (Seats)	DOMESTIC (Miles)	INT'L. (Miles)	SYSTEM (Miles)
Historical*						
2000	129.3	230.6	145.0	799.8	3,223.2	995.7
2001	127.7	226.9	143.5	810.7	3,233.9	1,011.6
2002	125.9	221.5	140.3	823.3	3,088.8	1,008.8
2003	123.0	216.7	136.7	838.1	2,878.5	1,010.3
2004	121.7	215.6	135.6	859.6	2,891.5	1,040.3
2005E	120.4	214.1	135.1	862.0	2,876.7	1,049.7
Forecast						
2006	119.0	214.3	134.6	864.9	2,902.0	1,062.6
2007	118.4	215.3	134.3	870.1	2,922.4	1,072.3
2008	118.2	215.7	134.5	875.0	2,937.9	1,082.5
2009	117.9	216.4	134.5	880.4	2,952.8	1,092.6
2010	117.8	217.0	134.8	885.5	2,967.3	1,102.5
2011	117.7	217.7	135.0	891.3	2,980.6	1,113.0
2012	117.8	218.3	135.4	897.0	2,991.8	1,122.8
2013	117.9	218.9	135.8	903.0	3,004.6	1,132.7
2014	118.1	219.5	136.3	908.9	3,017.1	1,142.5
2015	118.4	220.0	136.8	915.5	3,028.5	1,152.7
2016	118.8	220.5	137.4	922.0	3,038.5	1,162.5
2017	119.2	221.0	138.0	928.5	3,046.8	1,171.9

* Source: Forms 41 and 298-C, U.S. Department of Transportation.
1/ Sum of U.S. Mainline and Regional Air Carriers.

TABLE 10

U. S. MAINLINE AIR CARRIERS

SCHEDULED PASSENGER TRAFFIC

FISCAL YEAR	REVENUE PASSENGER ENPLANEMENTS (Millions)			REVENUE PASSENGER MILES (Billions)		
	DOMESTIC	INTERNATIONAL	SYSTEM	DOMESTIC	INTERNATIONAL	SYSTEM
Historical*						
2000	561.5	53.3	614.8	490.0	181.0	670.9
2001	546.3	53.5	599.9	483.8	182.3	666.1
2002	485.9	48.4	534.3	443.2	157.3	600.5
2003	482.8	50.6	533.4	453.4	154.8	608.2
2004	502.6	57.3	559.9	488.5	175.9	664.4
2005E	523.1	64.1	587.3	513.3	195.8	709.1
Forecast						
2006	517.9	66.7	584.7	509.7	206.1	715.8
2007	533.7	70.3	604.0	528.0	218.8	746.8
2008	547.8	74.0	621.8	543.9	231.6	775.5
2009	562.3	77.8	640.1	560.8	244.8	805.6
2010	577.7	81.9	659.6	578.7	258.8	837.5
2011	593.6	86.1	679.6	597.8	273.4	871.2
2012	610.4	90.4	700.8	618.1	288.2	906.3
2013	627.8	94.8	722.6	639.7	303.5	943.2
2014	646.3	99.3	745.6	662.8	319.4	982.2
2015	665.3	104.1	769.4	687.3	335.9	1,023.2
2016	685.5	109.0	794.5	713.4	352.9	1,066.3
2017	707.1	114.1	821.1	741.2	370.3	1,111.6
Avg Annual Growth 2005-17	2.5%	4.9%	2.8%	3.1%	5.5%	3.8%

* Source: Form 41, U.S. Department of Transportation.

TABLE 11

U.S. MAINLINE AIR CARRIERS

SCHEDULED PASSENGER CAPACITY, TRAFFIC, AND LOAD FACTORS

	DOMESTIC			INTERNATIONAL			SYSTEM		
FISCAL YEAR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR
Historical*									
2000	688.3	490.0	71.2	238.0	181.0	76.0	926.2	670.9	72.4
2001	691.1	483.8	70.0	244.9	182.3	74.4	936.0	666.1	71.2
2002	632.6	443.2	70.1	210.8	157.3	74.6	843.5	600.5	71.2
2003	623.7	453.4	72.7	205.1	154.8	75.5	828.8	608.2	73.4
2004	654.2	488.5	74.7	221.3	175.9	79.5	875.5	664.4	75.9
2005E	664.1	513.3	77.3	246.3	195.8	79.5	910.4	709.1	77.9
Forecast									
2006	654.4	509.7	77.9	260.5	206.1	79.1	914.9	715.8	78.2
2007	677.1	528.0	78.0	275.7	218.8	79.4	952.8	746.8	78.4
2008	697.5	543.9	78.0	291.5	231.6	79.4	989.0	775.5	78.4
2009	719.0	560.8	78.0	307.9	244.8	79.5	1,026.9	805.6	78.5
2010	741.7	578.7	78.0	325.2	258.8	79.6	1,066.9	837.5	78.5
2011	765.7	597.8	78.1	343.5	273.4	79.6	1,109.2	871.2	78.5
2012	791.1	618.1	78.1	362.1	288.2	79.6	1,153.2	906.3	78.6
2013	817.9	639.7	78.2	381.4	303.5	79.6	1,199.3	943.2	78.6
2014	846.4	662.8	78.3	401.6	319.4	79.5	1,248.0	982.2	78.7
2015	876.6	687.3	78.4	422.4	335.9	79.5	1,299.0	1,023.2	78.8
2016	908.7	713.4	78.5	443.9	352.9	79.5	1,352.6	1,066.3	78.8
2017	942.7	741.2	78.6	466.0	370.3	79.5	1,408.7	1,111.6	78.9
Avg Annual Growth 2005-17	3.0%	3.1%		5.5%	5.5%		3.7%	3.8%	

* Source: Form 41, U.S. Department of Transportation.

TABLE 12

U.S. MAINLINE AIR CARRIERS

SCHEDULED INTERNATIONAL PASSENGER ENPLANEMENTS

FISCAL YEAR	REVENUE PASSENGER ENPLANEMENTS (MIL)			
	ATLANTIC	LATIN AMERICA	PACIFIC	TOTAL
Historical*				
2000	20.9	21.2	11.2	53.3
2001	20.5	21.7	11.4	53.5
2002	18.0	20.7	9.6	48.4
2003	17.8	22.3	10.5	50.6
2004	19.9	25.2	12.3	57.3
2005E	21.6	29.2	13.2	64.1
Forecast				
2006	22.8	30.3	13.6	66.7
2007	23.7	31.7	14.9	70.3
2008	24.6	33.3	16.1	74.0
2009	25.5	35.0	17.4	77.8
2010	26.4	36.7	18.7	81.9
2011	27.4	38.6	20.1	86.1
2012	28.4	40.6	21.4	90.4
2013	29.4	42.6	22.8	94.8
2014	30.5	44.7	24.1	99.3
2015	31.5	47.0	25.6	104.1
2016	32.7	49.3	27.0	109.0
2017	33.8	51.8	28.5	114.1
Avg. Annual Growth 2005-17	3.8%	4.9%	6.6%	4.9%

* Source: Form 41, U.S. Department of Transportation.
Note: Detail may not add to total because of rounding.

TABLE 13

U.S. MAINLINE AIR CARRIERS

SCHEDULED PASSENGER CAPACITY, TRAFFIC, AND LOAD FACTORS BY INTERNATIONAL TRAVEL REGIONS

	ATLANTIC			LATIN AMERICA			PACIFIC			INTERNATIONAL		
FISCAL YEAR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR	ASMs (BIL)	RPMs (BIL)	% LOAD FACTOR
Historical*												
2000	109.9	87.1	79.2	51.4	35.5	69.0	76.6	58.4	76.2	238.0	181.0	76.0
2001	112.9	86.2	76.4	53.0	36.6	69.2	79.1	59.4	75.2	244.9	182.3	74.4
2002	97.0	74.7	77.0	50.6	33.6	66.5	63.2	49.0	77.5	210.8	157.3	74.6
2003	93.7	73.2	78.1	51.1	35.4	69.3	60.3	46.2	76.6	205.1	154.8	75.5
2004	100.5	82.1	81.7	57.2	40.3	70.4	63.6	53.5	84.2	221.3	175.9	79.5
2005E	108.6	89.5	82.4	65.4	47.2	72.2	72.3	59.2	81.8	246.3	195.8	79.5
Forecast												
2006	117.0	95.5	81.6	68.5	49.6	72.5	75.1	61.0	81.2	260.5	206.1	79.1
2007	121.1	99.3	82.0	72.1	52.5	72.8	82.5	67.0	81.2	275.7	218.8	79.4
2008	125.9	103.2	82.0	76.4	55.7	72.8	89.2	72.7	81.5	291.5	231.6	79.4
2009	130.8	107.3	82.0	81.1	59.1	72.9	95.9	78.4	81.7	307.9	244.8	79.5
2010	135.9	111.5	82.0	86.2	62.8	73.0	103.1	84.5	82.0	325.2	258.8	79.6
2011	141.2	115.8	82.0	91.5	66.8	73.0	110.7	90.8	82.0	343.5	273.4	79.6
2012	146.6	120.2	82.0	97.3	71.0	73.0	118.3	97.0	82.0	362.1	288.2	79.6
2013	152.2	124.8	82.0	103.3	75.4	73.0	125.9	103.3	82.0	381.4	303.5	79.6
2014	158.0	129.5	82.0	109.7	80.1	73.0	133.9	109.8	82.0	401.6	319.4	79.5
2015	164.0	134.4	82.0	116.5	85.1	73.0	141.9	116.4	82.0	422.4	335.9	79.5
2016	170.0	139.4	82.0	123.8	90.3	73.0	150.1	123.1	82.0	443.9	352.9	79.5
2017	176.3	144.6	82.0	131.2	95.8	73.0	158.5	130.0	82.0	466.0	370.3	79.5
Avg Annual Growth 2005-17	4.1%	4.1%		6.0%	6.1%		6.8%	6.8%		5.5%	5.5%	

* Source: Form 41, U.S. Department of Transportation.

TABLE 14

U.S. MAINLINE AIR CARRIER FORECAST ASSUMPTIONS

SEATS PER AIRCRAFT MILE

FISCAL YEAR	DOMESTIC (Seats)	INTERNATIONAL ATLANTIC (Seats)	INTERNATIONAL LATIN AMERICA (Seats)	INTERNATIONAL PACIFIC (Seats)	INTERNATIONAL TOTAL (Seats)	SYSTEM (Seats)
Historical*						
2000	148.8	233.7	179.5	307.8	236.6	164.5
2001	146.6	232.6	174.7	304.1	233.6	162.5
2002	148.0	233.8	172.5	295.2	228.6	162.3
2003	148.5	231.5	171.7	287.6	224.9	162.2
2004	149.7	231.6	174.4	281.8	224.1	163.4
2005E	150.3	230.8	175.6	278.7	223.5	164.9
Forecast						
2006	149.7	231.8	176.1	279.1	224.1	165.3
2007	150.0	232.6	176.6	279.3	225.2	166.0
2008	150.3	232.8	177.1	279.3	225.7	166.7
2009	150.6	233.3	177.6	280.1	226.4	167.4
2010	151.1	233.8	178.1	280.8	227.1	168.2
2011	151.6	234.3	178.6	281.6	227.7	169.1
2012	152.1	234.8	179.1	282.3	228.3	169.9
2013	152.6	235.3	179.6	283.1	228.8	170.7
2014	153.1	235.8	180.1	283.8	229.4	171.4
2015	153.6	236.3	180.6	284.6	229.9	172.1
2016	154.1	236.8	181.1	285.3	230.3	172.8
2017	154.6	237.3	181.6	286.1	230.8	173.5

* Source: Form 41, U.S. Department of Transportation.

TABLE 15

U.S. MAINLINE AIR CARRIER FORECAST ASSUMPTIONS

AVERAGE PASSENGER TRIP LENGTH

FISCAL YEAR	DOMESTIC (Miles)	INTERNATIONAL ATLANTIC (Miles)	INTERNATIONAL LATIN AMERICA (Miles)	INTERNATIONAL PACIFIC (Miles)	INTERNATIONAL TOTAL (Miles)	SYSTEM (Miles)
Historical*						
2000	872.6	4,168.1	1,675.2	5,219.9	3,397.3	1,091.4
2001	885.5	4,211.8	1,688.3	5,228.8	3,405.0	1,110.4
2002	912.1	4,147.5	1,622.5	5,077.6	3,251.5	1,124.0
2003	939.1	4,105.4	1,588.3	4,419.6	3,061.0	1,140.2
2004	972.0	4,125.7	1,599.7	4,365.7	3,068.3	1,186.6
2005E	981.2	4,133.1	1,613.2	4,466.1	3,053.1	1,207.4
Forecast						
2006	984.1	4,180.1	1,635.8	4,496.6	3,087.9	1,224.3
2007	989.5	4,190.6	1,653.3	4,500.7	3,111.3	1,236.5
2008	992.9	4,198.7	1,672.2	4,504.9	3,129.1	1,247.2
2009	997.3	4,206.8	1,692.0	4,513.3	3,145.8	1,258.5
2010	1,001.7	4,214.9	1,711.0	4,521.7	3,161.5	1,269.8
2011	1,007.1	4,223.0	1,730.5	4,525.9	3,175.8	1,281.8
2012	1,012.6	4,230.3	1,749.9	4,530.1	3,187.9	1,293.2
2013	1,019.0	4,240.1	1,770.4	4,538.6	3,201.7	1,305.4
2014	1,025.5	4,250.4	1,790.7	4,547.2	3,214.9	1,317.3
2015	1,033.1	4,261.5	1,811.1	4,551.5	3,226.9	1,329.9
2016	1,040.7	4,269.3	1,831.8	4,555.8	3,237.4	1,342.0
2017	1,048.4	4,277.5	1,849.3	4,560.1	3,246.0	1,353.7

* Source: Form 41, U.S. Department of Transportation.

TABLE 16

U.S. MAINLINE AIR CARRIER FORECAST ASSUMPTIONS

PASSENGER YIELDS

FISCAL YEAR	REVENUE PER PASSENGER MILE					
	DOMESTIC		INTERNATIONAL		SYSTEM	
	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)
Historical*						
2000	14.03	15.89	10.46	11.84	13.06	14.80
2001	13.53	14.85	10.34	11.35	12.65	13.89
2002	11.88	12.86	9.78	10.58	11.33	12.26
2003	11.73	12.39	9.92	10.48	11.27	11.91
2004	11.51	11.88	10.42	10.76	11.22	11.59
2005E	11.31	11.31	10.88	10.88	11.19	11.19
Forecast						
2006	11.73	11.35	11.35	10.98	11.62	11.24
2007	11.89	11.24	11.50	10.86	11.78	11.13
2008	12.08	11.15	11.65	10.75	11.95	11.03
2009	12.26	11.05	11.81	10.64	12.13	10.93
2010	12.45	10.96	11.97	10.54	12.30	10.83
2011	12.64	10.86	12.14	10.43	12.48	10.72
2012	12.84	10.76	12.32	10.33	12.67	10.62
2013	13.04	10.67	12.50	10.23	12.87	10.52
2014	13.25	10.57	12.69	10.12	13.07	10.43
2015	13.46	10.48	12.88	10.03	13.27	10.33
2016	13.67	10.38	13.07	9.93	13.47	10.23
2017	13.87	10.28	13.27	9.83	13.67	10.13
Avg Annual Growth 2005-17	1.7%	-0.8%	1.7%	-0.8%	1.7%	-0.8%

* Source: Form 41, U.S. Department of Transportation.

TABLE 17

U.S. MAINLINE AIR CARRIER FORECAST ASSUMPTIONS

INTERNATIONAL PASSENGER YIELDS BY REGION

	REVENUE PER PASSENGER MILE							
	ATLANTIC		LATIN AMERICA 1/		PACIFIC		TOTAL INTERNATIONAL	
FISCAL YEAR	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)
Historical*								
2000	9.73	11.02	13.00	14.73	9.99	11.31	10.46	11.84
2001	9.71	10.66	13.38	14.69	9.38	10.30	10.34	11.35
2002	9.29	10.05	12.49	13.51	8.67	9.38	9.78	10.58
2003	9.60	10.14	12.40	13.10	8.53	9.02	9.92	10.48
2004	10.15	10.48	12.28	12.68	9.44	9.75	10.42	10.76
2005E	10.76	10.76	12.17	12.17	10.03	10.03	10.88	10.88
Forecast								
2006	11.13	10.77	12.64	12.23	10.64	10.30	11.35	10.98
2007	11.28	10.66	12.82	12.11	10.78	10.19	11.50	10.86
2008	11.43	10.55	12.99	11.99	10.93	10.09	11.65	10.75
2009	11.59	10.45	13.17	11.87	11.08	9.99	11.81	10.64
2010	11.75	10.34	13.35	11.75	11.24	9.89	11.97	10.54
2011	11.92	10.24	13.54	11.63	11.39	9.79	12.14	10.43
2012	12.09	10.14	13.74	11.52	11.56	9.69	12.32	10.33
2013	12.27	10.03	13.94	11.40	11.73	9.60	12.50	10.23
2014	12.45	9.93	14.15	11.29	11.91	9.50	12.69	10.12
2015	12.64	9.84	14.36	11.18	12.08	9.41	12.88	10.03
2016	12.82	9.74	14.57	11.06	12.26	9.31	13.07	9.93
2017	13.01	9.64	14.78	10.95	12.44	9.22	13.27	9.83
Avg Annual Growth 2005-17	1.6%	-0.9%	1.6%	-0.9%	1.8%	-0.7%	1.7%	-0.8%

1/ Mainline Air Carrier Only
* Source: Form 41, U.S. Department of Transportation.

TABLE 18

U.S. MAINLINE AIR CARRIER FORECAST ASSUMPTIONS

JET FUEL PRICES

FISCAL YEAR	DOMESTIC		INTERNATIONAL		SYSTEM	
	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)	CURRENT $ (Cents)	FY 2005 $ (Cents)
Historical*						
2000	71.5	81.0	79.4	89.9	73.57	83.32
2001	82.4	90.4	86.1	94.5	83.37	91.53
2002	67.0	72.4	71.7	77.6	68.28	73.86
2003	82.2	86.9	86.0	90.9	83.28	88.00
2004	100.7	104.1	105.8	109.2	102.07	105.42
2005E	149.4	149.4	157.3	157.3	151.58	151.58
Forecast						
2006	173.8	168.2	182.9	177.0	176.34	170.65
2007	175.1	165.5	184.4	174.2	177.70	167.94
2008	171.7	158.5	180.8	166.9	174.26	160.82
2009	168.1	151.5	176.9	159.5	170.54	153.71
2010	165.9	146.0	174.7	153.7	168.34	148.17
2011	164.8	141.6	173.5	149.1	167.23	143.69
2012	165.6	138.8	174.3	146.1	168.01	140.83
2013	168.8	138.1	177.7	145.3	171.28	140.08
2014	172.3	137.5	181.4	144.7	174.84	139.50
2015	175.9	136.9	185.2	144.2	178.50	138.94
2016	179.6	136.4	189.1	143.6	182.24	138.40
2017	183.4	135.9	193.0	143.0	186.06	137.85
Avg Annual Growth 2005-17	1.7%	-0.8%	1.7%	-0.8%	1.7%	-0.8%

* Source: Form 41, U.S. Department of Transportation.

TABLE 19

U.S. COMMERCIAL AIR CARRIERS

AIR CARGO REVENUE TON MILES 1/

FISCAL YEAR	ALL-CARGO CARRIER RTMS (Millions)			PASSENGER CARRIER RTMS (Millions)			TOTAL RTMS (Millions)		
	DOMESTIC	INT'L.	TOTAL	DOMESTIC	INT'L.	TOTAL	DOMESTIC	INT'L.	TOTAL
Historical*									
2000	10,283.5	7,568.2	17,851.7	4,415.3	7,789.6	12,204.9	14,698.8	15,357.8	30,056.6
2001	9,992.3	7,370.4	17,362.7	3,941.7	7,176.6	11,118.3	13,934.0	14,547.0	28,481.0
2002	9,629.9	8,202.1	17,832.0	3,337.4	6,594.0	9,931.4	12,967.3	14,796.1	27,763.4
2003 2/	10,450.7	11,766.8	22,217.5	3,819.1	6,775.1	10,594.2	14,269.8	18,541.9	32,811.7
2003 3/	11,153.3	11,766.8	22,920.1	3,819.1	6,775.1	10,594.2	14,972.4	18,541.9	33,514.3
2004	13,040.8	12,748.3	25,789.1	3,300.1	7,373.4	10,673.5	16,340.9	20,121.7	36,462.6
2005E	12,997.5	14,751.4	27,748.9	3,082.3	8,354.5	11,436.8	16,079.8	23,105.9	39,185.7
Forecast									
2006	13,490.4	15,825.5	29,315.9	3,144.9	8,829.1	11,974.0	16,635.3	24,654.6	41,289.9
2007	13,994.9	16,961.5	30,956.4	3,206.5	9,321.0	12,527.5	17,201.4	26,282.5	43,483.9
2008	14,509.8	18,222.1	32,731.9	3,266.8	9,863.0	13,129.8	17,776.6	28,085.1	45,861.7
2009	15,026.7	19,492.0	34,518.7	3,323.8	10,390.8	13,714.6	18,350.5	29,882.8	48,233.3
2010	15,550.8	20,830.3	36,381.1	3,378.7	10,935.4	14,314.1	18,929.5	31,765.7	50,695.2
2011	16,093.0	22,250.8	38,343.8	3,433.7	11,502.8	14,936.5	19,526.7	33,753.6	53,280.3
2012	16,647.5	23,746.5	40,394.0	3,487.5	12,087.8	15,575.3	20,135.0	35,834.3	55,969.3
2013	17,210.0	25,344.7	42,554.7	3,539.0	12,702.3	16,241.3	20,749.0	38,047.0	58,796.0
2014	17,791.0	27,070.6	44,861.6	3,590.4	13,357.0	16,947.4	21,381.4	40,427.6	61,809.0
2015	18,391.3	28,921.0	47,312.3	3,641.6	14,047.7	17,689.3	22,032.9	42,968.7	65,001.6
2016	19,011.2	30,859.4	49,870.6	3,692.6	14,754.5	18,447.1	22,703.8	45,613.9	68,317.7
2017	19,651.6	32,879.0	52,530.6	3,743.2	15,472.5	19,215.7	23,394.8	48,351.5	71,746.3
Avg Annual Growth 2005-17	3.5%	6.9%	5.5%	1.6%	5.3%	4.4%	3.2%	6.3%	5.2%

* Source: Form 41, U.S. Department of Transportation.
1/ Includes freight/express and mail revenue ton miles on mainline air carriers and regionals/commuters.
2/ Domestic figures from 2000 through this line exclude Airborne Express, Inc.; international figures for 2003 and beyond include new reporting of contract service by U.S. carriers for foreign flag carriers.
3/ Domestic figures from this line and beyond include Airborne Express. Inc.

TABLE 20

U.S. MAINLINE AIR CARRIERS

PASSENGER JET AIRCRAFT

CALENDAR YEAR	LARGE NARROWBODY				LARGE WIDEBODY				LARGE JETS	REGIONAL JETS	TOTAL JETS
	2 ENGINE	3 ENGINE	4 ENGINE	TOTAL	2 ENGINE	3 ENGINE	4 ENGINE	TOTAL			
Historical											
2000	3,364	385	0	3,749	424	169	120	713	4,462	26	4,488
2001	3,412	187	0	3,599	451	89	85	625	4,224	20	4,244
2002	3,386	107	0	3,493	472	69	81	622	4,115	3	4,118
2003	3,378	70	0	3,448	464	37	67	568	4,016	6	4,022
2004	3,400	57	0	3,457	473	34	63	570	4,027	4	4,031
2005E	3,342	34	0	3,376	470	28	64	562	3,938	15	3,953
Forecast											
2006	3,407	33	0	3,440	480	21	64	565	4,005	33	4,038
2007	3,457	33	0	3,490	490	12	65	567	4,057	51	4,108
2008	3,527	32	0	3,559	512	8	66	586	4,145	69	4,214
2009	3,602	31	0	3,633	540	8	64	612	4,245	88	4,333
2010	3,671	30	0	3,701	583	8	62	653	4,354	106	4,460
2011	3,724	29	0	3,753	627	8	58	693	4,446	123	4,569
2012	3,783	28	0	3,811	670	8	58	736	4,547	138	4,685
2013	3,844	27	0	3,871	710	8	58	776	4,647	153	4,800
2014	3,937	27	0	3,964	740	8	58	806	4,770	168	4,938
2015	4,057	27	0	4,084	773	8	58	839	4,923	183	5,106
2016	4,192	27	0	4,219	807	8	58	873	5,092	198	5,290
2017	4,331	27	0	4,358	844	8	58	910	5,268	213	5,481
Avg Annual Growth 2005-17	2.2%	-1.9%		2.2%	5.0%	-9.9%	-0.8%	4.1%	2.5%	24.7%	2.8%

TABLE 21

U.S. MAINLINE AIR CARRIERS

CARGO JET AIRCRAFT

CALENDAR YEAR	LARGE NARROWBODY				LARGE WIDEBODY				TOTAL
	2 ENGINE	3 ENGINE	4 ENGINE	TOTAL	2 ENGINE	3 ENGINE	4 ENGINE	TOTAL	
Historical									
2000	166	332	176	674	164	158	68	390	1,064
2001	180	343	143	666	190	192	85	467	1,133
2002	175	315	114	604	214	165	73	452	1,056
2003	175	277	104	556	203	165	69	437	993
2004	174	277	102	553	202	163	65	430	983
2005E	177	236	102	515	244	195	67	506	1,021
Forecast									
2006	177	228	98	503	256	201	67	524	1,027
2007	177	222	89	488	273	211	68	552	1,040
2008	177	213	83	473	297	215	72	584	1,057
2009	177	209	77	463	318	219	79	616	1,079
2010	177	207	71	455	339	224	85	648	1,103
2011	177	207	65	449	362	229	92	683	1,132
2012	177	207	59	443	385	235	98	718	1,161
2013	177	209	53	439	413	240	105	758	1,197
2014	177	209	46	432	442	245	112	799	1,231
2015	177	209	44	430	471	250	118	839	1,269
2016	177	209	42	428	500	255	124	879	1,307
2017	177	209	41	427	528	260	130	918	1,345
Avg Annual Growth 2005-17	0.0%	-1.0%	-7.3%	-1.5%	6.6%	2.4%	5.7%	5.1%	2.3%

TABLE 22

TOTAL JET FUEL AND AVIATION GASOLINE FUEL CONSUMPTION

U.S. CIVIL AVIATION AIRCRAFT

(Millions of Gallons)

FISCAL YEAR	JET FUEL					AVIATION GASOLINE			TOTAL FUEL CONSUMED
	U.S. AIR CARRIERS 1/			GENERAL AVIATION	TOTAL	AIR CARRIER	GENERAL AVIATION	TOTAL	
	DOMESTIC	INT'L.	TOTAL						
Historical*									
2000	14,746	5,297	20,043	972	21,015	2	333	335	21,350
2001	14,469	5,395	19,864	953	20,817	2	275	277	21,094
2002	12,653	4,844	17,497	984	18,481	2	278	280	18,761
2003	12,886	4,990	17,876	940	18,816	2	279	281	19,097
2004	13,502	4,835	18,337	966	19,303	2	282	284	19,587
2005E	13,978	5,378	19,356	1,009	20,365	2	290	292	20,657
Forecast									
2006	13,792	5,667	19,459	1,072	20,531	2	294	296	20,826
2007	14,331	5,966	20,297	1,162	21,459	2	301	303	21,762
2008	14,797	6,279	21,075	1,283	22,358	2	310	312	22,670
2009	15,300	6,599	21,898	1,434	23,332	2	318	320	23,651
2010	15,820	6,952	22,772	1,592	24,364	2	324	326	24,690
2011	16,370	7,325	23,695	1,759	25,454	2	330	332	25,787
2012	16,942	7,703	24,645	1,928	26,573	2	337	339	26,912
2013	17,532	8,094	25,626	2,095	27,721	2	342	344	28,065
2014	18,153	8,499	26,652	2,259	28,912	2	348	350	29,262
2015	18,804	8,917	27,721	2,412	30,133	2	353	355	30,488
2016	19,483	9,348	28,831	2,559	31,389	2	358	360	31,750
2017	20,195	9,789	29,983	2,702	32,685	2	364	366	33,051
Avg Annual Growth 2005-17	3.1%	5.1%	3.7%	8.6%	4.0%	0.0%	1.9%	1.9%	4.0%

* Source: Air carrier jet fuel, Form 41, U.S. Department of Transportation; all others, FAA APO estimates.
1/ Includes both passenger (mainline and regional air carrier) and cargo carriers.

TABLE 23

U.S. REGIONAL CARRIER FORECAST ASSUMPTIONS

FISCAL YEAR	AVERAGE SEATS PER AIRCRAFT MILE			AVERAGE PASSENGER TRIP LENGTH			REVENUE PER PASSENGER MILE**	
	DOMESTIC (Seats/Mile)	INT'L. (Seats/Mile)	SYSTEM (Seats/Mile)	DOMESTIC (Miles)	INT'L. (Miles)	SYSTEM (Miles)	CURRENT $ (Cents)	2005$ (Cents)
Historical*								
2000	38.4	41.8	38.5	286.5	260.0	285.5	30.42	34.47
2001	40.5	43.0	40.6	302.1	302.9	302.1	31.78	34.88
2002	42.8	41.0	42.8	336.3	320.4	335.8	27.36	29.60
2003	44.3	46.0	44.4	373.9	326.6	372.4	25.46	26.90
2004	46.6	48.1	46.7	410.9	382.2	410.0	23.82	24.60
2005E	49.4	51.6	49.5	437.0	457.5	437.6	22.75	22.75
Forecast								
2006	49.6	52.5	49.7	455.4	486.0	456.4	22.69	21.95
2007	50.0	52.8	50.1	471.0	491.0	471.7	22.50	21.26
2008	50.6	53.1	50.7	486.1	496.0	486.5	22.36	20.64
2009	51.1	53.4	51.2	501.3	501.0	501.3	22.24	20.05
2010	51.6	53.7	51.7	514.8	506.0	514.5	22.21	19.55
2011	52.1	54.0	52.2	527.9	511.0	527.3	22.21	19.08
2012	52.6	54.3	52.7	539.3	515.0	538.5	22.30	18.69
2013	53.1	54.6	53.2	548.6	519.0	547.6	22.48	18.39
2014	53.6	54.9	53.6	557.2	523.0	556.0	22.70	18.11
2015	54.1	55.2	54.1	564.9	527.0	563.6	22.96	17.87
2016	54.6	55.5	54.6	571.6	531.0	570.2	23.25	17.66
2017	55.1	55.8	55.1	577.3	535.0	575.8	23.60	17.48
Avg Annual Growth 2005-17							0.3%	-2.2%

* Source: Form 41 and 298C, U.S. Department of Transportation.
** Reporting carriers.

TABLE 24

U.S. REGIONAL CARRIERS

SCHEDULED PASSENGER TRAFFIC

(In Millions)

FISCAL YEAR	REVENUE PASSENGERS			REVENUE PASSENGER MILES		
	DOMESTIC	INTERNATIONAL	SYSTEM	DOMESTIC	INTERNATIONAL	SYSTEM
Historical*						
2000	79.7	3.1	82.8	22,824.7	813.9	23,638.6
2001	80.4	3.1	83.6	24,298.8	946.9	25,245.7
2002	88.6	2.8	91.5	29,807.2	911.1	30,718.3
2003	105.0	3.6	108.6	39,259.0	1,180.8	40,439.8
2004	125.9	4.0	130.0	51,737.0	1,543.9	53,280.9
2005E	146.7	4.7	151.4	64,104.8	2,138.2	66,243.0
Forecast						
2006	150.8	5.1	155.9	68,668.9	2,495.9	71,164.7
2007	159.7	5.5	165.1	75,212.0	2,682.4	77,894.4
2008	166.0	5.8	171.8	80,690.4	2,874.8	83,565.2
2009	173.5	6.1	179.6	86,958.8	3,069.4	90,028.2
2010	181.2	6.5	187.6	93,254.4	3,269.7	96,524.1
2011	189.1	6.8	195.9	99,811.7	3,478.5	103,290.2
2012	197.2	7.2	204.4	106,382.9	3,687.0	110,069.9
2013	205.6	7.5	213.1	112,810.5	3,900.2	116,710.6
2014	214.2	7.9	222.1	119,374.2	4,121.5	123,495.7
2015	223.1	8.3	231.3	126,013.1	4,351.8	130,364.9
2016	232.1	8.6	240.8	132,683.0	4,591.2	137,274.2
2017	241.4	9.0	250.4	139,359.4	4,839.9	144,199.3
Avg Annual Growth 2005-17	4.2%	5.7%	4.3%	6.7%	7.0%	6.7%

* Source: Form 41 and 298C, U.S. Department of Transportation.

TABLE 25

U.S. REGIONAL CARRIERS

SCHEDULED PASSENGER CAPACITY, TRAFFIC, AND LOAD FACTORS

FISCAL YEAR	DOMESTIC ASMs (MIL)	DOMESTIC RPMs (MIL)	DOMESTIC % LOAD FACTOR	INTERNATIONAL ASMs (MIL)	INTERNATIONAL RPMs (MIL)	INTERNATIONAL % LOAD FACTOR	SYSTEM ASMs (MIL)	SYSTEM RPMs (MIL)	SYSTEM % LOAD FACTOR
Historical*									
2000	38,332.4	22,824.7	59.5	1,337.9	813.9	60.8	39,670.3	23,638.6	59.6
2001	41,418.3	24,298.8	58.7	1,632.6	946.9	58.0	43,050.9	25,245.7	58.6
2002	48,660.1	29,807.2	61.3	1,491.6	911.1	61.1	50,151.7	30,718.3	61.3
2003	60,491.0	39,259.0	64.9	2,016.9	1,180.8	58.5	62,507.9	40,439.8	64.7
2004	76,014.7	51,737.0	68.1	2,408.8	1,543.9	64.1	78,423.5	53,280.9	67.9
2005E	91,781.4	64,104.8	69.8	3,277.2	2,138.2	65.2	95,058.6	66,243.0	69.7
Forecast									
2006	95,872.9	68,668.9	71.6	3,704.6	2,495.9	67.4	99,577.5	71,164.7	71.5
2007	104,324.2	75,212.0	72.1	3,952.1	2,682.4	67.9	108,276.3	77,894.4	71.9
2008	111,261.5	80,690.4	72.5	4,204.6	2,874.8	68.4	115,466.1	83,565.2	72.4
2009	119,258.5	86,958.8	72.9	4,456.6	3,069.4	68.9	123,715.1	90,028.2	72.8
2010	127,261.4	93,254.4	73.3	4,713.3	3,269.7	69.4	131,974.7	96,524.1	73.1
2011	135,592.4	99,811.7	73.6	4,978.3	3,478.5	69.9	140,570.7	103,290.2	73.5
2012	143,915.1	106,382.9	73.9	5,239.3	3,687.0	70.4	149,154.4	110,069.9	73.8
2013	152,020.2	112,810.5	74.2	5,503.1	3,900.2	70.9	157,523.2	116,710.6	74.1
2014	160,288.2	119,374.2	74.5	5,774.6	4,121.5	71.4	166,062.8	123,495.7	74.4
2015	168,637.8	126,013.1	74.7	6,054.9	4,351.8	71.9	174,692.7	130,364.9	74.6
2016	177,011.3	132,683.0	75.0	6,343.8	4,591.2	72.4	183,355.1	137,274.2	74.9
2017	185,377.3	139,359.4	75.2	6,641.5	4,839.9	72.9	192,018.9	144,199.3	75.1
Avg Annual Growth 2005-17	6.0%	6.7%		6.1%	7.0%		6.0%	6.7%	

* Source: Form 41 and 298C, U.S. Department of Transportation.

TABLE 26

U.S. REGIONAL CARRIERS

PASSENGER AIRCRAFT

AS OF JANUARY 1	REGIONAL AIRCRAFT											
	LESS THAN 9 SEATS	10 TO 19 SEATS	20 TO 30 SEATS	31 TO 40 SEATS			OVER 40 SEATS			TOTAL FLEET		
				PROP	JET	TOTAL	PROP	JET**	TOTAL	NON JET	JET	TOTAL
Historical*												
2000	470	343	262	474	74	548	155	496	651	1,704	570	2,274
2001	490	250	248	445	110	555	148	672	820	1,581	782	2,363
2002	490	253	194	396	118	514	128	920	1048	1,461	1,038	2,499
2003	447	246	137	280	116	396	106	1,217	1323	1,216	1,333	2,549
2004	451	237	108	280	96	376	89	1,486	1,575	1,165	1,582	2,747
2005E	451	220	99	253	96	349	81	1,662	1,743	1,104	1,758	2,862
Forecast												
2006	451	220	89	243	96	339	81	1,745	1,826	1,084	1,841	2,925
2007	451	220	80	233	96	329	81	1,869	1,950	1,065	1,965	3,030
2008	451	220	80	223	96	319	81	1,984	2,065	1,055	2,080	3,135
2009	451	220	80	213	96	309	81	2,077	2,158	1,045	2,173	3,218
2010	451	220	80	203	96	299	81	2,169	2,250	1,035	2,265	3,300
2011	451	220	80	200	96	296	81	2,256	2,337	1,032	2,352	3,384
2012	451	220	80	200	96	296	81	2,350	2,431	1,032	2,446	3,478
2013	451	220	80	200	96	296	81	2,429	2,510	1,032	2,525	3,557
2014	451	220	80	200	96	296	81	2,505	2,586	1,032	2,601	3,633
2015	451	220	80	200	96	296	81	2,576	2,657	1,032	2,672	3,704
2016	451	220	80	200	96	296	81	2,652	2,733	1,032	2,748	3,780
2017	451	220	80	200	96	296	81	2,723	2,804	1,032	2,819	3,851
Avg Annual Growth 2005-17	0.0%	0.0%	-1.8%	-1.9%	0.0%	-1.4%	0.0%	4.2%	4.0%	-0.6%	4.0%	2.5%

*Source: The Velocity Group for the Regional Airline Association.
**Independence Air A319 aircraft are included in Table 20 - U.S. Mainline Air Carriers Passenger Jet Aircraft.

TABLE 27

ACTIVE GENERAL AVIATION AND AIR TAXI AIRCRAFT

AS OF DEC. 31	FIXED WING						ROTORCRAFT			EXPERI-MENTAL	SPORT AIRCRAFT	OTHER	TOTAL GENERAL AVIATION FLEET	TOTAL PISTONS	TOTAL TURBINES
	PISTON			TURBINE											
	SINGLE ENGINE	MULTI-ENGINE	TOTAL	TURBO PROP	TURBO JET	TOTAL	PISTON	TURBINE	TOTAL						
Historical*															
2000	149,422	21,091	170,513	5,762	7,001	12,763	2,680	4,470	7,150	20,407	NA	6,700	217,533	200,300	17,233
2001	145,034	18,281	163,315	6,596	7,787	14,383	2,292	4,491	6,783	20,421	NA	6,545	211,447	192,573	18,874
2002	143,503	17,584	161,087	6,841	8,355	15,196	2,351	4,297	6,648	21,936	NA	6,377	211,244	191,751	19,493
2003	143,265	17,491	160,756	7,689	7,997	15,686	2,123	4,403	6,526	20,550	NA	6,088	209,606	189,517	20,089
2004E	143,831	17,456	161,287	7,806	8,280	16,086	2,375	4,590	6,965	21,995	NA	6,057	212,390	191,714	20,676
2005E	144,530	17,481	162,011	8,030	8,628	16,658	2,760	4,835	7,595	22,300	NA	6,027	214,591	193,098	21,493
Forecast															
2006	145,110	17,505	162,615	8,230	9,025	17,255	3,110	4,960	8,070	22,600	300	5,995	216,835	194,620	22,215
2007	145,660	17,520	163,180	8,430	9,520	17,950	3,460	5,095	8,555	22,900	2,295	5,965	220,845	197,800	23,045
2008	146,185	17,540	163,725	8,630	10,125	18,755	3,805	5,230	9,035	23,195	6,275	5,935	226,920	202,935	23,985
2009	146,680	17,555	164,235	8,830	10,825	19,655	4,105	5,370	9,475	23,490	8,210	5,905	230,970	205,945	25,025
2010	147,150	17,575	164,725	9,030	11,575	20,605	4,400	5,515	9,915	23,780	9,130	5,875	234,030	207,910	26,120
2011	147,590	17,590	165,180	9,230	12,365	21,595	4,700	5,665	10,365	24,065	10,040	5,845	237,090	209,830	27,260
2012	148,005	17,605	165,610	9,430	13,165	22,595	4,945	5,820	10,765	24,350	10,940	5,820	240,080	211,665	28,415
2013	148,390	17,625	166,015	9,630	13,970	23,600	5,190	5,975	11,165	24,635	11,630	5,790	242,835	213,260	29,575
2014	148,745	17,640	166,385	9,830	14,785	24,615	5,440	6,140	11,580	24,910	12,310	5,760	245,560	214,805	30,755
2015	149,075	17,660	166,735	10,030	15,605	25,635	5,635	6,310	11,945	25,185	12,890	5,730	248,120	216,175	31,945
2016	149,370	17,675	167,045	10,230	16,430	26,660	5,830	6,480	12,310	25,460	13,260	5,700	250,435	217,295	33,140
2017	149,670	17,690	167,360	10,430	17,270	27,700	6,025	6,660	12,685	25,730	13,625	5,675	252,775	218,415	34,360
Avg Annual Growth 2005-17	0.3%	0.1%	0.3%	2.2%	6.0%	4.3%	6.7%	2.7%	4.4%	1.2%		-0.5%	1.4%	1.0%	4.0%

* Source: 1999-2003, FAA General Aviation and Air Taxi Activity (and Avionics) Surveys.

Note: An active aircraft is one that has a current registration and was flown at least one hour during the calendar year.

TABLE 28

ACTIVE GENERAL AVIATION AND AIR TAXI HOURS FLOWN

(In Thousands)

	FIXED WING												TOTAL GENERAL		
	PISTON			TURBINE			ROTORCRAFT			EXPERI-	SPORT		AVIATION	TOTAL	TOTAL
CALENDAR YEAR	SINGLE ENGINE	MULTI-ENGINE	TOTAL	TURBO PROP	TURBO JET	TOTAL	PISTON	TURBINE	TOTAL	MENTAL	AIRCRAFT	OTHER	HOURS	PISTONS	TURBINES
Historical*															
2000	18,089	3,400	21,489	1,986	2,755	4,741	531	1,777	2,308	1,307	NA	374	30,219	23,701	6,518
2001	16,549	2,644	19,193	1,773	2,654	4,427	474	1,478	1,952	1,157	NA	287	27,016	21,111	5,905
2002	16,325	2,566	18,891	1,850	2,745	4,595	453	1,422	1,875	1,345	NA	333	27,039	21,022	6,017
2003	16,680	2,317	18,997	1,932	2,822	4,754	448	1,687	2,135	1,293	NA	304	27,483	21,042	6,441
2004E	16,541	2,336	18,877	1,932	2,884	4,816	500	1,760	2,260	1,390	NA	304	27,255	21,071	6,576
2005E	16,794	2,363	19,157	1,967	3,008	4,975	585	1,855	2,440	1,417	NA	304	28,293	21,463	6,830
Forecast															
2006	17,035	2,390	19,425	1,996	3,238	5,234	660	1,905	2,565	1,443	20	304	28,991	21,852	7,139
2007	17,254	2,417	19,671	2,024	3,580	5,604	730	1,960	2,690	1,469	152	304	29,890	22,326	7,564
2008	17,476	2,444	19,920	2,051	4,044	6,095	810	2,015	2,825	1,496	424	304	31,064	22,954	8,110
2009	17,694	2,471	20,165	2,078	4,628	6,706	870	2,070	2,940	1,522	566	304	32,204	23,427	8,776
2010	17,906	2,498	20,404	2,104	5,247	7,351	935	2,130	3,065	1,549	642	304	33,315	23,834	9,481
2011	18,119	2,525	20,644	2,129	5,906	8,035	1,000	2,190	3,190	1,575	720	304	34,468	24,243	10,225
2012	18,347	2,553	20,900	2,154	6,563	8,717	1,055	2,250	3,305	1,602	801	304	35,629	24,662	10,967
2013	18,562	2,581	21,143	2,176	7,214	9,390	1,105	2,315	3,420	1,629	868	304	36,754	25,049	11,705
2014	18,792	2,609	21,401	2,200	7,858	10,058	1,160	2,380	3,540	1,655	938	304	37,896	25,458	12,438
2015	19,022	2,638	21,660	2,223	8,457	10,680	1,205	2,445	3,650	1,682	1,001	304	38,977	25,852	13,125
2016	19,239	2,666	21,905	2,244	9,039	11,283	1,245	2,515	3,760	1,709	1,051	304	40,012	26,214	13,798
2017	19,471	2,696	22,167	2,265	9,606	11,871	1,290	2,585	3,875	1,736	1,101	304	41,054	26,598	14,456
Avg Annual Growth 2005-17	1.2%	1.1%	1.2%	1.2%	10.2%	7.5%	6.8%	2.8%	3.9%	1.7%		0.0%	3.2%	1.8%	6.4%

* Source: 1999-2003, FAA General Aviation and Air Taxi Surveys.
1/ Estimates have been revised to reflect changes in edit and estimation procedures, and may not be comparable to estimates prior to 1995.
Note: An active aircraft is one that has a current registration and was flown at least one hour during the previous calendar year.

TABLE 29

ACTIVE PILOTS BY TYPE OF CERTIFICATE

AS OF DEC. 31	STUDENTS	RECREA-TIONAL	SPORT PILOT	PRIVATE	COMMERCIAL	AIRLINE TRANSPORT	ROTOR-CRAFT ONLY	GLIDER ONLY	TOTAL PILOTS	TOTAL LESS AT PILOTS	INSTRUMENT RATED PILOTS 1/
Historical*											
2000	99,110	340	NA	251,561	121,858	141,598	7,775	9,387	631,629	490,031	315,100
2001	94,420	316	NA	243,823	120,502	144,702	7,727	8,473	619,963	475,261	321,000
2002	85,991	317	NA	245,230	125,920	144,708	7,770	21,826 2/	631,762	487,054	317,389
2003	87,296	310	NA	241,045	123,990	143,504	7,916	20,950	625,011	481,507	315,413
2004	87,910	291	NA	235,994	122,592	142,160	8,586	21,100	618,633	476,473	313,545
2005E	87,213	278	134	228,619	120,614	141,992	9,518	21,369	609,603	467,611	311,500
Forecast											
2006	86,800	269	300	224,500	118,600	141,800	10,500	21,930	604,699	462,899	310,254
2007	87,091	265	2,300	220,000	119,000	141,700	11,500	22,020	603,876	462,176	309,633
2008	88,833	263	6,270	216,700	121,000	141,700	12,300	22,110	609,176	467,476	309,324
2009	90,610	260	8,200	217,370	123,400	142,000	12,900	22,170	616,910	474,910	311,491
2010	92,422	260	9,100	218,240	125,900	142,400	13,400	22,240	623,962	481,562	317,721
2011	94,270	260	10,000	219,330	129,700	142,900	13,800	22,280	632,540	489,640	327,253
2012	96,156	260	11,000	219,330	134,900	143,400	14,100	22,330	641,476	498,076	337,070
2013	98,079	260	11,600	220,430	139,600	143,800	14,300	22,350	650,419	506,619	347,182
2014	100,041	260	12,300	221,430	144,500	144,100	14,400	22,370	659,401	515,301	361,070
2015	102,041	260	12,900	221,530	148,100	144,200	14,500	22,400	665,932	521,732	375,513
2016	104,082	260	13,300	222,640	151,000	144,400	14,600	22,420	672,702	528,302	383,023
2017	106,164	260	13,600	223,750	154,000	144,500	14,700	22,440	679,414	534,914	390,683
Avg Annual Growth 2005-17	1.7%	-0.6%		-0.2%	2.1%	0.1%	3.7%	0.4%	0.9%	1.1%	1.9%

* Source: FAA U.S. Civil Airmen Statistics.
1/ Instrument rated pilots should not be added to other categories in deriving total.
2/ In March 2001, the FAA Registry changed the definition of this pilot category. It added approximately 13,000 to this pilot category.
E: Estimate
Note: An active pilot is a person with a pilot certificate and a valid medical certificate.

TABLE 30

GENERAL AVIATION AIRCRAFT FUEL CONSUMPTION

(In Millions of Gallons)

CALENDAR YEAR	FIXED WING				ROTORCRAFT		EXPERI-MENTAL/ SPORT/ OTHER	TOTAL FUEL CONSUMED		
	PISTON		TURBINE							
	SINGLE ENGINE	MULTI-ENGINE	TURBO-PROP	TURBO-JET	PISTON	TURBINE		AVGAS	JET FUEL	TOTAL
Historical										
2000	200.8	108.4	176.3	736.7	8.4	59.0	15.2	332.8	972.0	1,304.8
2001	178.7	76.7	157.8	743.0	8.0	52.1	11.8	275.2	952.9	1,228.1
2002	179.6	75.7	164.6	774.1	7.8	45.6	14.8	277.9	984.3	1,262.2
2003	183.1	72.5	156.8	733.2	6.8	49.7	17.1	279.4	939.7	1,219.1
2004E	182.5	73.5	156.8	756.8	7.6	52.3	18.4	282.0	965.8	1,247.8
2005E	187.1	75.1	160.0	793.3	9.0	55.6	18.9	290.0	1,008.8	1,298.8
Forecast										
2006	188.9	75.5	162.7	851.8	10.1	57.5	19.4	293.9	1,072.0	1,365.8
2007	191.8	76.6	165.3	937.0	11.2	59.6	21.5	301.1	1,161.9	1,463.0
2008	194.7	77.6	167.8	1,053.2	12.4	61.8	25.6	310.3	1,282.8	1,593.2
2009	197.6	78.7	170.4	1,199.3	13.4	64.0	27.9	317.6	1,433.6	1,751.2
2010	200.5	79.7	172.9	1,352.9	14.4	66.4	29.3	324.0	1,592.1	1,916.1
2011	203.4	80.8	175.3	1,515.2	15.4	68.8	30.8	330.5	1,759.2	2,089.7
2012	206.5	81.9	177.7	1,679.5	16.3	71.2	32.3	337.1	1,928.4	2,265.5
2013	208.9	82.8	179.8	1,841.5	17.1	73.9	33.6	342.4	2,095.2	2,437.6
2014	211.5	83.7	182.2	2,000.8	18.0	76.6	34.9	348.0	2,259.6	2,607.7
2015	214.1	84.6	184.5	2,148.0	18.7	79.3	36.1	353.5	2,411.7	2,765.2
2016	216.5	85.5	186.6	2,290.1	19.3	82.2	37.1	358.5	2,558.9	2,917.3
2017	219.1	86.5	188.7	2,427.6	20.0	85.2	38.2	363.8	2,701.5	3,065.3
Avg Annual Growth 2005-17	1.3%	1.2%	1.4%	9.8%	6.9%	3.6%	6.0%	1.9%	8.6%	7.4%

Source: FAA APO Estimates.
Note: Detail may not add to total because of independent rounding.

TABLE 31

TOTAL COMBINED AIRCRAFT OPERATIONS AT AIRPORTS

WITH FAA AND CONTRACT TRAFFIC CONTROL SERVICE

(In Thousands)

FISCAL YEAR	AIR CARRIER	AIR TAXI/ COMMUTER	GENERAL AVIATION			MILITARY			TOTAL	NUMBER OF TOWERS	
			ITINERANT	LOCAL	TOTAL	ITINERANT	LOCAL	TOTAL		FAA	CONTRACT
Historical*											
2000	15,158.7	10,760.6	22,844.1	17,034.4	39,878.5	1,422.0	1,448.2	2,870.2	68,668.0	288	165
2001	14,762.8	10,882.1	21,433.3	16,193.7	37,627.0	1,493.0	1,437.6	2,930.6	66,202.5	288	192
2002	13,209.7	11,029.4	21,450.5	16,172.8	37,623.2	1,552.5	1,511.0	3,063.5	64,925.9	266	206
2003	12,823.9	11,426.0	20,231.3	15,292.1	35,523.5	1,528.7	1,480.5	3,009.2	62,782.5	266	217
2004	12,934.0	12,243.9	20,007.2	14,960.4	34,967.6	1,498.8	1,480.5	2,979.3	63,124.8	266	228
2005E	13,531.4	12,571.9	19,284.1	14,817.8	34,101.9	1,405.5	1,448.0	2,853.5	63,058.7	266	234
Forecast											
2006	13,396.1	12,454.2	19,064.2	15,010.0	34,074.2	1,414.0	1,449.1	2,863.1	62,787.6	266	241
2007	13,797.2	12,794.2	19,520.5	15,492.0	35,012.5	1,431.1	1,451.3	2,882.3	64,486.3	266	241
2008	14,146.8	13,114.1	19,866.6	15,647.0	35,513.6	1,431.1	1,451.3	2,882.3	65,656.7	266	241
2009	14,515.5	13,455.0	20,345.4	15,866.0	36,211.5	1,431.1	1,451.3	2,882.3	67,064.3	266	241
2010	14,882.4	13,804.9	20,874.8	16,119.9	36,994.7	1,431.1	1,451.3	2,882.3	68,564.3	266	241
2011	15,264.1	14,177.6	21,427.1	16,393.9	37,821.1	1,431.1	1,451.3	2,882.3	70,145.1	266	241
2012	15,668.8	14,560.4	21,971.3	16,705.4	38,676.7	1,431.1	1,451.3	2,882.3	71,788.2	266	241
2013	16,086.3	14,953.5	22,474.9	17,039.5	39,514.4	1,431.1	1,451.3	2,882.3	73,436.6	266	241
2014	16,531.3	15,372.2	22,960.3	17,380.3	40,340.6	1,431.1	1,451.3	2,882.3	75,126.4	266	241
2015	16,993.2	15,802.6	23,422.4	17,727.9	41,150.3	1,431.1	1,451.3	2,882.3	76,828.4	266	241
2016	17,482.6	16,245.1	23,863.2	18,082.5	41,945.7	1,431.1	1,451.3	2,882.3	78,555.7	266	241
2017	18,003.0	16,683.7	24,295.8	18,444.1	42,739.9	1,431.1	1,451.3	2,882.3	80,309.0	266	241
Avg Annual Growth 2005-17	2.4%	2.4%	1.9%	1.8%	1.9%	0.2%	0.0%	0.1%	2.0%		

* Source: FAA Air Traffic Activity.

TABLE 32

TOTAL COMBINED INSTRUMENT OPERATIONS

AT AIRPORTS WITH FAA AND CONTRACT TRAFFIC CONTROL SERVICE

(In Thousands)

FISCAL YEAR	AIR CARRIER	AIR TAXI/ COMMUTER	GENERAL AVIATION	MILITARY	TOTAL
Historical*					
2000	16,534.7	11,623.3	21,221.7	3,529.2	52,908.9
2001	16,030.8	11,751.8	19,705.5	3,530.4	51,018.5
2002	14,379.0	11,934.1	19,655.8	3,586.0	49,554.8
2003	13,994.5	12,323.0	18,629.8	3,287.7	48,235.1
2004	14,200.3	13,219.8	18,619.5	3,170.2	49,209.7
2005E	14,655.8	13,392.2	17,985.9	2,938.2	48,972.1
Forecast					
2006	14,407.8	13,445.7	17,543.0	2,938.2	48,334.8
2007	14,837.2	13,983.6	17,394.3	2,938.2	49,153.3
2008	15,211.6	14,277.2	17,651.0	2,938.2	50,078.0
2009	15,606.3	14,677.0	18,170.5	2,938.2	51,392.0
2010	15,999.2	15,087.9	18,851.9	2,938.2	52,877.2
2011	16,408.5	15,495.3	19,593.4	2,938.2	54,435.5
2012	16,842.2	15,913.7	20,354.4	2,938.2	56,048.4
2013	17,290.3	16,343.4	21,120.9	2,938.2	57,692.8
2014	17,767.7	16,784.6	21,870.1	2,938.2	59,360.6
2015	18,263.8	17,237.8	22,600.1	2,938.2	61,039.9
2016	18,789.3	17,686.0	23,294.8	2,938.2	62,708.3
2017	19,347.7	18,145.8	23,971.8	2,938.2	64,403.5
Avg Annual Growth 2005-17	2.3%	2.6%	2.4%	0.0%	2.3%

* Source: FAA Air Traffic Activity.

TABLE 33

IFR AIRCRAFT HANDLED

AT FAA AIR ROUTE TRAFFIC CONTROL CENTERS

(In Thousands)

FISCAL YEAR	IFR AIRCRAFT HANDLED				
	AIR CARRIER	AIR TAXI/ COMMUTER	GENERAL AVIATION	MILITARY	TOTAL
Historical*					
2000	24,987.1	8,100.9	8,744.4	4,192.5	46,024.9
2001	24,865.5	8,303.3	8,024.6	4,038.6	45,232.0
2002	22,820.6	8,810.6	8,180.7	3,922.5	43,734.4
2003	22,743.4	9,149.0	7,999.8	3,855.3	43,747.4
2004	23,856.9	9,981.5	8,350.4	4,027.7	46,216.5
2005E	25,004.6	10,072.0	8,367.8	4,052.1	47,496.5
Forecast					
2006	24,780.3	10,128.2	8,254.3	4,052.1	47,214.8
2007	25,712.2	10,468.5	8,275.6	4,052.1	48,508.3
2008	26,534.6	10,810.1	8,489.3	4,052.1	49,886.1
2009	27,403.6	11,213.7	8,811.8	4,052.1	51,481.2
2010	28,278.8	11,654.7	9,213.1	4,052.1	53,198.6
2011	29,216.4	12,112.7	9,649.5	4,052.1	55,030.8
2012	30,211.7	12,585.9	10,101.8	4,052.1	56,951.4
2013	31,270.5	13,073.4	10,538.2	4,052.1	58,934.2
2014	32,400.1	13,575.3	10,970.4	4,052.1	60,997.9
2015	33,607.3	14,091.5	11,397.3	4,052.1	63,148.2
2016	34,890.3	14,612.5	11,810.8	4,052.1	65,365.7
2017	36,257.9	15,143.0	12,219.5	4,052.1	67,672.5
Avg Annual Growth 2005-17	3.1%	3.5%	3.2%	0.0%	3.0%

* Source: FAA Air Traffic Activity.

TABLE 34

IFR FLIGHTS AND HOURS

AT FAA AIR ROUTE TRAFFIC CONTROL CENTERS

(In Thousands)

FISCAL YEAR	IFR FLIGHTS HANDLED			IFR FLIGHT HOURS		
	DOMESTIC	INTERNATIONAL	SYSTEM	DOMESTIC	INTERNATIONAL	SYSTEM
Historical*						
2000	37,748.5	4,038.2	41,786.7	22,541.4	2,935.8	25,477.2
2001	37,525.6	4,164.9	41,690.5	22,318.6	2,949.0	25,267.5
2002	36,368.9	3,830.5	40,199.4	21,879.9	2,643.6	24,523.6
2003	36,621.9	4,080.9	40,702.8	21,909.1	2,794.2	24,703.3
2004	39,237.6	4,480.9	43,718.5	23,349.5	3,066.3	26,415.8
2005E	40,124.4	4,670.8	44,795.2	23,769.1	3,241.3	27,010.3
Forecast						
2006	40,997.5	4,801.5	45,799.0	24,409.4	3,349.9	27,759.4
2007	42,404.9	5,005.5	47,410.3	25,343.5	3,503.2	28,846.7
2008	43,662.0	5,197.8	48,859.8	26,089.0	3,642.9	29,731.9
2009	44,880.7	5,388.4	50,269.1	26,816.9	3,781.1	30,598.0
2010	46,080.1	5,577.2	51,657.3	27,535.1	3,918.1	31,453.2
2011	47,267.3	5,764.3	53,031.6	28,246.7	4,054.2	32,300.9
2012	48,445.7	5,949.5	54,395.1	28,953.5	4,189.2	33,142.8
2013	49,616.7	6,132.7	55,749.4	29,656.5	4,323.2	33,979.8
2014	50,781.1	6,313.8	57,095.0	30,356.2	4,456.1	34,812.3
2015	51,939.4	6,492.7	58,432.1	31,053.0	4,587.8	35,640.8
2016	53,091.5	6,669.2	59,760.7	31,747.1	4,718.1	36,465.2
2017	54,237.4	6,843.1	61,080.6	32,438.4	4,847.1	37,285.5
Avg Annual Growth 2005-17	2.5%	3.2%	2.6%	2.6%	3.4%	2.7%

* Source: FAA Enhanced Traffic Management System (ETMS)