

Impact of the Terrorist Attacks on the U.S. Airline Industry and Its Customers

Passenger Volume Trends

- The week before the attacks (Sept. 4-10), U.S. airlines carried about 9 million passengers, up 1% from last year.
- The 6-day week of the attacks (Sept. 11-16) – about 2 million passengers, down 75% from last year.
- The first full operational week after the attacks (Sept. 17-23) – about 5 million passengers, down 49% from last year. The following week (Sept. 24-30) – about 6 million passengers, down 36% from last year.
- Last week (Oct. 1-7) – about 7 million passengers, down 27% from last year.

As a result, airlines have been forced to pull down roughly 20% of seats and departures. While these numbers reflect system-wide results, international traffic levels have taken the heaviest beating, and will continue to as the U.S. military response progresses and diversifies.

Airlines have taken a staggering blow but over the last three weeks have been able to regain about one million passengers each week. Nonetheless, the most recent week ended down 27% from a year ago. We are hopeful that the traffic keeps coming back as a result of recovering consumer confidence in the economy and in safety, particularly with respect to the new security measures.

Employment

- Since September 11, hundreds of companies, in the U.S. and abroad, have announced thousands of layoffs.
- As of October 12, U.S. airlines had announced some 94,000 layoffs, representing about 17% of the workforce.
- Foreign carriers had announced another 30,000, or 14% of their workforce.
- Add to those totals 41,000 in aerospace firms, 9,000 in airline services, and 30,000 in non-airline travel companies (e.g., car rentals, travel agencies, cruise lines, hotels).
- We know that for every one airline job, there are 15 non-airline employees in the U.S. whose jobs depend on air travel and air cargo. The result is over 10 million jobs in the U.S. economy related to aviation.

We hope to recall as many of the furloughed employees as early as possible, based on the recovery in demand and the success of security legislation.

Financial

- The total financial impact to the U.S. airline industry – strictly in incremental terms related to the attacks – is estimated at \$24 billion in cash losses through June 30, 2002, based on a range of \$18 to \$33 billion.
- Of that amount, roughly \$5 billion was incurred the last 20 days of September alone.
- Revenues are expected to decline from pre-September 11 forecasts as follows:
40% in 4Q01,
25% in 1Q02,
15% in 2Q02.
- Aviation's contribution to the GDP is on the order of 4%. When considering the ripple effects on other businesses and their dependence on us for the overall movement of people and goods, figures range in the double-digits.

State-Specific

In 2000, the estimated airline economic impact in Florida was as follows:

- Employees: 40,676 (roughly "tied" for third highest with GA, NY, IL, CA, TX @ 70,000-plus)
- Passengers: 51 million (solid #3 behind CA, TX)
- Departures: 525,000 (#3 behind CA, TX)
- Cargo Tons: 870,000
- PFCs: \$147 million (#2 in U.S. behind CA \$162m)