



Commercial Aerospace Business Model Needs To Change?

Aerospace In the News Conference - New Orleans

Steve Heath
President, Commercial Engines

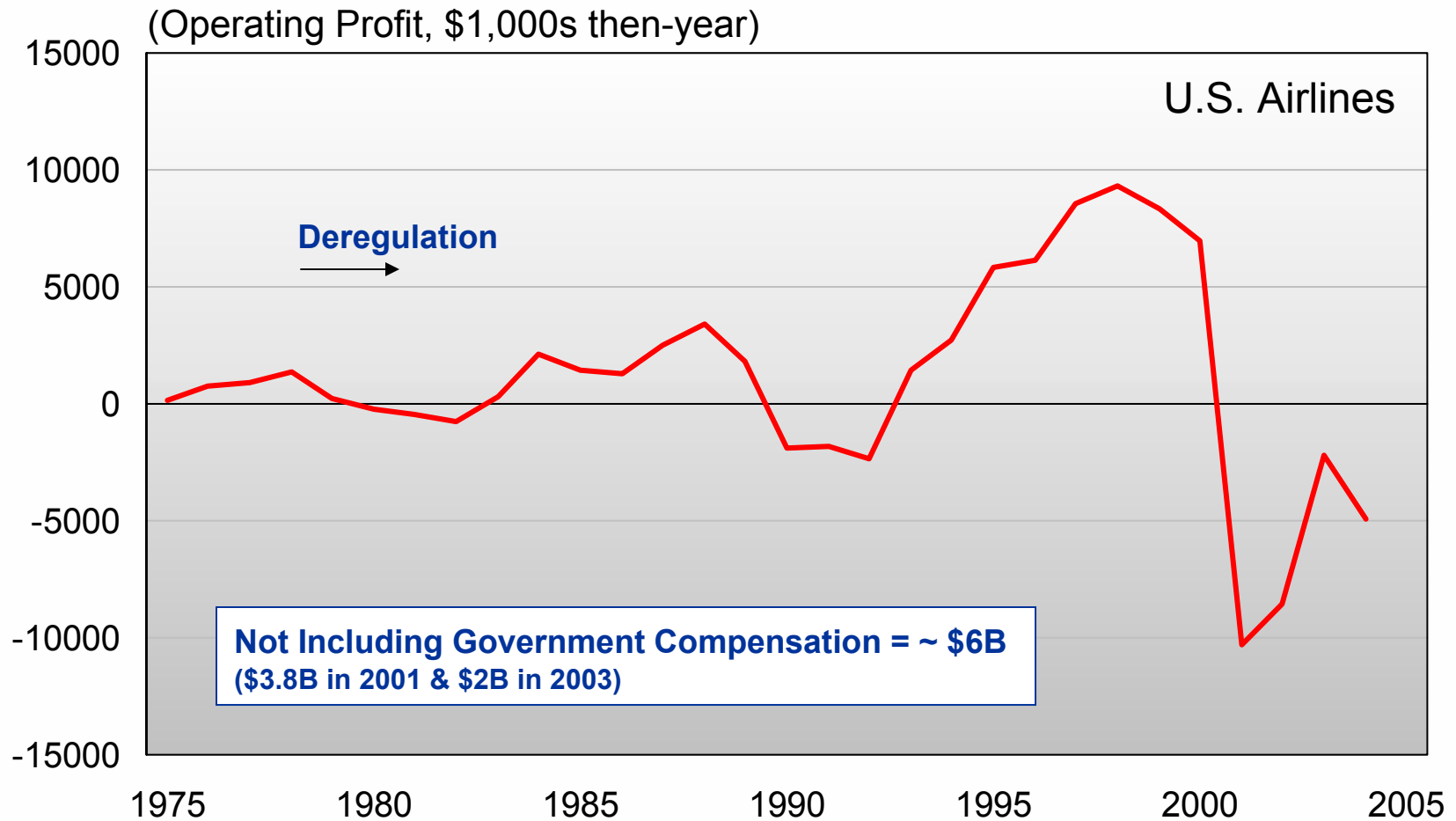
March 8, 2005



In The Beginning... “Airlines” Were A Sporty Game...



Today...Airlines Are Loosing Billions Of \$\$...



Passengers Continue To Demand Low Fares...

UNITED

*Sample each way fares
Based on required roundtrip purchase:

Austin – Salt Lake City ^{2,4}	\$ 82
Baltimore – Hayden ²	\$ 140
Birmingham, AL – Salt Lake City ⁴	\$ 92
Boston– Hayden ²	\$ 140
Boston - Jackson Hole ²	\$ 144
Boston– Vail ²	\$ 144
Buffalo – Reno	\$ 94
Chicago - Hayden ²	\$ 159
Chicago - Jackson Hole ²	\$ 140
Chicago – Reno ⁴	\$ 95
Chicago - Salt Lake City ⁴	\$ 104
Chicago – Reno ⁴	\$ 152
Chicago – Reno ⁴	\$ 92



Check out a sample of some of our great low fares*:

Hartford, CT to San Diego	\$99
Boise to Raleigh/Durham	\$99
Burbank to Columbus	\$99
Indianapolis to Los Angeles (LAX)	\$84
Las Vegas to Spokane	\$79
Las Vegas to Los Angeles (LAX)	\$39
Los Angeles (LAX) to Philadelphia	\$79
Phoenix to San Diego	\$39
Phoenix to San Antonio	\$89
Phoenix to Salt Lake City	\$59

* Taxes and fees apply. See terms and conditions below.

New York City– Hayden ^{1,2}	\$ 173
New York City – Jackson Hole ^{1,2}	\$ 144

AmericanAirlines®

NEXT >>

Departing City	to Arriving City	Fare
Abilene, TX	to Dallas/Ft. Worth, TX	\$128
Albuquerque, NM	to Chicago O'Hare, IL	\$218
Austin, TX	to Chicago O'Hare, IL	\$288
Austin, TX	to Dallas/Ft. Worth, TX	\$78
Austin, TX	to Los Angeles, CA	\$198
Austin, TX	to San Jose, CA	\$208
Austin, TX	to St. Louis, MO	\$286
Baltimore, MD	to Chicago O'Hare, IL	\$184
Baltimore, MD	to St. Louis, MO	\$198
Chicago O'Hare, IL	to Albuquerque, NM	\$218
Chicago O'Hare, IL	to Austin, TX	\$288
Chicago O'Hare, IL	to Baltimore, MD	\$184
Chicago O'Hare, IL	to Detroit, MI	\$78
Chicago O'Hare, IL	to El Paso, TX	\$278
Chicago O'Hare, IL	to Hartford, CT	\$158
Chicago O'Hare, IL	to Indianapolis, IN	\$78
Chicago O'Hare, IL	to Kansas City, MO	\$78
Chicago O'Hare, IL	to Nashville, TN	\$78
Chicago O'Hare, IL	to New Orleans, LA	\$208
Chicago O'Hare, IL	to Oklahoma City, OK	\$198
Chicago O'Hare, IL	to Orlando, FL	\$272
Chicago O'Hare, IL	to Philadelphia, PA	\$158
Chicago O'Hare, IL	to Providence, RI	\$158
Chicago O'Hare, IL	to Raleigh/Durham, NC	\$174

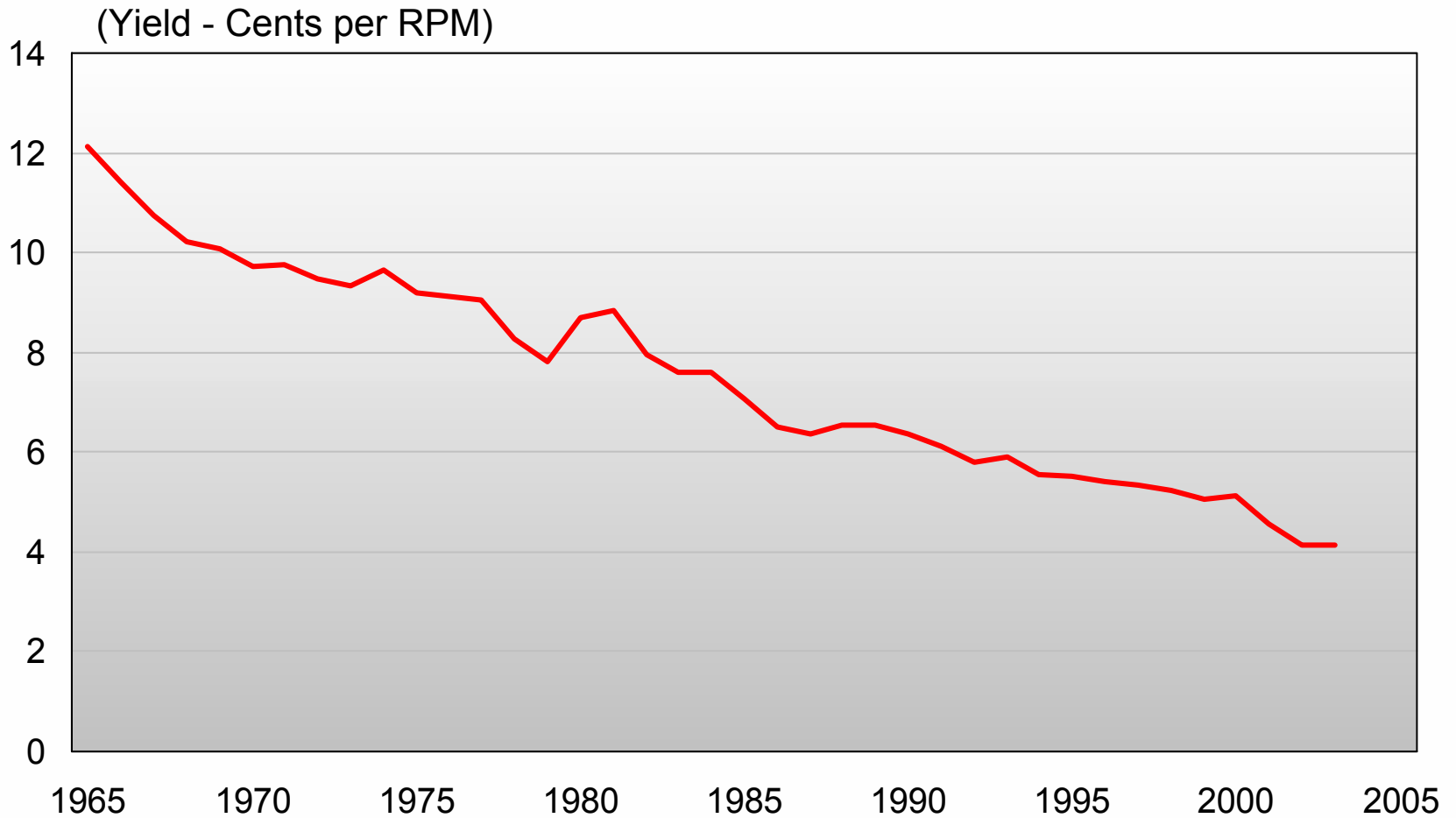
SOUTHWEST.COM

Daily nonstop service to/from Pittsburgh (service begins May 4):

Chicago (Midway)*	\$29 one-way with 14-day advance purchase
Las Vegas	\$99 one-way with 14-day advance purchase
Orlando	\$79 one-way with 14-day advance purchase
Philadelphia*	\$29 one-way with 14-day advance purchase

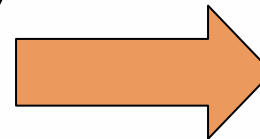
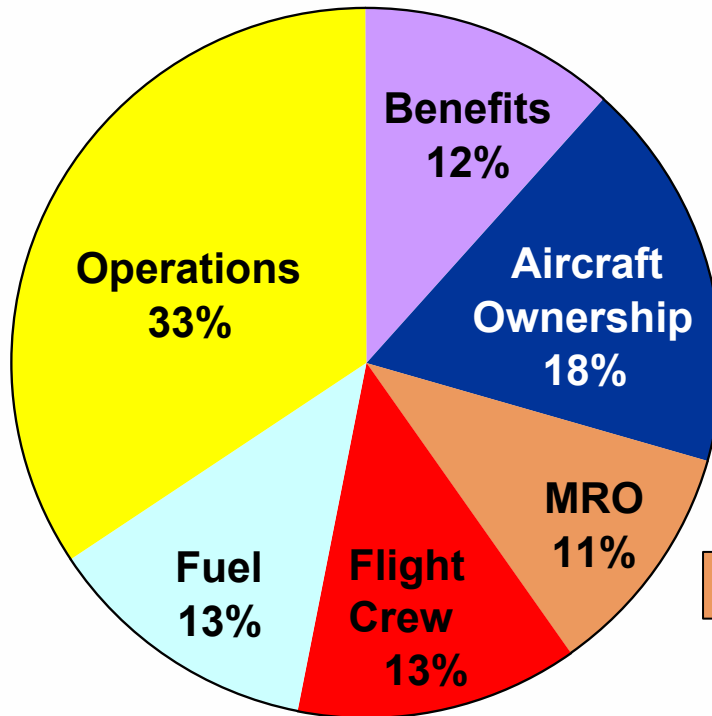
*Purchase by May 26

And Yields Continue To Fall...

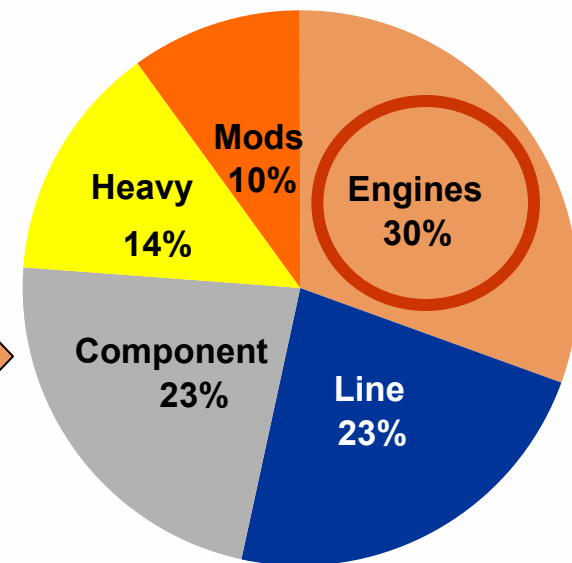


Airlines Continue To Identify Ways To Control Costs...

Total Airline Costs

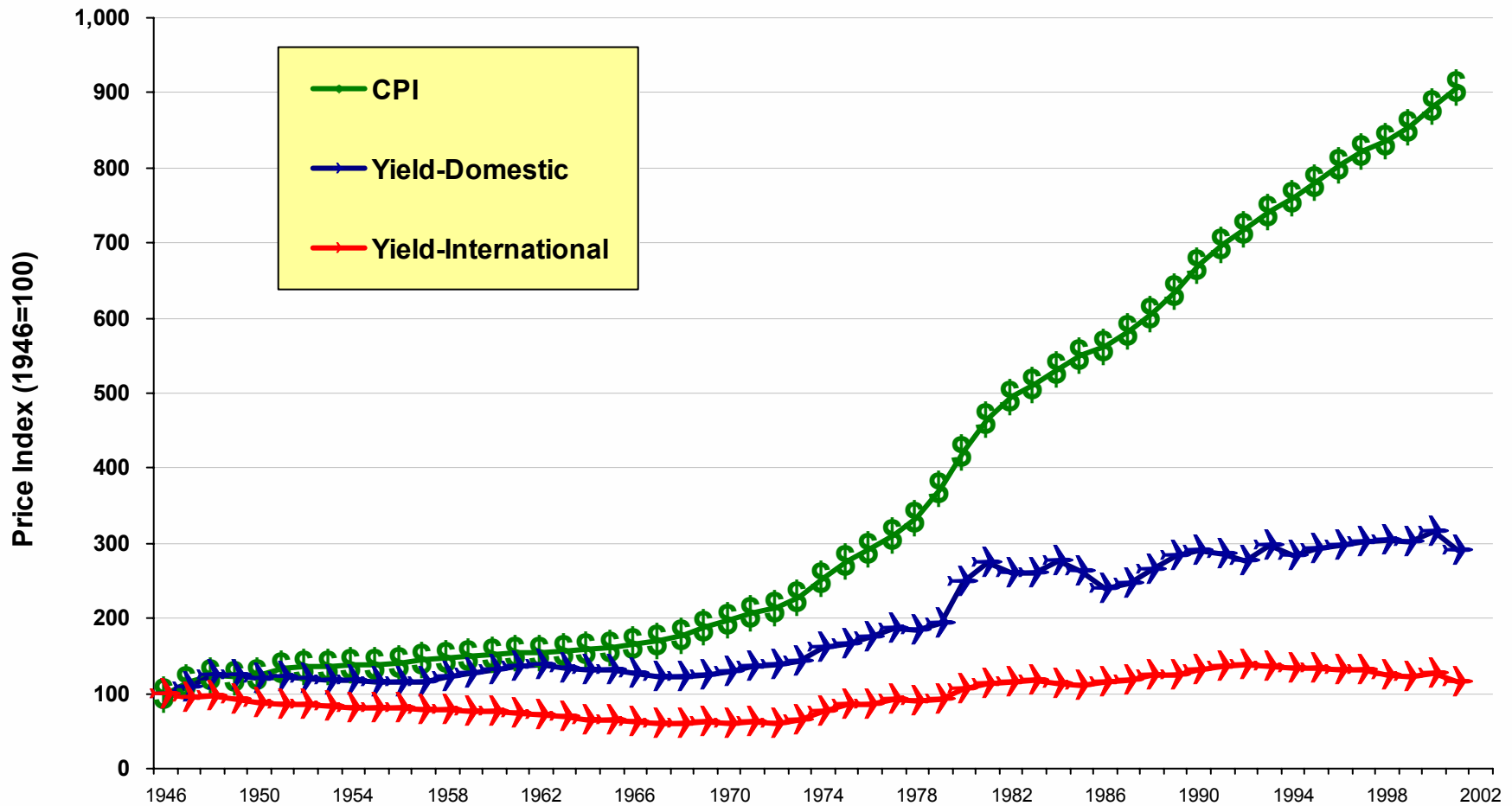


MRO Costs



The Ticket Price Side Of The Equation Needs To Be Worked

Airfares Have Not Kept Pace With Inflation



Passengers Need To Pay For The “Value” They Obtain

“We Need to Change The Game ...”



Safety

Speed

Availability of Destinations

Frequency

Entertainment / Media Options

Frequent Flyer Miles Program

Convenience

Airlines Can Then Pay For The Value They Obtain From Engine Mfg

High Reliability

Thrust

Low Fuel Consumption

Low Emissions

Low Noise



24 Hour Help Desk

Customer Support

Low Maintenance Costs