



Structured Products Research: Commercial ABS

North American Airline Fleet Handbook 2005

EXECUTIVE SUMMARY

Investors in aircraft-backed securities have to remain alert to changing demand drivers for the aircraft that back their securities. With five U.S. airlines in bankruptcy and all legacy carriers working to retool their business models, we intend this handbook to serve as a desktop resource to investors in both EETCs and pooled aircraft ABS. In this new, expanded version of our *Airline Fleet Handbook*, we have added reviews of the main-line carriers' regional partners and updated information on each airline's fleet strategy. Some main takeaways from this analysis:



- For full-year 2004, the industry-level recovery in traffic measured by revenue passenger miles (RPMs) flown by U.S. carriers was within a hair's-breadth of the record set in 2000. Capacity in terms of available seat miles (ASMs) remained 5% below 2000 and yields continued to weaken.
- The gap between legacy majors and low-cost carriers (LCCs) continues to narrow as the major carriers cut costs, excluding fuel, by 5.4% versus a weighted average cost reduction of 3.6% for the LCCs. On a fuel-neutral basis, the majors had a weighted average cost per available seat mile (CASM) of 9.64 cents versus 7.75 cents for the LCCs.
- Despite cost reductions, some aircraft types cannot compete in a sustained high-fuel price environment. Specifically, aircraft with the JT8D engine, which was developed in the early 1960s, are on their last leg. This includes Delta's 27 737-200s and Northwest's 166 DC-9s. These aircraft consume as much as one-third more fuel per seat mile than newer planes.

February 24, 2005

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This report is available on wachoviaresearch.com and on Bloomberg at WSPR.

- The legacy carriers are in agreement about two things: 1) there is excessive capacity in the system, and 2) this excess is everyone else's responsibility. The same group is also chasing the fatter international route yields with double-digit capacity increases.

SUMMARY OF Q4 AIRLINE RESULTS

Airline performance in 2004 was formulaic with few exceptions: More passengers were carried, boosting operating revenue, but this traffic was generated at lower prices meaning diluted revenue on a per seat basis. Cost numbers were mixed, but decreased across the industry on a fuel-cost neutral basis.

- Operating revenue is in the up cycle, improving 10% over 2003 for the network carriers and 11% for the low-cost carriers.
- On a fuel-neutral basis, operating costs have made notable progress decreasing 5.4% for the majors and 3.6% for LCCs (ASM weighted average basis for the full year).
- Fare revisions have raised the urgency of absolute cost cuts (unit costs including fuel) for the legacy carriers putting the squeeze on high fuel-burn aircraft.
- Competition will intensify between LCCs, highlighted by the head-to-head transcontinental showdown between America West, JetBlue, Song and Independence Air but also the new ATA/Southwest codeshare.
- Network carriers are all chasing the fatter international route yields with double-digit capacity increases.

Exhibit 1: U.S. Airline Earnings Information

	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	
	Net Income	Net Income	Op. Revenue	Op. Revenue	ASM	ASM	Revenue	Revenue	Cost per	Cost per	Fuel Neutral	Fuel Neutral	Load	Load	Yield	Yield	Cash*	Cash*			
	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(million)	(million)	per ASM (¢)	per ASM (¢)	ASM (¢)	ASM (¢)	Change	CASM (¢)	Change	Factor	Factor		(\$mm)	(\$mm)			
Major Airlines																					
American Airlines, Inc.	(761)	(1,230)	18,645	17,440	174,015	165,209	8.63	8.67	9.73	10.15	-4.14%	9.28	-9%	74.8%	72.8%	11.54	11.91	2,900	2,606		
Continental Airlines, Inc.	(363)	38	9,744	8,870	84,672	78,385	8.75	7.73	9.65	9.36	3.10%	9.21	-2%	77.6%	75.5%	11.28	11.57	1,460	1,430		
Delta Air Lines, Inc.	184	(773)	15,002	14,087	129,974	120,462	8.37	8.63	10.23	10.25	-0.20%	9.68	-6%	75.6%	74.2%	12.17	12.73	1,799	2,710		
Northwest Airlines Corp.	(848)	248	11,279	10,077	91,378	88,593	9.23	8.61	10.62	9.87	7.60%	9.91	0%	80.2%	77.3%	11.50	11.15	2,459	2,757		
United Airlines	(1,644)	(2,808)	16,391	14,928	145,361	136,630	8.59	8.28	10.16	10.46	-2.87%	9.65	-8%	79.2%	76.5%	10.78	10.74	1,285	1,640		
US Airways	(611)	1,461	7,073	6,846	53,220	51,494	9.33	9.56	11.34	11.36	-0.18%	10.95	-4%	75.1%	73.3%	12.43	13.05	738	1,287		
Subtotal Majors	(4,043)	(3,064)	78,134	71,027	678,620	640,773	8.72	8.53	10.15	10.20	-0.32%	9.64	-5.4%	77.0%	74.9%	11.53	11.76	10,641	12,430		
Low-Cost Carriers																					
AirTran Airways	12	101	1,041	918	11,977	10,046	8.39	8.86	8.42	8.28	1.69%	8.04	-3%	70.8%	71.1%	11.86	12.46	342	339		
Alaska Airlines	(15)	14	2,722	2,445	22,276	20,804	9.08	8.85	10.41	9.84	5.79%	9.76	-1%	72.9%	70.0%	12.42	12.65	874	812		
America West Airlines	(90)	58	2,339	2,254	30,153	27,888	7.29	7.58	7.80	7.95	-1.89%	7.34	-8%	77.4%	76.4%	9.41	9.93	306	476		
JetBlue Airways Corp.	47	104	1,266	998	18,911	13,639	6.46	7.08	6.10	6.08	0.33%	5.87	-3%	83.2%	84.5%	7.76	8.37	410	570		
Southwest Airlines Co.	313	442	6,530	5,937	53,418	47,943	8.50	8.27	7.77	7.60	2.24%	7.45	-2%	69.5%	66.8%	11.76	11.97	1,305	1,305		
Midwest Air Group	(43)	(13)	415	384	3,555	2,968	8.24	9.17	12.95	13.96	-7.22%	12.18	-13%	64.6%	66.3%	12.16	13.21	82	88		
Subtotal Low-Cost Carriers	224	704	14,313	12,937	140,291	123,289	8.04	8.15	8.16	8.10	1.37%	7.75	-3.6%	73.6%	71.8%	10.84	11.29	3,319	3,590		

ASM: Available seat mile.

RASM: For the sake of comparability, we use operating revenue from mainline passenger operations over available seat miles. Freight, mail and other revenue range from as much as 13% of operating revenue for American to 4% for JetBlue.

Subtotals lines includes available-seat-mile weighted average for per seat metrics and percentage change measures.

Fuel neutral CASM is the cost per available seat mile holding the price of fuel constant from year to year. Fuel neutral CASM = [(Op. Expense - Fuel Expense) + (Current Year Fuel Gallons * Prior Year Fuel Price)]/ASM

*For major airlines, unrestricted cash.

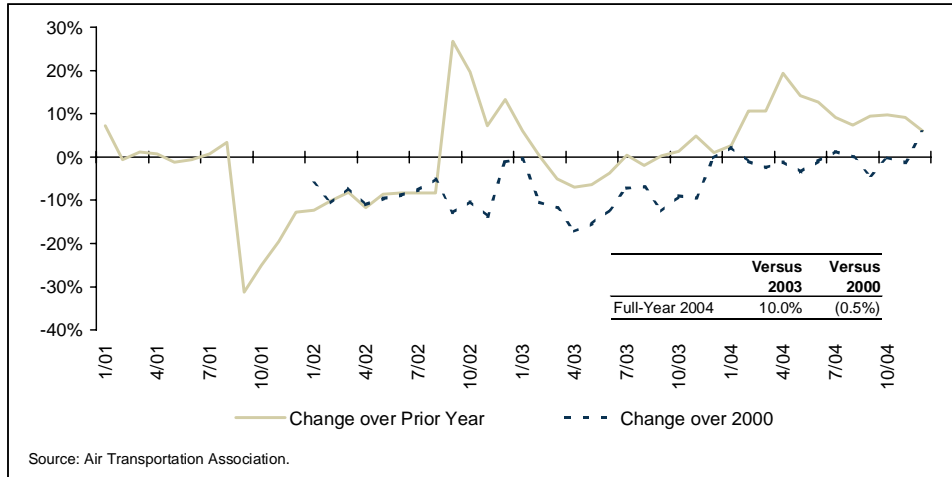
Source: Company reports and Wachovia Securities.

RECOVERY FACTORS IN THE U.S. AIRLINE SECTOR

In 2004, the recovery in the airline sector held true: Full-year traffic recovered to the level reached in 2000, but capacity lagged by 5%. Getting the most out of assets is the name of the game, as is evidenced by the highest lead factors on record.

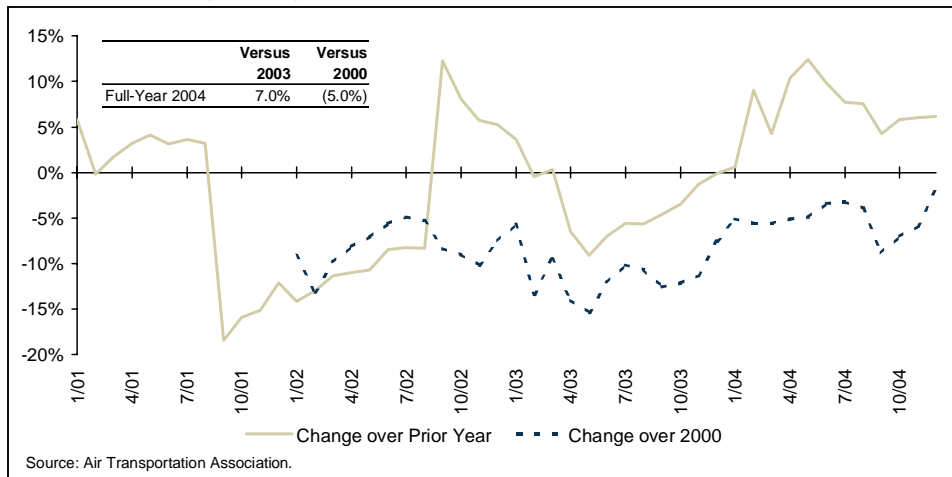
Air travel demand has climbed back to the record level of 2000.

Exhibit 2: Percentage Change in Revenue Passenger Miles



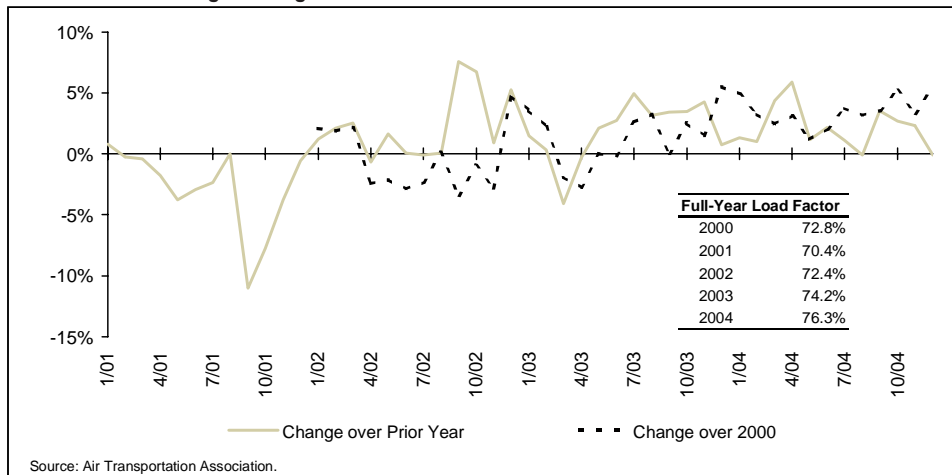
Capacity is still 5% below the peak reached in 2000.

Exhibit 3: Percentage Change in Available Seat Miles



As a result, load factors are higher than ever before, but yields have been weak.

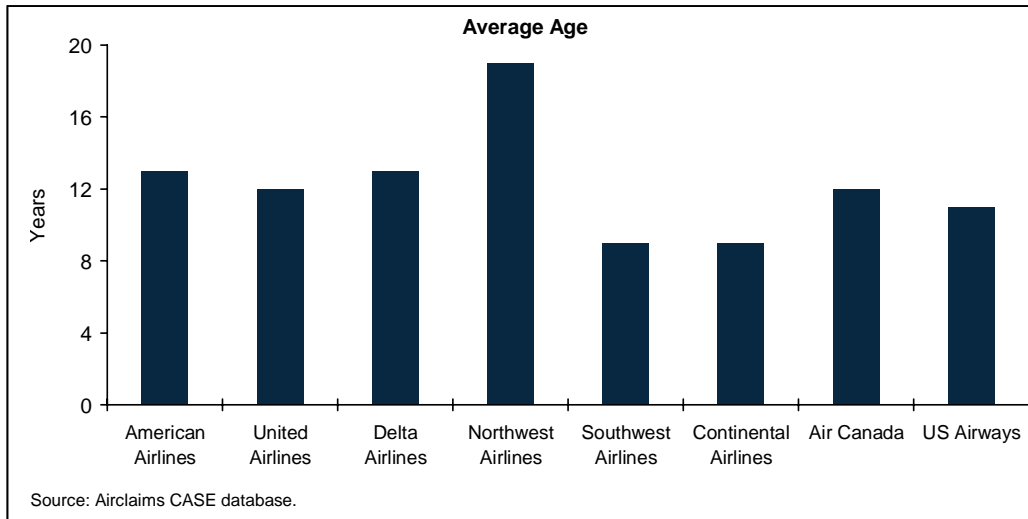
Exhibit 4: Percentage Change in Load Factor



In our June 2004 edition of the *North American Airline Fleet Handbook*, the major North American airlines were shown to have 3,370 aircraft in service. A reexamination of those same airlines as of January 2005 shows an in-service fleet of 3,285 aircraft, down 2.5% from mid-2004. Northwest Airlines continues to operate the oldest fleet among the major North American airlines at an average age of 19 years.

Exhibit 5: Major Fleets as of January 2005

	In Service	Stored	Current Total	On Order	Grand Total	Average Age
1 American Airlines	708	51	759	56	815	13
2 United Airlines	446	59	505	43	548	12
3 Delta Airlines	497	10	507	66	573	13
4 Northwest Airlines	432	48	480	30	510	19
5 Southwest Airlines	416	4	420	86	506	9
6 Continental Airlines	336	35	371	47	418	9
7 Air Canada	170	35	205	63	268	12
8 US Airways	280	6	286	29	315	11
	3,285	248	3,533	420	3,953	



REGIONAL SERVICE PROVIDERS

The 3,285 in-service aircraft fleet of the major airlines listed in Exhibit 5 is fed by regional airlines operating 2,042 aircraft. Traditionally, regional airlines have provided lift for a fee, while being somewhat insulated from the industry's competitive pressures. As a result, the regionals continued to book the best profit margins in the industry in 2004. Renegotiated regional agreements by United and potentially US Airways will raise the pressure on other carriers to stay competitive and, thus, will add tension to the relationships in Exhibit 6.

Exhibit 6: Summary of Regional Service Providers

Regional Name	Owner	Mainline Partner	No. of	
			Aircraft	Aircraft Types Flown
Trans States Airlines	100% Trans States Holdings	American	75	ERJ 135s & 145s, BAE Jetstream 41s, ATR 42 & 72s
Executive Airlines	100% AMR Owned	American	41	ATR ATR 72s
Chautauqua Airlines	100% Republic Airways owned	American	112	ERJs 135s, 145s, & 170s
American Eagle Airlines	100% AMR Owned	American (American Eagle)	247	ERJ 135s, 140s, and 145s, CRJ 700s and 701s, Saabs 340s
Commutair	100% Champlain Enterprises, Inc.	Continental (Continental Express)	26	Raytheon 1900-Ds
ExpressJet Airlines	ExpressJet is 100% owned by ExpressJet Holdings. ExpressJet Holdings is owned 19.7% by Continental Airlines.	Continental (Continental Express)	245	ERJ 135s & 145s
Gulfstream International Airlines	Continental 28%, Thomas L. Cooper 72%	Continental (Continental Express)	27	EMB 120s and Raytheon 1900-Ds.
SkyWest Airlines	SkyWest Inc. 85%, Unkown 15%	Continental (Continental Express)	6	EMB 120s
Atlantic Southeast Airlines	100% Delta Air Lines	Delta (Delta Connection)	141	ATR 72s, CRJ 200s, 700s
Chautauqua Airlines	100% Republic Airways owned	Delta (Delta Connection)	31	ERJ 135s, 145s
Comair	100% Delta Air Lines	Delta (Delta Connection)	164	CRJ 100s, 200s, 701s
SkyWest Airlines	SkyWest inc. 85%, Unkown 15%	Delta (Delta Connection)	62	CRJ 200s, EMB 120s
Pinnacle Airlines	Former Northwest Airlines Subsidiary IPO on 11/25/03	Northwest (Northwest AirLink)	118	CRJ 200s, CRJ 440s
Mesaba Airlines	Unspecified Investors (60%). Northwest Airlines (28%). Carl R. Pohlad (9%). Mesa Air Group (3%). Northwest would like to purchase remaining shareholding.	Northwest (Northwest AirLink)	105	Saab 340 As and Bs
Air Wisconsin	100% Private investors	United (United Express)	87	BAE 146-200s & 300s, CRJ 200s
Chautauqua Airlines	100% Republic Holdings	United (United Express)	20	ERJ-145s & 170s
Great Lakes Airlines	64% Private, 36% Raytheon	United (United Express)	33	EMB-120s, Raytheon 1900-Ds
Mesa Airlines	100% Mesa Air Group	United (United Express)	40	CRJ-100s, 200s, 701s, Dash 8-200s
SkyWest Airlines	85% Skywest Inc., 15% Unspecified	United (United Express)	129	CRJ-200s & 701s, EMB 120
Shuttle America	Shuttle Acquisition	United (United Express)	19	Saab 340-As
Trans States Airlines	100% Trans States Holdings	United (United Express)	16	ERJ-145s
Air Midwest	100% Mesa Air Group	US Airways (US Airways Express)	28	Raytheon 1900-Ds
Mesa Airlines	100% Mesa Air Group	US Airways (US Airways Express)	59	CRJ-100s & 200s
Chautauqua Airlines	100% Republic Holdings	US Airways (US Airways Express)	33	ERJ-145s
Trans States Airlines	100% Trans States Holdings	US Airways (US Airways Express)	18	ERJ-145s
Colgan Air	Private	US Airways (US Airways Express)	30	Raytheon 1900-Cs & Ds, Saab 340-Bs
Allegheny Airlines	100% US Airways	US Airways (US Airways Express)	14	Dash 8-100s
MidAtlantic Airways	100% US Airways	US Airways (US Airways Express)	22	ERJ-170s
Piedmont Airlines	100% US Airways	US Airways (US Airways Express)	54	Dash 8-100s, 200s, 300s
PSA Airlines	100% US Airways	US Airways (US Airways Express)	40	CRJ-200s & 701s, Dornier 328s
Horizon Airlines	Alaska Air Group	Alaska Airlines	63	CRJ-700s, Dash 8-200, 400
Air Midwest (under Mesa banner)	100% Mesa Air Group	America West		
			Total	2,105

Source: Company reports and Airclaims CASE database.

HIGH-CYCLE AIRCRAFT

The number of aircraft with more than 40,000 cycles represents a source of pent-up demand for metal. These planes, now in the twilight of their useful life, can be retired without adversely affecting lease rates or market values of younger planes. This replacement cycle will be accelerated by a sustained high fuel price as higher fuel costs far outweigh lower depreciation and financing costs.

- High-cycle aircraft still constitute 7% of the fleets of the major U.S. operators.
- Northwest Airlines has more high-cycle aircraft than any other major U.S. operator with 152 or 35% of its 432 aircraft in service having greater than 40,000 cycles.
- 29% of the aircraft in Southwest's fleet have more than 40,000 cycles.

Exhibit 7: U.S. Operators of Aircraft with More Than 40,000 Cycles

Operator	Aircraft Manufacturer, Type and Variant	In Service	Stored	Current Total	Average Age
American Airlines	Boeing (McDonnell-Douglas) MD-80 - 82 (MDC)	—	4	4	24
Continental Airlines	Boeing 737 (CFMI) - 300	2	—	2	17
Continental Airlines Purchasing Services LP	Boeing (McDonnell-Douglas) MD-80 - 81	—	2	2	24
Continental Airlines Purchasing Services LP	Boeing 727 - 200 Advanced	—	1	1	33
Delta Air Lines	Boeing 737 (JT8D) - 200 Advanced (Stage 3 Hushkits)	27	—	27	21
Northwest Airlines	Boeing (McDonnell-Douglas) DC-9 - 14 (Stage 3 Hushkits)	2	5	7	39
Northwest Airlines	Boeing (McDonnell-Douglas) DC-9 - 15 (Stage 3 Hushkits)	1	—	1	38
Northwest Airlines	Boeing (McDonnell-Douglas) DC-9 - 31 (Stage 3 Hushkits)	60	6	66	36
Northwest Airlines	Boeing (McDonnell-Douglas) DC-9 - 32 (Stage 3 Hushkits)	44	1	45	35
Northwest Airlines	Boeing (McDonnell-Douglas) DC-9 - 41 (Stage 3 Hushkits)	12	—	12	36
Northwest Airlines	Boeing (McDonnell-Douglas) DC-9 - 51 (Stage 3 Hushkits)	33	2	35	27
Northwest Airlines	Boeing 727 - 200 Advanced (Stage 3 Hushkits)	—	5	5	28
Southwest Airlines	Boeing 737 (CFMI) - 300	91	—	91	18
Southwest Airlines	Boeing 737 (CFMI) - 500	21	—	21	14
Southwest Airlines	Boeing 737 (JT8D) - 200 Advanced	1	—	1	23
Southwest Airlines	Boeing 737 (JT8D) - 200 Advanced (Stage 3 Hushkits)	9	2	11	22
US Airways	Boeing 737 (CFMI) - 300	5	—	5	20
United Airlines	Boeing 737 (JT8D) - 200 Advanced (Stage 3 Hushkits)	—	6	6	26
All Other U.S. Operators	All Types	255	322	577	31
		563	356	919	29

Source: Airclaims CASE database.

AMERICAN AIRLINES

Unit costs decreased 9% on a fuel neutral basis.

American reported a full-year 2004 net loss of \$761 million, better than its 2003 net loss of \$1.23 billion. Operating revenue was 6.9% higher than in 2003. At the mainline, traffic improved 8.2% versus 2003 against a capacity increase of 5.3%, pushing the load factor to 74.8% but RASM down 0.5%. CASM was 4.1% lower versus 2003 at 9.73 cents and 9% lower when holding the price of fuel down. The carrier was 4% hedged at approximately \$30 per barrel in Q4. Unrestricted cash totaled about \$2.9 billion at year-end.

Exhibit 8: American Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Airbus A300	600R (GE)	34	—	34	—	34	—	15
Boeing (McDonnell-Douglas) MD-80	82 (MDC)	242	25	267	—	267	—	18
Boeing (McDonnell-Douglas) MD-80	83 (MDC)	89	2	91	—	91	—	11
Boeing (McDonnell-Douglas) MD-80	83 (SAIC)	5	—	5	—	5	—	12
Boeing 737 (NG)	600/700/800	—	—	—	—	0	376	0
Boeing 737 (NG)	800	77	—	77	47	124	—	5
Boeing 757	200 (P&W)	18	1	19	—	19	—	7
Boeing 757	200 (RR)	124	—	124	—	124	—	10
Boeing 767	200 (GE)	—	9	9	—	9	—	22
Boeing 767	200ER (GE)	16	3	19	—	19	—	19
Boeing 767	300ER (GE)	58	—	58	—	58	—	11
Boeing 777	200ER (RR)	45	—	45	9	54	—	4
Fokker 100	—	—	11	11	—	11	—	13
		708	51	759	56	815	376	13

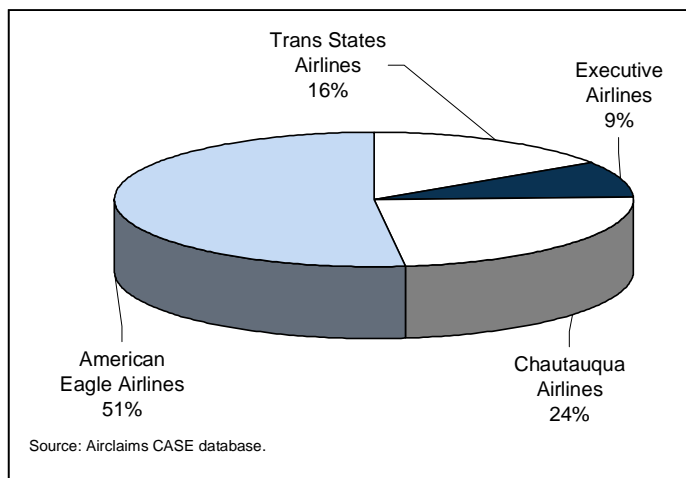
Source: Airclaims CASE database.

American has pushed back 54 scheduled Boeing deliveries to after 2010. No mainline jets will be added in 2005 and two 777s will be delivered in 2006. The deferral of 47 737-800s and seven 777s will allow AMR to convert some orders to the 787. In 2005, AMR plans to eliminate 14 MD-80s and one 757-200 but will experience a net capacity gain of 2.1% by increasing seat density. As part of its fleet simplification initiative, American has eliminated its Fokker 100s. Parked aircraft include nine 767-200s and the company is in the process of selling four 767-200ERs out of storage. Of the airline's 361 MD-80s, 27 are currently in storage.

REGIONAL SERVICE PROVIDERS

The majority of American Airlines' regional service is provided by wholly owned subsidiaries of AMR, American Eagle and Executive Airlines, which fly 60% of the 475 aircraft providing feeder service to American's hubs (Exhibit 9). Feeder lift is also provided by independents Trans States and Chautauqua.

Exhibit 9: American Airlines Regional Service Providers



CAL plans to add 5% capacity in 2005, mainly in the shape of seven 737-800s.

CONTINENTAL AIRLINES

Continental reported a net loss of \$363 million for the full year. Passenger operating revenue was 10.4% better than in 2003 on an 11.1% gain in mainline traffic and 8.0% additional capacity; RASM was down 0.2%. The gain in traffic pushed the load factor to 77.6%, but CASM was 3.1% higher to 9.65 cents leading the yield down 2.5% to 11.28 cents. Continental ended the year with \$1.46 billion of unrestricted cash. Management reported that the airline has no fuel hedges in effect for 2005.

Exhibit 10: Continental Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Boeing (McDonnell-Douglas) DC-10	30	—	1	1	—	1	—	27
Boeing (McDonnell-Douglas) MD-80	81	—	1	1	—	1	—	24
Boeing (McDonnell-Douglas) MD-80	82 (MDC)	—	29	29	—	29	—	19
Boeing (McDonnell-Douglas) MD-80	83 (MDC)	—	3	3	—	3	—	18
Boeing 737 (CFMI)	300	50	1	51	—	51	—	18
Boeing 737 (CFMI)	500	63	—	63	—	63	—	9
Boeing 737 (NG)	700	36	—	36	15	51	24	6
Boeing 737 (NG)	800	66	—	66	29	95	32	5
Boeing 737 (NG)	800 Winglets	16	—	16	—	16	—	1
Boeing 737 (NG)	900	12	—	12	3	15	12	3
Boeing 757	200 (RR)	40	—	40	—	40	—	8
Boeing 757	300 (RR)	9	—	9	—	9	—	2
Boeing 767	200ER (GE)	10	—	10	—	10	—	4
Boeing 767	400ER (GE)	16	—	16	—	16	—	3
Boeing 777	200ER (GE)	18	—	18	—	18	3	5
		336	35	371	47	418	71	9

Source: Airclaims CASE database.

On the fleet-planning side, management expects to add 5% of capacity in 2005. Deliveries in 2004 included 11 737-800s and five 757-300s, whereas 39 MD-80s were phased out. CAL is now left operating three Boeing cockpits: the 777, 767/757 and the 737. In 2005, the company plans to integrate eight leased ex-ATA 757-300s into domestic operations, and international capacity will expand 12%. The schedule for new deliveries includes seven 737-800s in 2005 and six more in 2006. The company retrofitted winglets on 17 737s in Q4. Continental is the first U.S. major to book 787 orders, with a firm order for 10 to begin delivery in 2009 to accomplish its international hub-bypass mission.

REGIONAL SERVICE PROVIDERS

Continental directly owns a 19.7% interest in ExpressJet Holdings (Exhibit 11) and purchases all of the seat capacity of ExpressJet’s 245 regional jet fleet. In addition to ExpressJet, Continental receives regional feeder traffic through turboprop aircraft flown by Continental Connection partners Commutair, Gulfstream International Airlines and Skywest Airlines. There are currently 59 turbo-props in service with Continental Connection.

Exhibit 11: Continental Airlines Regional Service Providers

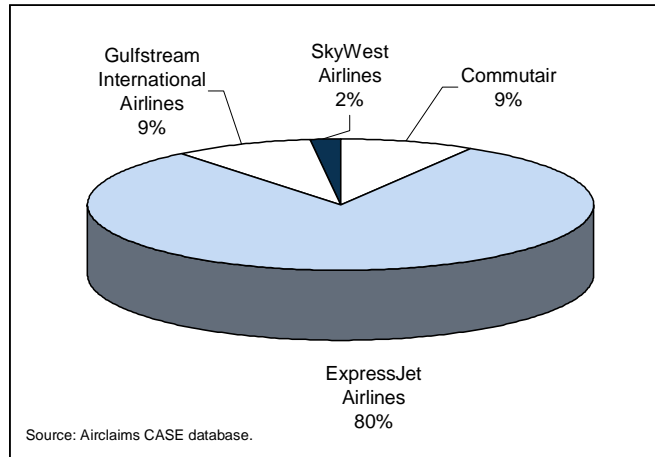


Exhibit 12: ExpressJet Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
ATR ATR 42	300	—	9	9	—	9	—	15
Embraer EMB-120 Brasilia		—	11	11	—	11	—	15
Embraer ERJ-135	ER	11	—	11	—	11	—	5
Embraer ERJ-135	LR	19	—	19	—	19	—	4
Embraer ERJ-145	ER	23	—	23	—	23	—	7
Embraer ERJ-145	LR	116	1	117	—	117	—	4
Embraer ERJ-145	XR	76	—	76	28	104	100	2
		245	21	266	28	294	100	5

Source: Airclaims CASE database.

DELTA AIR LINES

Delta is still digesting a Boeing order placed in 1997. New aircraft will be sold on delivery in 2005 to contain capex.

Delta racked up a staggering net loss of \$5.2 billion for 2004—the worst in airline history—versus a net loss of \$773 million the previous year. Included in the loss was a \$1.9 billion goodwill impairment of Delta’s Atlantic Southeast and Comair holdings. Delta’s unsecured bonds traded up following the earnings release on speculation that the carrier might spin off the two regionals. Operating revenue was 6.5% better than the prior year despite a mainline capacity addition of 7.9%. Faster growth in capacity than revenue meant a 3% dilution in RASM as pricing traction, measured by yield, slipped 4% from 2003. The average load factor in 2004 was 75.6% at the mainline. The carrier ended the year with \$1.80 billion in unrestricted cash versus \$2.71 billion a year earlier. Delta’s 2005 fuel supply is unhedged.

Exhibit 13: Delta Air Lines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Boeing (McDonnell-Douglas) MD-11	Passenger (P&W)	—	4	4	—	4	—	13
Boeing (McDonnell-Douglas) MD-80	88	120	—	120	—	120	—	15
Boeing (McDonnell-Douglas) MD-90	30	16	—	16	—	16	—	9
Boeing 737 (CFMI)	300	26	—	26	—	26	—	18
Boeing 737 (JT8D)	200 Advanced (Stage 3 Hushkits)	48	4	52	—	52	—	20
Boeing 737 (NG)	600/700/800	—	—	—	—	0	178	0
Boeing 737 (NG)	800	71	—	71	61	132	50	4
Boeing 757	200 (P&W)	85	—	85	—	85	—	16
Boeing 767	200 (GE)	15	—	15	—	15	—	22
Boeing 767	300 (GE)	24	—	24	—	24	—	16
Boeing 767	300 (P&W)	4	—	4	—	4	—	9
Boeing 767	300ER (GE)	28	—	28	—	28	17	7
Boeing 767	300ER (P&W)	31	—	31	—	31	—	10
Boeing 767	400ER (GE)	21	—	21	—	21	23	4
Boeing 777	200ER (RR)	8	—	8	5	13	—	5
Lockheed L-1011 TriStar	250	—	2	2	—	2	—	23
		497	10	507	66	573	268	13

Source: Airclaims CASE database.

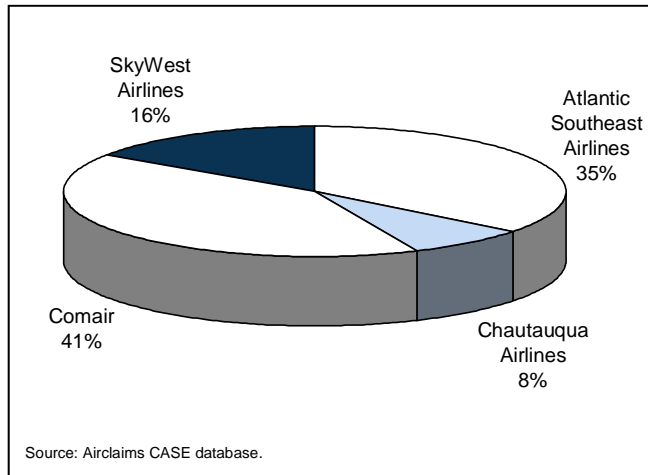
In regard to fleet planning, Delta plans to increase capacity 6%–8% in 2005. Delta is still digesting a 106 aircraft firm order placed with Boeing in 1997. The order initially allowed for some flexibility with delivery dates, but deliveries due in 2005 had already been previously postponed. The airline is now forced to contain capex by selling new aircraft upon delivery. The 11 737-800s due in 2005 will be sold immediately after delivery, mirroring the sale of 11 new 737-800s in 2004. Similarly, the airline will cap the number of 777 in its fleet at eight by selling the two deliveries due in 2005 and selling the three 2007 deliveries or swapping these for other Boeing product. A further eight 737-800 deliveries due in 2006 will be deferred until after 2008. Delta has long been working to reduce its fleet to three aircraft types limited to two-pilot, two-engine planes. L-1011s were retired from service in 2001 and the last 727 was eliminated in 2003.

REGIONAL AND OTHER SERVICE PROVIDERS

Delta's 497 aircraft mainline fleet is augmented by an additional 398 aircraft that provide regional feeder service under the Delta Connection banner.

Song is Delta's wholly owned low-cost carrier that flies an all-757 fleet. Song currently operates 36 757-200s with Pratt & Whitney engines. In 2005, Delta will hand its transcontinental flying over to Song, which, by adding frequencies between JFK and San Francisco/Los Angeles, will boost cross-continental

Exhibit 14: Delta Air Lines Regional Service Providers



capacity by 39%. The plans include the integration of 12 757s that were shifted out of Delta's mainline fleet to Song in September 2004. The transcontinental market will host a number of fiercely competitive LCCs, including Independence, JetBlue and AirTran.

The pain of higher fuel costs is more acute for Northwest, as the airline operates a dated fleet on a lightly hedged fuel supply.

NORTHWEST AIRLINES

Northwest Airlines reported a full-year 2004 net loss of \$878 million. The pain of higher fuel costs is more acute for Northwest, as the airline operates a dated fleet on a lightly hedged fuel supply (30% at \$40 per barrel in Q4 2004). During the year, Northwest used 3.1% more capacity to generate 11.9% more operating revenue than in 2003. RASM was 7.2% better than in 2003 and yield was up 3.1%. During Q4, the airline secured pilot pay reductions of \$265 million and management givebacks of \$35 million and is now working with the International Association of Machinists (IAM) and the Aircraft Mechanics Fraternal Association (AMFA). Liquidity is healthy with unrestricted cash at \$2.46 billion at quarter-end.

Exhibit 15: Northwest Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Option LOI	Average Age
Airbus A319	110 (CFM)	70	—	70	11	81	72	—	3
Airbus A320	210 (CFM)	78	—	78	2	80	—	—	10
Airbus A330	220 (P&W)	7	—	7	5	12	—	—	1
Airbus A330	320 (P&W)	8	—	8	12	20	—	—	1
Boeing (McDonnell-Douglas) DC-10	30	16	2	18	—	18	—	—	28
Boeing (McDonnell-Douglas) DC-10	30ER	4	—	4	—	4	—	—	19
Boeing (McDonnell-Douglas) DC-9	14 (Stage 3 Hushkits)	—	7	7	—	7	—	—	39
Boeing (McDonnell-Douglas) DC-9	15 (Stage 3 Hushkits)	—	1	1	—	1	—	—	38
Boeing (McDonnell-Douglas) DC-9	31 (Stage 3 Hushkits)	60	6	66	—	66	—	—	36
Boeing (McDonnell-Douglas) DC-9	32 (Stage 3 Hushkits)	44	1	45	—	45	—	—	35
Boeing (McDonnell-Douglas) DC-9	41 (Stage 3 Hushkits)	12	—	12	—	12	—	—	36
Boeing (McDonnell-Douglas) DC-9	51 (Stage 3 Hushkits)	33	2	35	—	35	—	—	27
Boeing 727	200 Advanced (Stage 3 Hushkits)	—	9	9	—	9	—	—	27
Boeing 747	200B (P&W)	5	13	18	—	18	—	—	24
Boeing 747	200F (P&W)	1	—	1	—	1	—	—	26
Boeing 747	200F (SCD) (P&W)	9	—	9	—	9	—	—	24
Boeing 747	200SF (P&W)	2	—	2	—	2	—	—	18
Boeing 747	300 Combi (P&W)	—	2	2	—	2	—	—	22
Boeing 747	400 (P&W)	16	—	16	—	16	—	—	11
Boeing 757	200 (P&W)	51	5	56	—	56	—	—	14
Boeing 757	300 (P&W)	16	—	16	—	16	—	—	2
Bombardier (Canadair) CRJ Regional Jet	440	—	—	—	—	0	25	140	0
		432	48	480	30	510	97	140	19

LOI: Letter of intent.

Source: Airclaims CASE database.

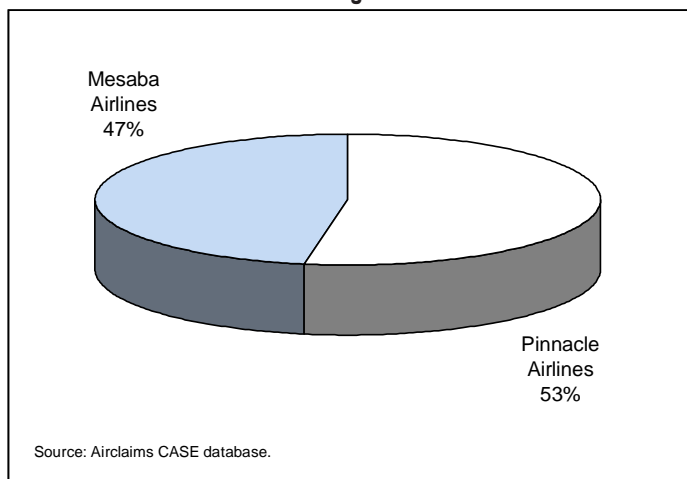
During 2004, Northwest took delivery of 10 A330s, most of which are the -220 variant deployed on transpacific routes. Versus 2003, capacity increased a conservative 3.1%. Eight DC-9-10s averaging around 38 years old were pulled out of the active fleet in December, and two DC-10-30s were parked (around 29 years old). The carrier also absorbed 38 Bombardier CRJs and parked three 747-200s (two are undergoing freighter conversions). For 2005, company guidance is for a 3%–4% capacity increase, including deliveries of two A319s, two A320s and two A330s.

In January, Northwest Airlines ordered eight more A330s, supplementing an order placed in 2001 that still has 17 A330s outstanding. The latest order will allow the airline to phase out all DC-10-30s from transatlantic routes by year-end 2007. Northwest operates 20 DC-10-30s and has two in storage.

REGIONAL SERVICE PROVIDERS

Regional services for Northwest is provided by Pinnacle and Mesaba. A former Northwest subsidiary, Pinnacle was spun off in an IPO in November 2003. Northwest still retains an 11.4% equity stake in the feeder. Pinnacle operates 47 CRJ-200s and is the lone operator of the CRJ-440 with 70 in service. Mesaba operates 113 aircraft consisting of 68 Saab 340 (37 seats) and 35 BAE RJ85s (90 seats).

Exhibit 16: Northwest Airlines Regional Service Providers



United's fleet has slimmed by 111 aircraft in its bankruptcy stay.

UNITED AIRLINES

The outlook for United Airlines appears brighter after a Feb. 14 *Financial Times* article in which CFO Jake Brace was quoted as saying that the company had received four offers for as much as \$2.5 billion in debt financing to help it emerge from bankruptcy by the end of 2005. The financing offers followed on the heels of the second round of labor concessions in bankruptcy.

Exhibit 17: United Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Average Age
Airbus A319	130 (IAE)	55	—	55	23	78	5
Airbus A320	230 (IAE)	50	—	50	19	69	9
Boeing 727	200 Advanced (Stage 3 Hushkits)	—	11	11	—	11	27
Boeing 737 (CFMI)	300	83	4	87	—	87	16
Boeing 737 (CFMI)	500	37	15	52	—	52	13
Boeing 737 (JT8D)	200 Advanced (Stage 3 Hushkits)	—	6	6	—	6	26
Boeing 747	400 (P&W)	31	7	38	—	38	10
Boeing 757	200 (P&W)	97	—	97	—	97	13
Boeing 767	200 (P&W)	4	6	10	—	10	22
Boeing 767	200ERM (P&W)	—	8	8	—	8	23
Boeing 767	300ER (P&W)	37	—	37	—	37	10
Boeing 777	200 (P&W)	19	2	21	—	21	8
Boeing 777	200ER (P&W)	33	—	33	1	34	6
		446	59	505	43	548	12

Source: Airclaims CASE database.

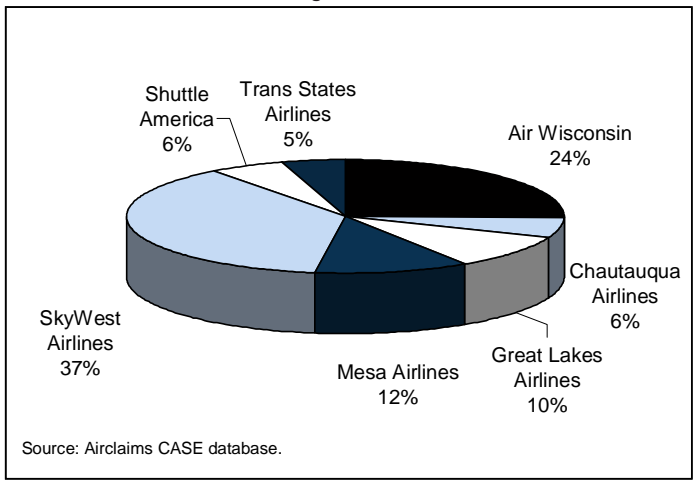
United Airlines has issued a recall notice for 150 pilots in anticipation of retirements later this year. Seventy-five are expected in the spring and the remaining 75 later in the year. Retirees generally come from the crews of larger long-haul aircraft. The company should benefit as these high-seniority pilots drop out of the workforce and are replaced with pilots with less seniority.

Since entering bankruptcy in December 2002, United has reduced the number of aircraft in its mainline fleet from 557 aircraft in service to 446. Of the 111 aircraft reduction at United, 47 Airbus A320s were transferred into the company's wholly owned low-cost carrier Ted. United has also used bankruptcy reorganization to squeeze out older, less efficient aircraft from its fleet.

REGIONAL SERVICE PROVIDERS

United Airlines' feeder service is provided by six independent regional airlines operating 325 aircraft under the United Express livery. SkyWest operates 40% of the United Express fleet or 129 aircraft made up of Canadair CRJs and Embraer turboprops. After entering bankruptcy protection in December 2002, United renegotiated its contracts with its various regional service providers except for Atlantic Coast Airlines (ACA). After

Exhibit 18: United Airlines Regional Service Providers



failing to reach an agreement with ACA, United transitioned ACA feeder routes to other carriers. ACA subsequently started operation as Independence Air in November 2003. Currently, Independence is struggling to survive and is reported to be in negotiations to pick up some of its old feeder service with United.

US Airways negotiated the early return of 25 leased narrowbodies to GE in bankruptcy.

US AIRWAYS

Although US Airways still represents the highest liquidation risk in the sector, pressure has been alleviated significantly by \$125 million debtor-in-possession financing from Air Wisconsin announced on Feb. 22. Air Wisconsin has recently found its fee-for-service contract with United Airlines opened to competing bids.

US Airways produced a full-year 2004 net loss of \$611 million. The carrier used 3.4% more seats to generate 3.3% more revenue. On a per available seat mile basis, passenger revenue decreased 2.4% from 2003. CASM was flat year over year and down 4% when holding fuel price constant. The airline has no hedges in place for 2005.

Exhibit 19: US Airways Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	LOI	Option	Average Age
Airbus A319	110 (CFM)	66	—	66	—	66	—	—	5
Airbus A320	210 (CFM)	24	—	24	6	30	—	—	5
Airbus A321	210 (CFM)	28	—	28	13	41	—	—	3
Airbus A330	220 (P&W)	—	—	—	10	10	—	—	0
Airbus A330	320 (P&W)	9	—	9	—	9	1	—	4
Boeing 737 (CFMI)	300	67	1	68	—	68	—	—	18
Boeing 737 (CFMI)	400	45	—	45	—	45	—	—	15
Boeing 757	200 (RR)	31	—	31	—	31	—	—	14
Boeing 767	200ER (GE)	10	—	10	—	10	—	—	16
Bombardier (Canadair) CRJ Regional Jet	200LR	—	—	—	—	0	45	50	0
Bombardier (Canadair) CRJ700 Regional Jet	701ER	—	—	—	—	0	45	50	0
Embraer 170	LR	—	—	—	—	0	—	45	0
Embraer ERJ-145	LR	—	—	—	—	0	—	140	0
Fokker 100	—	—	5	5	—	5	—	—	14
		280	6	286	29	315	91	285	11

LOI: Letter of intent.

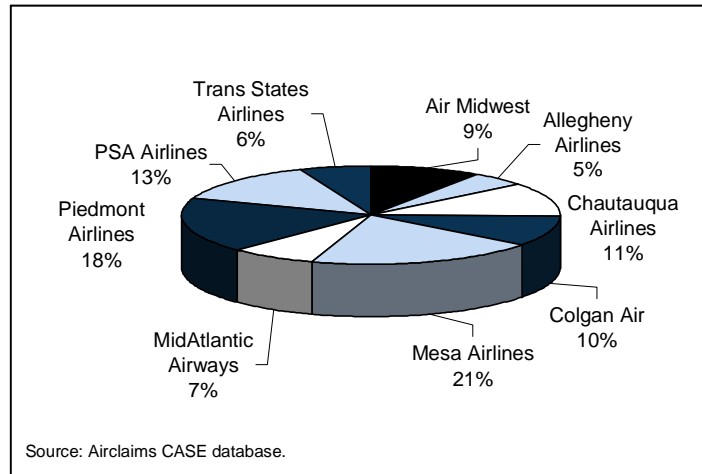
Source: Airclaims CASE database.

US Airways will take delivery of 12 regional jets (RJs) by the end of February, bringing the total RJs leased from GE to 31. Under the same agreement, the airline will be returning to GE nine A319s and an A320 in 2005 and 15 737-300s in 2006–2007. The company recently reached an agreement with Airbus to cancel 35 options placed in the late 1990s and defer deliveries on 19 narrowbodies and 10 widebodies with dates to be announced.

REGIONAL FEEDER SERVICE

US Airways' regional feeder service is provided by 10 companies that fly 317 aircraft under the US Airways Express name. Of the 10, four are wholly owned subsidiaries of US Airways (Allegheny Airlines, MidAtlantic Airlines, Piedmont Airlines and PSA). The four US Airways subsidiaries fly 41% of the feeder aircraft of US Airways.

Exhibit 20: US Airways Regional Service Providers



AIRCRAFT AT RISK IN CHAPTER 7 SCENARIO

Although liquidation has gradually become a more remote possibility, year-end airline conference calls indicated that a number of industry participants are eyeing US Airways assets in a liquidation scenario. Mesa Airlines continues to evaluate the option of flying 737s in the event of a Chapter 7 filing. Mesa's management is negotiating a two-year extension of its pilots' contract at pay levels below the average 737 wage rate. The negotiations appear to be getting significant pushback from the pilot's ALPA union as the national ALPA organization is concerned that Mesa could drive down the industry average for 737 rates.

In addition to Mesa, we believe that Southwest would be interested in any 737-300s that might come out of a liquidation of US Airways. The 737-400s fleet would be more challenging to place as US Airways flies the largest fleet worldwide with 45 that have an average age of 15 years. Alaska is the second largest operator of the type with 40 in service. Outside the United States, Asia and Europe also have operators of the type, including Malaysia Airlines with 39, Garuda Indonesia (26) and Turkish Airlines (17).

AIRTRAN AIRWAYS

A net 19% of new capacity will have to be deployed in 2005.

AirTran Holdings, Inc., parent of AirTran Airways, Inc., reported net income of \$12.3 million in 2004 versus \$100.5 million a year earlier. Operating revenue gained 13.4% thanks to 19.2% more capacity. The introduction of more seats diluted RASM by 5.3% from the prior year. But cost increases were contained at a 1.7% increase, or a 3% decrease holding the fuel price constant. In 2005, a 40% hedge at \$0.95 per gallon of jet fuel in Q1 will taper off through the year to 13% hedged at \$1.31 per gallon for Q4.

Exhibit 21: AirTran Airways Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	AverageAge
Boeing (McDonnell-Douglas) DC-9	32 (Stage 3 Hushkits)	—	1	1	—	1	—	37
Boeing 717	200	79	—	79	9	88	—	4
Boeing 737 (NG)	700	9	—	9	43	52	48	1
		88	1	89	52	141	48	4

Source: Airclaims CASE database, January 2005.

AirTran took delivery of six 717s and eight 737-700s in 2004. Although this capacity was deployed profitably, the carrier has to put to work six more 717s and 13 737s in 2005. The net capacity gain in 2005 will be around 19%, according to the company, as some wet leases are terminated and replaced with new owned aircraft. Roughly a quarter of the new capacity will be deployed on coast-to-coast routes, according to the company, with the rest serving in the company's westward expansion. In 2006, 17 more 737s are coming followed by 10 in 2007 and four in 2008.

ALASKA AIRLINES

Alaska Air Group reported a full-year net loss of \$15.3 million versus net income of \$13.5 million in 2003. At the mainline, Alaska's performance stands out as the only carrier to add to revenue faster than capacity. Full-year operating revenue growth of 10.1% exceeded capacity expansion of 7.1%, representing a significant accomplishment. Besides disciplined capacity management, Alaska's per seat revenue has also benefited from its absence from the competitive East Coast market. Traffic gained 11.5% versus 2003, leading the load factor up to 72.9%. CASM added 5.8% to reach 10.41 cents.

Alaska has no orders beyond two 737s due for delivery this year.

Exhibit 22: Alaska Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Boeing 737 (JT8D)	200C Advanced (Stage 3 Hushkits)	3	1	4	—	4	—	24
Boeing 737 (JT8D)	200QC Advanced (Stage 3 Hushkits)	3	1	4	—	4	—	23
Boeing 737 (CFMI)	400	40	—	40	—	40	—	10
Boeing 737 (NG)	600/700/800/900	—	—	—	—	0	4	0
Boeing 737 (NG)	700	21	—	21	—	21	—	4
Boeing 737 (NG)	700 Winglets	1	—	1	—	1	—	5
Boeing 737 (NG)	800 Winglets	—	—	—	2	2	—	0
Boeing (McDonnell-Douglas) MD-80	82 (MDC)	—	1	1	—	1	—	23
Boeing (McDonnell-Douglas) MD-80	83 (MDC)	26	—	26	—	26	—	13
Boeing 737 (NG)	900	12	—	12	—	12	10	3
		106	3	109	2	111	14	10

Source: Airclaims CASE database.

Alaska is the second largest North American operator of 737-400s with 40 of the type in service. Two new 737-800s are scheduled for delivery later this year with no longer-term orders.

Eleven new Airbus narrowbodies will be delivered in 2005.

AMERICA WEST AIRLINES

America West reported a full-year loss of \$89.9 million versus net income of \$57.4 million in 2003. Operating revenue improved 3.7% for the year on 9.6% increased traffic and 8.1% more capacity. Faster growth in passenger traffic than available seats meant planes were flying fuller at an average 77.4% load factor. Yield declined 5.2% to 9.41 cents and RASM was 7.29 cents, lower than 2003 by 3.8%. CASM was down 1.9 cents and unrestricted cash ended 2004 at \$305.7 million.

Exhibit 23: America West Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	LOI	Option	Average Age
Airbus A318	120 (P&W)	—	—	—	15	15	—	16	0
Airbus A319	130 (IAE)	33	—	33	9	42	—	—	4
Airbus A320	230 (IAE)	54	—	54	14	68	25	—	9
Boeing 737 (CFMI)	300	37	—	37	—	37	—	—	17
Boeing 737 (JT8D)	200 Advanced (Stage 3 Hushkits)	1	4	5	—	5	—	—	23
Boeing 757	200 (RR)	13	—	13	—	13	—	—	18
		138	4	142	38	180	25	16	11

LOI: Letter of intent.

Source: Airclaims CASE database.

The most notable news on aircraft deployment for America West was its decision to withdraw from the transcontinental market by the summer. The 757-200s that served this market will shift to Latin American service and other destinations. The company will take delivery of 11 Airbus narrowbodies in 2005 but has indicated that net fleet additions will be around five aircraft. Deliveries scheduled for 2006 total 12 more Airbus narrowbodies and one in 2007. The airline took delivery of two A320s and an A319 in 2004. The last 737-200s were phased out on Jan. 27, having been reduced from 10 at year-end 2003.

JETBLUE AIRWAYS

JetBlue reported full-year net income of \$47.5 million. In 2004, operating revenue gained 26.8% aided by the employment of 38.6% more seats. Matched increases in traffic (up 36.5%) and capacity (up 38.6%) kept load factors basically flat at 83%, but yield slipped 7.3% to an average 7.76 cents for the year. On the cost side, the carrier's hedging program restricted the CASM increase to 0.3%, or a commendable 6.10 cents. Going into 2005, JetBlue is about 20% hedged at \$30 per barrel.

After absorbing 16 A320s in 2004, fleet plans in 2005 include the introduction of 15 more A320s and seven ERJ-190s.

Exhibit 24: Jet Blue Airways Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Airbus A320	230 (IAE)	70	—	70	113	183	20	2
Embraer 190		—	—	—	100	100	100	0
		70	0	70	213	283	120	2

Source: Airclaims CASE database.

Southwest will add a net 29 aircraft in 2005 on the heels of 29 net additions in 2004.

SOUTHWEST AIRLINES

Southwest reported 2004 net income of \$313 million compared with \$442 million a year earlier (\$298 million net income in 2003 when excluding a government grant). Passenger revenue improved 10.0% aided by an 11.4% boost in traffic and 7.1% greater capacity. Load factor for the year was 69.5% compared with 66.8% the previous year. RASM increased 2.8% to 8.5 cents but yield was slightly lower at 11.76 cents compared with 11.79 cents a year earlier. Fuel costs net of hedging gains decreased 1.3% for Southwest in Q4. Going into 2005, the airline is 85% hedged at \$26 per barrel in Q1 and 80% hedged at \$26 per barrel the rest of the year.

Exhibit 25: Southwest Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Option LOI	Average Age
Boeing 737 (CFMI)	300	194	—	194	—	194	—	—	14
Boeing 737 (CFMI)	500	25	—	25	—	25	—	—	14
Boeing 737 (JT8D)	200 Advanced (Stage 3 Hushkits)	4	4	8	—	8	—	—	22
Boeing 737 (NG)	700	29	—	29	—	29	—	—	4
Boeing 737 (NG)	700 Winglets	164	—	164	86	250	47	217	3
		416	4	420	86	506	47	217	9

LOI: Letter of intent.

Source: Airclaims CASE database.

Southwest managed to keep its revenue per seat profile intact despite double-digit capacity expansion in 2004. The airline added a net 29 aircraft in the year after taking in 47 new 737NG and kicking out 18 737-200s. Looking to 2005, Southwest will again add 29 net aircraft to end the year with a fleet of 444 aircraft, which will be another 10.5% ASM increase according to the company. Management has on several occasions expressed an interest in opportunities to absorb used aircraft that could come out of a US Airways asset sale scenario.

INDEPENDENCE AIR

The parent company for Independence Air will announce Q4 results on Feb 25, and management has indicated that the numbers will be in line with Q3 results. In Q3 2004, the company reported operating income of \$119.6 million, down almost 50% from Q3 2003 and resulting in a net loss of \$82.7 million. Q3 load factor was 53% and CASM was 21.8 cents.

Independence Air will enter the transcontinental market in April with new A319s. Carriers pulling back from the coast-to-coast market include America West, which will completely exit the market, and United, which will significantly reduce transcon capacity. American, ATA and Frontier are also on the list of airlines that have tried and abandoned transcon routes.

Independence has negotiated the early termination of 24 CRJ leases in 2005.

Exhibit 26: Independence Air Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Airbus A319	130 (IAE)	6	—	6	22	28	49	1
Bombardier (Canadair) CRJ Regional Jet	200ER	83	—	83	34	117	—	4
		89	0	89	56	145	49	4

Source: Airclaims CASE database.

On Feb 22, Independence announced the early termination of leases on 24 CRJ 200s, which includes the 10 early returns announced in January. The fleet revisions will leave Independence operating 58 CRJs in July, down from 87 in November 2004. A319s in operation, currently at six, will total 12 by midyear.

ATA AIRLINES

ATA has signaled a reduced commitment to the 757 by auctioning off seven 757s on Feb. 17.

ATA will use its time in bankruptcy to trim some of its fleet, but probably not the obvious target, the three-engine L1011 TriStars. All but one of these are owned by the airline. Instead, ATA has signaled a reduced commitment to the 757 by auctioning off seven 757s on Feb. 17. The 757s are mostly leased (and about half of those leases were signed pre-9/11), making this the focal point of the company's fleet and lease rate restructuring in bankruptcy.

Exhibit 27: ATA Airlines Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Boeing 727	200 Advanced (Stage 3 Hushkits)	—	1	1	—	1	—	26
Boeing 737 (NG)	800 Winglets	30	3	33	7	40	40	3
Boeing 757	300 (RR)	12	—	12	—	12	—	3
Boeing 757	200 (RR)	15	—	15	—	15	—	7
Lockheed L-1011 TriStar	100	1	1	2	—	2	—	26
Lockheed L-1011 TriStar	150	—	1	1	—	1	—	32
Lockheed L-1011 TriStar	500	4	1	5	—	5	—	23
Lockheed L-1011 TriStar	50	—	4	4	—	4	—	31
		62	11	73	7	80	40	8

Source: Airclaims CASE database

AIR CANADA

Air Canada's time in bankruptcy allowed the airline to make adjustments to its active fleet. The airline took 747s out of service, having had nine in its fleet prebankruptcy. 747 eliminations included one airline-owned jet and four leased planes. Similarly, all 737-200s were taken out of service (16 in the fleet at the bankruptcy filing). The Air Canada reorganization had a widespread effect on aircraft ABS deals, resulting in early terminations and partially unrecovered rental arrears. All Air Canada owned 737-200s are in storage.

The Air Canada reorganization had a widespread effect on aircraft ABS deals, resulting in early terminations and partially unrecovered rental arrears.

Exhibit 28: Air Canada Current Fleet

Aircraft Manufacturer and Type	Variant	In Service	Stored	Current Total	On Order	Grand Total	Option	Average Age
Airbus A319	110 (CFM)	48	—	48	—	48	—	6
Airbus A320	210 (CFM)	47	—	47	—	47	—	12
Airbus A321	210 (CFM)	13	—	13	—	13	—	4
Airbus A330	340 (RR)	8	—	8	—	8	—	4
Airbus A340	310 (CFM)	9	—	9	—	9	—	8
Airbus A340	540 (RR)	2	—	2	—	2	—	2
Airbus A340	640 (RR)	—	—	—	3	3	—	0
Boeing (McDonnell-Douglas) DC-9	32 (Stage 3 Hushkits)	—	12	12	—	12	—	34
Boeing (McDonnell-Douglas) MD-11	Freighter (M) (GE)	1	—	1	—	1	—	14
Boeing 737 (JT8D)	200 Advanced (Stage 3 Hushkits)	—	9	9	—	9	—	24
Boeing 747	200B Combi (P&W)	—	3	3	—	3	—	28
Boeing 747	400 (GE)	—	1	1	—	1	—	15
Boeing 747	400 Combi (P&W)	—	1	1	—	1	—	14
Boeing 767	200 (P&W)	4	5	9	—	9	—	22
Boeing 767	200EM (P&W)	1	4	5	—	5	—	21
Boeing 767	200ER (P&W)	7	—	7	—	7	—	16
Boeing 767	300ER (GE)	20	—	20	—	20	—	12
Boeing 767	300ER (P&W)	10	—	10	—	10	—	11
Bombardier (Canadair) CRJ Regional Jet	200ER	—	—	—	—	0	—	0
Bombardier (Canadair) CRJ700 Regional Jet	705LR	—	—	—	15	15	—	0
Embraer 175	—	—	—	—	—	0	—	0
Embraer 190	LR	—	—	—	45	45	45	0
		170	35	205	63	268	45	12

Source: Airlclaims CASE database.

DISCLOSURE APPENDIX

Additional information is available on request.

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