

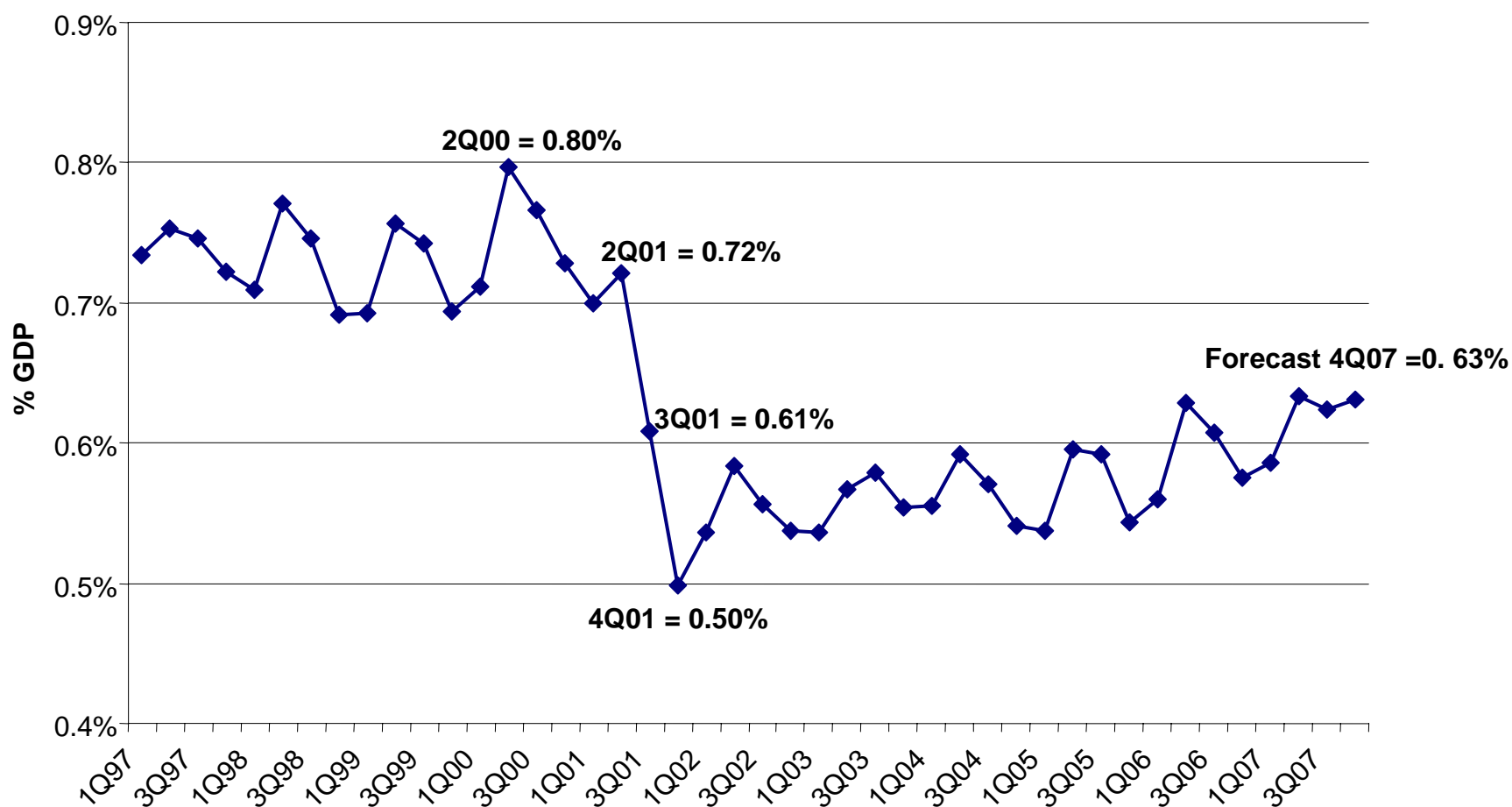
Airline/Corporate Partnerships: The Key to Long Term Value

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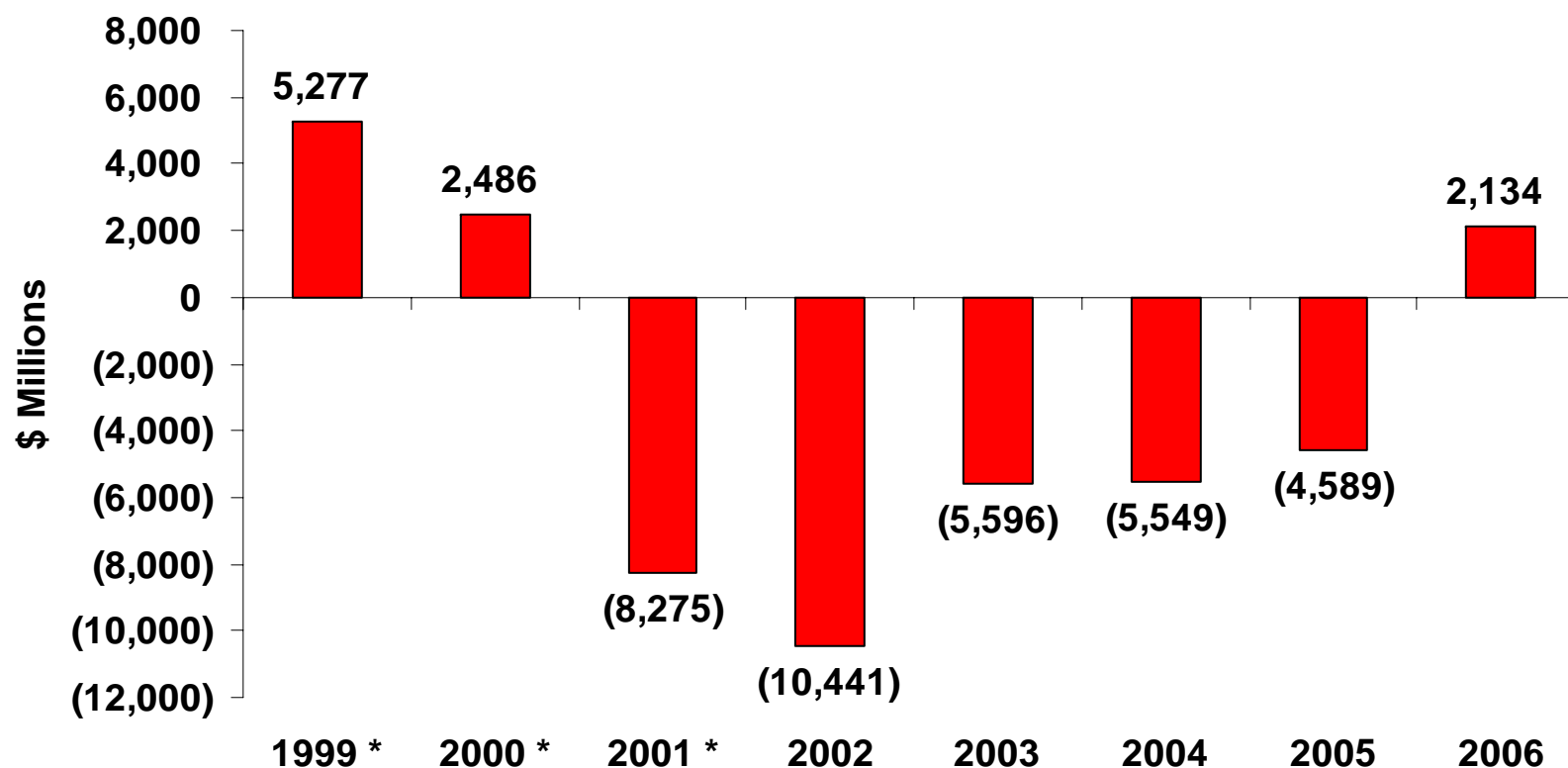
American Airlines

Domestic Air Revenue as a % of GDP



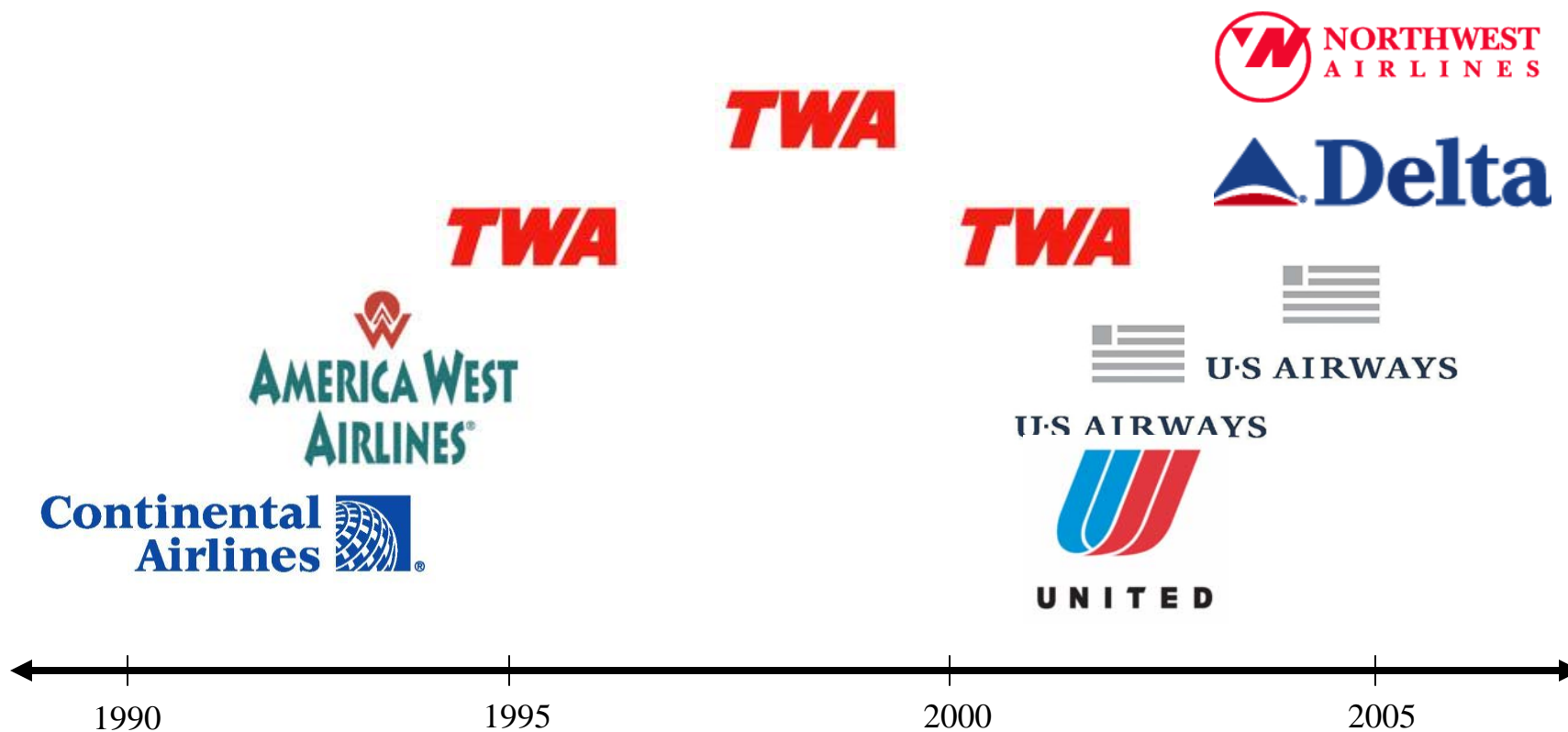
Airline Industry Earnings

Industry Pre-Tax Earnings 1/



1/ Industry includes the following carriers: AA, AS, B6, CO, DL, F9, FL, HP, NW, UA, US and WN; excluding special items

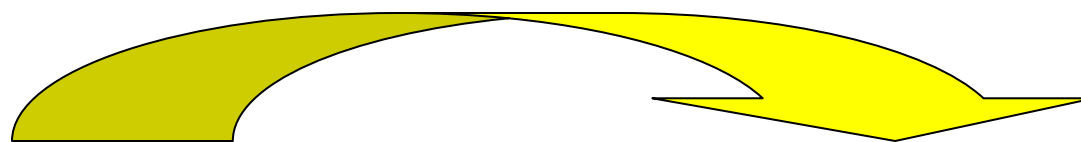
Major US Carrier Bankruptcies



Travel Buying Process

- **Trend of travel manager reporting up to the purchasing organization**
 - **Expertise in managing the procurement process**
 - **Bringing external resources to help in the process**
- **However, by making this move, there may be a lot of value left on the table**

Evolution of the buying process

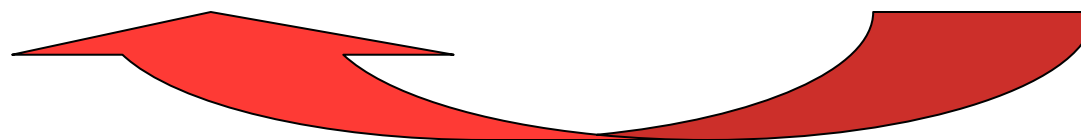


Relational Buying

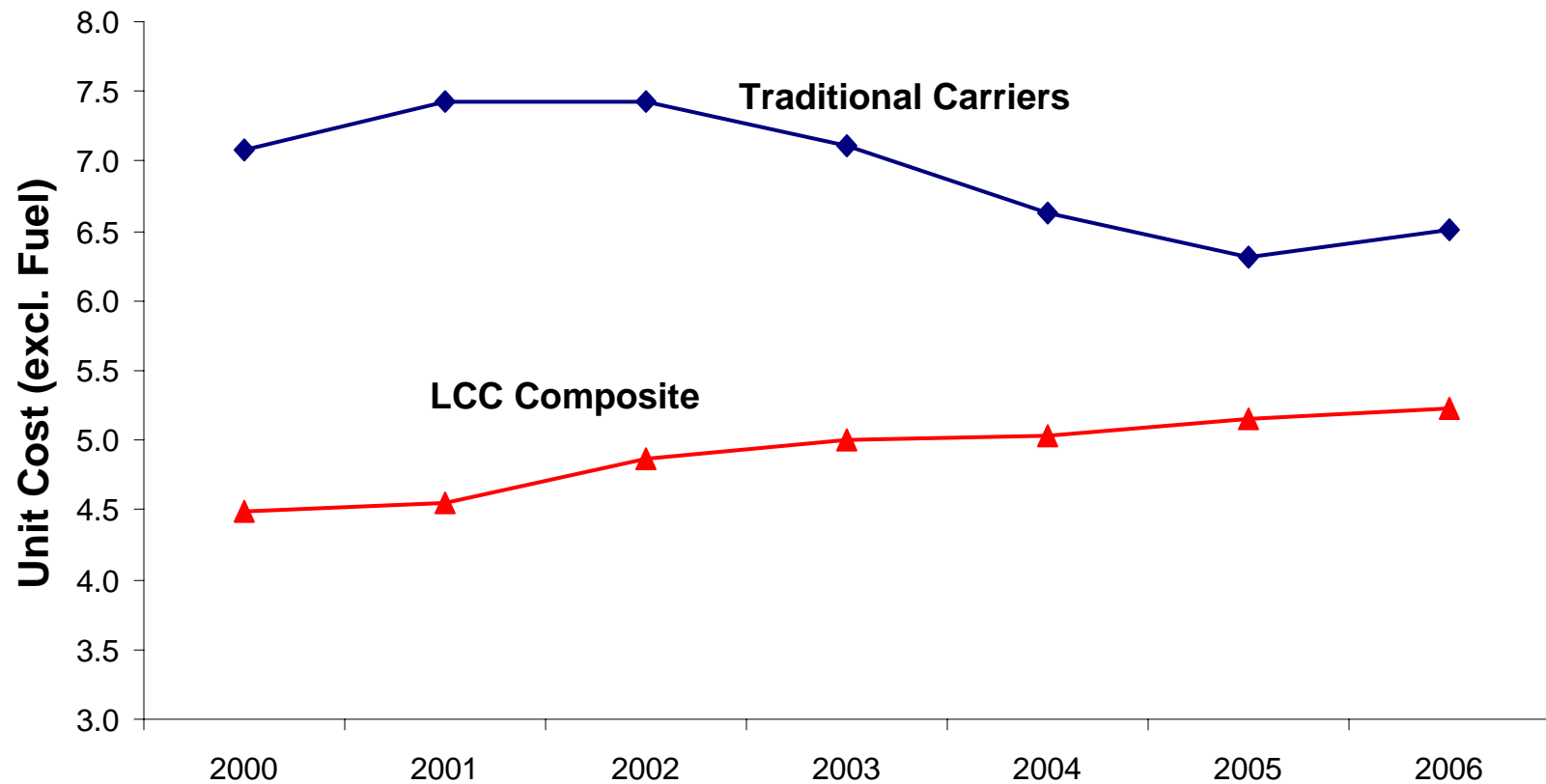
- Strong supplier to business relationship
- Long term focus on value proposition
- More complex contracts with higher rewards

Transactional Buying

- Multiple suppliers
- Short term goal of minimizing travel spend
- Simplified corporate agreements



Narrowing Cost Disadvantages



LCC Composite includes WN, B6, FL

Time for Change

- **Investing in new products and services to better serve customers**
- **Going back to the relational buying experience**
 - **Stronger relationships can bring greater value proposition**
 - **Matching travel needs to what an airline can provide**

Which type of carriers?

- **Network Carriers**
 - Major international network
 - Strong alliances
 - Sense of familiarity
 - Various levels of service and recognition
 - Ability to serve all levels of corporate travelers
 - Having the assets/leverage to create new processes and technology
- **Low Cost/Specialty Carriers**
 - Limited scope
 - Typically, just one product offering
 - No strategic global alliances
 - Constantly changing environment

Benefits of a Stronger Relationship

- **Newer technology leads to automation**
 - **With technology comes greater accountability**
- **Fewer touchpoints, reducing cost and increasing seamless transactions**
- **Shifting the power/influence back into the hands of the travel managers**