

Economic and Financial Analysis Committee

Industry Financials

4th Quarter 2025

Industry Scorecard

4Q 2025 (with comparisons to 4Q 2024)

4Q25	Key Financial Metrics (non-GAAP) - 4Q25					Unit Level Metrics (non-GAAP) - 4Q25 (y/y change)				
Airline	Operating Revenue (\$ mil)	Operating Profit (Loss) (\$ mil)	Operating Margin	Net Profit (Loss) (\$ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM ¹	CASM-ex ²	Fuel (\$/gal) ³
Delta	14,606	1,471	10.1%	1,015	6.9%	(0.9%)	1.3%	(0.1%)	4.0%	\$2.28
United	15,397	1,378	8.9%	1,014	6.6%	5.9%	6.5%	(1.6%)	0.4%	\$2.49
American	13,999	489	3.5%	106	0.8%	1.5%	4.2%	(1.6%)	3.7%	\$2.42
Southwest	7,442	380	5.1%	301	4.0%	3.2%	5.8%	(0.2%)	0.8%	\$2.45
Alaska	3,632	110	3.0%	50	1.4%	(0.7%)	2.2%	0.6%	1.3%	\$2.57
jetBlue	2,244	(99)	(4.4%)	(181)	(8.1%)	(2.5%)	(1.6%)	0.1%	6.8%	\$2.51
Frontier	997	49	4.9%	53	5.3%	0.9%	0.1%	(0.6%)	(1.1%)	\$2.44
Allegiant ⁴	656	85	12.9%	50	7.6%	12.0%	10.5%	(2.6%)	(3.4%)	\$2.61
Sun Country ⁵	281	20	6.9%	9	3.3%	(6.7%)	(9.8%)	9.1%	12.1%	\$2.56
Total	59,254	3,882	6.6%	2,417	4.1%					

¹ TRASM for airlines that report it

² CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting

³ Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives

⁴ Airline-only operations

⁵ Includes AMZN cargo ops

Industry Scorecard

Full Year 2025 (with comparisons to Full Year 2024)

FY25	Key Financial Metrics (non-GAAP) - FY25					Unit Level Metrics (non-GAAP) - FY25 (y/y change)				
Airline	Operating Revenue (\$ mil)	Operating Profit (Loss) (\$ mil)	Operating Margin	Net Profit (Loss) (\$ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM ¹	CASM-ex ²	Fuel (\$/gal) ³
Delta	58,287	5,804	10.0%	3,802	6.5%	1.4%	3.3%	(1.0%)	2.4%	\$2.30
United	59,070	4,972	8.4%	3,491	5.9%	5.1%	6.1%	(2.5%)	0.5%	\$2.44
American	54,633	1,629	3.0%	237	0.4%	0.6%	2.2%	(1.4%)	4.6%	\$2.39
Southwest	28,063	539	1.9%	512	1.8%	(2.2%)	1.6%	0.1%	3.1%	\$2.41
Alaska	14,239	550	3.9%	293	2.1%	20.7%	22.1%	(0.6%)	5.7%	\$2.52
jetBlue	9,062	(338)	(3.7%)	(593)	(6.5%)	(2.6%)	(1.6%)	(0.7%)	6.2%	\$2.49
Frontier	3,775	(98)	(2.6%)	(137)	(3.6%)	29.8%	(0.3%)	(1.1%)	8.8%	\$2.47
Allegiant ⁴	2,546	144	5.7%	94	3.7%	10.7%	12.9%	(7.5%)	(6.1%)	\$2.55
Sun Country ⁵	1,127	110	9.7%	61	5.4%	(5.1%)	(4.3%)	3.1%	7.6%	\$2.56
Total	230,802	13,311	5.8%	7,759	3.4%					

¹ TRASM for airlines that report it

² CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting

³ Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives

⁴ Airline-only operations

⁵ Includes AMZN cargo ops

Fourth Quarter Mixed But Projecting Strong Growth in 2026

Fourth Quarter Synopsis

- **Delta** and **United** posted robust results. **American** and **Alaska** reflected higher costs which translated into lower than forecast profitability while JetBlue continues to lose money as they implement the “JetForward” strategy. **Southwest** was able to surpass its revised 2025 \$500M EBIT goal by \$74M.
- Premium/Loyalty continue to lead rev. generation. RASM broadly flat to slightly down, reflects weaker pricing.
- Higher costs due to winter storms, labor and fuel for some carriers (**Alaska** in particular - West Coast refining)
- **Allegiant-Sun Country** merger was “out of left field” according to Wall St. Universally positive response, analysts expect it to pass DOJ scrutiny without much opposition.

First Quarter Forecast

- January off to a good start, with **American** and **Southwest** providing the most pronounced revenue acceleration. Southwest published a very optimistic guide into 2026.
- Capacity grows at a slower rate (2%-3%). Analysts describe it as “largely favorable for the industry”.
- **United** has several labor contracts still open, which implies measurable cost increases, relative to the industry.
- Pilots and other labor groups at **American** increasingly unhappy with the “C” suite, particularly CEO Robert Isom. An APA “vote of no confidence” is rumored.
- Concerns beginning to surface regarding recent job cuts and affordability of passengers to pay extra for premium products.

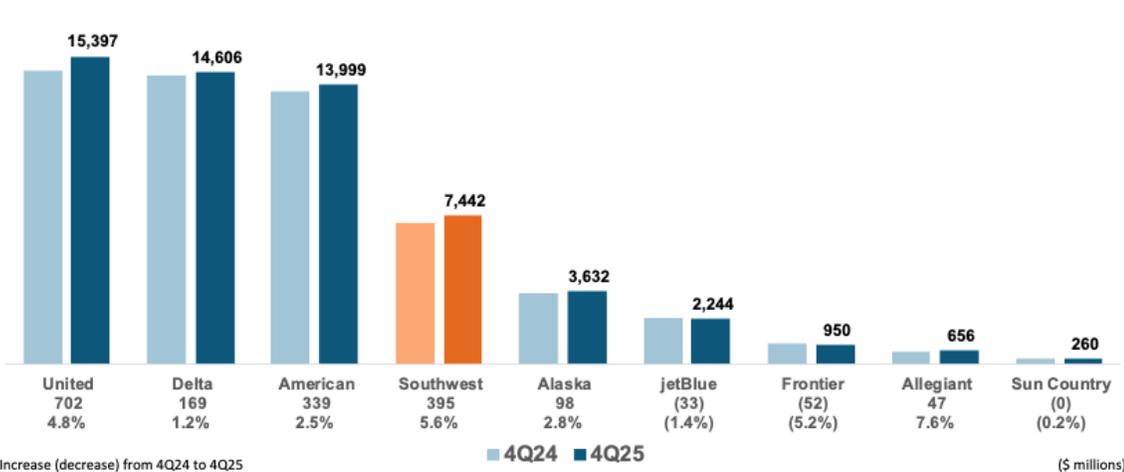
Revenues vs capacity dynamic narrows

Capacity discipline is supporting higher pricing

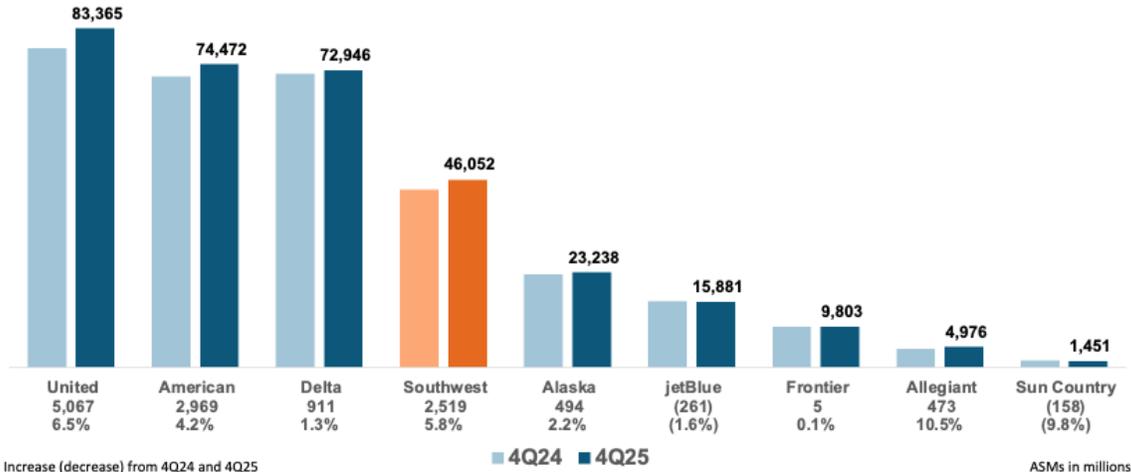
4Q25 revenues were up 2.9% over 4Q24...

... while capacity grew 3.8%

Adjusted Revenues - 4Q 2024 vs. 4Q 2025



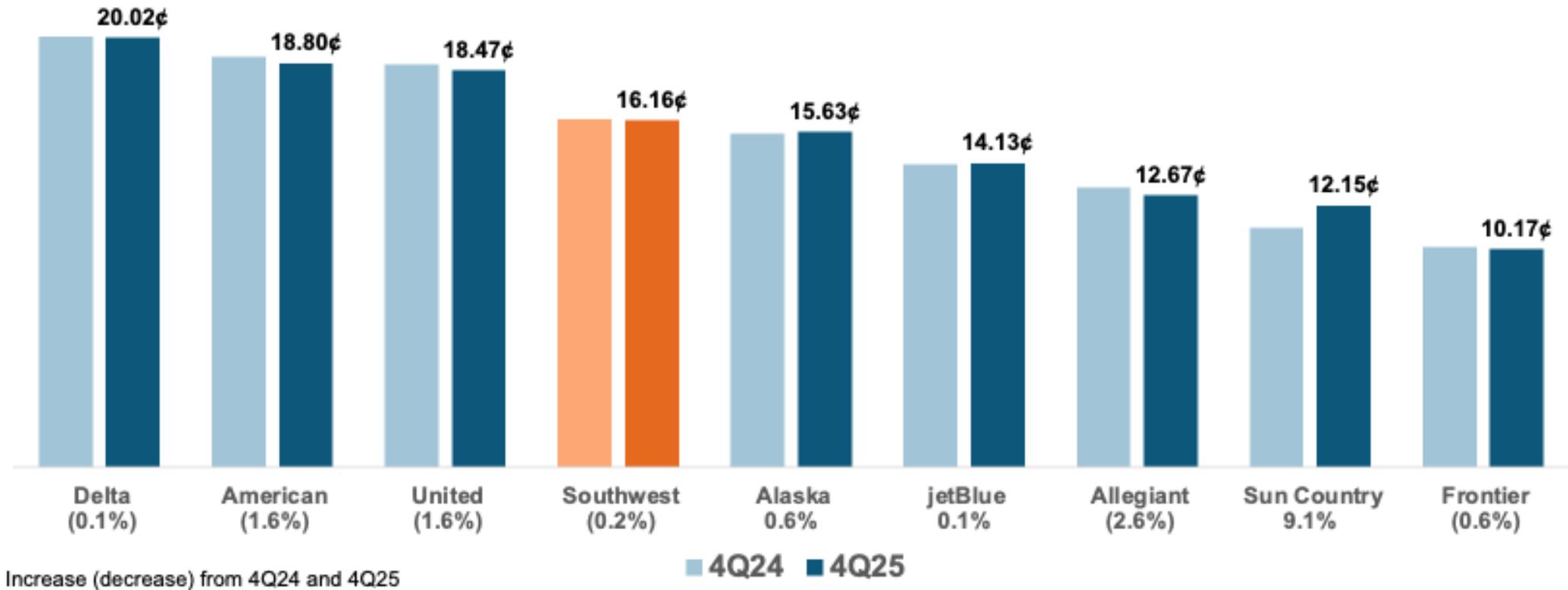
Capacity - 4Q 2024 vs. 4Q 2025



Industry RASM generally flat in 4Q

Increased capacity correlated with lower RASM

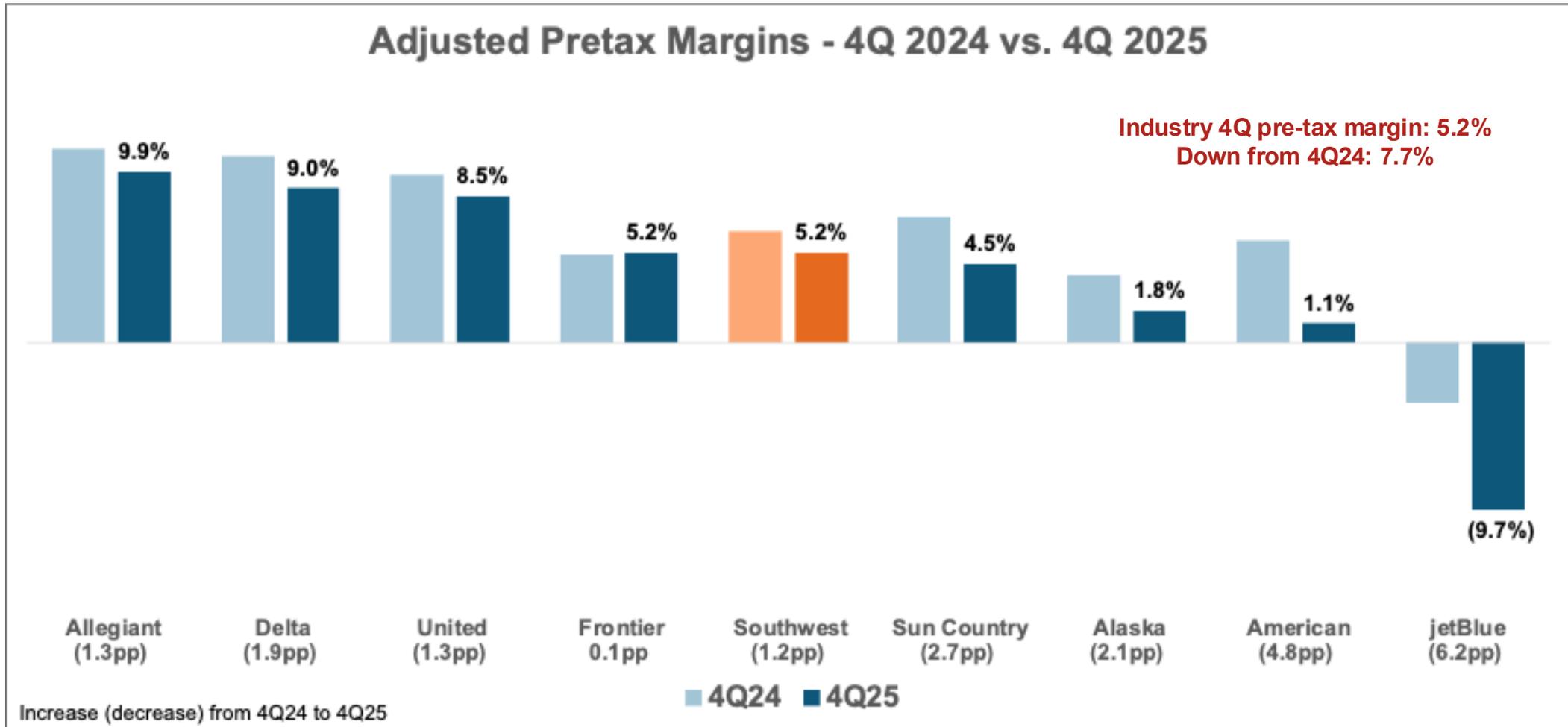
TRASM - 4Q 2024 vs. 4Q 2025



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4Q margins softened slightly

Gov't shutdown cost airlines ~\$1B in revenue

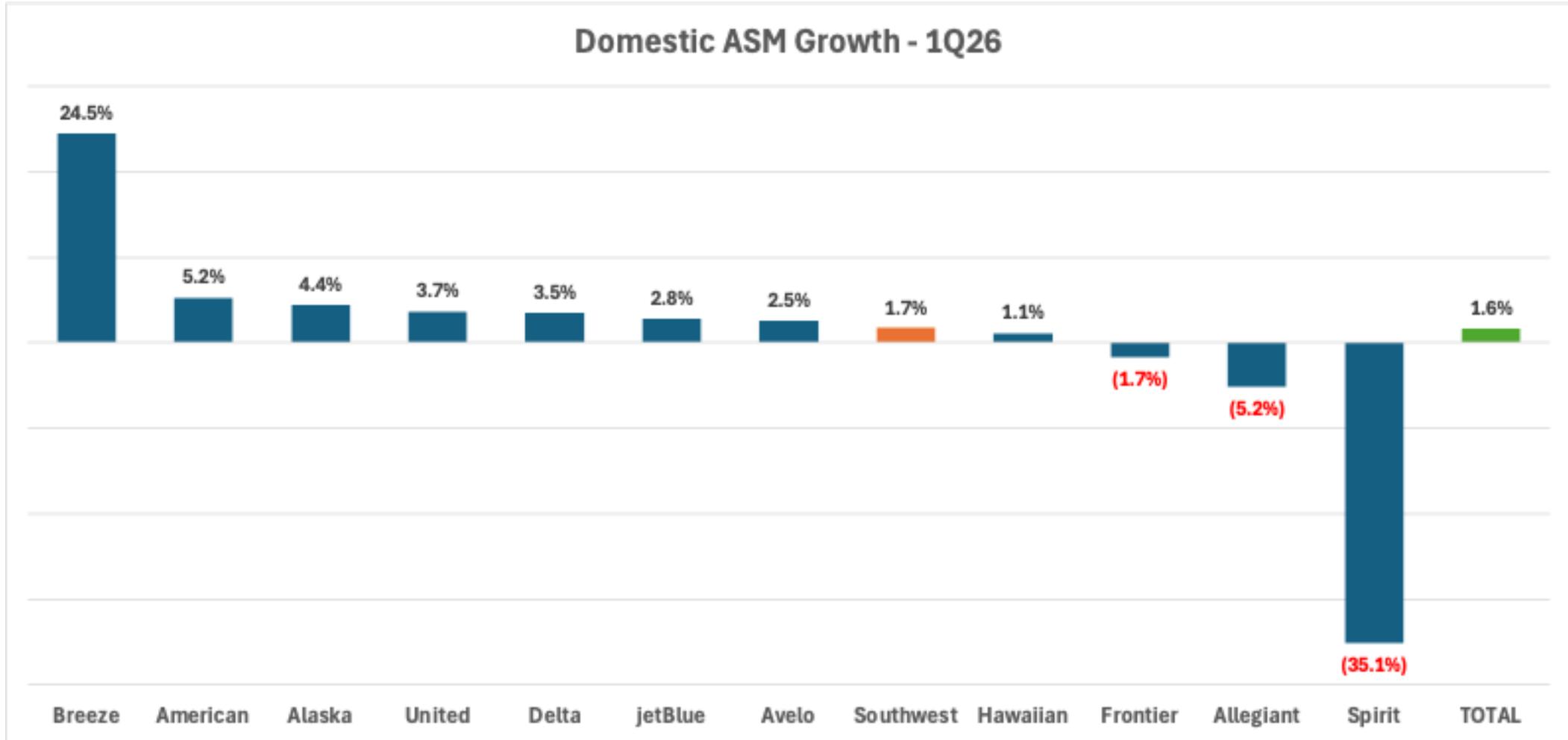


1Q26 and FY2026 guides turn upbeat

Carrier	1Q Guide	FY26 Guide	2026 ASM forecast
American	(\$0.10) - (\$0.50)	\$1.70 - \$2.70 / FY25: \$0.36	
Delta	\$0.50 - \$0.90	\$6.50 - \$7.50 / FY25: \$5.82	~ 3%
United	\$1.00 - \$1.50	\$12.00 - \$14.00 / FY25: \$10.62	
Southwest	\$0.45+	\$4.00+ / FY25: \$0.93	2% - 3%
Alaska	(\$0.50) - (\$1.50)	\$3.50 - \$6.50 / FY25 \$2.48	2% - 3%
JetBlue	Implied ~\$(0.55)	Implied ~\$(0.82) / FY25: (\$1.64)	2.5% - 4.5%
Frontier	(\$0.26) – (\$0.44)	(\$0.40) – (\$0.50) / FY25: \$0.37	~10%
Allegiant	\$2.50 - \$3.50 EPS	> \$8.00 / FY25: \$2.72 (airline)	(0.5%)
Sun Country	None provided		

Sources: Raymond James, company reports

Domestic capacity remains low



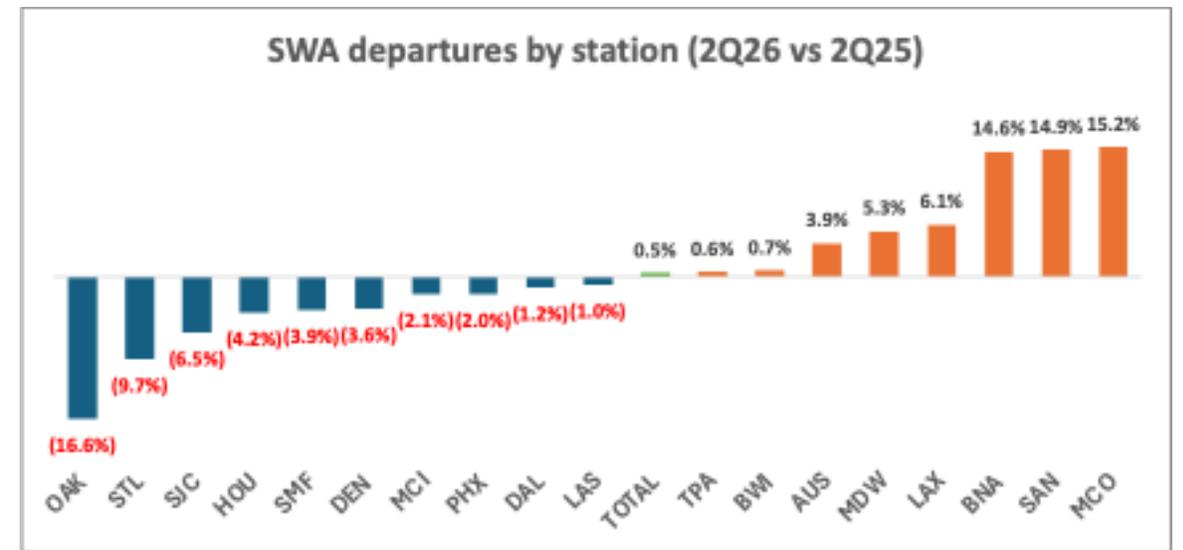
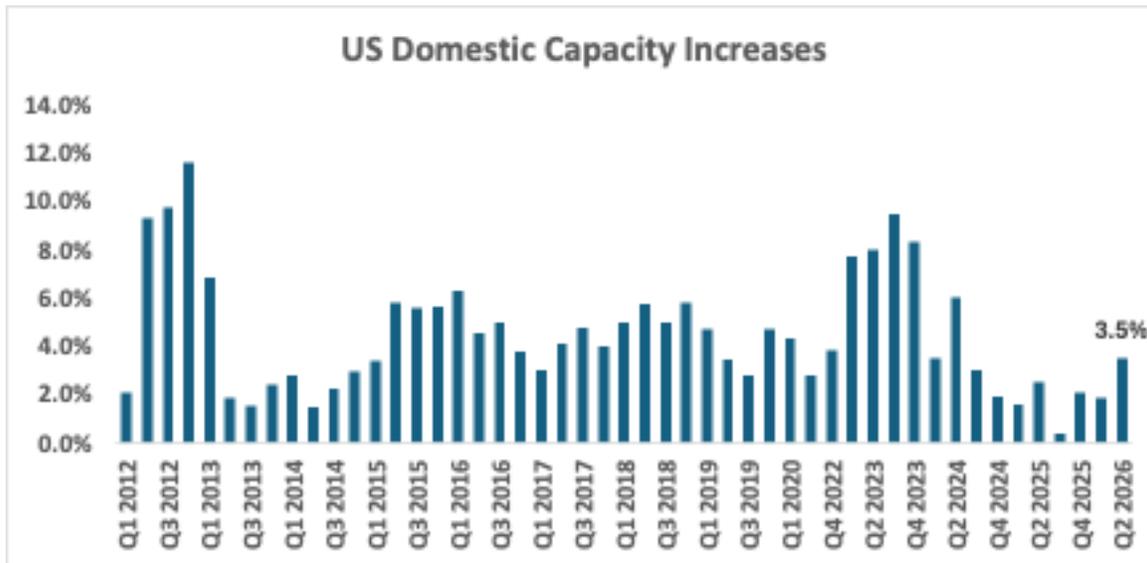
Sources: Cirium Dito

Industry domestic capacity control continues

Domestic capacity remains below GDP – should support higher pricing/2026 RASM gain

1Q26 growth only 1.9%; 2Q26 projects 3.5%

SWA flight activity will increase 0.5% in 2Q26



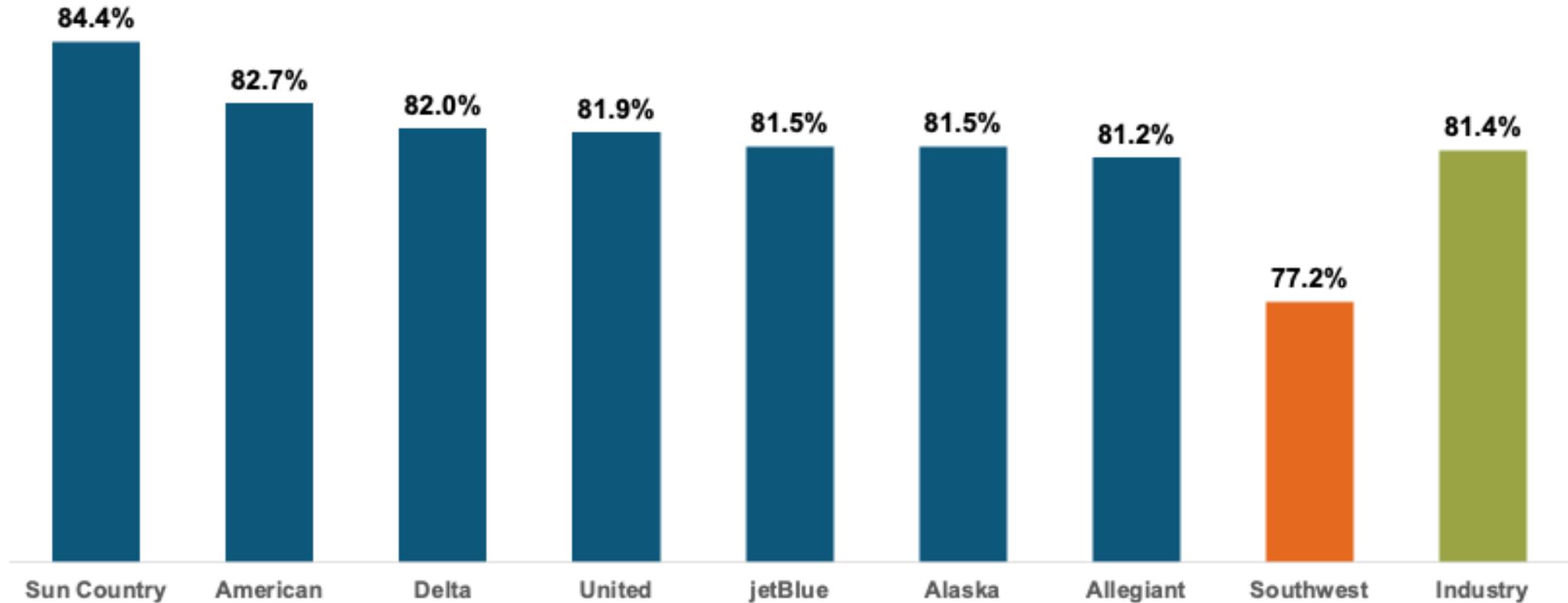
* Note: 2Q20 – 2Q22 removed as not meaningful

1Q: Big 3 +5.1%, SWA +2.0%; ULCCs cut 14.6%
 2Q: Big 3 +4.6%, SWA +0.9%; ULCCs cut 7.9%

BNA, MCO, and SAN are stations seeing highest boost in 2Q departures

SWA still at the bottom of industry load factor

Load Factor - 4Q 2025

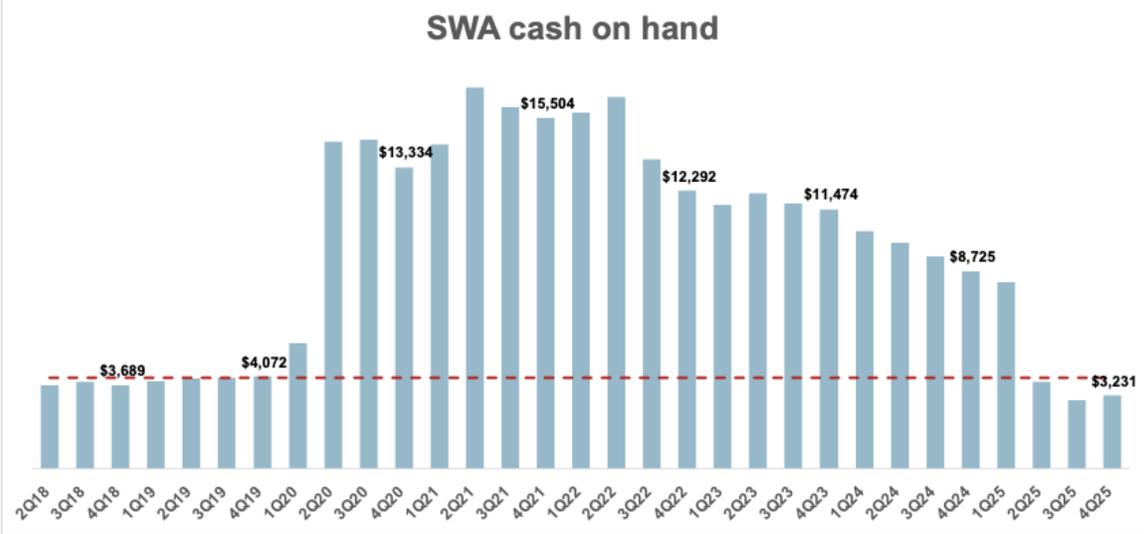


Mismatched gauge (62% -800/MAX8); poor shoulder load factors. Driving more intentional connects

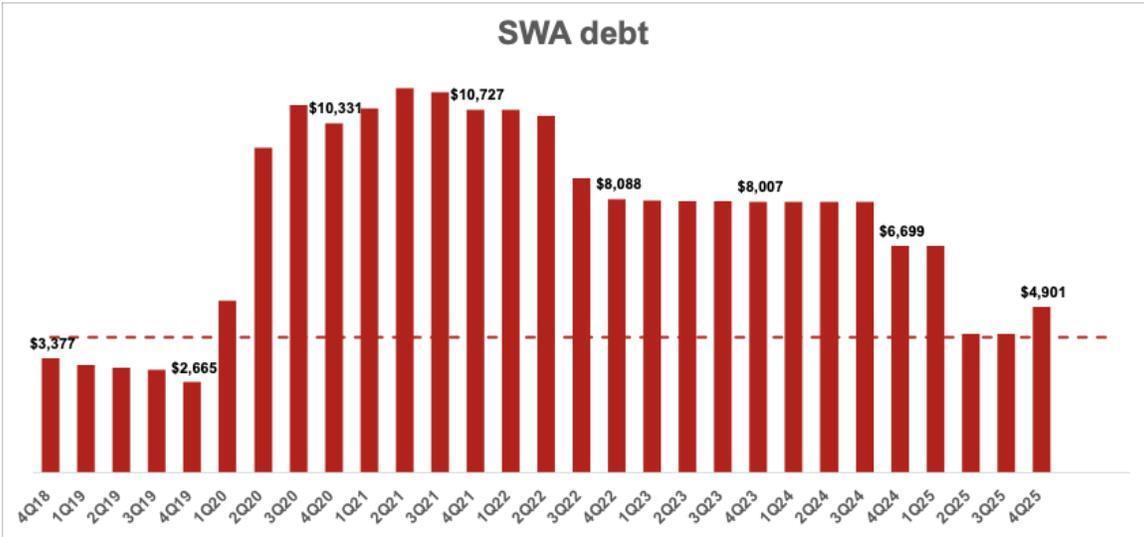
Sources: Diao.net, company reports

SWA's cash and debt profiles return to pre-2020 levels

Cash on hand slightly below at 2019 level



SWA net debt was \$1.08B



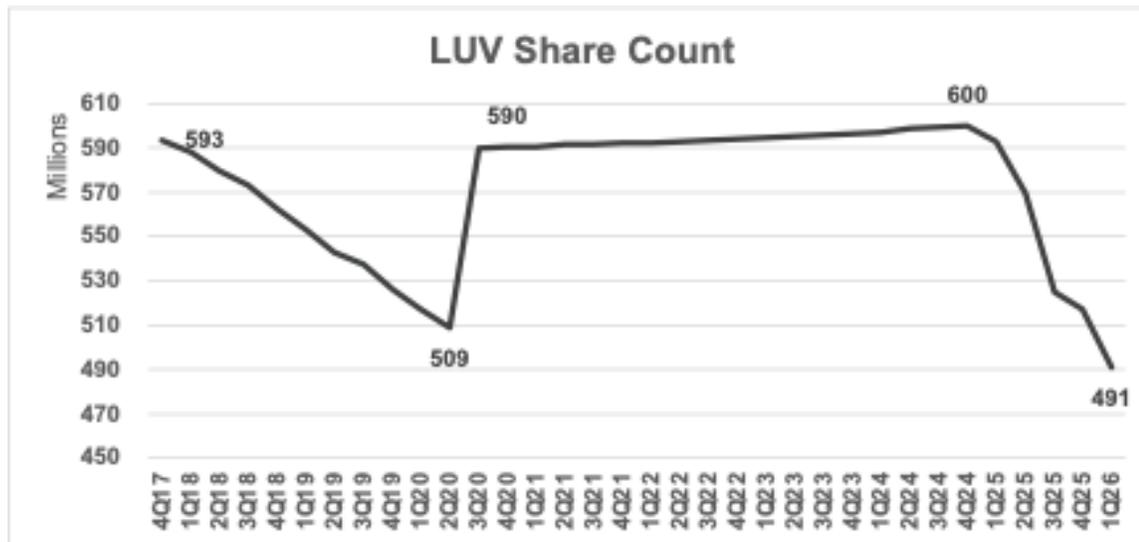
SWA 'liquidity' ~\$4.5B including undrawn \$1.5B revolver

\$1.08B of PSP2/3 notes will reset to higher rate in 2026;
 \$2.1B notes come due in 2027
 Nov 2025: SWA completed \$1.5B loan offering for 2028/2035 notes



SWA share repurchases have significantly lowered share count

LUV share count declined 18% over last 7 quarters

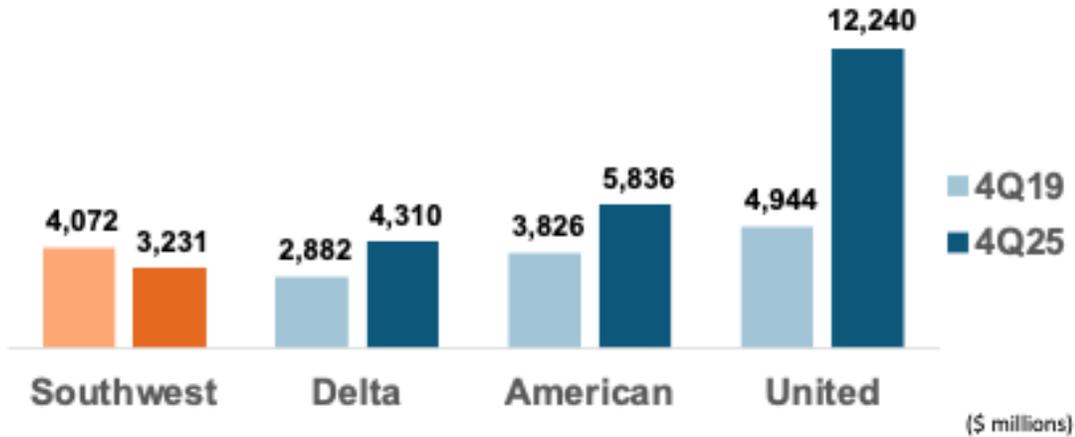


Post-pandemic ASR purchases

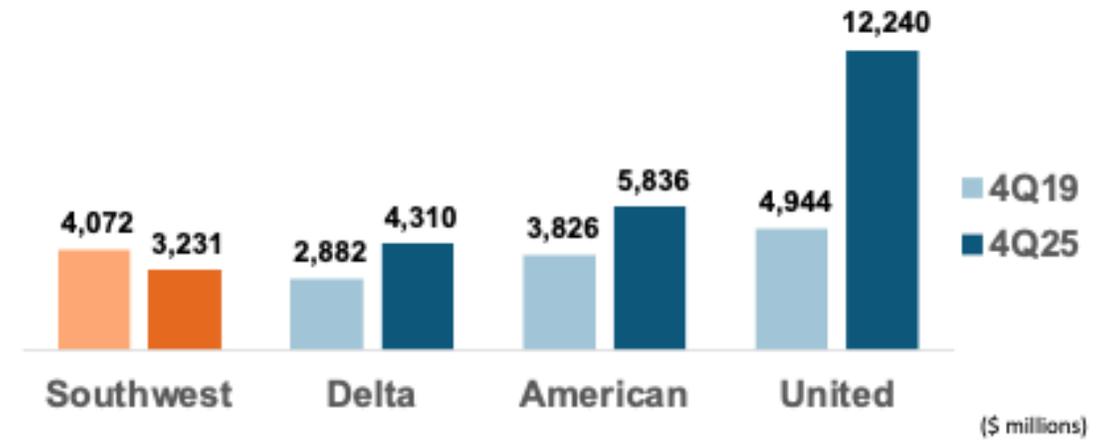
- 3Q24: Canceled 2019 ASR; initiated new \$2.5B
- 4Q24: **7.8m shares:** (\$32.02), \$2.25B remaining
- 1Q25: **24.1m shares:** (\$31.11), \$1.5B remaining
- 2Q25: **46.6m shares:** (\$32.17), 2024 ASR complete
initiated new \$2.5B ASR
- 3Q25: **7.8m shares:** (\$32.14), \$1.75B remaining
- 4Q25: **1.3m shares:** (\$37.57), \$1.7B remaining
- 1Q26: **17.9m shares** (\$41.75); \$950m remaining
- 1Q26: **~8.25m shares** (\$48.50); \$550m remaining

SWA's retains fortress balance sheet

Cash and Short-Term Equivalents – 4Q19 vs 4Q25

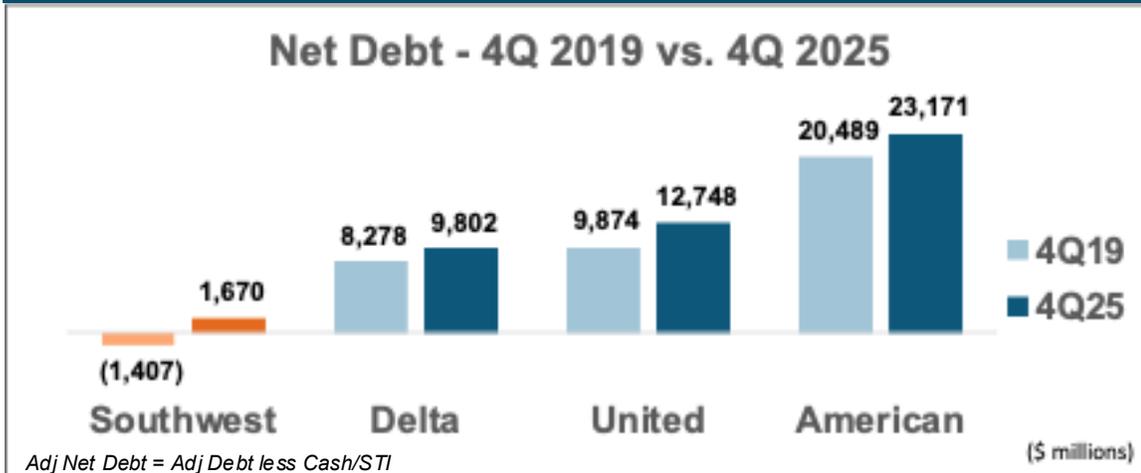


Total Adjusted Debt – 4Q25



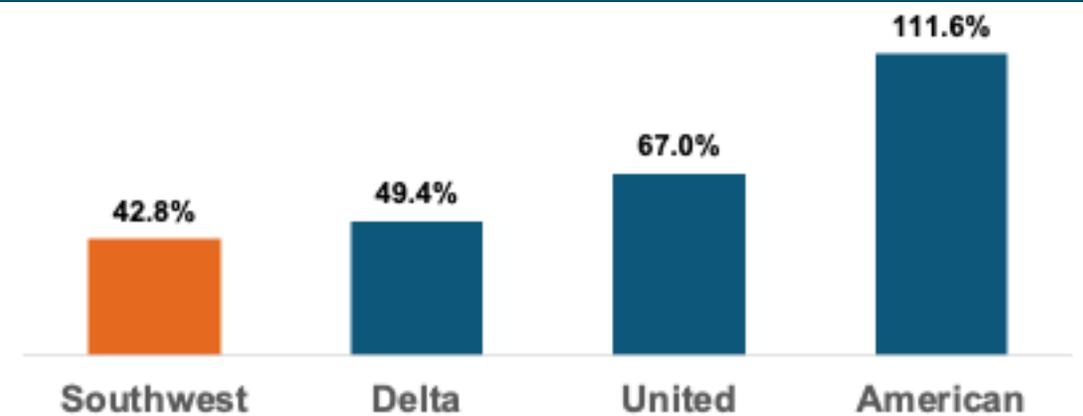
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt - 4Q19 vs 4Q25



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio – 4Q25



Battle for Chicago heating up

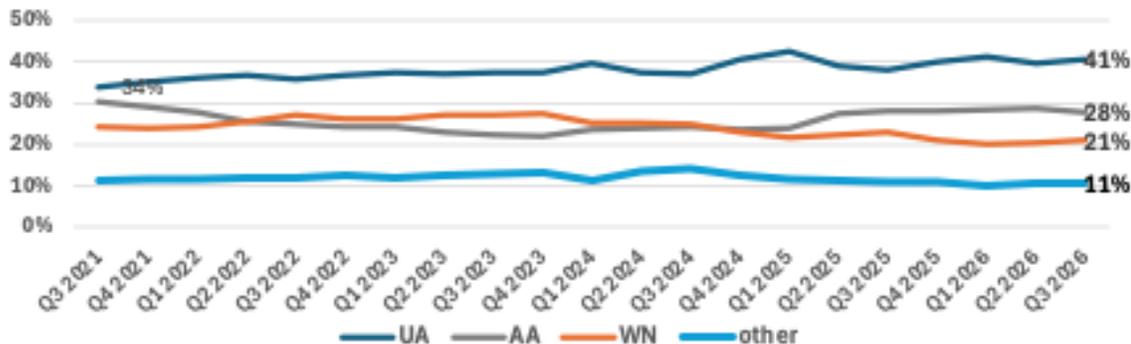
ORD gate allocation strategy is pushing UA and AA to record departures

UA growing departure growth 50% over 5 years

UAL vs AAL Daily Departures at ORD

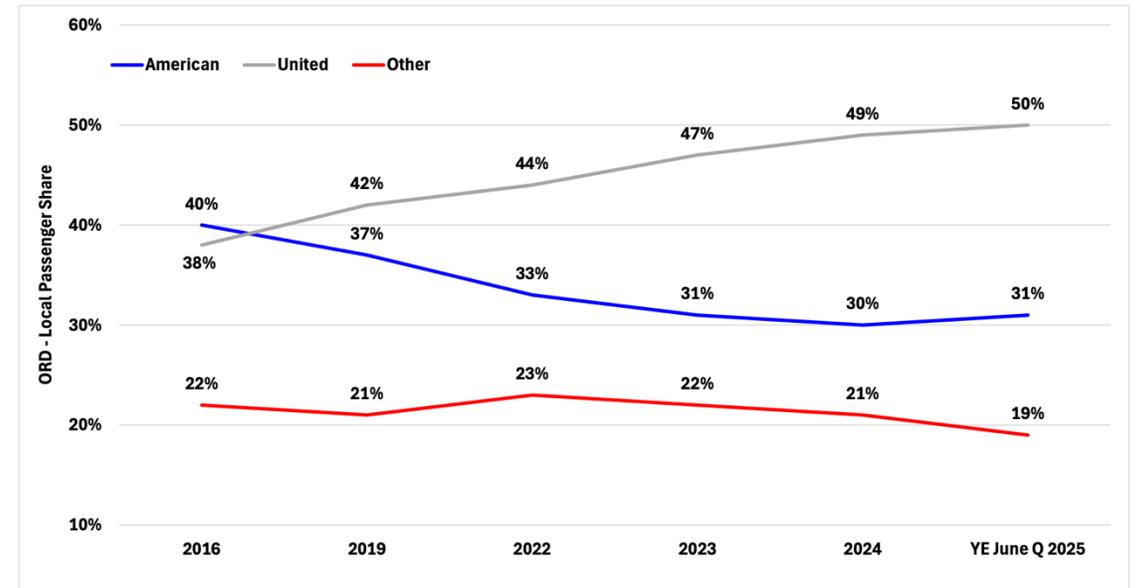


% of Domestic ASMs in Chicago



UA has grown ORD departure O&D share to 50%

Figure 1: O'Hare Hub Origin Local Traffic Share - Annual periods: 2016 - Year End June Q 2025



Note: Share represents annual share of Chicago-based customers.

Sources: United Airlines, Cirium Diio Mi, and Deutsche Bank Airline Research.

Hiring and Pilot Supply Notes

- **American** hired **1,637** in 2025. Hiring approximately **1500-2000** in 2026.
- **Delta** hired **500** in 2025. Early forecast for 2026 shows up to **1000-1500**.
- **United** hired **1,583** in 2025. Hiring approximately **2,500**.
- **Alaska** did not hire in 2025. Hiring in 2026. Hired **90** Jan/Feb.
- **Hawaiian** hired **121** in 2025. Hiring in 2026.
- **JetBlue** did not hire in 2025. No forecast yet for 2026.
- **Southwest** hired **187** in 2025. Planning for **872** hires in 2026.
- **Allegiant** did not hire in 2025. May resume hiring in mid-2026.
- **Frontier** hired **246** in 2025. Hiring **200** in 2026.
- **Spirit** not hiring. Could possibly recall due to large attrition rate.
- **Sun Country** may hire in 2026 depending on attrition.
- **FedEx** not hiring. Still overstaffed by **200-400** by several estimates, not including MD-11 grounding.
- **UPS** hired 244 in 2025. Estimating **200-300** in 2026. Retiring MD-11 fleet which will slow hiring temporarily.
- **Pilot Supply Notes: # of ATP's issued up 12% in December and 5% YoY.** The number of Commercial and ATP's certificates granted continue to exceed 2019 levels by double-digit percentages. **The current oversupply is forecast to revert to a slight undersupply of pilots based on hiring forecasts and scheduled retirements through 2030.**

Global Network Carriers

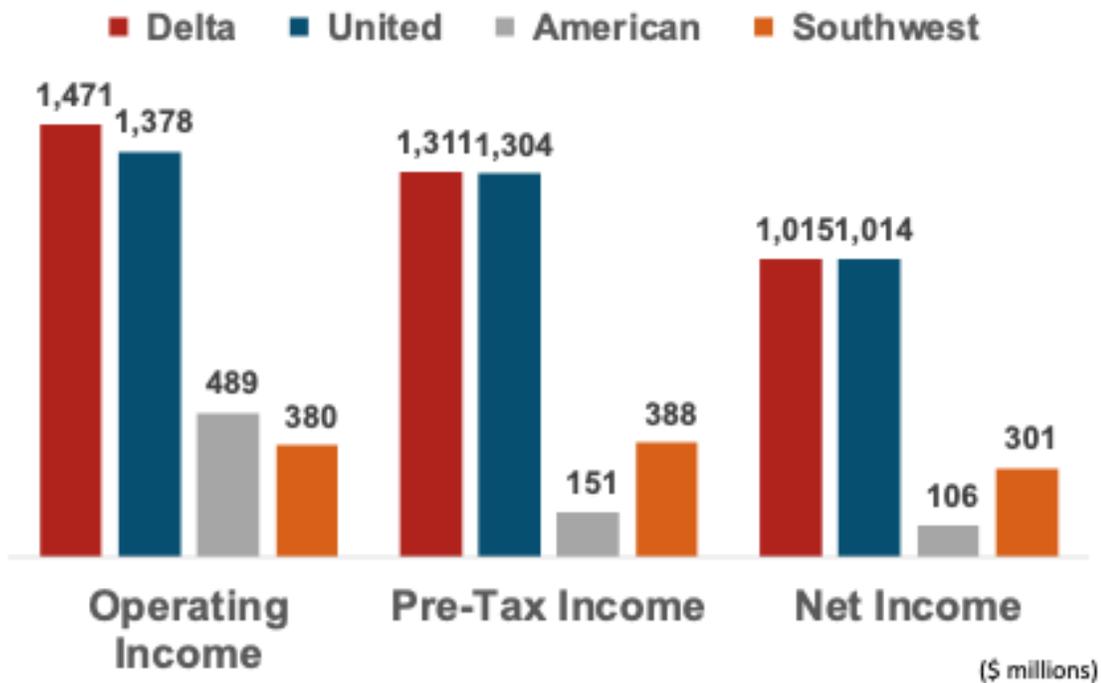


Sources: Airline financial press releases, SEC filings, and SWAPA analysis

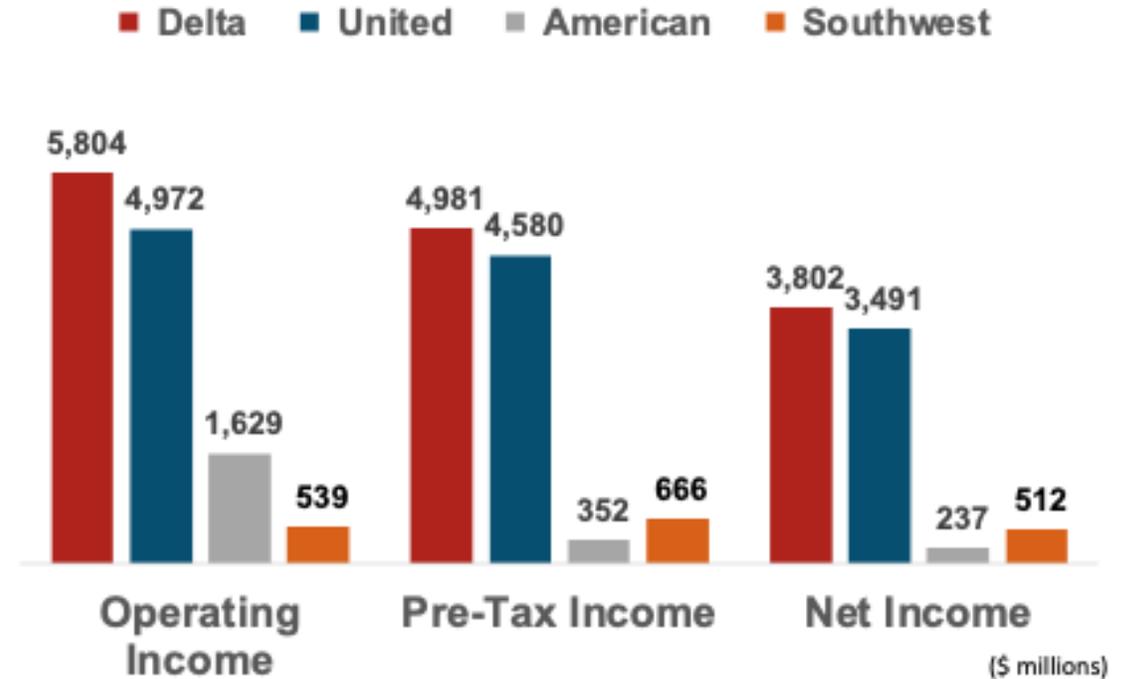
Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

4th Quarter 2025



Full Year 2025



Non-GAAP – excludes special items

American Airlines



American

4Q25 adj. pretax income (loss): \$151M
Management Commentary



- We did the hard work to build a solid foundation for our future. Our balance sheet is the strongest it's been in years. Our fleet is in excellent shape. Thanks to the significant investments we've made, we have low capital requirements and no required aircraft retirements for the foreseeable future. Over the next few years, we will continue to expand our international fleet and premium seating through new deliveries and retrofit programs. And, we have restored our distribution network.
- We're maximizing the power of our network, global reach of our partners to connect more people to more places than any other airline. Our current domestic growth plans for 2026 are focused on scaling hubs where we can grow our local share and fully utilize existing infrastructure.
- **Our 2026 capacity plan includes significant growth in Philadelphia, Miami and Phoenix as we take advantage of near-term opportunities and utilize existing facilities.** Our growth for the year is expected to be evenly balanced across domestic and international entities.
- **With over \$2 billion of free cash flow this year, we expect that by year-end, we will have our lowest level of net debt since the end of 2014.**

Items of Interest

- Record revenues both quarterly and for 2025, but government shutdown impacted revenue negatively by \$325M. YoY RASM improved sequentially in international regions, but **domestic RASM was down 2.5% YoY**. Absent the shutdown, Domestic would have been positive for 4Q. Latin America remains the weakest international region. **Expect positive domestic RASM in 1Q.**
- Premium unit revenue continues to outperform Main Cabin, 7% in 4Q. Loyalty program spend up 8%, 10-year Citi agreement began in January.
- **Managed corporate revenue up 12%** as indirect channel distribution share has been fully recovered.
- CASM-ex up low single digits as cost efficiencies offset higher contractual labor rates. Productivity levels expected to increase in 2026, saving \$250M in 2026. 2026 Capex \$4-\$4.5B with a/c deliveries and product improvements.
- Reduced total debt by over \$2B in 2025. Net liquidity over \$9B.

Financial and Operating Statistics

American	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$13,999M	\$13,660M	\$11,313M	2.5%	23.7%
Adj Operating Income (EBIT)	\$489M	\$1,153M	\$876M	(57.6%)	(44.2%)
Adj Operating Margin	3.5%	8.4%	7.7%		
Adj Pretax Income	\$151M	\$808M	\$679M	(81.3%)	(77.8%)
Adj Net Income	\$106M	\$609M	\$502M	(82.6%)	(78.9%)
Adj EPS	\$0.16	\$0.86	\$1.15	(81.4%)	(86.1%)
Capacity (ASMs)	74.5 billion	71.5 billion	70.3 billion	4.2%	6.0%
Yield	20.55¢	20.44¢	17.56¢	0.5%	17.0%
TRASM	18.80¢	19.10¢	16.10¢	(1.6%)	16.8%
CASM	18.19¢	17.52¢	15.06¢	3.8%	20.8%
CASM-ex	14.51¢	13.99¢	11.59¢	3.7%	25.2%
Fuel (econ)	\$2.42	\$2.34	\$2.05	3.4%	18.0%

Forward Guidance

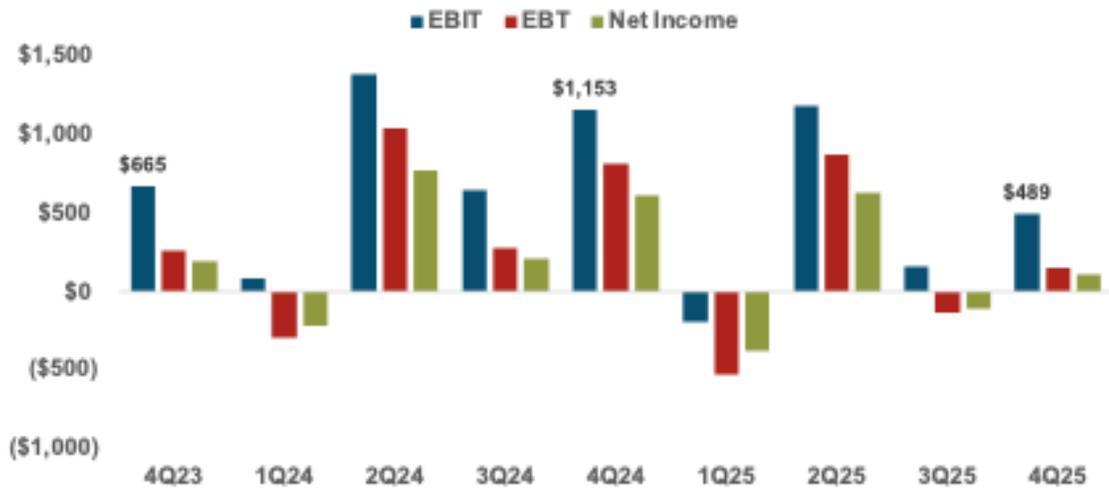
- **FY 2026**
 - EPS: \$1.70-\$2.70
 - Free Cash Flow: >\$2B
- **1Q26**
 - EPS: (\$0.10)-(\$0.50)
 - Capacity: Up 3%-5%
 - Revenue: Up 7%-10%
 - CASM-ex: Up 3.0%-5.0%

EFA takeaway: American continues to underperform against DAL and UAL and is now undertaking a risky buildup in Chicago against United. This could affect the already meager profitability and potentially cost CEO Robert Isom his job.

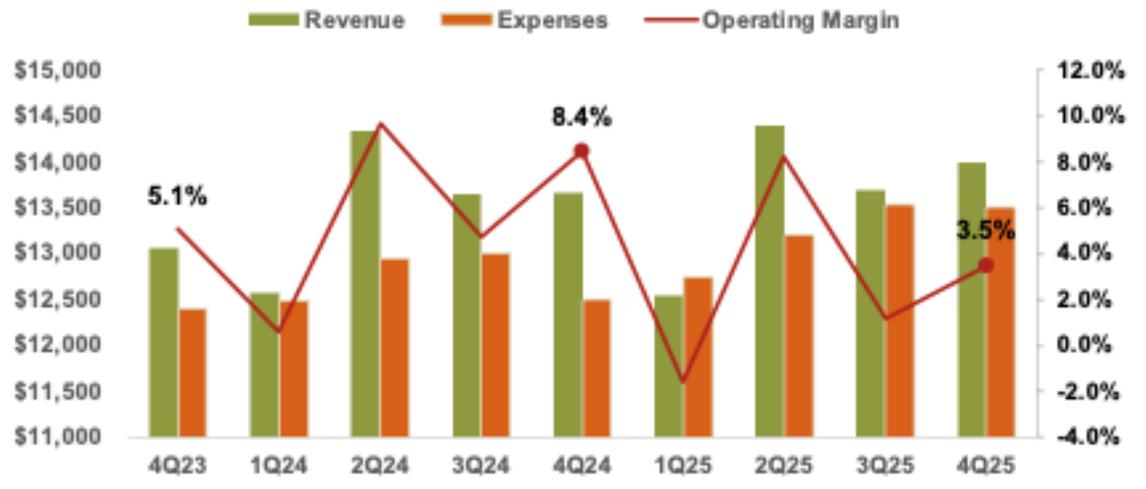
American - Financial Performance



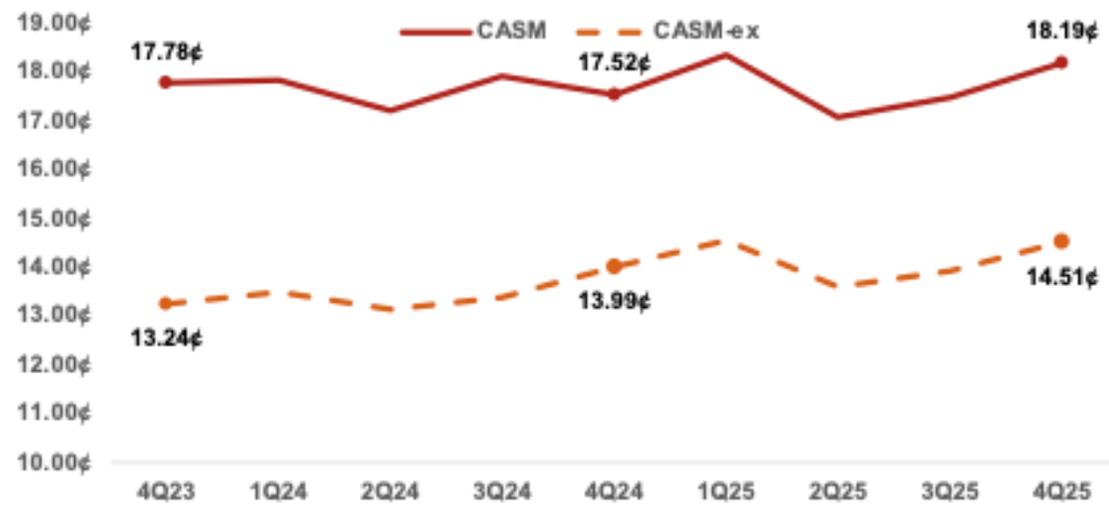
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



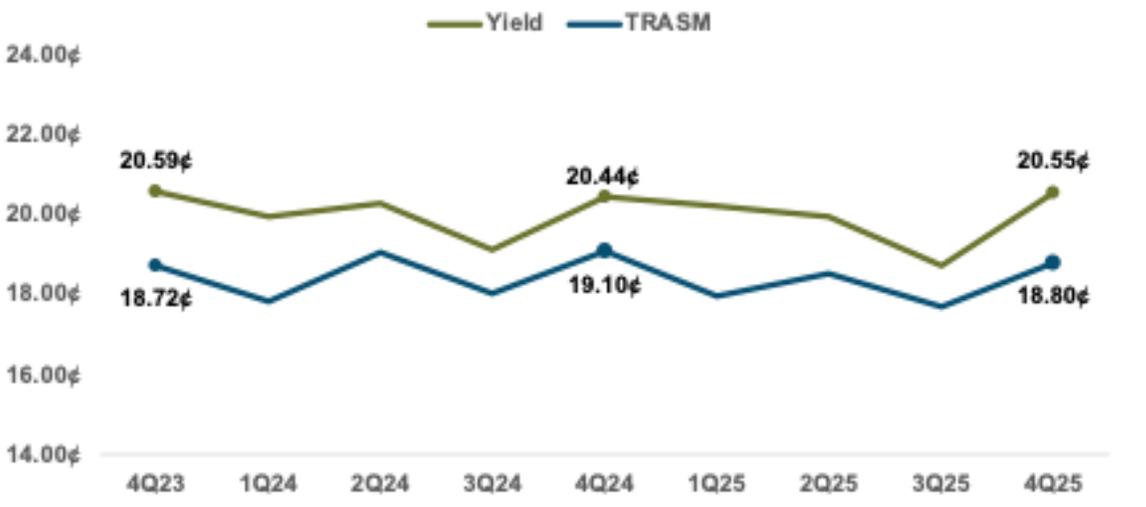
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



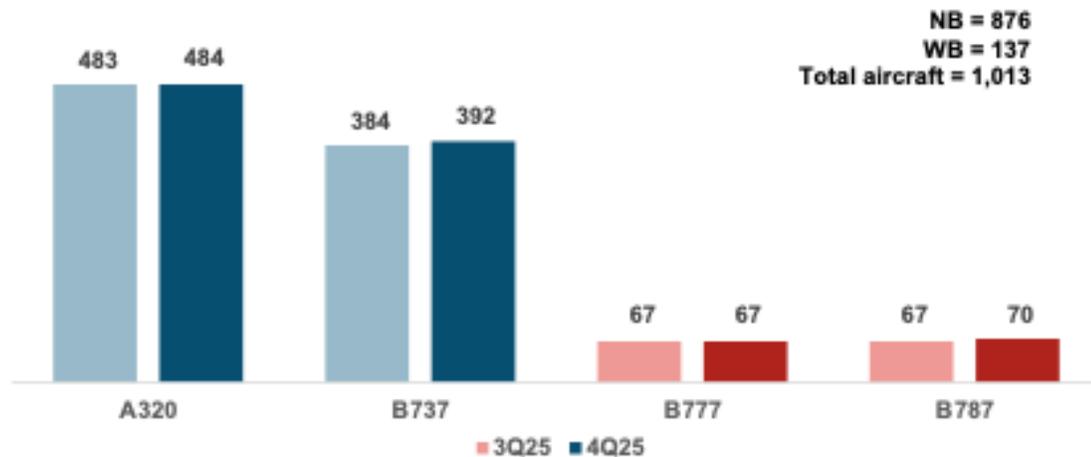
Yields & TRASM



Network News and Notes

- Received 12 aircraft in fourth quarter. Expecting 55 deliveries in 2026, a mix of A321neo's, 737-8's and 787's. The company will also accept 11 A321XLR's.
- Will retrofit B-777-200's and 777-300's alongside A319/320's for additional premium seating.**
- Re-banking DFW to 13 banks, to improve connectivity and improve schedule reliability. **Expecting DFW to grow to over 1,000 departures per day.** 2026 growth plan includes significant growth in MIA, PHL and PHX.
- Growing ORD to 500-550 daily departures by summer 2026 to better compete with United. Ultimately will serve 180 destinations from ORD.
- Expanding summer international schedule from DFW to Athens and Zurich, PHL to Budapest and Prague and MIA to Buenos Aires and Milan.

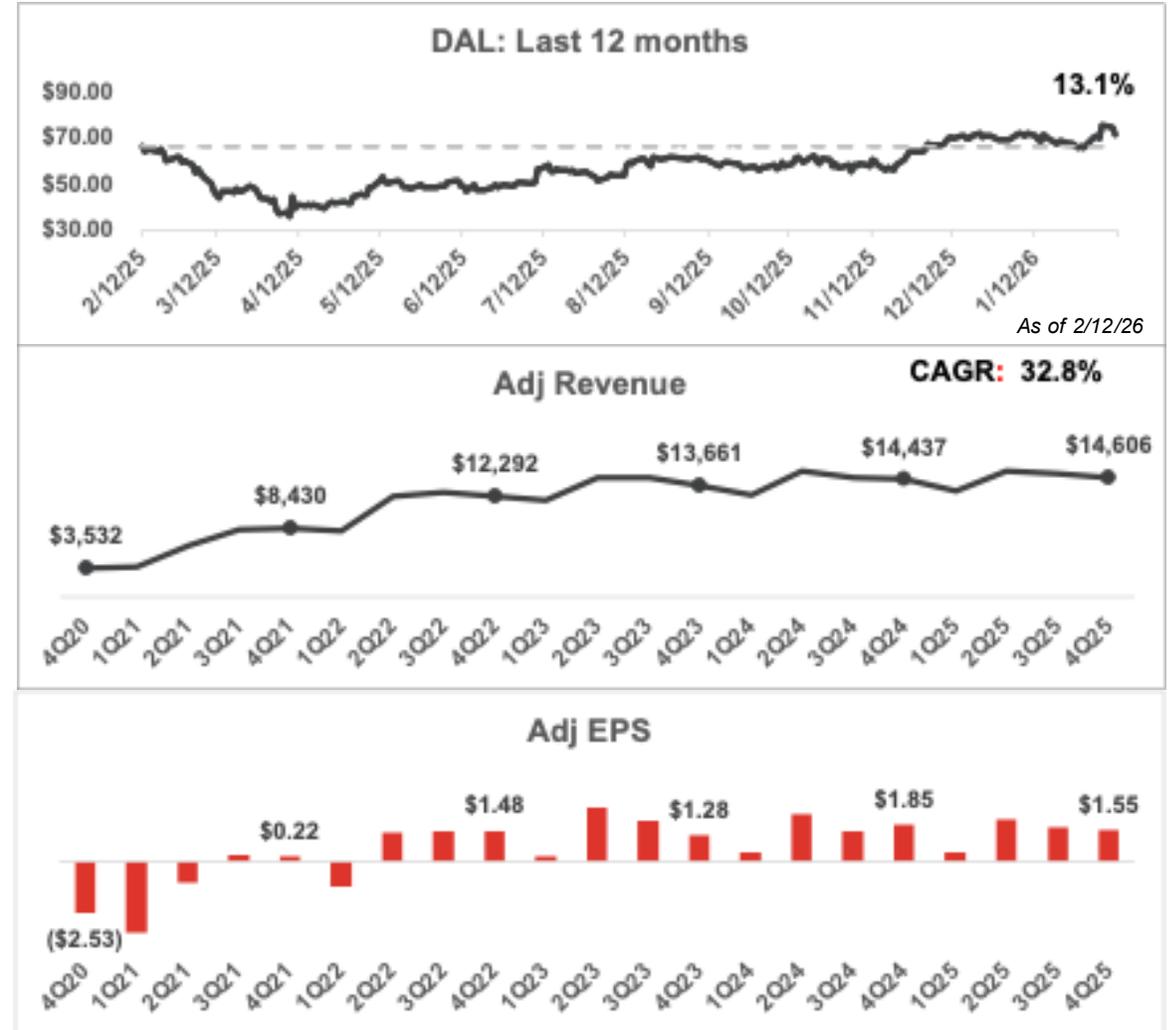
Mainline Fleet



Analyst Commentary

- American appears to be targeting a 2026 outcome closer to 12%, versus a ~19% contribution in 2019 (a year in which American faced its share of idiosyncratic challenges, implying 2019 should have witnessed an even stronger contribution).*
- Coming out of COVID, we had thought that AAL's balance sheet "trapped" the equity. We no longer feel that is the case. **While we would not deem the balance sheet "fixed," execution on deleveraging has effectively removed significant overhang,** with the lowest capital spend of DAL and UAL in the near-term providing runway for further improvement.*
- A near term risk to the American investment thesis, in our view, is the financial impact from an over-supplied Chicago market this summer.** We are also firmly of the view that Chicago cannot support another 240 daily departures (assuming no change by other competitors in ORD or MDW), and therefore, expect to see a lower flight total in summer 2027.*
- As investors are typically most focused on the close-in revenue outlook, we initially expected American's significantly above consensus implied unit revenue guidance would drive a positive stock reaction, particularly as the guidance includes the impact of Winter Storm Fern. We believe AAL shares' underperformance was primarily driven by the magnitude of the 4Q miss, which saw the pretax margin gap to American's network carrier peers widen year-over-year, in addition to a focus on Chicago competitive capacity on the call.*
- The company is focused on increasing its exposure to growing premium and international demand through the end of the decade, which should drive improved profitability and enable further deleveraging.***
- The negative reaction in American's shares today was likely more reflective of broader investor concerns around competition. Nonetheless, we highlight American's relatively healthy first quarter revenue guidance for growth of 7-10%, with midpoint reflecting expectations for unit revenue gains of 4%, which compares favorably relative to other airline guidance thus far.*
- American stands to benefit in 2026 from an improved Citi co-brand card deal as well as consistent unit cost inflation, which should lead to margin expansion.*

Delta Air Lines



4Q25 adj. pretax income: \$1.3B

Management Commentary:

- In the December quarter, we achieved record revenue, maintained a double-digit operating margin and delivered earnings that were consistent with our expectations outside of the impact of the government shutdown.
- **Our return on invested capital of 12% is well above our cost of capital, placing us in the upper half of the S&P 500 and leading the industry.** These results underscore the strength of our brand and the resilience of our competitive advantages.
- Cash generation remains a key differentiator for Delta. **And in 2026, we expect to generate free cash of \$3 billion to \$4 billion, supporting further debt reduction and growth in shareholder returns.** Our teams are executing our bold vision of reshaping the end-to-end travel experience and cementing Delta as the world's most loved airline.
- Domestically, we have balanced growth across our core and coastal hubs and are leveraging our integrated strategy to strengthen our industry-leading position. Internationally, we will build on our leading domestic foundation to expand into high-growth Asia and Middle East markets while continuing to renew our wide-body fleet with larger, more capable and more efficient aircraft.

Items of Interest

- Record full year and December quarter revenue. Delta grew revenue by 1.2 percent year-over-year on 1.3 percent capacity growth and flat adjusted total unit revenue (TRASM). December quarter revenue growth was impacted by about 2 points from the government shutdown, largely in Domestic travel.
- Diversified revenue streams grew 7 percent over 2024, representing 60 percent of total revenue for the full year. Premium revenue grew 7 percent year-over-year, while **Cargo revenue increased 9 percent and MRO revenue grew 25 percent.** Total loyalty revenue improved by 6 percent year-over-year. Amex remuneration grew 11%.
- **International revenue showed significant improvement over 3Q with 5% growth,** driven by strength in Transatlantic and Pacific regions.
- Low single digit CASM-ex growth as technology and efficiencies scale up the operation.
- 2025 Free Cash Flow of \$4.6B and debt reduction of 42.6B, ending the year with \$14B in net debt and unencumbered assets of \$35B. Liquidity of \$7.4B includes a \$3.1B revolver. Higher Capex & lower FCF in 2026, to support fleet and product investments.

Financial and Operating Statistics

Delta	4Q25	4Q24	4Q19	y/y	y/6y
Adj Revenues	\$14,606M	\$14,437M	\$11,437M	1.2%	27.7%
Adj Operating Income (EBIT)	\$1,471M	\$1,735M	\$1,422M	(15.2%)	3.4%
Adj Operating Margin	10.1%	12.0%	12.4%		
Adj Pretax Income	\$1,311M	\$1,566M	\$1,415M	(16.3%)	(7.3%)
Adj Net Income	\$1,015M	\$1,203M	\$1,096M	(15.6%)	(7.4%)
Adj EPS	\$1.55	\$1.85	\$1.70	(16.2%)	(8.8%)
Capacity (ASMs)	72.9 billion	72.0 billion	65.5 billion	1.3%	11.4%
Yield	21.58¢	21.22¢	18.29¢	1.7%	18.0%
TRASM	20.02¢	20.04¢	17.47¢	(0.1%)	14.6%
CASM	19.93¢	19.22¢	15.34¢	3.7%	29.9%
CASM-ex	14.27¢	13.72¢	11.21¢	4.0%	27.3%
Fuel (econ)	\$2.28	\$2.34	\$1.99	(2.6%)	14.6%

Forward Guidance

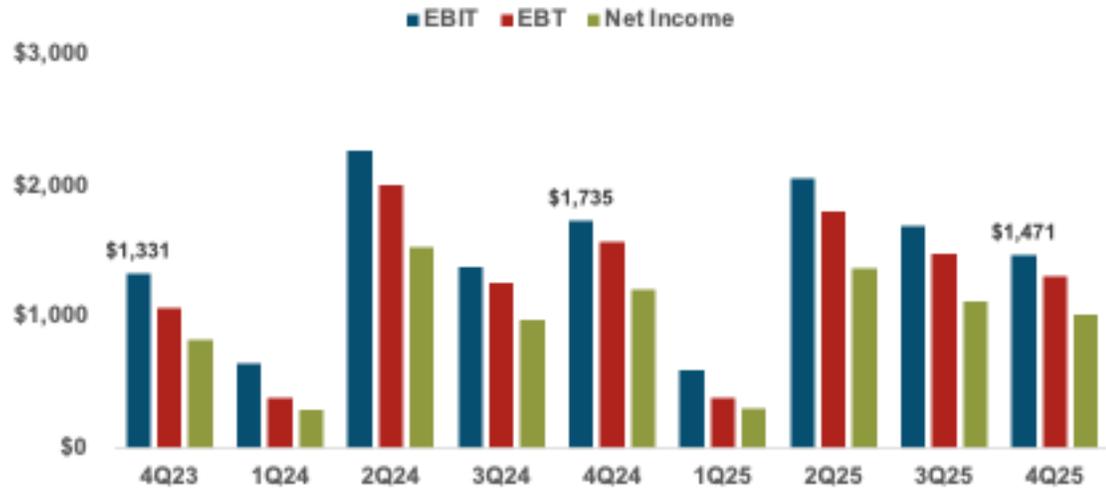
- **FY 2026**
 - Earnings per share: \$6.50-\$7.50
 - Free Cash Flow (FCF): \$3 billion-\$4 billion
 - Gross Leverage: 2.0X
- **1Q26**
 - Total Revenue YoY: Up 5%-7%
 - Operating Margin: 4.5% - 6%
 - EPS: \$0.60-\$0.90

EFA takeaway: Delta produced another good quarter despite the effects of the government shutdown. The airline leads the industry in most metrics and continues to reinvest in the product, which is expected to drive higher RASM in 2026.

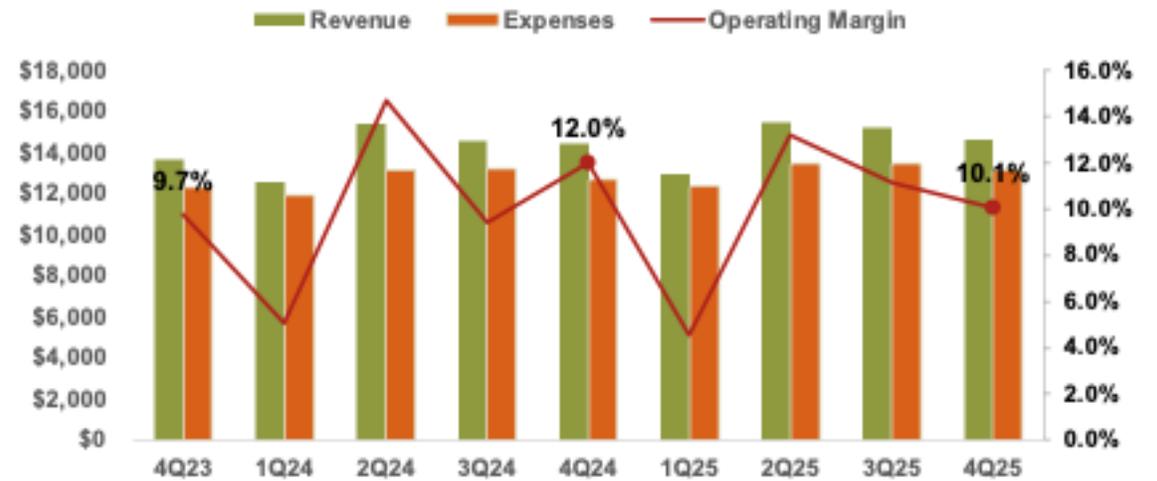
Delta - Financial Performance



Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



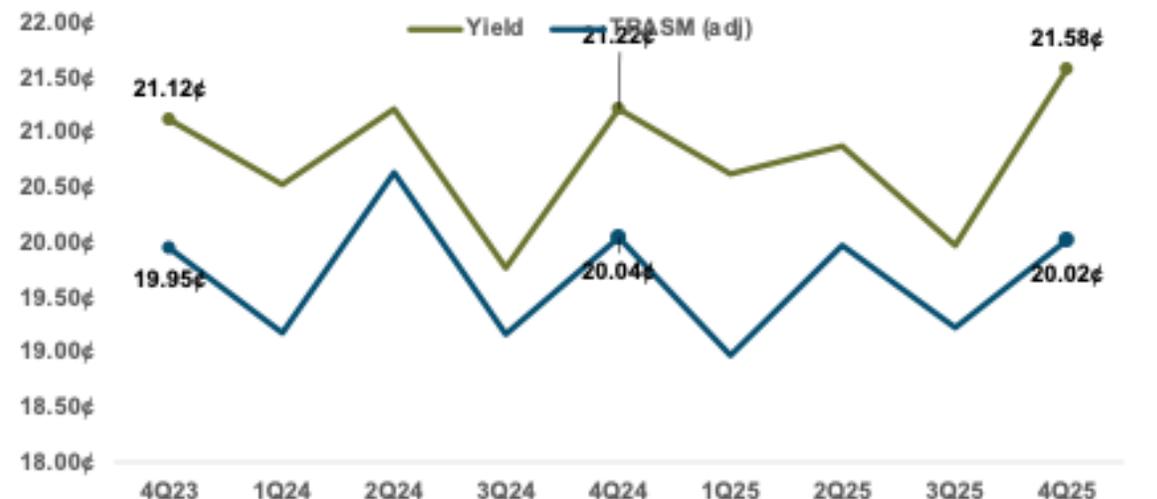
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



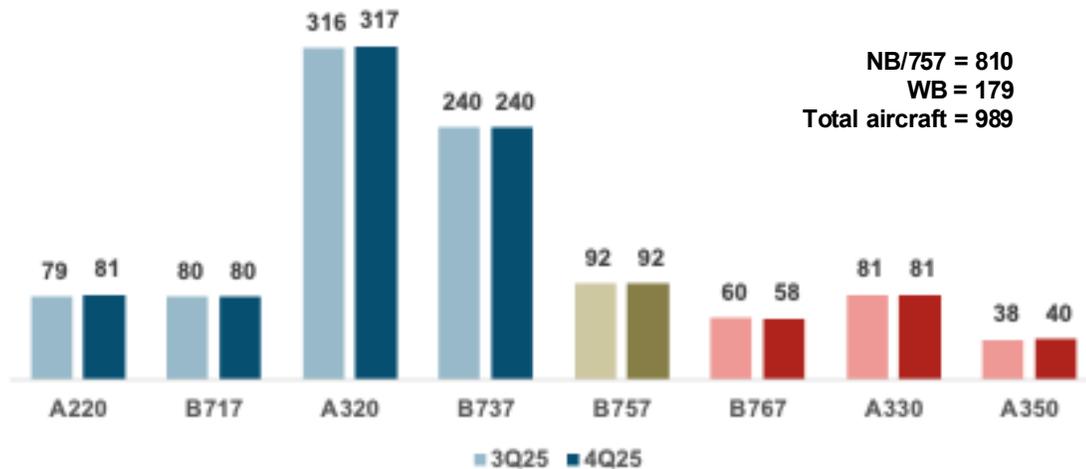
Yields & TRASM (adj)



Network News and Notes

- Took delivery of 7 aircraft in the December quarter, bringing full year aircraft deliveries to 38, including A321neo, A220-300 and A350-900 aircraft.
- **Announced an agreement with Boeing to purchase thirty 787-10 widebody aircraft**, with options for an additional thirty. Deliveries of the aircraft are scheduled to begin in 2031. Also entered into an agreement with engine manufacturer GE Aerospace to service the GENx engines selected for the aircraft.
- Announced nonstop service from ATL to Riyadh, Saudi Arabia starting October 2026.
- Began non-stop service from ATL to Marrakech, Morocco, increasing the non-stop service to Africa to an industry-leading six destinations.
- Adds additional flights at RDU, a focus city, to retake the top spot in market share at that city, operating 53 departures per day.
- **Ordered 31 Airbus A330-900 & A350-900's on January 27th, delivery starts 2029.**

Mainline Fleet



Analyst Commentary

- *Delta's earnings were supported by continued strength in premium products and international demand which helped cushion the \$200mm pre-tax impact from the government shutdown and flight cancellations.*
- *While we admit the initial earnings outlook from Delta may have appeared a bit subdued relative to the easy comp from numerous challenges in 2025, we suspect management is erring on the side of conservatism given the significant volatility within the industry in recent periods.*
- ***As opined, we continue to see unique structural advantages at Delta vs. legacy peers supporting a margin advantage, which when combined with an attractive valuation, stronger balance sheet, and balanced capital deployment, should drive lower earnings volatility and appeal to a broad set of investors.***
- *Premium remains the bright spot while main cabin remains a drag. For its part, Delta's 2026 y/y seat growth is being driven by premium, with main cabin remaining flat.*
- *Impressively, Delta is guiding low-single digit y/y CASM-Ex (non-fuel unit cost also excl. profit sharing, MRO, and 3rd-party refinery expenses) for both 1Q26 and the full-year despite only ~3% capacity growth.*
- *A strong earnings call helped Delta partially assuage the market's initial disappointment with its in-line 1Q and 2026 earnings guides, both of which squared nicely with our prevailing forecasts save for the unexpected adjustment in MRO disclosures.*
- *We continue to expect Premium/Corporate to overtake Main later in 2026, consistent with Delta's full-year 2027 estimate for Premium to eclipse 50% of total revenue.*
- ***The company is well positioned to deliver positive unit revenue growth throughout 2026 leaning into premium, loyalty, partnerships, and continued progress on commercial initiatives (e.g., better alignment of products and prices to the value sought by customers).***
- ***It was refreshing to hear Delta management reiterate their focus on free cash flow, especially after a record year and something that only a few airlines will achieve in 2025. Healthy free cash flow is a product of solid margins and balanced approach to investment, both of which are characteristics of Delta.***

United Airlines



4Q25 adj. pretax income: \$1.3B

Management Commentary

- After a solid year in 2025, 2026 sets up as more of the same at United but with a much better industry backdrop. Our plan has been working for the last decade.
- **Our strong Net Promoter Scores for the year highlight the care and consistency built into the United travel experience.** Despite the operational headwinds of the year, we finished 2025 with an almost 3-point increase in our overall Net Promoter Score.
- **We did see a nice bounce back in our international flying in Q4** after a challenging Q3. The Pacific and the Atlantic performed well with PRASM turning positive in both regions. Latin America, on the other hand, had yet another challenging quarter.
- **All United hubs were once again profitable in Q4 and for all of 2025.** A fully profitable hub framework allows United to invest incremental capacity on a solid foundation.
- An airline with a business anchored by brand-loyal customers isn't only more profitable. It's also more resilient.
- On the balance sheet, becoming investment-grade rated is a major priority of mine, and in 2025, we made meaningful progress towards investment-grade metrics.

Items of Interest

- 4th quarter revenue was the highest quarterly revenue of 2025 and the highest in company history. Q4 EPS within guidance, despite govt. shutdown and operational issues at EWR.
- **Diverse revenue sources continue to grow, with premium revenue up 9%, loyalty revenue up 10% and Basic Economy up 7%, as compared to year-ago period.**
- **Continued to expand premium offerings throughout 2025**, with a record-high 27.4 million premium seats across its fleet, accounting for 12% of all flown seats in 2025.
- Will make capacity adjustments to correct for underperformance in Latin America. Noted that Caribbean is underperforming due to geopolitical concerns. EWR hub expected to generate a RASM premium due to restructured banks and operations.
- CASM-ex rose far less than expectations due to enhanced cost efficiencies.
- Reduced total debt by \$2B, reduced leverage and **generated \$2.7B in free cash flow.**
- Repurchased \$640M in stock, ended 2025 with over \$15B in liquidity, \$25B in LT debt.

Financial and Operating Statistics

United	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$15,397M	\$14,695M	\$10,888M	4.8%	41.4%
Adj Operating Income (EBIT)	\$1,378M	\$1,571M	\$991M	(12.3%)	39.1%
Adj Operating Margin	8.9%	10.7%	9.1%		
Adj Pretax Income	\$1,304M	\$1,432M	\$889M	(8.9%)	46.7%
Adj Net Income	\$1,014M	\$1,090M	\$676M	(7.0%)	50.0%
Adj EPS	\$3.10	\$3.26	\$2.67	(4.9%)	16.1%
Capacity (ASMs)	83.4 billion	78.3 billion	71.0 billion	6.5%	17.4%
Yield	20.41¢	20.59¢	16.94¢	(0.9%)	20.5%
TRASM	18.47¢	18.77¢	15.33¢	(1.6%)	20.5%
CASM	16.81¢	16.85¢	14.11¢	(0.2%)	19.1%
CASM-ex	12.94¢	12.89¢	10.53¢	0.4%	22.9%
Fuel (econ)	\$2.49	\$2.40	\$2.10	3.8%	18.6%

Forward Guidance

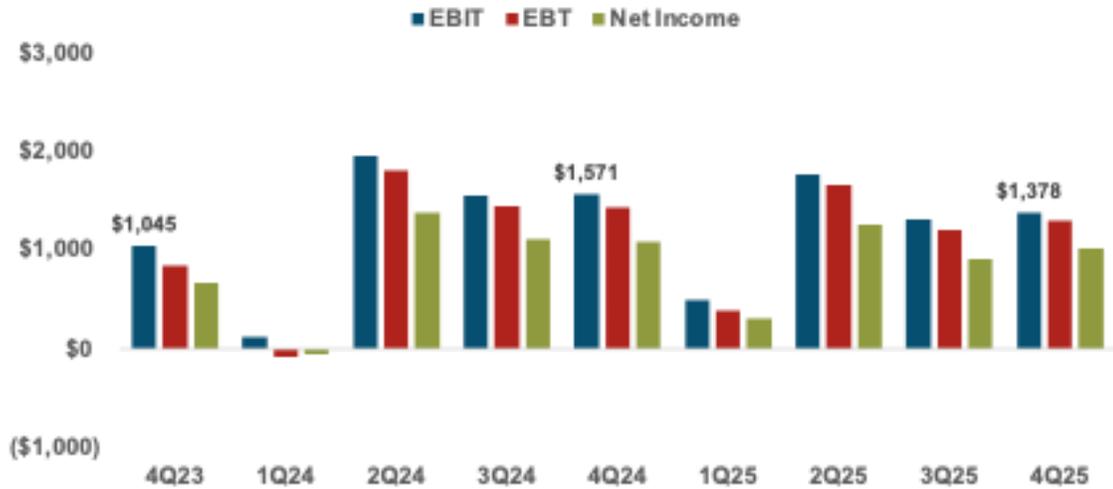
- **FY 2026**
 - Adjusted diluted earnings of \$12.00-\$14.00 per share
 - CAPEX: <\$8.0B
- **1Q26**
 - Earnings per share: \$1.00-\$1.50

EFA takeaway: United's leading international position and growth of popular premium products is resulting in continued financial outperformance. 2026 looks like another good year.

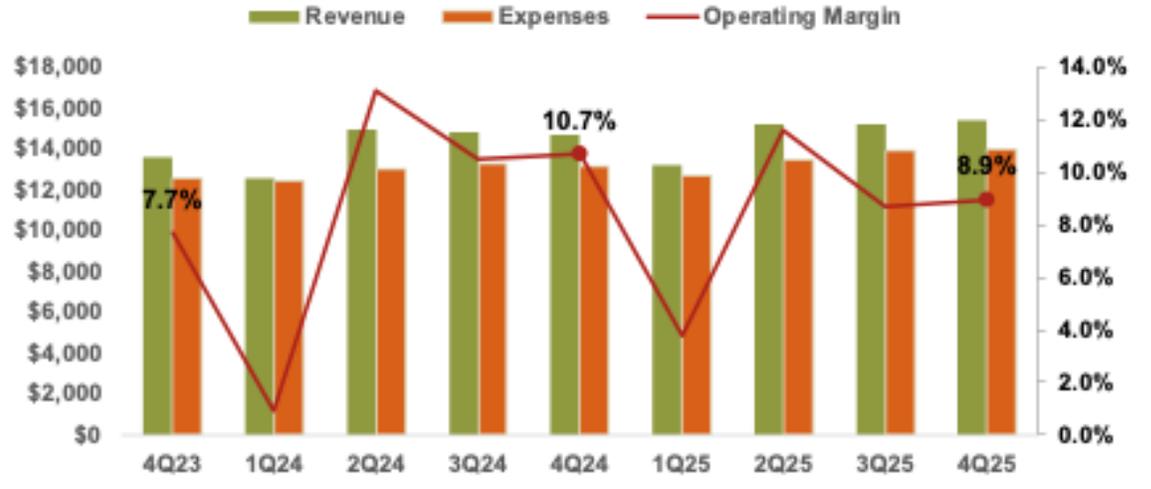
United - Financial Performance



Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



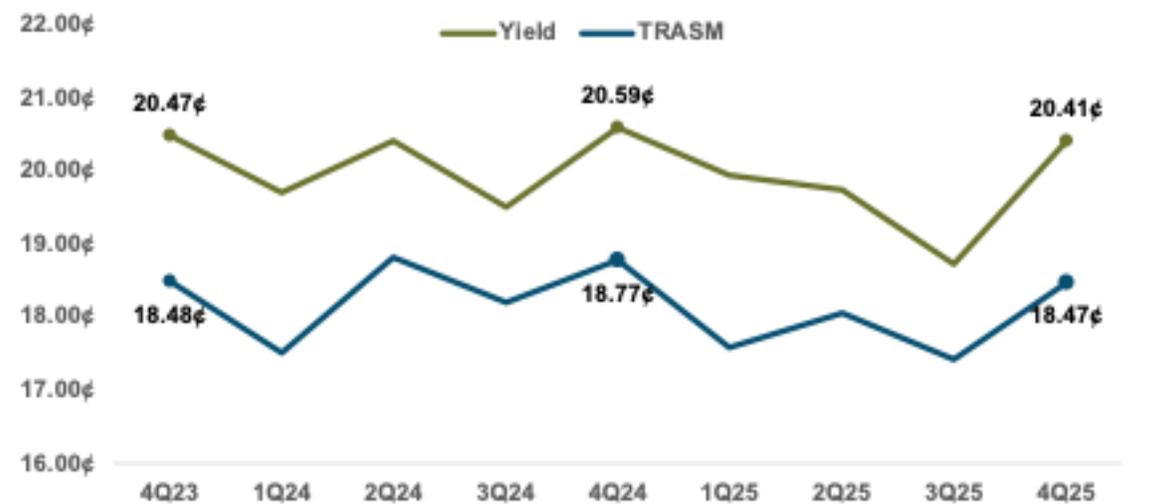
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



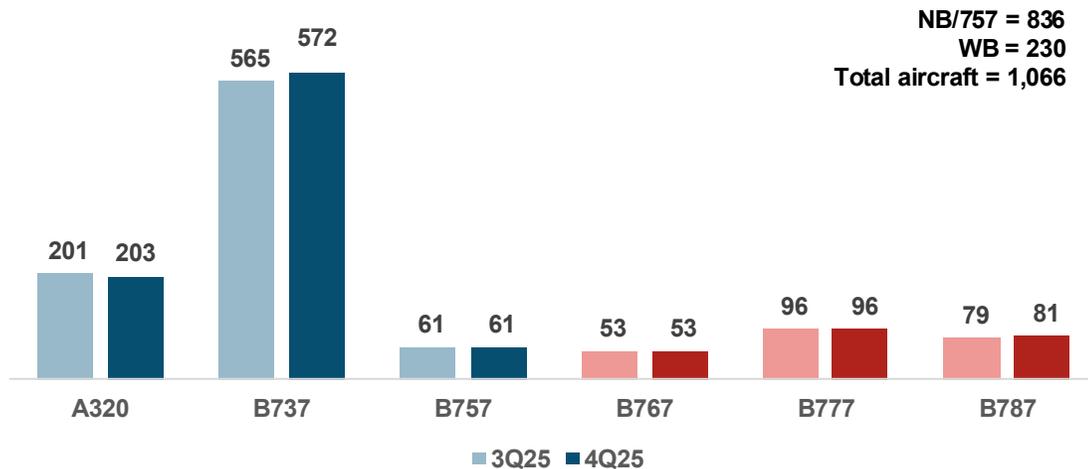
Yields & TRASM



Network News and Notes

- Took delivery of 82 new aircraft in 2025. Updated 119 to its new Signature Interior.
- **Planning for over 100 aircraft deliveries in 2026**, including 20 B-787's. Will also accept the first of 50 A321XLR's. Plan to retire 20 aircraft, including older A320's, 757's and 737's.
- **Operated the largest mainline schedule in company history in the fourth quarter** and full year, carrying an average of over 496,000 passengers daily and averaging 303 widebody departures per day in 2025.
- Expanded its industry-leading international network in 2025 including new flights that made it the only U.S. airline to serve Bangkok, Thailand; Adelaide, Australia; Tepic, Mexico; and Ho Chi Minh City, Vietnam.
- Announced plans to inaugurate service to Bari, Italy; Santiago de Compostela, Spain; Glasgow, Scotland; and Split, Croatia in 2026. United also plans new routes from Newark to Seoul, South Korea; and Washington-Dulles to Reykjavik, Iceland.

Mainline Fleet



Analyst Commentary

- *United continues to execute exceptionally well and echoed Delta's favorable demand momentum commentary, particularly as it relates to business and premium travel. Moreover, we are encouraged by United pointing to 2025 as the high-water mark for y/y domestic growth, which we believe de-risks United's earnings and bodes well for the industry.*
- ***However, we believe it will become more challenging for United to continue to close its margin/cash flow gap with Delta over the next couple of years as market rate contracts are reached with non-pilot work groups and capex closes in on the original aggressive targets.***
- *United results and its accompanying guide satisfied market expectations, in our view, and comfortably captured our prevailing forecasts.*
- *While United's conference call echoed much of Delta's positive commentary, the company teased increased Loyalty disclosures arriving in the next 10 weeks or so, as well as cautious comments on the Caribbean...representing a potential negative read through to JetBlue, and (to a lesser extent) American.*
- *Airline investors should take significant notice of United's strategic discussion on today's fourth quarter conference call with management highlighting 2025 will represent the "high water mark" for domestic growth.*
- ***Early 2026 outlooks from Delta and United suggest a much healthier demand environment, especially for corporate and premium products; subdued industry capacity growth should support industry pricing and margin expansion.***
- ***What is clear is 2025 is yet more evidence the culture at United continues to embrace the no-excuse mantra, resulting in the company likely to be the only US airline to grow full-year EPS y/y and meet or exceed initial quarterly forecasts despite numerous industry (demand shock, gov't shutdown) and company-specific challenges.***
- ***We would argue the biggest change at United has been the embracing of basic economy as a competitive tool and the elimination of change fees as foundational to the ability to compete for higher valued customers. United remains well-equipped to compete up and down the value chain.***

Hybrid/Low-Cost Carriers

Alaska[®]

jetBlue[®]

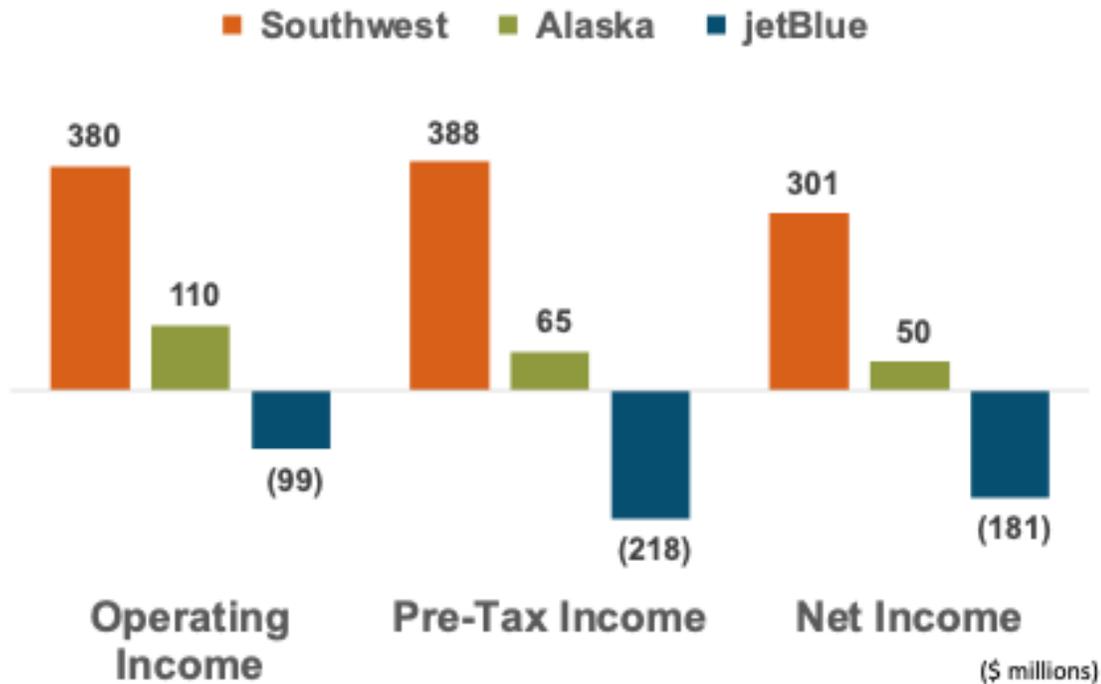
Southwest[®] 

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

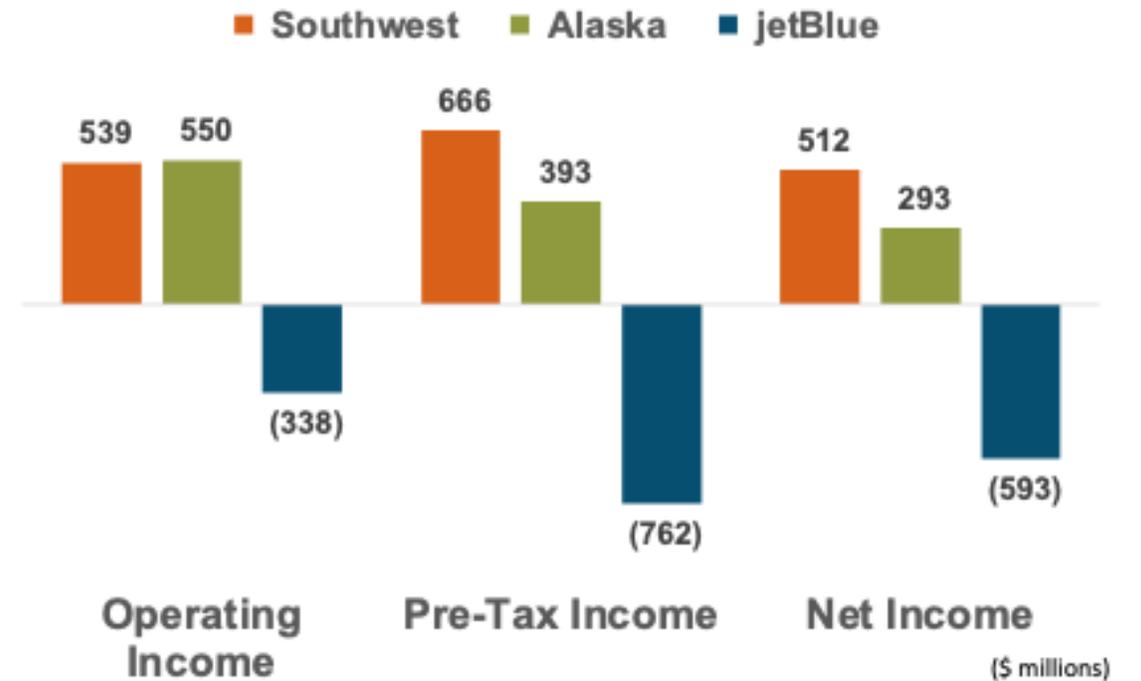
Key Financial Results

Hybrid/LCC vs. Southwest

4th Quarter 2025

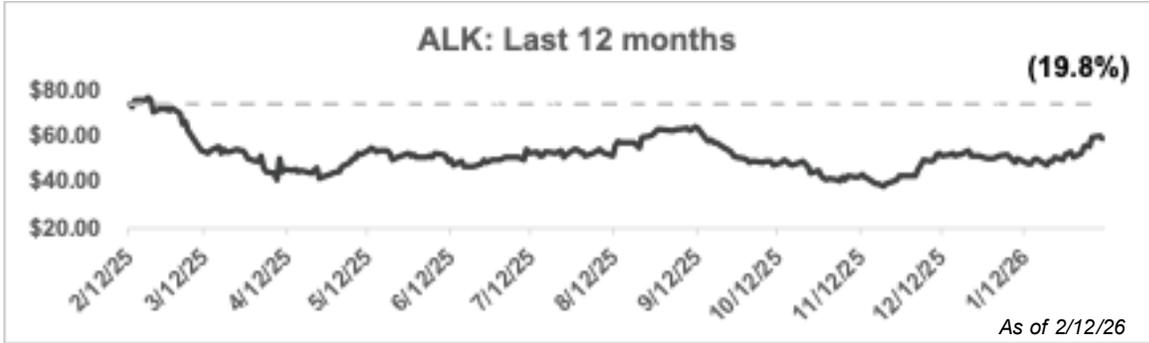


Full Year 2025



Non-GAAP – excludes special items

Alaska Airlines



Alaska/Hawaiian

4Q25 adj. pretax income: \$65M

Management Commentary:

- *By many measures, 2025 was a major success for our company. We firmly control the areas within our control. Synergies finished ahead of plan for the year, notably on the network side as the power of the combination of Alaska and Hawaiian was evident all year long.*
- *Advanced bookings across the network have been robust since we started the year, well into the double digits since January 6. Managed corporate business is looking strong. We continue to roll out new premium seats for sale, hub banking efforts continue to bear fruit, and we're excited to land our first scheduled service in Europe. We are well on our way to realizing the full \$800 million in incremental revenue by 2027 that we laid out in Alaska Accelerate.*
- *We anticipate we will increasingly be able to fully focus on running excellent and productive core airline operations allowing us to return fully to our historic strength of cost discipline.*

Items of Interest

- Govt. shutdown impacted revenues by approximately \$30M or \$0.15 per share. Fourth quarter revenues were still up nearly 3% with unit revenues up slightly. Full year revenues up over 3%, with positive unit revenues.
- **First and Premium Class revenues were up 7% YoY, outperforming Main Cabin by almost 10%.** Premium revenues represented 36% of total revenue and Main Cabin revenue was down only 2.4%, an improvement over 3Q.
- 86% of the 737 fleet has had the seat retrofit, with 10% by Spring. This will allow sales of 1.3M additional premium seats in summer.
- Managed corporate revenues, loyalty revenues all higher, with significant increases expected with new international service and the ATMOS program.
- Fourth quarter unit costs were up 1.3% year-over-year ending the year below guidance. full year, unit costs were up approximately 4.7% year-over-year on just 1.9% capacity growth, with 2% attributed to new labor deals.
- Elevated fuel refining margins pressured 4Q fuel costs, expected to continue.
- Generated \$1.2 billion of operating cash flow for the year. Liquidity inclusive of on-hand cash and undrawn lines of credit stood at \$3 billion at year-end.



Financial and Operating Statistics

Alaska	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$3,632M	\$3,534M	\$2,228M	2.8%	63.0%
Adj Operating Income (EBIT)	\$110M	\$148M	\$252M	(25.7%)	(56.3%)
Adj Operating Margin	3.0%	4.2%	11.3%		
Adj Pretax Income	\$65M	\$137M	\$243M	(52.6%)	(73.3%)
Adj Net Income	\$50M	\$125M	\$181M	(60.0%)	(72.4%)
Adj EPS	\$0.43	\$0.97	\$1.46	(55.7%)	(70.5%)
Capacity (ASMs)	23.2 billion	22.7 billion	16.6 billion	2.2%	39.6%
Yield	17.15¢	16.67¢	14.77¢	2.9%	16.1%
TRASM	15.63¢	15.54¢	13.38¢	0.6%	16.8%
CASM	15.31¢	15.22¢	11.86¢	0.6%	29.1%
CASM-ex	11.72¢	11.57¢	9.01¢	1.3%	30.1%
Fuel (econ)	\$2.57	\$2.54	\$2.21	1.2%	16.3%

Forward Guidance

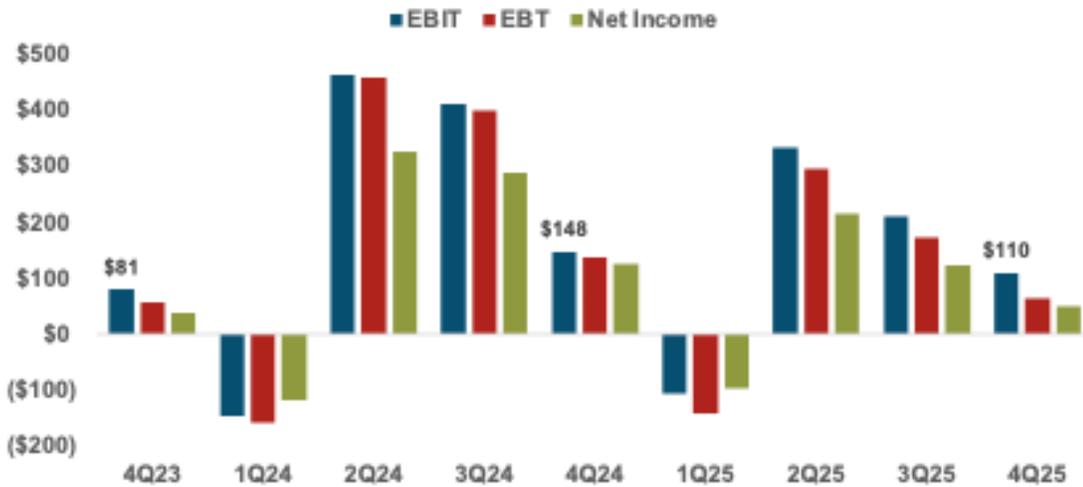
- **FY 2026**
 - Adjusted EPS: \$3.50-\$6.50
 - Capacity: Up ~2%-3%
 - Capex: ~\$1.4B-\$1.5B
- **1Q26**
 - Capacity: Up 1%-2%
 - Adjusted EPS: (\$1.50) to (\$0.50)
 - Capex: N/A

EFA takeaway: Tech issues and higher fuel costs are affecting profitability. The Hawaiian merger is moving along but it may be several quarters before Alaska returns to historical profit margins.

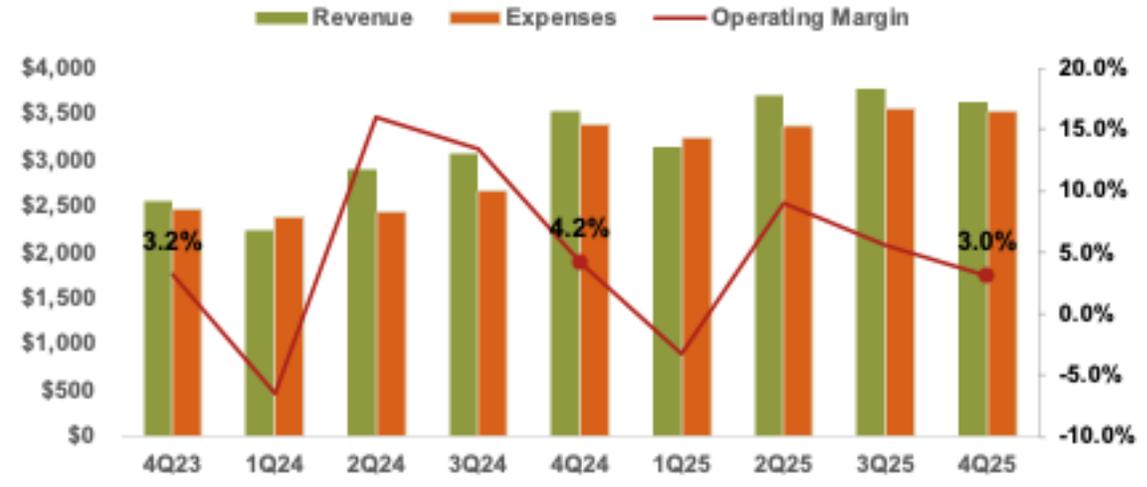
Alaska - Financial Performance



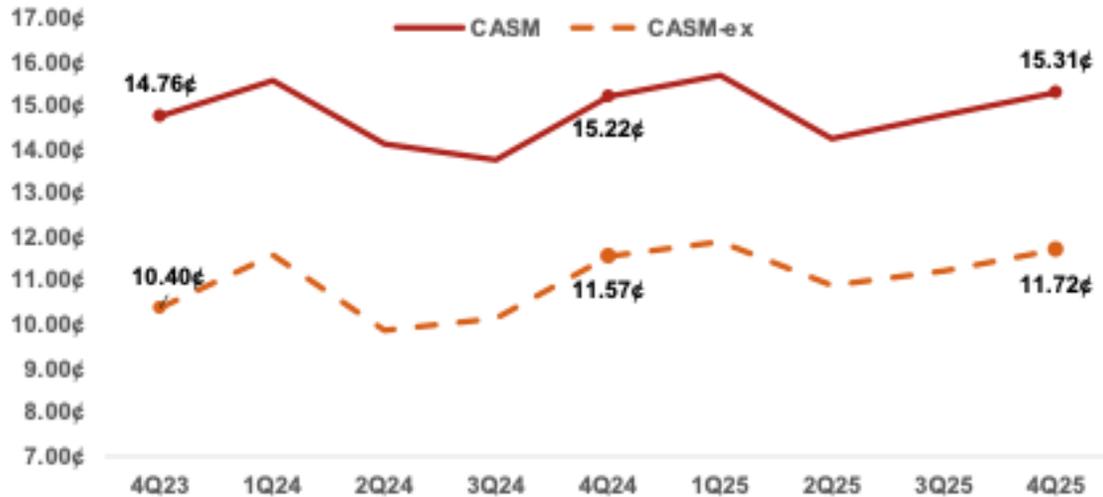
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



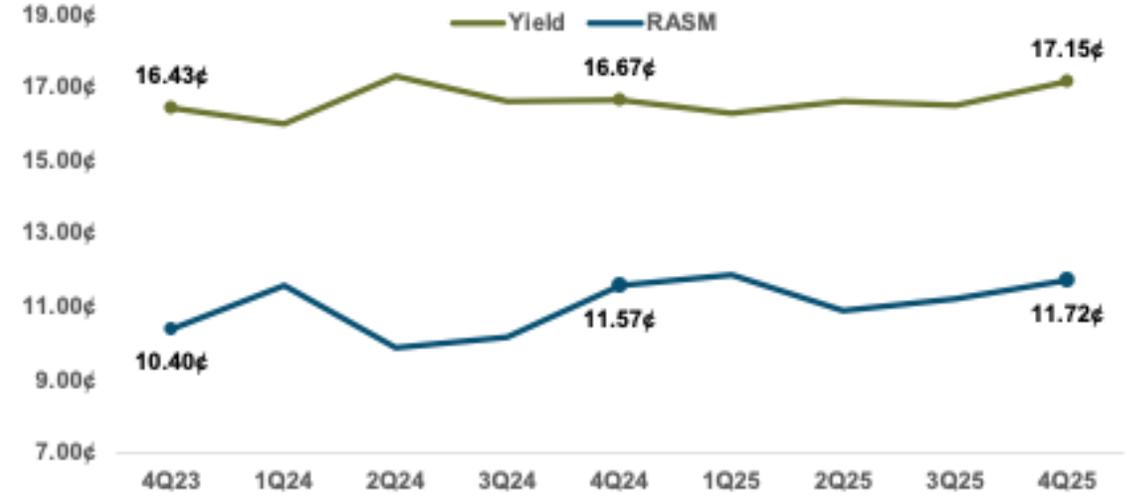
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex (consolidated; ALK no longer breaks out mainline)



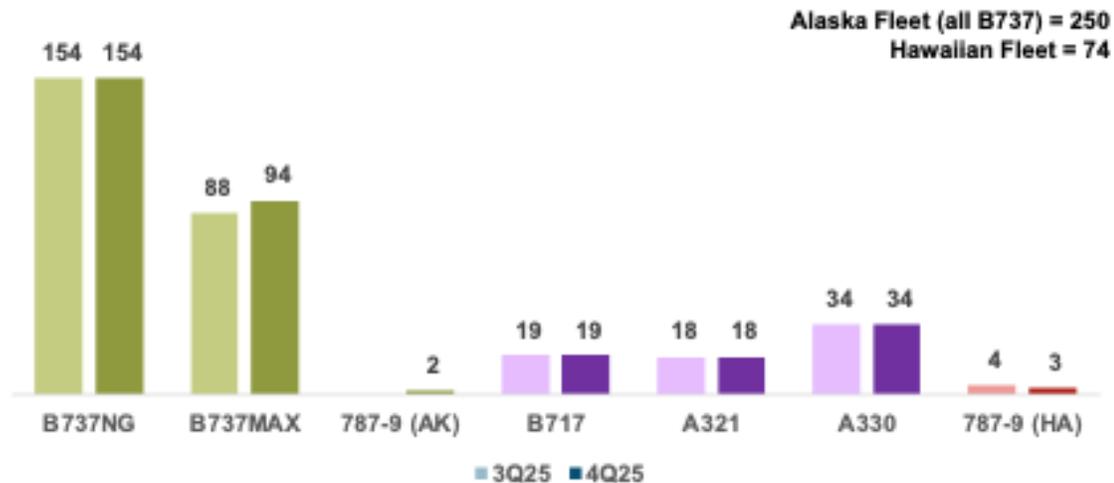
Yields & TRASM



Network News and Notes

- Took delivery of six 737-8 aircraft and one 787-9 aircraft in 4Q. Will take delivery of six 737's and one 787 as the company waits for certification of the MAX-10.
- **Announced the largest fleet order in Alaska's history in January 2026**, including 105 737-10 aircraft, 5 787 aircraft, and options for 35 additional 737-10 aircraft. The order will expand the fleet to 475 aircraft by 2030 and over 550 aircraft by 2035.
- **100% of net growth is represented by new long haul out of Seattle.** Domestic capacity to focus on higher growth in both Portland and San Diego.
- Finalizing regulatory approvals for 17 code-share destinations beyond London, making 55 total destinations in high-demand European cities.
- Expanding service from hubs, including new routes announced for 2026 **from San Diego to Dallas, Oakland, and Raleigh-Durham**; Portland to Philadelphia, Baltimore, and St. Louis; Honolulu to Burbank; and Anchorage to Boston, Boise, and Spokane.

Mainline Fleet



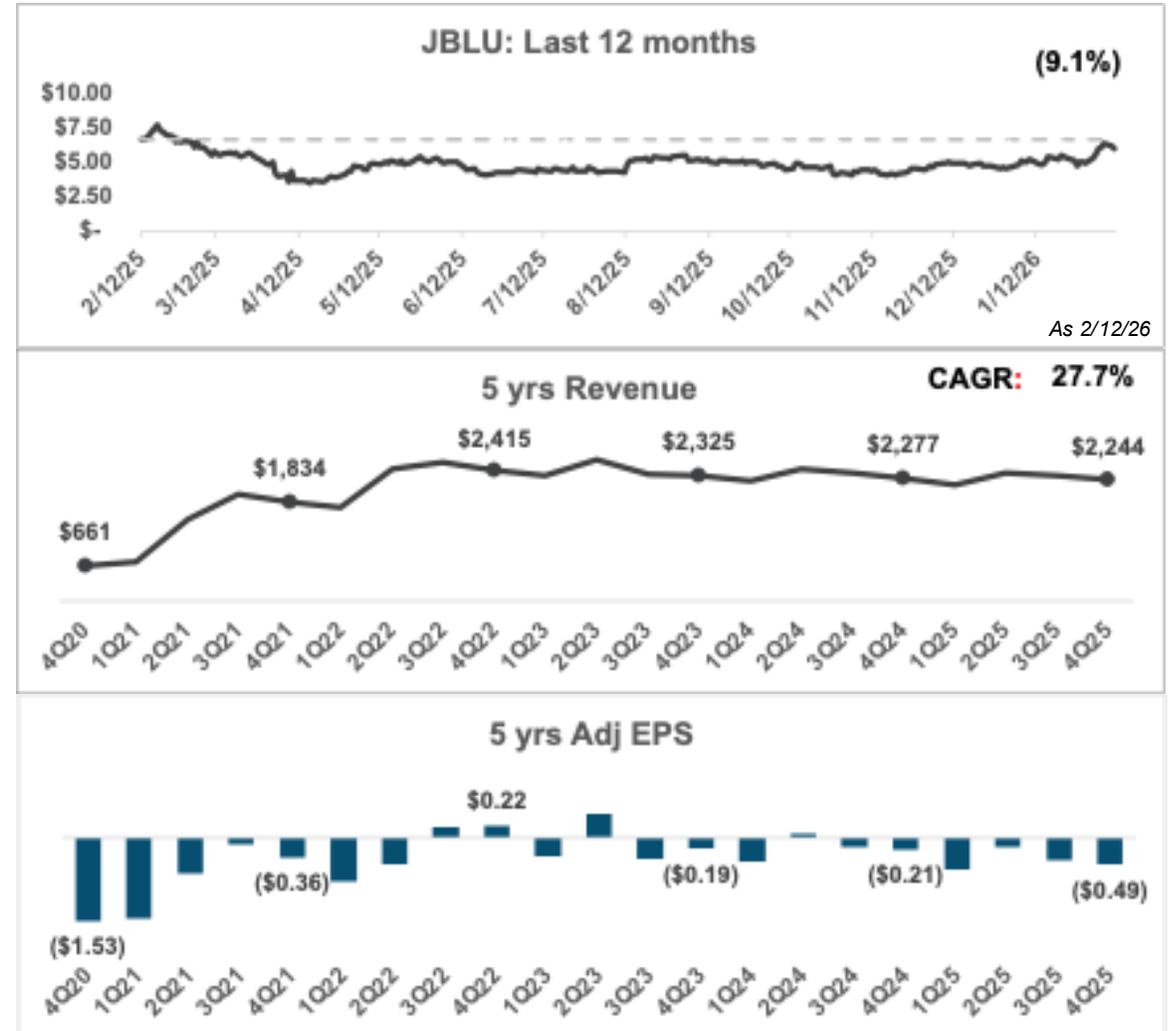
Analyst Commentary

- *We went into ALK's earnings release expecting a disappointing 1Q26 outlook given challenges from several refineries on the West Coast needing unplanned maintenance and a cautious view on 2026, and we got both. However, we're walking away from the release concluding management is set up well to execute on the high end despite a 1Q26 outlook for a loss.*
- ***We are encouraged by Alaska's modest growth plans for 2026 (reducing earnings risk), execution on the Hawaiian merger and Alaska Accelerate initiatives to-date, as well as current demand and competitive capacity trends. Moreover, while increasing complexity remains a risk (particularly the widebody aircraft exposure), we are encouraged by Alaska's measured approach.***
- *While risks remain related to increased complexity of the business model following the Hawaiian acquisition, particularly the widebody aircraft exposure, Alaska is taking a very measured approach to this risk. In turn, despite the recent macro and technology outage headwinds, we believe the company offers a compelling risk-reward.*
- *We're relieved by the market's embrace of Alaska's guide, as we were initially thrown off by the uncharacteristically wide earnings range. But any lingering concerns on our part were assuaged by the quality of Alaska's earnings call. To put it bluntly, Alaska writes conservatively but speaks with greater vigor and bullishness, in our view.*
- ***Alaska's call hit the requisite notes, in our view - Network synergies ahead of plan. Managed corporate running up 20%, driven by tech and financial services. 1Q growth inside of 2%, FY inside of 3%. A plan to continue repurchasing shares.***
- ***Alaska is on track for meaningful earnings improvement as execution under Alaska Accelerate gains traction and demand trends inflect positively in 2026. With the Hawaiian merger and Alaska Accelerate plan, we believe Alaska has an earnings path to double-digit EPS by 2027 and beyond.***
- *The challenges Alaska faced in 2025 brought skepticism of a credible path to \$10 in EPS by 2027. The path now is about re-establishing a credible build-back in earnings power as the integration of Hawaiian Airlines starts to kick into full swing.*

JetBlue Airways



jetBlue®



4Q25 adj. pretax income (loss): (\$218M)

Management Commentary

- Two consecutive years of reliability improvements are a direct result of JetForward investments, smarter planning, disciplined execution and our team's daily focus on doing the basics well, all in the most challenging airspace in the world.
- Our products and perks are increasingly capturing more premium revenue following the enhancement of EvenMore and the continued outperformance of preferred seating, the release of our premium credit card, which far exceeded sign-up targets last year and the opening of our first-ever lounge at JFK.
- **We are also proud of the improvements we have made to our core offerings with changes to our Blue Basic fare and improvements in reliability and hospitality.** We've seen a healthy recovery in domestic performance with year-over-year RASM for the fourth quarter better than that of international flying.
- As we look ahead, our priorities remain the same: getting back to sustained operating profitability, followed by generating positive free cash flow and restoring the health of our balance sheet. We believe there is a path to generating free cash flow by the end of 2027.
- **We are seeing benefits from fleet simplification efforts, now down to 2 fleet types.**

Items of Interest

- Operating revenue per available seat mile ("RASM") increased 0.2% year-over-year, better than guidance range of a decrease of 4.0% to flat, driven by underlying demand strength, coupled with loyalty, ancillaries, and other revenue exceeding expectations.
- **Premium continued to outperform core, and loyalty continued to exceed expectations. YoY premium RASM 13pts higher versus core.** Gap widened versus prior quarter, even as core improved.
- Strength in co-brand with double digit spend growth and over 30% growth in new co-brand account acquisitions. Blue Sky partnership with UAL implemented 4Q, with interline and Paisly Vacations beginning in 2026.
- CASM-ex in 4Q increased due to higher costs from operational issues & lower capacity. JetForward plan realized \$75M in savings in 4Q. Fuel prices higher as well.
- Have cut capital spend by \$3B thru 2029. Capex remains below \$1B thru 2030. Ended with \$2.5B in liquidity. Will raise \$500M in 2026 for more liquidity. Total debt \$8.5B.

Financial and Operating Statistics

jetBlue	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$2,244M	\$2,277M	\$2,031M	(1.4%)	10.5%
Adj Operating Income (EBIT)	(\$99M)	\$18M	\$228M	n.m.	n.m.
Adj Operating Margin	(4.4%)	0.8%	11.2%		
Adj Pretax Income	(\$218M)	(\$80M)	\$221M	n.m.	n.m.
Adj Net Income	(\$181M)	(\$72M)	\$162M	n.m.	n.m.
Adj EPS	(\$0.49)	(\$0.21)	\$0.56	n.m.	n.m.
Capacity (ASMs)	15.9 billion	16.1 billion	16.1 billion	(1.6%)	(1.2%)
Yield	15.87¢	15.82¢	14.79¢	0.3%	7.3%
TRASM	14.13¢	14.11¢	12.63¢	0.1%	11.9%
CASM	14.76¢	14.00¢	11.22¢	5.4%	31.6%
CASM-ex	11.49¢	10.76¢	8.31¢	6.8%	38.3%
Fuel (econ)	\$2.51	\$2.47	\$2.07	1.6%	21.3%

Forward Guidance

FY 2026

- ASM's: 2.5%-4.5%
- CASM-ex: 1.0%-3.0%
- Interest: ~\$580M
- RASM: 2.0%-5.0%
- Adj. Op Margin: Breakeven or better
- CAPEX: ~\$900M

1Q26

- ASM's: 0.5%-3.5%
- CASM-ex: 3.5%-5.5%
- CAPEX: ~\$200M
- RASM: 0.5%-3.5%
- Fuel: \$2.27 - \$2/42

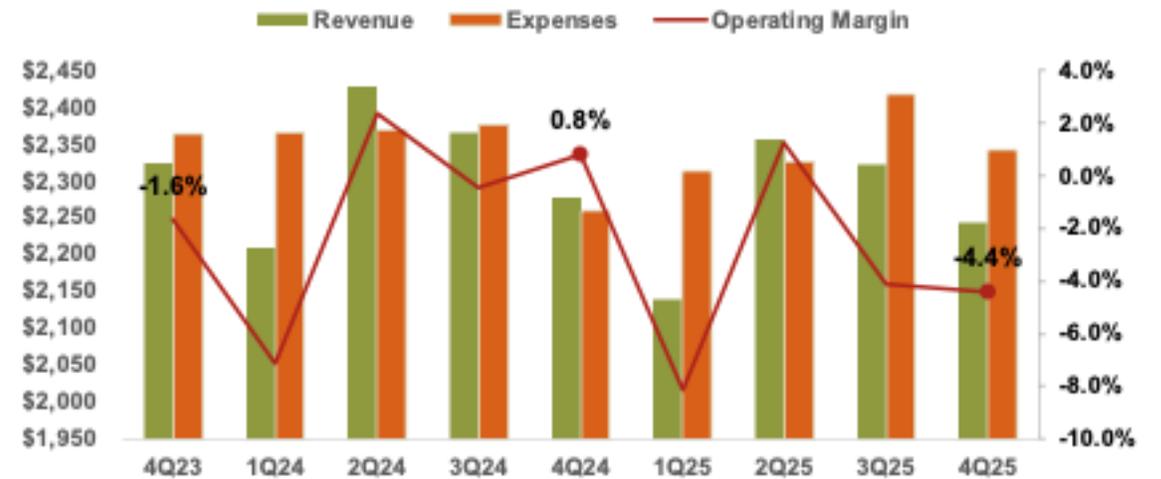
EFA takeaway: Unfortunately, JetBlue continues to lose money, having not regained profitability since the pandemic. The JetForward strategy is working but given their tough operating environment, how long can these losses be sustained?

JetBlue - Financial Performance

Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



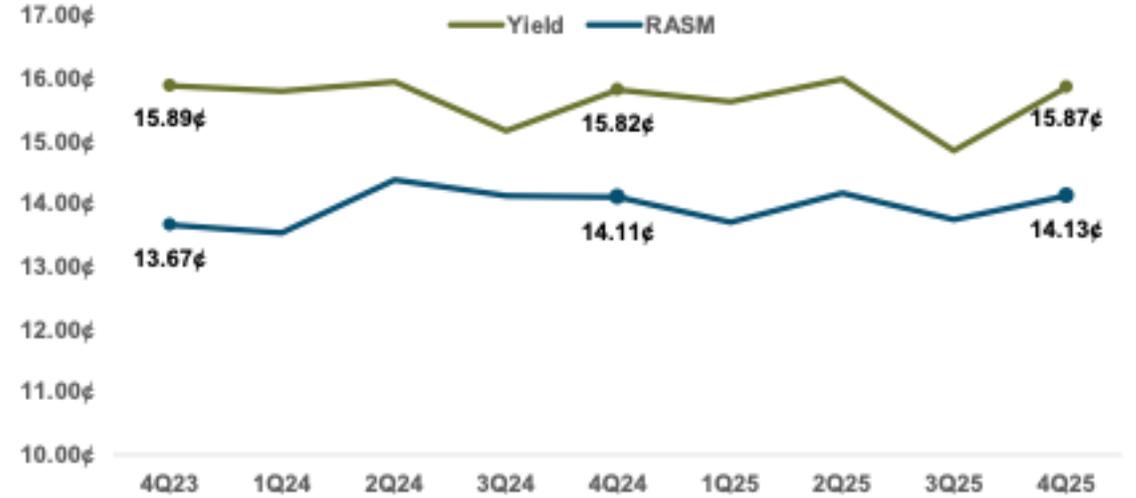
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



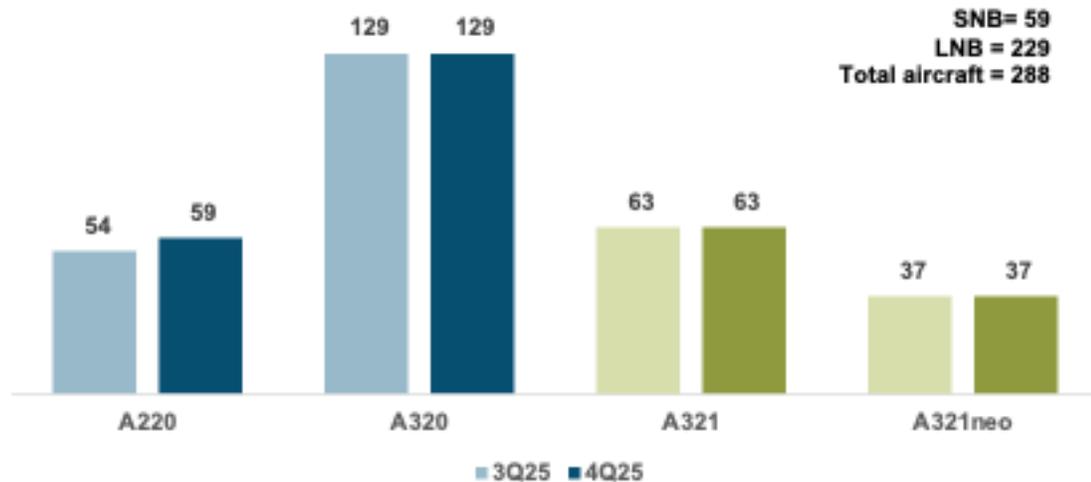
Yields & TRASM



Network News and Notes

- Received 20 aircraft deliveries in 2025. Expecting 14 A220 deliveries in 2026 and the start of the domestic first-class retrofit. Averaged 9 aircraft on ground during 4th quarter due to GTF engine issues. 20% of fleet expected to be retrofit in 2026.
- Executed definitive agreements to sell remaining Embraer E190 fleet as well as two Airbus A321neo XLR deliveries, as part of fleet modernization and simplification plan.
- **Added significant close-in capacity to FLL in 4Q. Announced 20 new nonstop destinations plus increased frequency on 12 other routes.** Offering 26 daily Mint flights from FLL as the buildup of FLL continues with Spirit Airlines downsizing. **Will peak at 180 dept/day by June 2026.**
- **Ceased service to Amsterdam from JFK. Will continue to serve AMS from BOS.** Will add Barcelona and Milan in summer 2026.

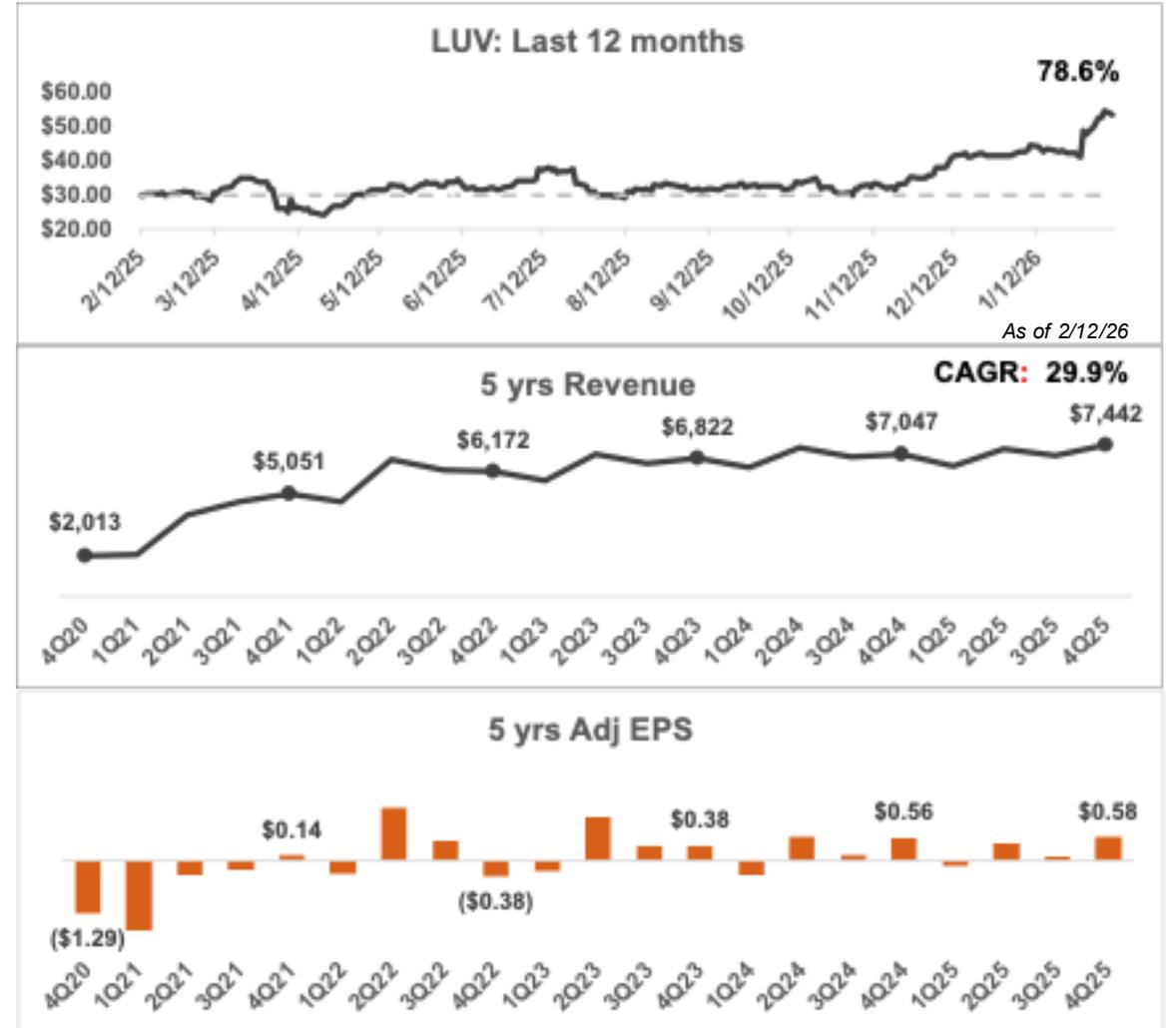
Mainline Fleet



Analyst Commentary

- *Notwithstanding what was a very challenging 2025 as evidenced by JetBlue's \$762 million pretax loss (and an underlying margin of -8.4%), it does appear that the company's turnaround is starting to gain momentum. To wit, gross debt peaked last year, CAPEX is capped at <\$1 billion per annum for the next few years, 2026's financing requirements are modest, and JetForward is entering its most exciting and revenue accretive phase.*
- **However, JetBlue is still incurring significant interest expense – ~\$580 million for the year – which means there is still more work ahead before the company can return to profitability and subsequently achieve free cash flow.**
- *For now, we are maintaining our forecasts and monitoring the progress of the JetForward initiatives. Although we see upside risk to JetForward deliverables in 2026, we are also watching the recent surge in jet fuel prices, particularly in NY Harbor where we estimate JetBlue sources at least 40% of its fuel needs.*
- **We were encouraged by the momentum of several of the company's initiatives, including a promising start for the JFK lounge/associated upside to premium card acquisitions, and that JetBlue's recent Fort Lauderdale growth is ramping more profitably than originally expected.** However, we are modestly widening our FY 2026 loss per share forecast as higher fuel and non-operating expenses offset our slightly higher RASM forecast.
- *The fact that JetBlue didn't speak as negatively about the Caribbean as did United came as a relief to us, as that was one potential read-through from United that we highlighted.*
- *We also think that JetBlue's 2025 EBIT outcome, chiefly \$305 million of JetForward contribution but an absolute outcome \$246 million worse than 2024 can almost entirely be attributed to 2025's unique industry pressures, as opposed to any chronic deterioration at JetBlue's core or share shift to competitors.*
- *JetBlue's plan needs time to play out, but signs of optimism start to break through. It's been a difficult few years for JetBlue as management looks to reposition the company toward sustainable profitability. **Work needs to be done, and the execution risk is high, but JetForward appears to mitigate downside.***

Southwest Airlines



Management Commentary:

- **Our fourth quarter and full year results underscore that our initiatives are generating the desired results and provide great momentum as we head into 2026.** We also ran a terrific operation, coming in #1 in on-time performance, completion factor and the lowest extreme delays in December and our strong operational performance throughout the year led to Southwest earning the top spot as *The Wall Street Journal's* Best U.S. Airline of 2025.
- I want to take a moment and reflect on the changes implemented 2 days ago. Overnight, we made the switch to assigned seating, implemented a differentiated service in our new extra legroom section and changed our boarding process. On Tuesday, we operated more than 3,200 flights as a different airline while continuing to deliver our usual high-quality operation, a testament to our incredible team. **These initiatives aren't just enhancements, but they represent a fundamental transformation in how Southwest delivers value to customers and shareholders.**
- 2026 is positioned to be a year of significant margin expansion and earnings growth for Southwest, and we remain confident in our ability to deliver and create long-term value for our shareholders.

Items of Interest

- Record 4th quarter and full-year revenues. Surpassed 2025 EBIT forecast by \$74M. Stronger traffic and realized fares, supported by planned initiatives taking effect drove the outsized performance. RASM slightly down due to FAA schedule cuts.
- **Load factor declined again, down to 77%, was attributed to a better mix of RASM vs. CASM spread.** Corporate business revenue up single digits in 4Q. Sales and distribution, along with better products, are expected to increase totals in 2026.
- **First quarter RASM is expected to increase by 9.5%, by far the highest guide in company history.** EPS guide of at least \$4 per share is also historically high. Assigned seating, ELR, bag fees and network optimization all cited as drivers of higher EPS.
- CASM-ex was lower than forecast despite lower capacity due to technology improvements and better efficiency. CASM-ex growth in 2026 will be moderate despite removing seats in the -700 and flat management headcount.
- \$3.2B in liquidity, credit line of \$1.5B. LT debt \$4.6B. Repurchased \$2.6B in stock.

Financial and Operating Statistics

Southwest	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$7,442M	\$7,047M	\$5,729M	5.6%	29.9%
Adj Operating Income (EBIT)	\$380M	\$397M	\$665M	(4.3%)	(42.9%)
Adj Operating Margin	5.1%	5.6%	11.6%		
Adj Pretax Income	\$388M	\$455M	\$666M	(14.7%)	(41.7%)
Adj Net Income	\$301M	\$356M	\$514M	(15.4%)	(41.4%)
Adj EPS	\$0.58	\$0.56	\$0.98	3.6%	(40.8%)
Capacity (ASMs)	46.1 billion	43.5 billion	40.0 billion	5.8%	15.1%
Yield	19.08¢	18.63¢	16.00¢	2.4%	19.3%
TRASM	16.16¢	16.19¢	14.32¢	(0.2%)	12.8%
CASM	15.31¢	15.28¢	12.66¢	0.2%	20.9%
CASM-ex	12.29¢	12.19¢	9.24¢	0.8%	33.0%
Fuel (econ)	\$2.45	\$2.42	\$2.09	1.2%	17.2%

Forward Guidance

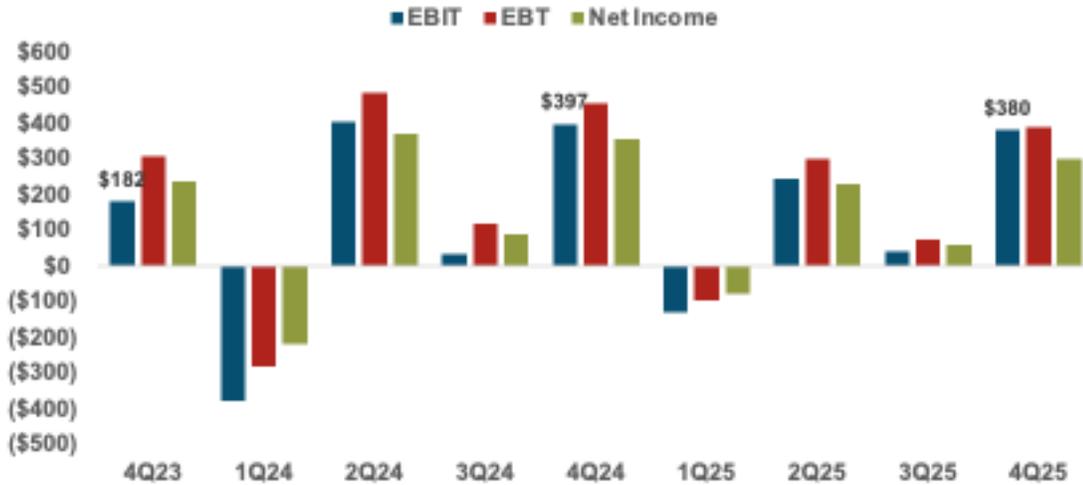
- **FY 2026**
 - EPS: at least \$4.00
 - Capacity: >2%-3%
- **1Q26**
 - RASM: Up at least 9.5%
 - Capacity: >1%-2%
 - EPS: at least \$0.45
 - CASM-ex: Up ~3.5%

EFA takeaway: Southwest delivered the 4Q best earnings report and forecast in many years. This sets the stage for the company to approach its past financial performance in '26/'27 assuming the initiatives and network perform as planned.

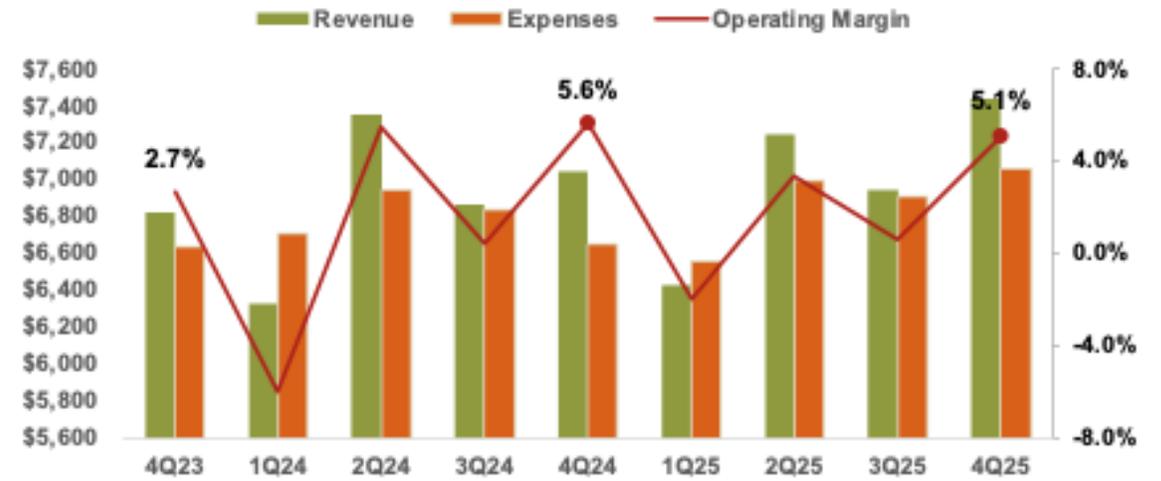
Southwest - Financial Performance



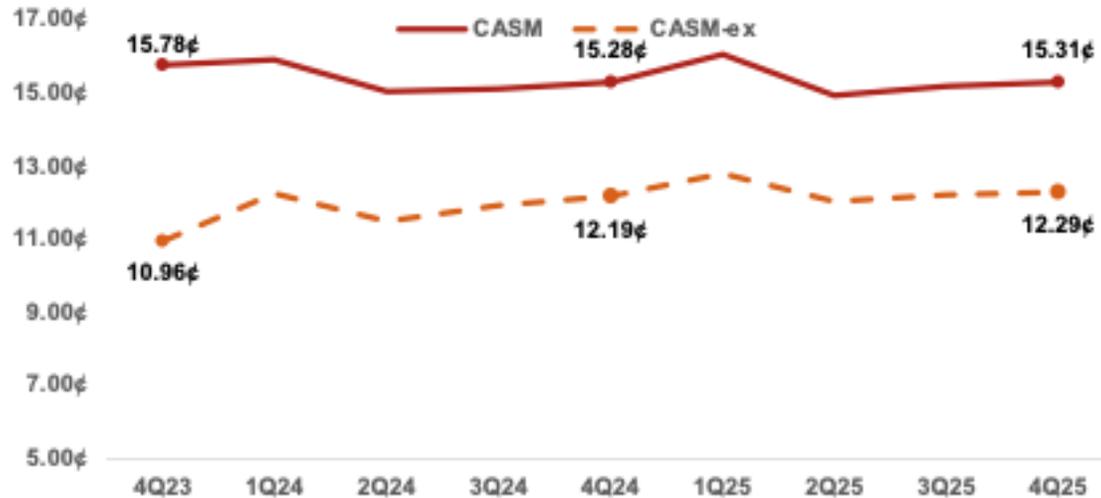
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



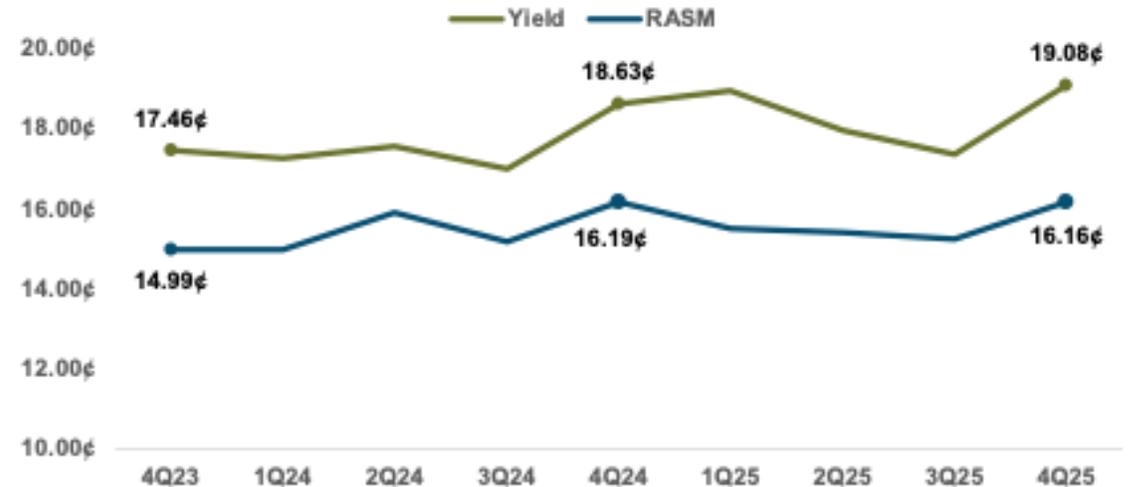
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



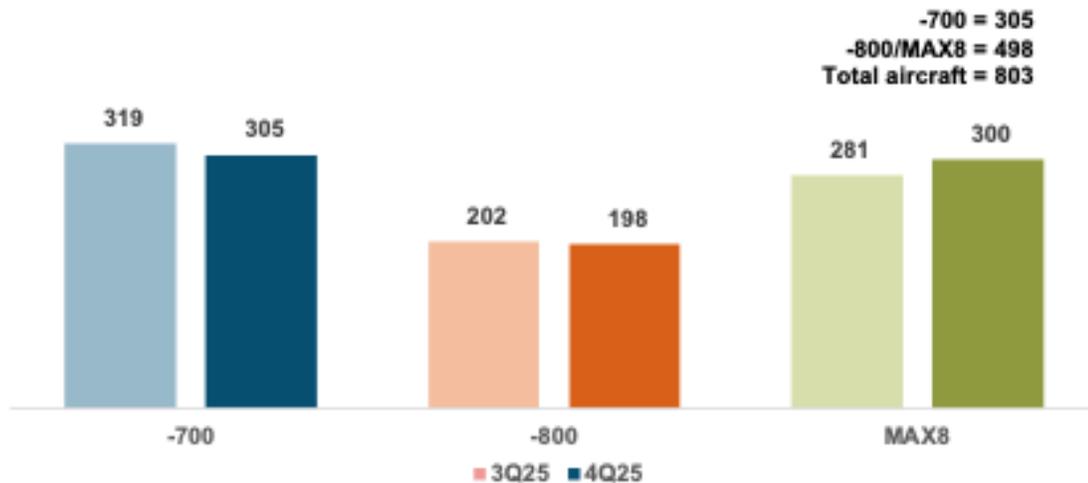
Yields & TRASM



Network News and Notes

- Received 19 Boeing 737-8 aircraft and retired 18 aircraft (14 Boeing 737-700 aircraft and the sale of four Boeing 737-800 aircraft) in fourth quarter 2025, ending the year with 803 aircraft.
- Received 55 Boeing 737-8 aircraft and retired 55 aircraft in 2025 (48 Boeing 737-700 aircraft and seven Boeing 737-800 aircraft, including the sale of five Boeing 737-800 aircraft).
- **Expect 66 Boeing 737-8 aircraft deliveries in 2026 and plan to retire approximately 60 aircraft.**
- New service at St. Thomas, USVI; Knoxville, Tennessee; St. Maarten; Santa Rosa, California; and Anchorage, Alaska all begins in 2026.
- **Six interline partnership (China Air, Condor, EVA Air, Icelandair, Philippine Airlines and Turkish Airlines) are now operational at various U.S gateways.**

Mainline Fleet



Analyst Commentary

- *Shares of LUV were up ~15% intraday on a 2026 outlook that was vastly better than investors believed possible. No change to our view that the 2026 EPS upside could be closer to \$5.50 if all goes well with macro and execution.*
- *The strength of LUV's loyalty program which in the 1st 9 months of last year was ~21% of total revenue. We can't help but conclude that lounges would boost credit card acquisition, spend and corp. share shift.*
- **Southwest possesses the industry's deepest track record of profitability, an investment grade balance sheet and a loyal customer base.** Recent operational hiccups and procrastination have pressured the share price and investors patience. However, we believe the "core" is starting to stabilize and believe the initiatives are progressing as planned as evidenced by management reiterating incremental EBIT targets despite the demand headwinds.
- *Southwest has spent the last 1.5 years making the most sweeping changes in the company's history. Those were not easy decisions to make, but necessary (to some extent) to keep pace with evolving travel needs and potentially catapult Southwest's margin profile back to the top of the industry.*
- **The question from here will be just how much upside Southwest will see from seat assignments & premium.** The positive Street revision here will be important to watch given there is a tendency to overshoot. That all said, 2026 has long been viewed as when potential showed through and this is quite a start. Management sounds very confident in upside. Time will tell as there are a lot of moving parts with execution risk associated with those changes.
- **While we (and the Street) have been more skeptical of the execution of the new plan, we may have underestimated the earnings of the new credit card agreement.** We are raising our 2026 forecast in light of this fact.
- *LUV's margins have lagged its peers, post-pandemic. While self-help measures are in place, we expect earnings uplift will take several years to be realized given the long-dated nature of its initiatives.* Given execution risk and shares trading at the high end of historical ranges, we rate LUV shares Underperform.

Ultra Low-Cost Carriers (ULCCs)



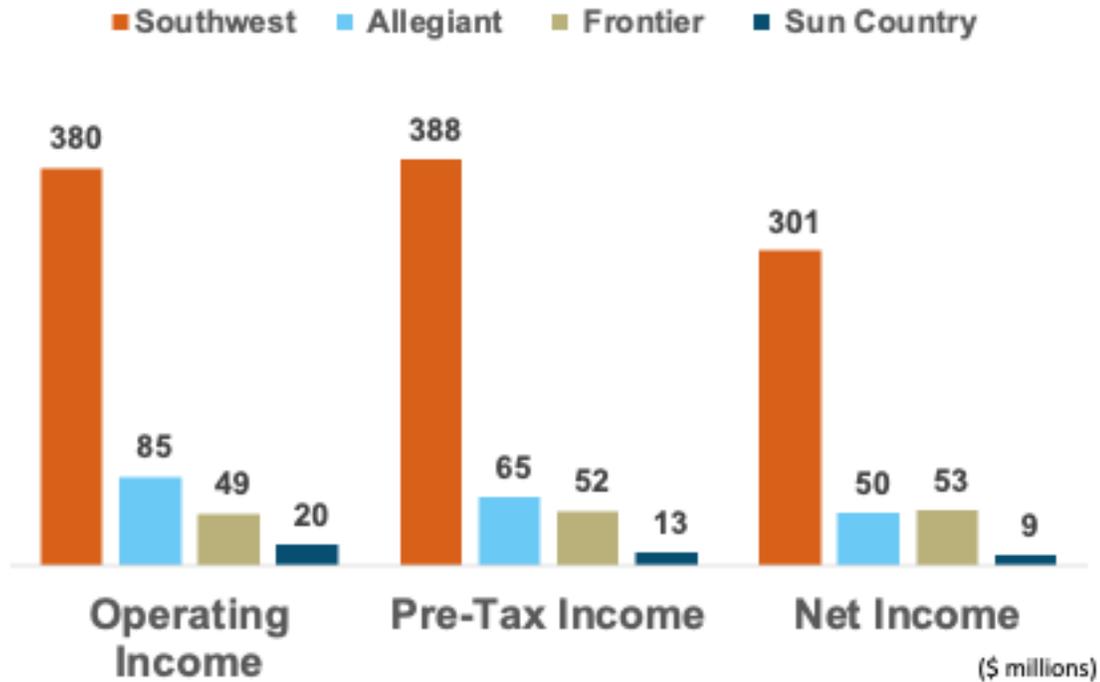
Spirit is in bankruptcy and not reporting quarterly earnings

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

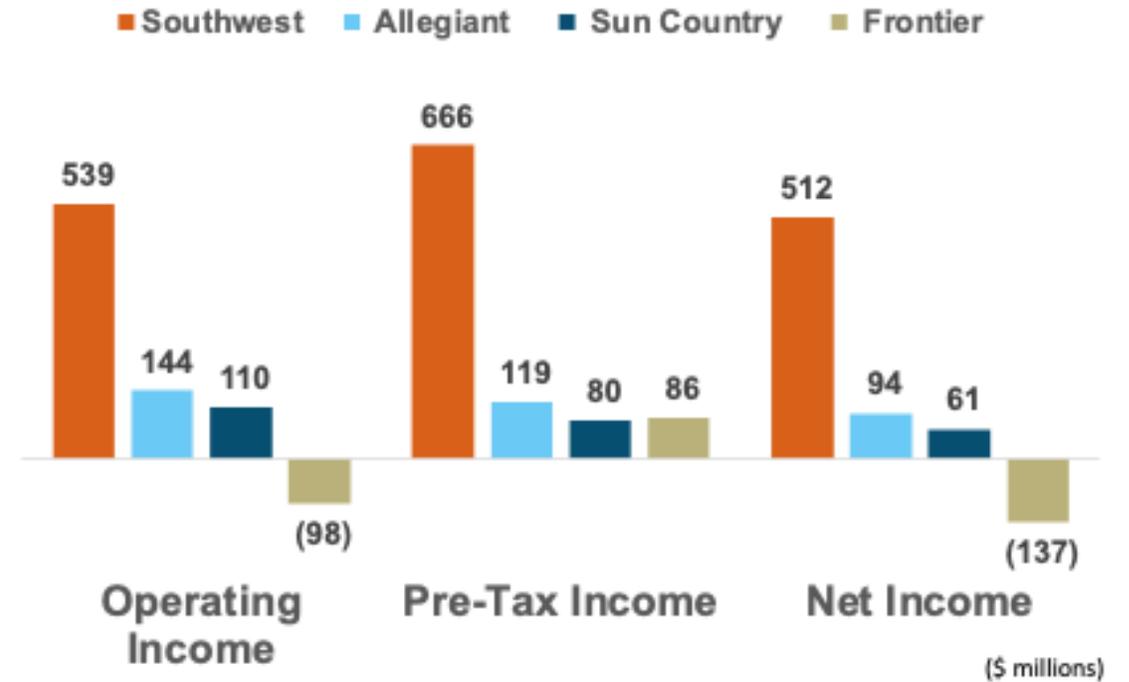
Key Financial Results

ULCCs vs. Southwest

4th Quarter 2025

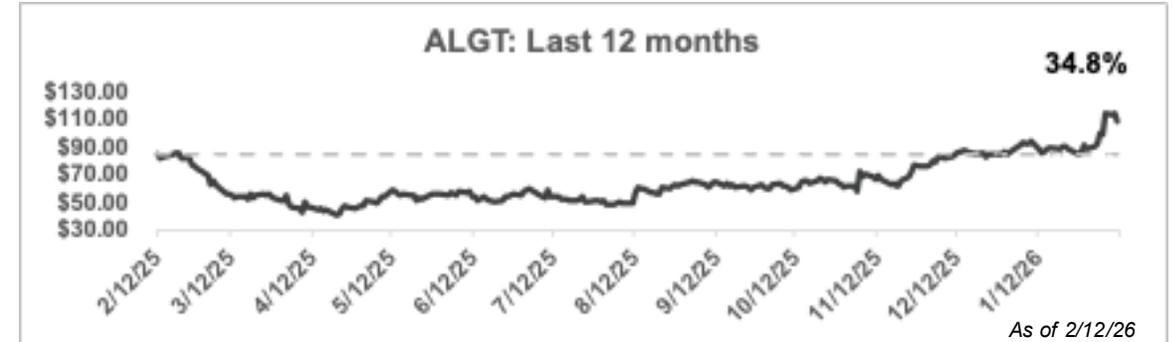


Full Year 2025



Non-GAAP – excludes special items

Allegiant Travel Co.



Allegiant

4Q25 adj. pretax income: \$65M (Airline only)

Management Commentary:

- **Our financial results for the fourth quarter exceeded our original expectations.** We saw strong leisure demand throughout the quarter as TRASM declined just 2.6% on 10.5% capacity growth. Fuel ran slightly higher than expected, but disciplined cost execution helped us deliver a 12.9% adjusted operating margin among the best in the industry. These results demonstrate the effectiveness of our low utilization flexible capacity model.
- We are transitioning away from our proprietary systems in favor of modern, flexible platforms as a major undertaking, but it was essential for achieving our future goals. We are now turning our focus to leveraging the state-of-the-art technology stack that allows us to introduce new tools and capabilities across the business.
- Looking ahead to 2026, we do not plan to grow the fleet this year as a stand-alone, and we expect to lean into our existing infrastructure and commercial initiatives to drive TRASM improvement and margin expansion.
- Strategically, our agreement to acquire Sun Country is an important step forward as the combination is expected to accelerate our ability to build the leading leisure airline in the U.S.

Items of Interest:

- Record airline only revenue in 4Q. Fixed fee revenue of \$25M, up 8.4% YoY. TRASM down 2.6% on scheduled service capacity growth of 10.5% YoY. Higher earnings driven by lower-than-expected SWB, timing of maintenance events and a better revenue environment post government shutdown.
- Cobrand credit card remuneration of \$36M in 4Q and \$140M for the year, a modest increase from 2024.
- **Plan to acquire Sun Country airlines for approximately \$1.5B. Deal expected to close in second half of 2026.**
- **Cost performance better than forecast** as CASM-ex was down nearly 4%. Fuel efficiency (ASM's per gal) up as MAX aircraft comprise larger percentage of fleet.
- Liquidity of \$1.1B, including \$250M credit line. Prepaid \$224M in debt. Unencumbered assets over \$1B. Total debt EOQ \$1.8B, down \$300M. Capex of \$453M in 2025, within guidance. 2026 Capex \$750M, reflecting more new A/C deliveries and deferred heavy maintenance.



Financial and Operating Statistics

Allegiant	4Q25	4Q24	4Q19	y/y	y/6y
Airline Revenues	\$656M	\$610M	\$457M	7.6%	43.7%
Adj Operating Income (EBIT)	\$85M	\$81M	\$97M	4.8%	(13.0%)
Adj Operating Margin	12.9%	13.2%	21.3%		
Adj Pretax Income	\$65M	\$69M	\$83M	(5.2%)	(22.0%)
Adj Net Income	\$50M	\$56M	\$66M	(9.9%)	(23.9%)
Adj EPS	\$2.72	\$3.00	\$4.04	(9.3%)	(32.7%)
Capacity (ASMs)	5.0 billion	4.5 billion	3.7 billion	10.5%	32.9%
Yield	16.23¢	15.34¢	13.57¢	5.8%	19.6%
TRASM	12.67¢	13.01¢	11.57¢	(2.6%)	9.5%
CASM	11.51¢	11.32¢	9.38¢	1.7%	22.7%
CASM-ex	8.01¢	8.29¢	6.50¢	(3.4%)	23.2%
Fuel (econ)	\$2.61	\$2.50	\$2.18	4.4%	19.7%

Forward Guidance

• FY 2026

- ASM's: Down 0.5%
- Fuel: \$2.50
- Interest: \$125M - \$135M

- EPS: > \$8.00
- Aircraft CAPEX: ~\$900M

• 1Q26

- ASM's: Down 5.7%
- Fuel: \$2.60

- Adj operating margin: 12% - 15%
- EPS: \$2.50 - \$3.50

EFA takeaway: Now that the distraction of the Sunseeker Resort is gone, the airline is returning to its very profitable routes. Merger with Sun Country should only strengthen the airline, assuming it is approved.



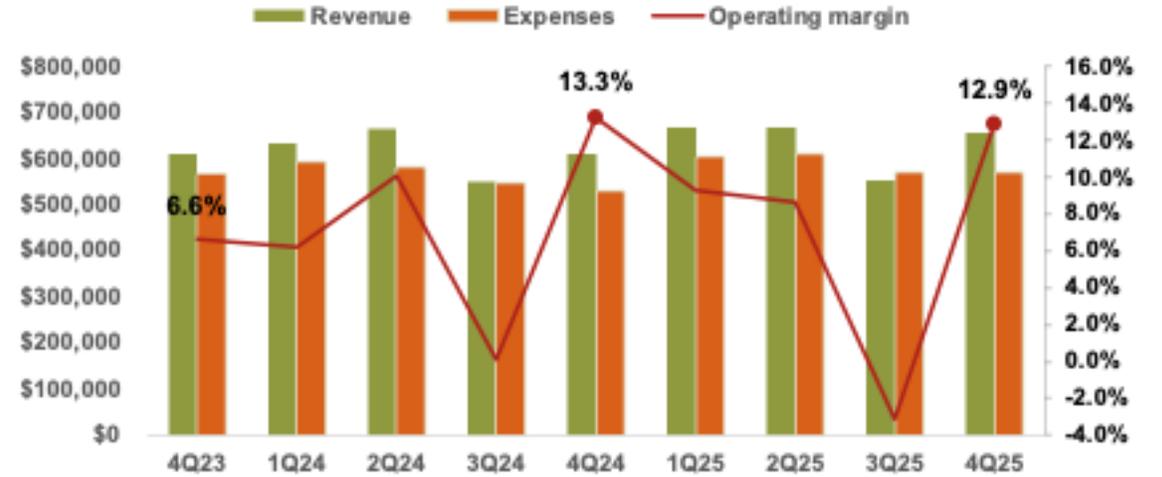
Allegiant - Financial Performance



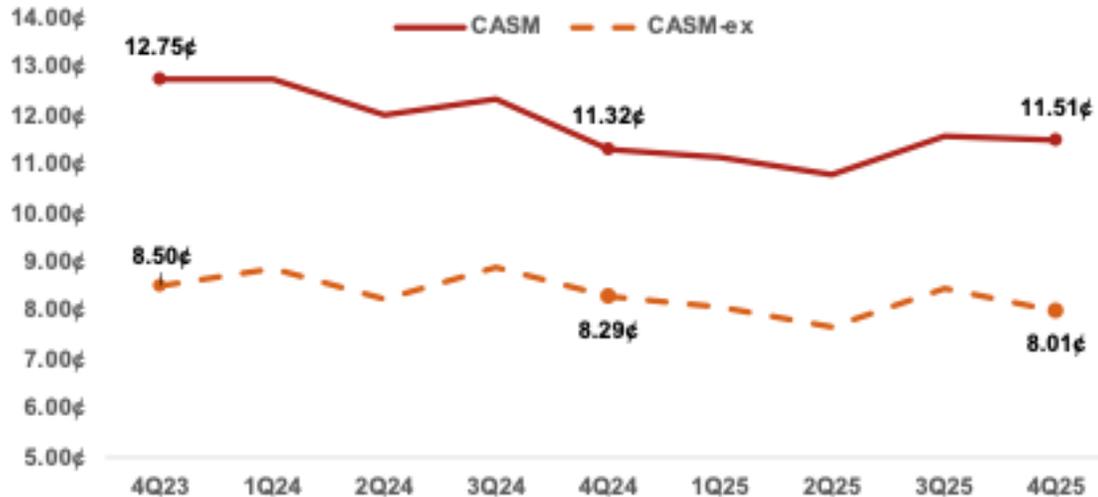
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



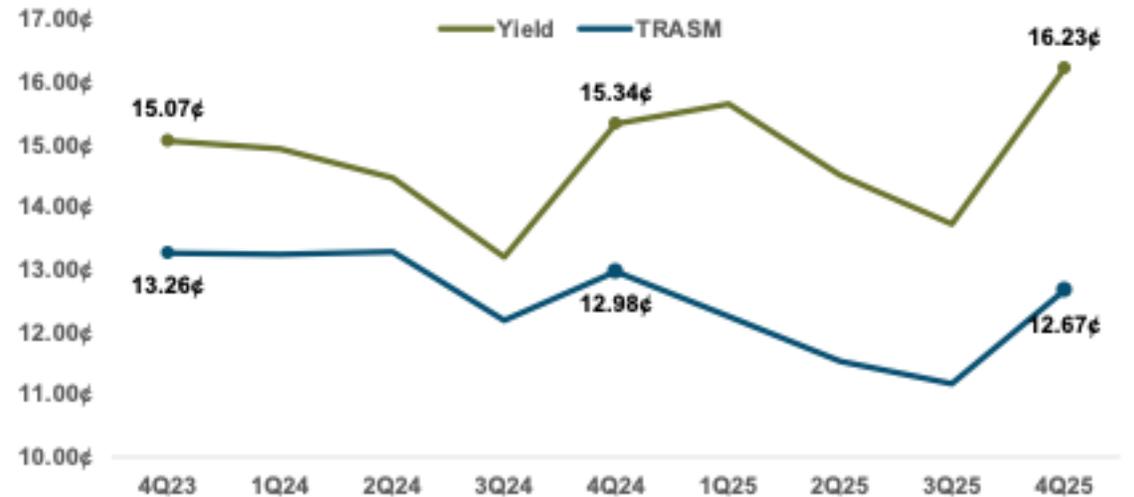
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



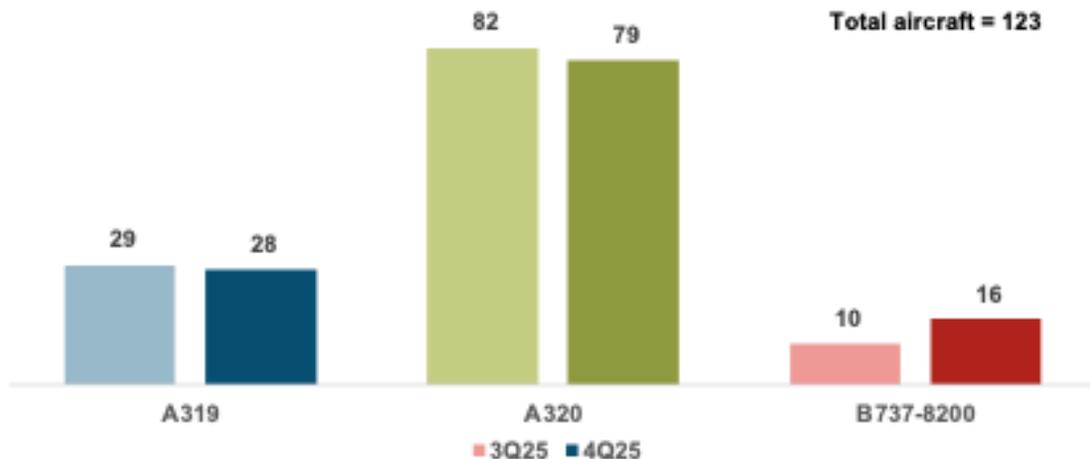
Yields & TRASM



Network News and Notes

- Ended the year with 123 aircraft, up two aircraft from third quarter. Fleet comprises 16 MAX 8-200 aircraft and 107 A320/319's.
- **Expect to take delivery of 11 MAX 8-200 aircraft in 2026, with nine being placed in service by years-end. Will retire nine A320 aircraft throughout the year, resulting flat year-over-year fleet growth.**
- During the fourth quarter, expanded the network by announcing **30 new nonstop routes and four new cities**, La Crosse, Wisconsin, Philadelphia, Pennsylvania, Trenton, New Jersey, and Columbia, Missouri.
- 19 new markets begin in 1Q 2026, and 20 new markets begin in 2Q.
- Will only operate 3% of total monthly flights on Tuesdays during the January to June 2026 period.

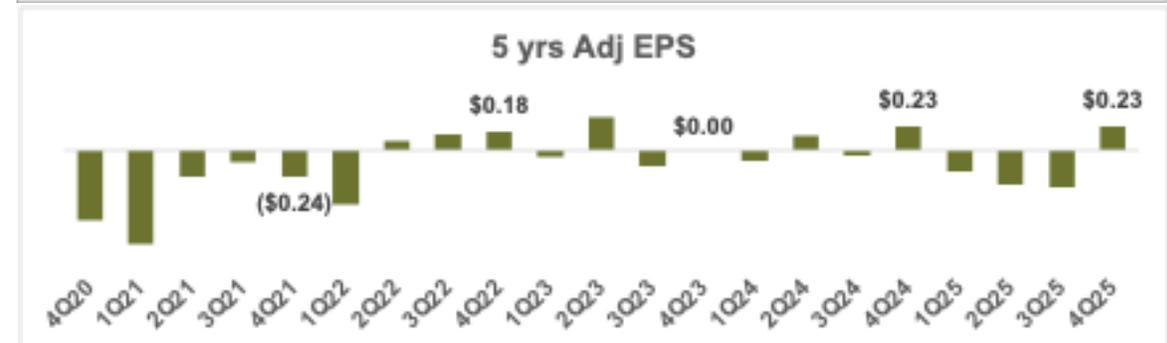
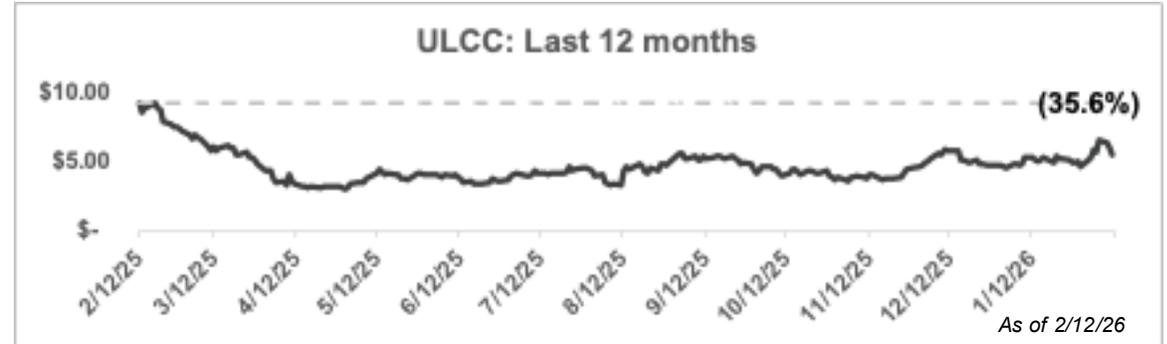
Mainline Fleet



Analyst Commentary

- *Allegiant (and its proposed merger partner Sun Country) has found a way to "crack the code" with respect to being a profitable and financially durable low fare carrier. In hindsight, Allegiant's diversification into the resort space a few years ago turned out to be an unwise financial decision and "masked" the underlying profitable airline business. **With the divestiture of the resort business now in the rearview mirror, Allegiant's management can now focus on their wheelhouse, which is running an operationally and financially strong low fare carrier.***
- *As we head into 2026, **we are now forecasting the return of double-digit EBIT margins** which will put Allegiant near the top of its class (joining Delta, SkyWest, Sun Country, and United).*
- *The most important part of our investment thesis is that our long-term forecast (and underlying share price target) does not yet incorporate the potential earnings pick-up from the proposed acquisition of Sun Country (expected by 2H 2026), which we estimate will be accretive from Year 1.*
- *Allegiant's 4Q25 result and 1Q26/2026 guidance beat expectations, reflecting meaningful margin expansion supported by healthy demand, good cost execution, and maturation of commercial initiatives.*
- *We remain encouraged by Allegiant's continued execution on idiosyncratic 2026 margin recovery levers, which are helping offset macro headwinds in the near term and should lead to meaningful margin expansion longer term. Moreover, while leverage has stepped up as Allegiant executes on the MAX order book (vs. the typical used aircraft purchases), we view this as time-limited and expect net leverage to continue to step down.*
- *We see Allegiant's model of monopolistic routes benefitting from stronger unit revenue growth aided by flat capacity following double-digit capacity growth in 2025, a return in management's focus to the airline after selling Sunseeker, and constrained unit cost growth as 737 MAX utilization increases.*
- *With \$839M of cash at the end of the year, ALGT has plenty of cash on hand to pay the cash portion of the SNCY acquisition (\$224M) and to pay the pilots the bonus pay that has been accruing the last several years.*

Frontier Airlines



4Q25 adj. pretax income (loss): \$52M

Management Commentary

- *I have spent the past 2 months rolling up my sleeves to build a clear strategic path designed to return Frontier to sustain profitability as the low-cost, high-value airline of choice.*
- *First and foremost, I am focused on resetting and stabilizing the business through a comprehensive rightsizing of our fleet. Returning Frontier to profitability is about going back to our roots as an organization.*
- *While we remain firmly committed to cost discipline and operational excellence, our final strategic priority is pairing that discipline with smart high-return upgrades that will accelerate the maturity of our customer loyalty program.*
- *We'll be modernizing every part of our commercial offering this year and into 2027 from digital tools and distribution to loyalty and onboard experience. These initiatives include the fleet-wide rollout of first-class seating, onboard WiFi, and upgraded website and mobile app and enhanced digital products and communications.*
- *Turning briefly to a network update, we remain focused on being the leading high-value carrier in the top 20 U.S. metros and to expand affordable travel options as industry capacity adjusts.*

Items of Interest

- Revenue per available seat mile ("RASM") was 10.17 cents, while RASM on a stage adjusted basis to 1,000 miles was 9.61 cents, slightly higher than the comparable 2024 quarter. The government shutdown impacted revenues negatively by \$30M in 4Q.
- Total revenue per passenger was \$117, flat to the prior year quarter, on a 79 percent load factor, slightly higher than the prior year period.
- **Loyalty revenue was up approximately 30 percent vs. the prior year quarter**, the third consecutive quarter of double-digit growth. Co-brand card acquisition and spend all higher.
- CASM ex-fuel was one percent lower year-over-year driven largely by sale-leaseback gains on higher fleet induction activity during the quarter, offset by the impact from the 10 percent reduction in average daily aircraft utilization and higher station costs.
- **Liquidity of \$874M, \$654 in cash and \$220M in revolving credit. This is a \$183M increase since 3Q due to sale-leasebacks and capital financing. Represents 23% of past year revenue.**

Financial and Operating Statistics

Frontier	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$997M	\$1,002M	\$655M	(0.5%)	52.2%
Adj Operating Income (EBIT)	\$49M	\$45M	\$90M	8.9%	(45.6%)
Adj Operating Margin	4.9%	4.5%	13.7%		
Adj Pretax Income	\$52M	\$51M	\$94M	2.0%	(44.7%)
Adj Net Income	\$53M	\$54M	\$73M	(1.9%)	(27.4%)
Adj EPS	\$0.23	\$0.23	\$0.37	0.0%	
Capacity (ASMs)	9.8 billion	9.8 billion	7.6 billion	0.1%	29.7%
Yield	12.44¢	12.75¢	8.16¢	(2.5%)	52.4%
TRASM	10.17¢	10.23¢	8.67¢	(0.6%)	17.3%
CASM	9.67¢	9.78¢	7.78¢	(1.1%)	24.3%
CASM-ex	7.36¢	7.44¢	5.21¢	(1.1%)	41.3%
Fuel (econ)	\$2.44	\$2.48	\$2.24	(1.6%)	8.9%

Forward Guidance

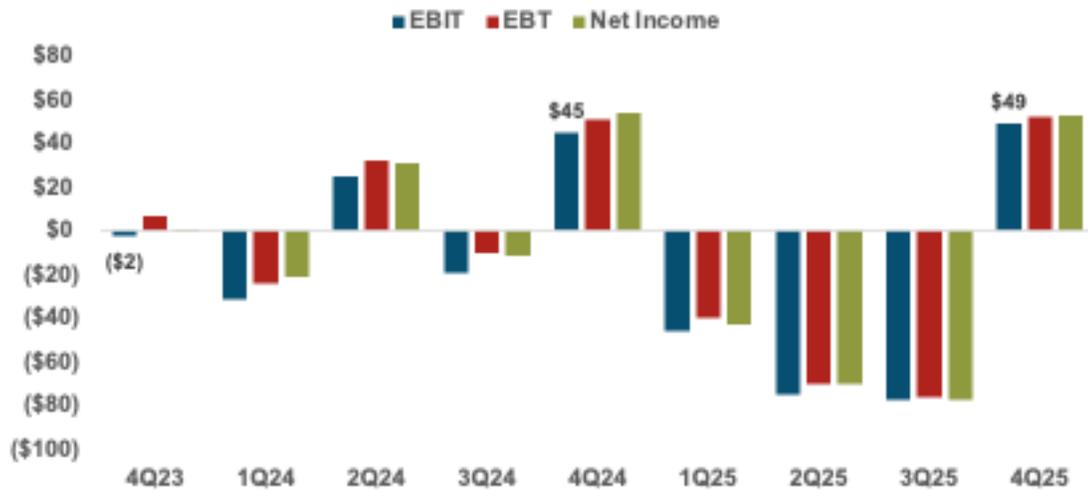
- **FY 2026**
 - Adjusted EPS: \$(0.40) to \$0.50
 - ASM's: ~10%
 - Capex: \$200M-\$250M
- **1Q26**
 - EPS: \$(0.26) to \$(0.44)
 - Capacity: (1%)-(2%)
 - Fuel: \$2.50 per gallon

EFA takeaway: Frontier's new CEO is slowing growth, along with downsizing the fleet as he attempts to restore profitability. Will this be enough in the current environment?

Frontier - Financial Performance



Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



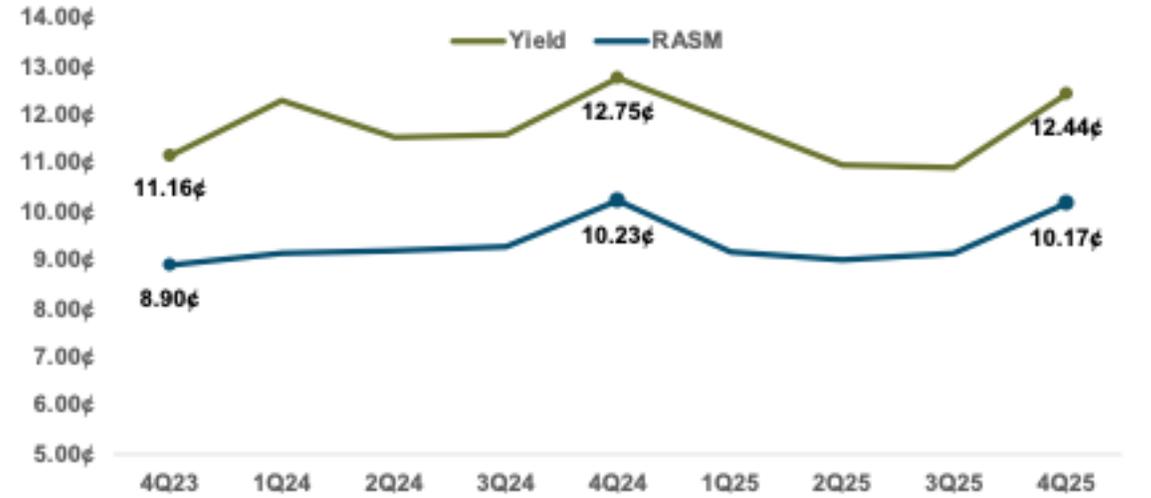
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



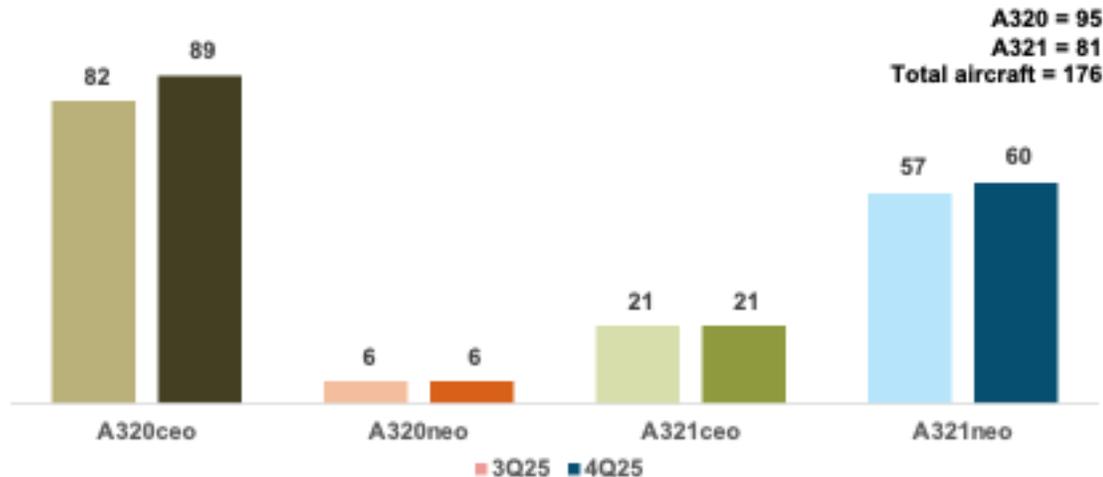
Yields & TRASM



Network News and Notes

- Frontier took delivery of 10 A320neo family aircraft during the fourth quarter of 2025, including 7 A320neo aircraft and 3 A321neo aircraft. The aircraft inductions increased the proportion of the fleet comprised of the more fuel-efficient A320neo family aircraft to 85 percent as of December 31, 2025. 24 deliveries in 2026.
- **Reached a non-binding agreement with AerCap to terminate the leases associated with 24 aircraft** currently in operation which were otherwise scheduled to expire in the next two to eight years, all of which are expected to be returned in the second quarter of 2026.
- **Will defer induction of 69 A320 family aircraft**, scheduled for delivery 2027-2030, until 2031-2033. Will exit 2026 with 176 aircraft, flat when compared to 2025.
- **Added 57 new routes** across Dallas, Houston, Detroit, Baltimore, Charlotte, Atlanta and Fort Lauderdale, and international flights to warm-weather leisure destinations in Guatemala, Honduras, Mexico, Turks and Caicos.
- Announced 23 new routes launching in March/April. ATL with outsized growth.

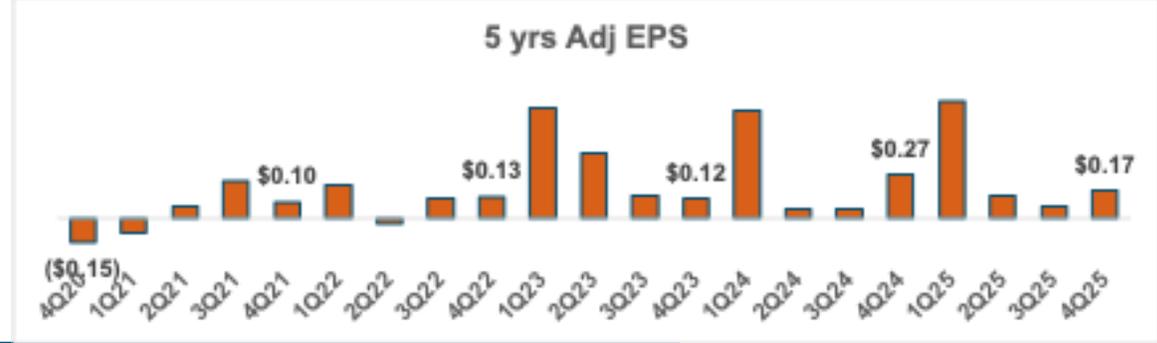
Mainline Fleet



Analyst Commentary

- *As he takes the helm, Jimmy Dempsy is wasting no time in refocusing Frontier's efforts on (1) rightsizing the fleet, (2) strengthening cost discipline, (3) reducing cancellations/improving on-time performance, and (4) maturing customer loyalty. We view favorably the renewed emphasis on operational execution alongside the pending agreements with AerCap and Airbus that maintains an essentially flat fleet over the next two years.*
- **Right-sizing the fleet and improving its operations should position Frontier to deliver more cost-efficient growth over the next several years.** Aircraft utilization (hours/day) is a crucial unit cost lever in Frontier's arsenal, averaging 9.2 in 2025 vs. 12.2/11.3 in 2019/2023. With the return of 24 A320neos to AerCap, Frontier should begin to see utilization improvements beginning in mid-2Q26, and the team expects a recovery to ~11.5 by Summer 2027.
- *Reflecting the fewer spare engine SLB transactions in 2026 and fewer aircraft deliveries in 2027, we expect Frontier to generate ~\$200M/\$45M in SLB (sale-leaseback) gains in 2026/27 vs. \$281M in 2025E. As noted previously, we do not consider SLB a "4-letter word", but believe it needs to be part of a more balanced strategy especially when considering lease return costs.*
- **Following a Dec Q beat and a clear strategic reset, Frontier is repositioning its business around structural cost savings, disciplined capacity growth, and improved operational reliability.** Frontier expects to pursue a more moderate ~10% capacity growth plan for 2026 vs. historical mid-to-high teens, with approximately half driven by filling the existing network and the remainder from new markets. Management emphasized that this growth rate is intentionally lower than historical levels to avoid RASM dilution and better align capacity with demand.
- **The fleet changes and a more moderate delivery schedule through the end of the decade represent material actions and indicative of a management team that is squarely-focused on right-sizing to profitability.**
- While SLB financing has been secured for near-term aircraft deliveries, it was encouraging to hear that Frontier is open to balancing SLB with other forms of financing in the medium to long-term.

Sun Country Airlines



Sun Country



4Q25 adj. pretax income: \$13M

Management Commentary:

- On January 11, 2026, Sun Country and Allegiant entered into a definitive agreement under which Allegiant will acquire all of the outstanding shares of Sun Country in a cash and stock transaction.
- No conference call held as per SEC agreement while merger pending with Allegiant Airlines.
- *Our diversified business model delivered exceptional results in the fourth quarter, with record cargo revenue⁽¹⁾ and the highest fourth quarter charter revenue in company history⁽¹⁾," said Torque Zubeck, Chief Financial Officer.*
- *Our strong charter performance demonstrates the flexibility of our business model and our ability to quickly respond to opportunities in the market. In scheduled service, capacity decreased 9.8% as resources were redeployed to accommodate our cargo fleet expansion. The reduction in scheduled service capacity combined with a strong demand environment drove scheduled service TRASM⁽³⁾ growth of 8.9%. We are well positioned for continued growth in 2026 as first quarter demand trends remain strong and we will be growing back our scheduled service business later in the year."*

Items of Interest

- **Scheduled service TRASM increased 8.9% year-over-year** on a 9.8% decrease in scheduled service ASMs. Average base fare, ancillary revenue per passenger, and scheduled service load factor all increased versus the fourth quarter of 2024.
- Charter revenue increased 18% on a 12% increase in charter hours. Charter flying under long-term contracts accounted for 64% of charter block hours vs. 61% 4Q24.
- **Fourth quarter cargo revenue increased 67.9% on block hour growth of 50.6%**, primarily driven by the eight additional cargo aircraft deployed earlier in the year.
- CASM increased 19.1% on a 5.8% decrease in system ASMs. **Adjusted CASM⁽⁴⁾ increased 12.1%**, primarily driven by headcount growth of 4.5% to support the expanded aircraft fleet and a significant increase in scheduled heavy maintenance versus the fourth quarter of 2024 as the Company was able to pull forward some events from 2026.
- Total liquidity was \$302.8 million on December 31, 2025, while the Company's net debt⁽⁶⁾ was \$364.0 million.

Financial and Operating Statistics

Sun Country	4Q25	4Q24	4Q19	y/y	y/6y
Revenues	\$281M	\$260M	\$164M	7.9%	71.5%
Adj Operating Income (EBIT)	\$20M	\$28M	\$13M	(29.1%)	54.0%
Adj Operating Margin	6.9%	10.6%	7.7%		
Adj Pretax Income	\$13M	\$19M	\$8M	(32.8%)	55.4%
Adj Net Income	\$9M	\$15M	\$5M	(38.7%)	83.3%
Adj EPS	\$0.17	\$0.27	\$0.12	(37.0%)	43.9%
Scheduled Capacity (ASMs)	1.45 billion	1.61 billion	1.30 billion	(9.8%)	11.7%
Yield	18.08¢	16.40¢	15.53¢	10.3%	16.4%
TRASM	12.15¢	11.14¢	9.89¢	9.1%	22.8%
CASM	14.22¢	11.94¢	9.13¢	19.1%	55.8%
CASM-ex	8.78¢	7.83¢	6.82¢	12.1%	28.8%
Fuel (econ)	\$2.56	\$2.47	\$2.11	3.6%	21.5%

Forward Guidance

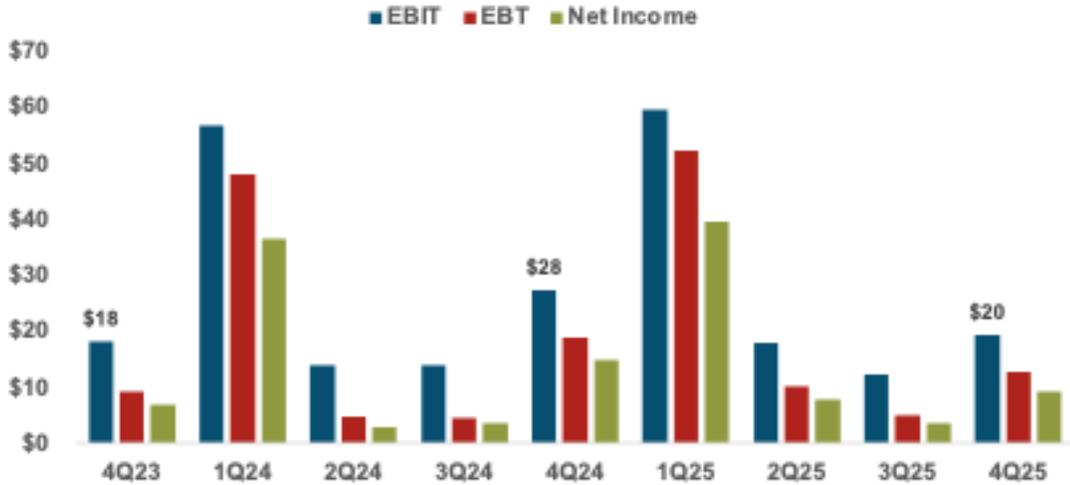
• FY 2026

- No guidance issued due to pending acquisition by Allegiant

EFA takeaway: Sun Country's unique business model continues to post profits. The merger with Allegiant appears to be a good fit and should generate even greater profitability.

Sun Country - Financial Performance

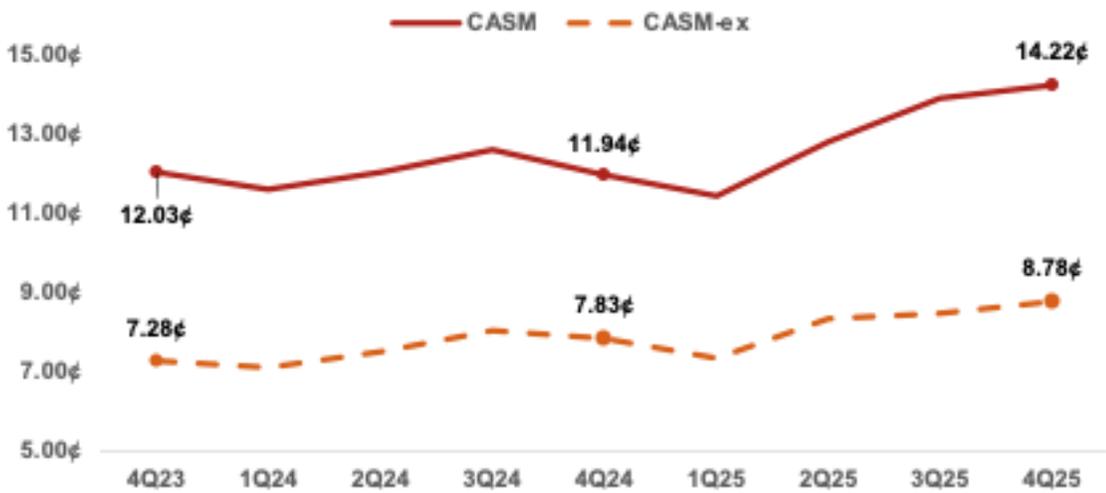
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



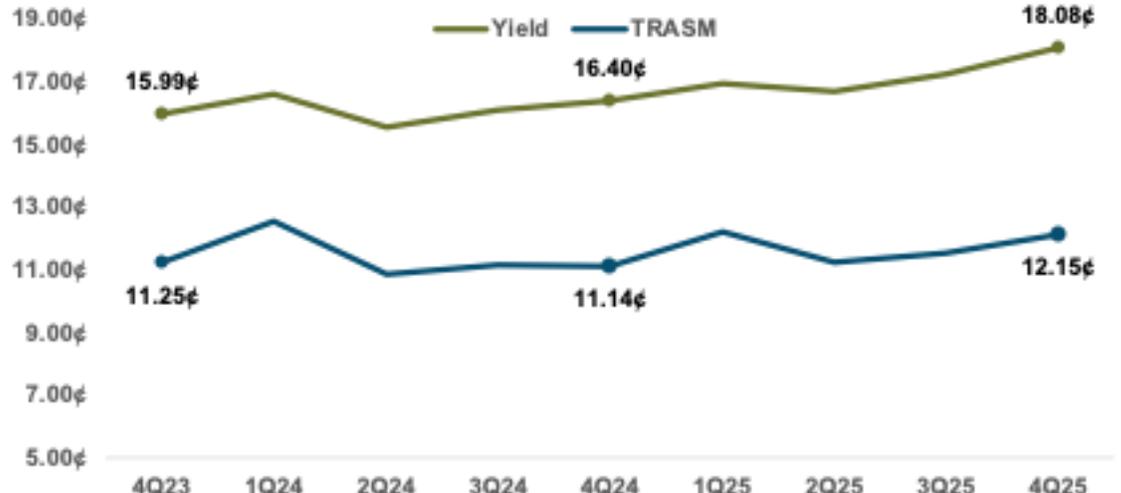
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

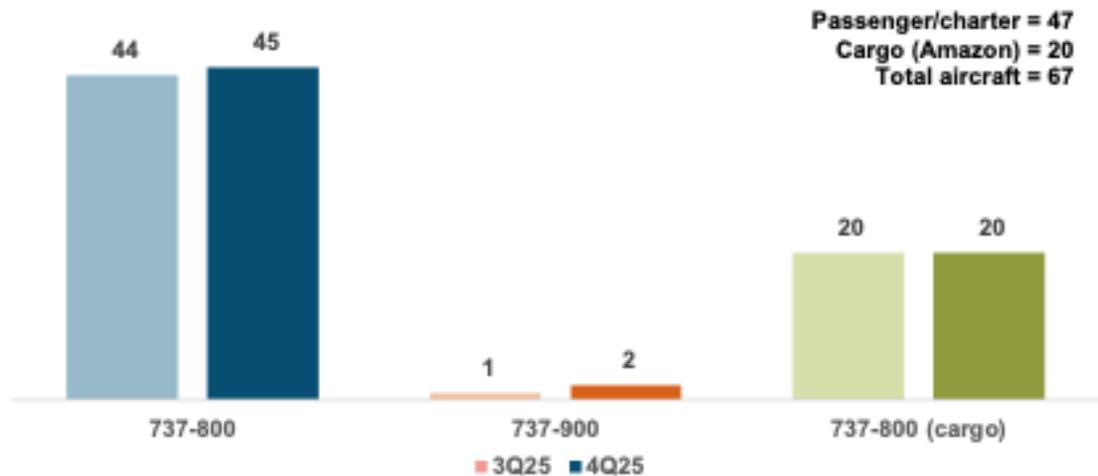


Sun Country - Network, Fleet and Analyst Commentary

Network News and Notes

- As of December 31, 2025, the Company had 47 aircraft in its passenger service fleet, operated 20 freighter aircraft in its cargo operation and had three aircraft that are currently on lease to unaffiliated airlines.
- **Announced plans to open a new operational base at Cincinnati/Northern Kentucky International Airport (CVG) in early 2026 which we believe will bolster operational efficiencies in our cargo business.**
- **Plans to add two new cargo aircraft to the fleet, with both aircraft expected to be operational in early third quarter 2026.** One of these aircraft will be utilized as a spare to support the cargo operation.
- Received one 737-900ER and one 737-800 during the quarter. Both of these aircraft were previously on lease with other operators and are being transitioned into Sun Country configurations and are expected to enter into service by the end of first quarter 2026.

Mainline Fleet



Analyst Commentary

- **A resilient business model with potential strategic upside.**
- *The US airline sector has tested low-fare carriers' ability to balance growth with profitability, particularly in periods of elevated costs and shifting demand. Sun Country stands apart, having built a business model that consistently delivers earnings through disciplined execution and structural diversification. By combining a hybrid low-fare passenger network with scaled charter and cargo operations, the company has demonstrated an ability to generate durable profits across varying market conditions.*
- *In light of the pending merger with Allegiant, Sun Country did not provide formal forward guidance for upcoming quarters. That said, Dec Q results provided a clear read-through to underlying earnings power, with adjusted EPS of \$0.17 reflecting continued strength in cargo and charter, partially offset by elevated cost pressures tied to fleet growth and maintenance timing. Management noted strong Mar Q demand trends and reiterated expectations to grow back scheduled service capacity later in 2026 as cargo fleet growth moderates.*
- **The successful build-out and ramp of its Amazon cargo operation has provided a solid structural earnings buffer.** As we look ahead, we believe that Sun Country is well positioned to sustain attractive margins as scheduled service capacity rebuilds in the back half of the year. As a result, we are raising our outlook for 2026 and see the earnings momentum continuing into 2027.
- *The bottom line is that Sun Country continues to differentiate itself as one of the few low-fare carriers delivering consistent profitability across cycles. In that regard, Dec Q represented its 14th consecutive profitable quarter and 2025 was its fifth consecutive profitable year.*

Economic and Financial Analysis Committee

Industry Financials

4th Quarter 2025