



ANCILLARY REVENUE REPORT SERIES FOR 2014

The CarTrawler Yearbook of Ancillary Revenue

by IdeaWorksCompany

Researched and written by Jay Sorensen
Edited by Eric Lucas



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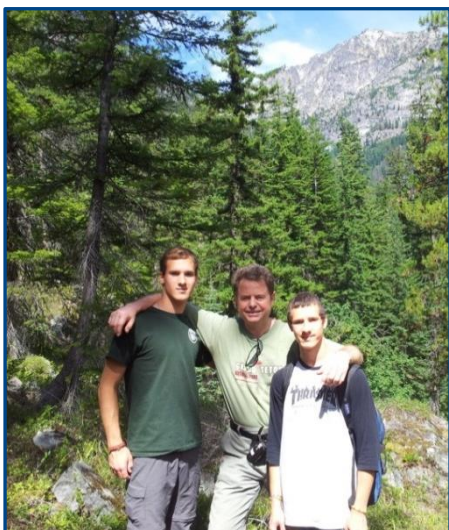


Established in Ireland in 2004, CarTrawler is a leading international technology company. CarTrawler builds and performance-manages multi-brand car rental solutions for airlines, online travel retailers and hotel groups. Today, many of the biggest names from across the travel industry offer their customers car rental at 30,000 pick-up locations in 174 countries through the CarTrawler car rental marketplace. The company is led by CEO Mike McGearty with more than 200 staff working from offices in Boston, Dublin and London. CarTrawler also owns and operates online car rental brands Holiday Autos and Argus Car Hire. For more visit www.cartrawler.com.



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About Jay Sorensen, Writer of the Report



Jay, with sons Anton and Aleksei, on the North Fork Trail in North Cascades National Park in Washington.

Jay Sorensen's research and reports have made him a leading authority on frequent flier programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has advised the US Congress on ancillary revenue issues. His published works are relied upon by airline executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.

Mr. Sorensen is a veteran management professional with 30 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has enhanced the generation of airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

About Eric Lucas, Editor of the Report



Eric Lucas is an international travel, natural history and business writer and editor whose work appears in Michelin travel guides, *Alaska Airlines Magazine*, *Westways Magazine* and numerous other publications. He is the author of eight books, including the 2013 Michelin Alaska Guide and the 2014 Michelin Hawaii Guide. Eric has followed and written about the travel industry for more than 25 years. He lives in Seattle, Washington, where he grows and sells organic garlic; visit him online at www.TrailNot4Sissies.com.

Eric, at his favorite summer retreat, Steens Mountain, Oregon.

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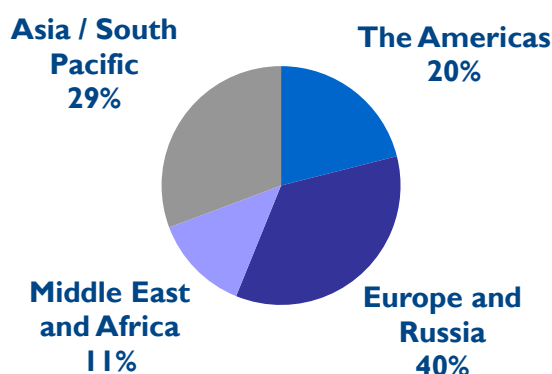
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2014 CarTrawler Yearbook of Ancillary Revenue

Summary of the Results

IdeaWorksCompany researched the financial filings made by 114 airlines all over the world, 59 of which disclose ancillary revenue activity, to reveal that ancillary revenue¹ reported by airlines reached \$16 per passenger in 2013, easily surpassing global figures for profit per passenger.

IdeaWorksCompany Analyzed Financial Statements from 114 Airlines Worldwide



The carriers that comprise the 114 airlines provide financial statements or investor presentations and typically offer shares to the public. IdeaWorksCompany used a number of resources, such as airline stock indexes, to identify these publicly-held airlines. Some of the carriers included do not offer shares to the public, but provide financial information at airline websites. Airlines which are privately owned and don't disclose financial results are not included in this analysis.

Annual Financial Disclosures of Ancillary Revenue						
2013 Results Posted by 59 Airlines \$31.5 billion	2012 Results Posted by 53 Airlines \$27.1 billion	2011 Results Posted by 50 Airlines \$22.6 billion	2010 Results Posted by 47 Airlines \$21.46 billion	2009 Results Posted by 47 Airlines \$13.47 billion	2008 Results Posted by 35 Airlines \$10.25 billion	2007 Results Posted by 23 Airlines \$2.45 billion
Annual results are associated with a fiscal period that ended in the year indicated.						

Ancillary revenue, consisting of a la carte charges, commissions on travel-oriented services, and the sale of frequent flier points, now provides the power to allow airlines to be profitable. Tony Tyler, Director General and CEO of IATA, stated at a recent conference the world's airline industry hopes to achieve a 2.4% average net margin for 2014, which is less than \$6 per passenger.²

¹ The figures in this release relate to the revenue earned by the 59 airlines which disclosed through financial filings some type of ancillary revenue activity in 2013; including a la carte, or unbundled, services, commission-based services – such as hotel or car rental bookings – and other ancillary services revenue from co-branded credit cards, loyalty programs and other activities.

² Tony Tyler's State of the Industry speech, International Air Transport Association, 02 June 2014.

Average ancillary revenue per passenger for the 59 airlines disclosing results for 2013 was \$16. The high margins associated with checked bags and loyalty points easily ensure this amount provides profits beyond the \$6 threshold predicted by IATA. Among the 59 disclosing carriers, 44 achieved ancillary revenue above \$6, ranging from China Eastern at \$6.43 to Jet2.com at \$55.61 per passenger. The record number of airlines included in the 2013 fiscal year review testifies to the importance ancillary revenue plays in the health of the global airline industry.

This year's CarTrawler Yearbook of Ancillary takes a look back at the beginnings of this still-youthful method of boosting revenue. IdeaWorksCompany first tracked ancillary revenue activity seven years ago for 2007. That was before global airlines started charging extra for checked bags, early boarding, and extra leg room seating. Total annual ancillary revenue of just \$71 million placed Alitalia in the top 10 ranking for 2007. Today, the #10 slot is held by US Airways at \$1.1 billion.

As a group, the 2007 top 10 carriers generated total ancillary revenue of nearly \$2.1 billion. Seven years later, some of the original airlines remain on the top 10 list. But the total revenue volume for the top 10 has undergone drastic change by surging to \$20.4 billion. It's true, some have grown through mergers. But the primary reason for the bigger numbers is the fact that ancillary revenue has become so commonplace in today's airline industry.

Table 1: Top 10 Airlines – Total Ancillary Revenue (US dollars)

Annual Results – 2013		Ancillary Source	Annual Results – 2007	
\$5,703,000,000	United	Various	\$600,000,000	United
\$2,528,183,000	Delta	Various	\$521,429,760	Ryanair
\$2,079,000,000	American	Various	\$272,846,172	easyJet
\$1,714,598,496*	Air France/KLM	Various	\$194,200,000	Alaska Air Group
\$1,689,457,120	Ryanair	Various	\$91,306,080	Aer Lingus
\$1,623,500,000	Southwest	Various	\$83,664,000	Air Berlin
\$1,385,021,933*	easyJet	Various	\$79,747,344	Korean Air
\$1,282,738,470	Lufthansa Group	Various	\$78,585,787	WestJet
\$1,273,430,400	Qantas Airways	80% FFP	\$77,904,000	Austrian
\$1,102,700,000	US Airways	Various	\$71,074,080	Alitalia
\$20,381,631,432			\$2,070,759,229	
Currency exchange based upon rates in effect when financial information was reviewed for each annual period. 2013 and 2007 carrier results were based upon recent 12-month financial period disclosures. * IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.				

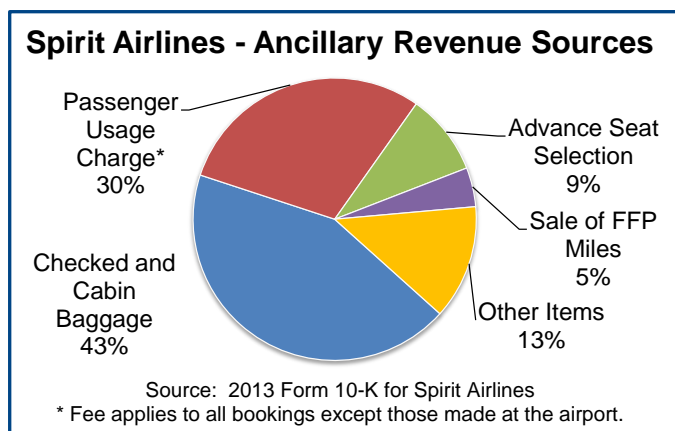
Some of the biggest brands in the business are now engaged in all aspects of ancillary revenue. Most global airlines rely on a buffet of activities with a large emphasis placed on checked baggage and the sale of frequent flier miles or points to partners. Qantas is the most successful in terms of loyalty marketing results with approximately 80% of its ancillary revenue associated with its Qantas Loyalty business unit. The carrier deemphasizes a la carte activities by continuing to bundle elements such as baggage, food, and beverages in its basic fares.

When ancillary revenue is described as a percentage of revenue, it is low cost carriers that dominate the results in 2007 and 2013. Michael O’Leary, the outspoken CEO of Ryanair, once mused, “The other airlines are asking how they can put up fares. We are asking how we could get rid of them.”³ His idea was to rely upon ancillary revenue as a replacement for passenger fares. Ryanair was the top performer in 2007 at 16.2% when measured on the basis of ancillary revenue as a percent of total airline revenue.

It can be said the “mighty have fallen” as the carrier slipped to 5th place for 2013. Leadership of the ancillary revenue revolution is now held by Spirit, Wizz Air, and Allegiant. These carriers have broken the 30% threshold that may forever elude Mr. O’Leary. Wizz Air joins the review this year courtesy of IPO filing disclosures; the IPO was canceled in June 2014 due to unattractive market conditions. Historically, the carrier always operated in stealth mode and guarded results like a state secret.

Table 2: Top 10 Airlines – Ancillary Revenue as a % of Total Revenue				
Annual Results – 2013		Ancillary Source	Annual Results – 2007	
38.4%	Spirit	Various	16.2%	Ryanair
34.9%	Wizz Air	Various	14.2%	Vueling
32.6%	Allegiant	Various	12.8%	Allegiant
27.7%	Jet2.com	Various	9.0%	Air Deccan
24.8%	Ryanair	Various	8.8%	easyJet
23.6%	Tigerair	Various	6.8%	AirAsia
20.6%	Jetstar	Various	6.8%	SkyEurope
19.6%	AirAsia X	Various	5.8%	Alaska Air Group
19.2%*	easyJet	Various	4.2%	Aer Lingus
17.6%	AirAsia Group	Various	4.2%	Westjet
2013 and 2007 carrier results were based upon recent 12-month financial period disclosures.				
* IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.				

Spirit Airlines earns its top listing through aggressiveness. The airline is simultaneously proud of complementary objectives. It’s proud of its ability to deliver ultra-low fares for consumers, and equally proud of pushing the limit on fees. It introduced the idea of charging fees for large carry-on bags in 2010.⁴ That same year, the average fare charged to consumers fell to its lowest point since the carrier had changed to a low fare strategy in 2005.⁵ Not surprisingly, the non-ticket component (ancillary revenue) increased from \$3.38 to \$31.28 during the same period.



³ “Flying for ‘free’ on Ryanair” BBC News article dated 13 May 2011.

⁴ “Airline to charge for carry-on bags” CNN article dated 06 April 2010.

⁵ S-I Registration Document for Spirit Airlines dated 17 September 2010 (page 54).

Spirit's results include the passenger use fee paid by all passengers except those who opt to buy tickets at airport locations. This "optional fee" qualifies as ancillary revenue only under the most liberal interpretation. The fact the fee can be avoided by buying tickets at the airport does indeed make it optional, but in practice the fee is paid by the vast majority of Spirit's customers. The fee, which ranges from \$8.99 to \$16.99 each way, is part of the base fare displayed at the carrier's website. Consumers must scroll through the fine print at the bottom of the page to learn it can be avoided by booking at the airport.

It's the type of opaque practice that one low cost carrier on the other side of the Atlantic no longer seeks. Michael O'Leary began his charm offensive at the end of 2013 by remaking Ryanair into a kinder and gentler airline. The carrier introduced a number of new policies to significantly enhance the customer experience. These include a 24-hour grace period for bookings, lower bag fees, and the addition of a free 2nd small carry-on.⁶ Cabin crew will also stop the seemingly continuous announcements to sell cigarettes and lottery cards on flights between 9 p.m. and 8 a.m. Civility will have a price, as this limits a la carte revenue.

As airlines search for every penny, peso, and pound, the a la carte methods used by global and low cost carriers are beginning to converge. British Airways, the very icon of airline civility, now has seat assignment fees for many travelers and bag fees for some fares within Europe. The airline disclosed in its 2013 annual report revenue of £40 million (\$68 million) from seat assignment fees and approximately £45 million (\$77 million) from checked baggage. Equally iconic Singapore Airlines took a different approach, and launched an entirely new low cost carrier to scoop up its share of ancillary revenue. Its Scoot Airline unit is as aggressive as any other LCC and even suggests on its home page that consumers pre-pay bag fees online to "avoid being slapped with hefty baggage fees" at the airport.⁷ All of these behaviors provide evidence the ancillary revenue revolution has reached every nook and cranny of the airline industry in terms of geography and business models.

Table 3: Top 10 Airlines – Ancillary Revenue per Passenger (US dollars)				
Annual Results – 2013		Ancillary Source	Annual Results – 2007	
\$55.61	Jet2.com	Various	\$14.36	Allegiant
\$51.22	Spirit	Various	\$13.75	Vueling
\$45.67	Qantas Airways	80% FFP	\$12.27	Ryanair
\$44.87	Allegiant	Various	\$10.58	Aer Lingus
\$44.43	AirAsia X	Various	\$10.32	LTU
\$40.97	United	Various	\$8.65	United
\$38.93	Korean Air	Various	\$8.27	easyJet
\$34.41	Wizz Air	Various	\$8.19	Spanair
\$33.92*	Virgin Atlantic	80% FFP	\$8.08	Alaska Air Group
\$32.61	Alaska Air Group	Various	\$7.19	Austrian
Currency exchange based upon rates in effect when financial information was reviewed for each annual period. 2013 and 2007 carrier results were based upon recent 12-month financial period disclosures. * IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.				

⁶ "Michael O'Leary promises 'significant' enhancements to Ryanair experience" Irish Independent article dated 31 December 2013.

⁷ Home page advertisement viewed at FlyScoot.com June 2014.

The top 10 list of airlines based upon ancillary revenue on a per passenger basis provides a diverse array of airlines. Topping the list is Jet2.com which is a leisure-oriented airline with bases in Scotland and northern England. The carrier has clearly mastered a la carte skills and readily promotes a variety of extras in its booking path and eagerly offers holiday elements such as car rental and hotel accommodations. Qantas and Virgin Atlantic make the list due to very successful co-branded credit card portfolios.

The definition of ancillary revenue offered by IdeaWorksCompany includes the revenue produced by frequent flier programs along with a la carte items such as checked bags and the commissions earned on services such as car rental and hotel bookings. Loyalty programs are becoming increasingly integrated into the business of ancillary revenue. Co-branded credit cards in the US now include perks such as checked bags, early boarding, and airport lounge access. These represent optional extras once directly purchased by consumers, that have become card amenities purchased by banks from airline partners.

United Airlines has made its MileagePlus program into an ancillary revenue powerhouse. The carrier disclosed mileage sales in excess of \$2.9 billion for 2013.⁸ Spending by co-branded credit cardholders increased 35% and active card members increased 16% over the last three years.⁹ Activity has spread far beyond the US with co-branded cards offered in 15 countries with Japan and Mexico added during 2013.

United's experience nicely summarizes the state of ancillary revenue today. It's ever growing in terms of revenue results, consumer acceptance, and geographic coverage. Perhaps it's time to stop referring to the movement as a "revolution." Ancillary revenue has become so commonplace, and such a necessary part of economics, that it has matured from a revolutionary state to something benignly called ... "a good business practice."

Specific ancillary services identified in this Yearbook

Airlines are increasingly more revealing about their approach to ancillary revenue. During the course of its global review of ancillary revenue activities, IdeaWorksCompany uncovered the following examples:

- **Aeroflot** sales of frequent flier miles to partners leaped to \$173.6 million for 2013 from a 2012 result of \$73.5 million.
- **Air Greenland** generated \$8.1 million from the operation of its 100% owned Hotel Arctic, the world's "most northerly 4-star hotel."
- **Allegiant** has an exclusive agreement with Enterprise Holdings to provide car rentals packaged with air travel. The relationship generated 844,858 car rental days during 2013.
- **Norwegian** donated 1 krone from the sale of each water bottle sold onboard to UNICEF. The carrier sold 1.3 million bottles during 2013 and donated \$212,000 to UNICEF.
- **Hawaiian** realized revenue of \$6.6 million from the sale of preferred seating for a 12-month period during 2013.
- **Southwest** realized \$195 million during 2013 from its EarlyBird check-in feature which provides earlier boarding and better access to overhead carry-on space.
- **Volaris**, a low fare airline in Mexico, generated \$1.8 million from the sale of memberships in its V-Club, which provides access to members-only low fare deals.
- **Spirit** gained \$28.5 million from the sale of Free Spirit mileage credits to loyalty program partners, such as the issuer of its co-branded credit card.

Currency exchange based upon rates in effect when financial information was reviewed for each annual period.

⁸ United Continental Holdings Annual Report for 2013.

⁹ United Airlines Investor Day presentation dated November 19, 2013.

Tables 1a and 3a – euros

The following tables reflect actual euro disclosures by Euro-zone airlines. All other financial disclosures have been converted to euros using rates in effect for 2013 and 2007. Carrier rankings remain the same as dollar-based tables but year over year changes for individual carriers will be different due to exchange rate fluctuations.

Table 1a: Top 10 Airlines – Total Ancillary Revenue (euros)				
Annual Results – 2013		Primary Source	Annual Results – 2007	
€ 4,209,954,600	United	Various	€ 416,116,752	United
€ 1,866,304,691	Delta	Various	€ 362,104,000	Ryanair
€ 1,534,717,800	American	Various	€ 189,476,508	easyJet
€ 1,265,760,000*	Air France/KLM	Various	€ 134,662,086	Alaska Air Group
€ 1,247,200,000	Ryanair	Various	€ 63,407,000	Aer Lingus
€ 1,198,467,700	Southwest	Various	€ 58,100,000	Air Berlin
€ 1,022,394,742*	easyJet	Various	€ 55,380,100	Korean Air
€ 946,950,000	Lufthansa Group	Various	€ 54,573,463	WestJet
€ 939,932,400	Qantas Airways	80% FFP	€ 54,100,000	Austrian
€ 814,013,140	US Airways	Various	€ 49,357,000	Alitalia
Currency exchange based upon rates in effect when financial information was reviewed for each annual period. 2013 and 2007 carrier results were based upon recent 12-month financial period disclosures. * IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.				

Table 3a: Top 10 Airlines – Ancillary Revenue per Passenger (euros)				
Annual Results – 2013		Primary Source	Annual Results – 2007	
€ 41.05	Jet2.com	Various	€ 9.95	Allegiant
€ 37.81	Spirit	Various	€ 9.55	Vueling
€ 33.71	Qantas Airways	80% FFP	€ 8.52	Ryanair
€ 33.12	Allegiant	Various	€ 7.35	Aer Lingus
€ 32.79	AirAsia X	Various	€ 7.17	LTU
€ 30.24	United	Various	€ 6.00	United
€ 27.25	Korean Air	Various	€ 5.74	easyJet
€ 25.40	Wizz Air	Various	€ 5.69	Spanair
€ 25.04*	Virgin Atlantic	80% FFP	€ 5.61	Alaska Air Group
€ 24.07	Alaska Air Group	Various	€ 4.99	Austrian
Currency exchange based upon rates in effect when financial information was reviewed for each annual period. 2013 and 2007 carrier results were based upon recent 12-month financial period disclosures. * IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.				

Ancillary Revenue Defined

The definition of ancillary revenue offered by IdeaWorksCompany in 2008 has been adopted all over the world and has become accepted as the industry's definition.

Ancillary Revenue Defined
Revenue beyond the sale of tickets that is generated by direct sales to passengers, or indirectly as a part of the travel experience.
IdeaWorksCompany further defines ancillary revenue using these categories: 1) frequent flier activities, 2) a la carte features, 3) commission-based products, and 4) advertising sold by the airline.

To add a bit more clarity to this declaration, IdeaWorksCompany offers these explanations:

- **Frequent Flier Programs:** The frequent flier category largely consists of the sale of miles or points to program partners such as hotel chains and car rental companies, co-branded credit cards, online malls, retailers, and communication services. Sales of miles or points made directly to program members also qualify.
- **A la Carte Features:** These represent the items on the ancillary revenue menu and consist of the amenities consumers can add to their air travel experience. The list continues to grow and the following are typical activities: 1) onboard sales of food and beverages, 2) checking of baggage and excess baggage, 3) assigned seats or better seats such as exit rows, 4) call center support for reservations, 5) fees charged for purchases made with credit or debit cards, 6) priority check-in and screening, 7) early boarding benefits, 8) onboard entertainment systems, and 9) wireless internet access.
- **Commission-Based Products:** Ancillary revenue activities also include the commissions earned by airlines on the sale of hotel accommodations, car rentals and travel insurance. The commission-based category primarily involves the airline's website, but it can include the sale of duty-free and consumer products onboard aircraft.
- **Advertising Sold by the Airline.** This category includes any advertising initiative linked to passenger travel. The following are typical activities: 1) revenue generated from the inflight magazine, 2) advertising messages sold in or on aircraft, loading bridges, gate areas, and airport lounges, and 3) fee-based placement of consumer products and samples.

The list is not intended to be exhaustive or complete; human imagination, including in business, is infinite. However, caution is advised when considering revenue sources not linked to the passenger travel experience. This includes air cargo, mail revenue, ground handling, and inflight kitchen operations. Some carriers consider this ancillary revenue, but they are best defined by the category of other revenue.

About Individual Airline Listings

The individual airline listings are intended to clarify the type of ancillary revenue activity attributed to each airline in this report. Some airlines are vague in their descriptions and merely provide an “ancillary revenue” line on the income statement without further details. Some of the carriers don’t specifically list ancillary revenue, but describe qualifying activities such as “revenue from the sale of frequent flier miles to partners” or “onboard retail including food and merchandise.” Other airlines provide extensive details and seem very proud of their ancillary revenue accomplishments. Airlines sometimes choose to provide additional information in the presentations made to investment analysts.

The Total Revenue and Passenger numbers for each airline are intended to reflect the activities associated with the generation of ancillary revenue. Financial figures have been converted to dollars with the exception of information provided in the Notes from Financial Reports box for each listed. The exchange rates used are listed at the end of this report. Group results may apply for some airline listings. For example, activity reported for the Alaska Air Group includes Alaska Airlines and Horizon Air.

The explanatory material provided for each reporting airline is an edited version of information found in sources such as financial statements, annual reports, analyst research, and investor relations presentations. The greater length of some listings, such as Allegiant Air, indicates the company dedicated more space in its reports to the topic of ancillary revenue. Interpretation by IdeaWorksCompany provides added context regarding the unique qualities of a carrier’s a la carte activity.

Airlines Posting Ancillary Revenue Results

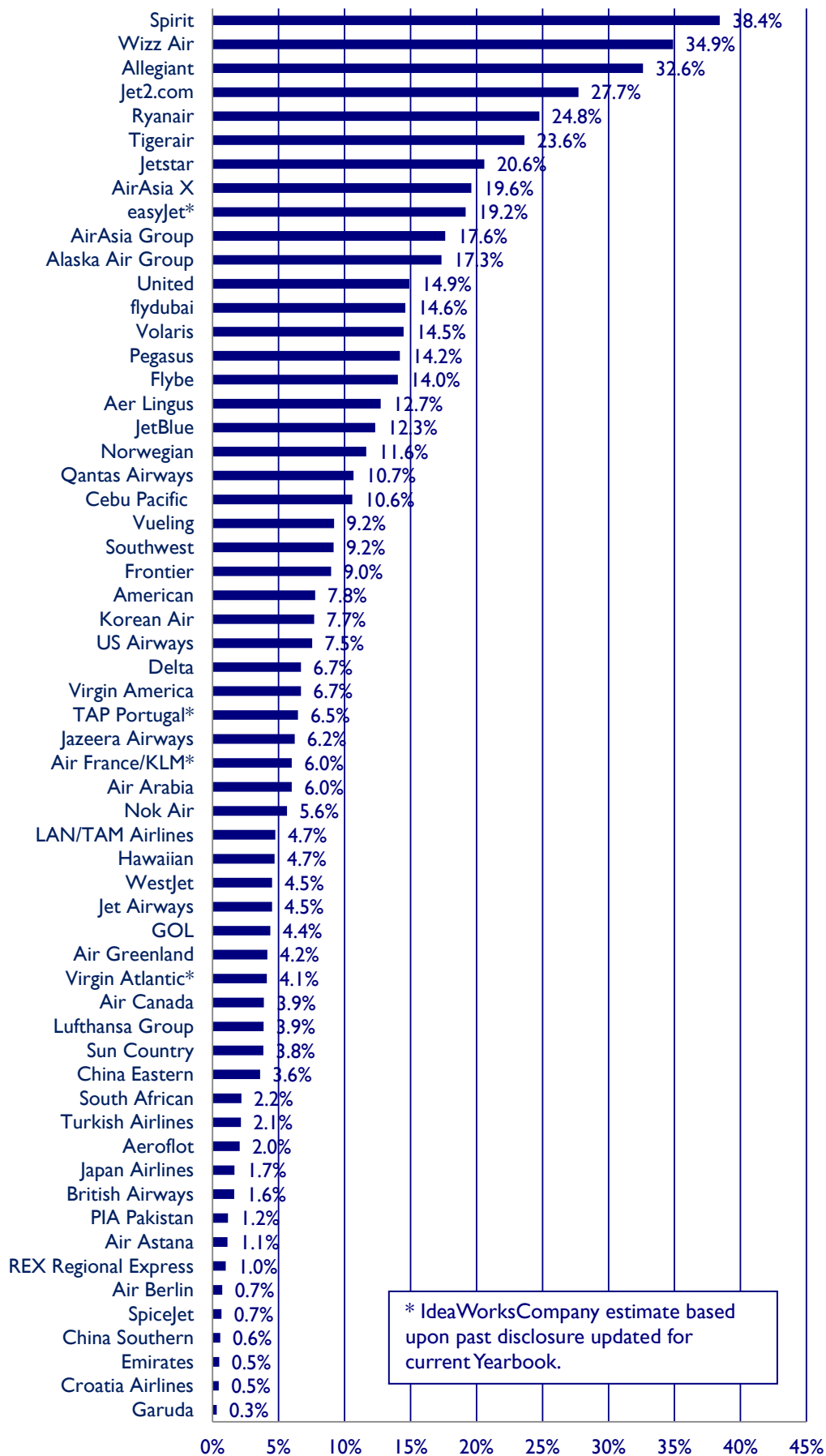
For most recent 2013 full-year period, listed in alphabetical order.

Carriers	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Euros per Passenger	Region
Aer Lingus	\$245,784,042	12.7%	\$25.54	€ 18.85	Europe and Russia
Aeroflot	\$186,800,000	2.0%	\$5.97	€ 4.41	Europe and Russia
Air Arabia	\$52,003,854	6.0%	\$8.53	€ 6.29	Middle East and Africa
Air Astana	\$10,978,000	1.1%	\$2.97	€ 2.19	Asia / South Pacific
Air Berlin	\$41,546,937	0.7%	\$1.32	€ 0.97	Europe and Russia
Air Canada ^{FF}	\$443,468,183	3.9%	\$12.39	€ 9.15	The Americas
Air France/KLM *	\$1,714,598,496	6.0%	\$22.19	€ 16.38	Europe and Russia
Air Greenland +	\$8,916,746	4.2%	\$23.22	€ 17.14	Europe and Russia
AirAsia Group	\$497,968,683	17.6%	\$12.39	€ 9.14	Asia / South Pacific
AirAsia X	\$140,454,138	19.6%	\$44.43	€ 32.79	Asia / South Pacific
Alaska Air Group	\$894,000,000	17.3%	\$32.61	€ 24.07	The Americas
Allegiant	\$324,900,000	32.6%	\$44.87	€ 33.12	The Americas
American	\$2,079,000,000	7.8%	\$19.12	€ 14.11	The Americas
British Airways +	\$317,867,880	1.6%	\$7.95	€ 5.87	Europe and Russia
Cebu Pacific	\$98,948,131	10.6%	\$6.89	€ 5.07	Asia / South Pacific
China Eastern	\$508,616,154	3.6%	\$6.43	€ 4.75	Asia / South Pacific
China Southern	\$90,682,500	0.6%	\$0.99	€ 0.73	Asia / South Pacific
Croatia Airlines +	\$1,325,266	0.5%	\$0.74	€ 0.54	Europe and Russia
Delta	\$2,528,183,000	6.7%	\$15.35	€ 11.33	The Americas
easyJet*	\$1,385,021,933	19.2%	\$22.78	€ 16.82	Europe and Russia
Emirates	\$112,187,600	0.5%	\$2.52	€ 1.86	Middle East and Africa
Flybe	\$186,079,925	14.0%	\$24.47	€ 18.06	Europe and Russia
Flydubai +	\$147,096,460	14.6%	\$21.57	€ 15.92	Middle East and Africa
Frontier	\$109,226,000	9.0%	\$10.21	€ 7.54	The Americas
Garuda	\$10,081,118	0.3%	\$0.40	€ 0.30	Asia / South Pacific
GOL ^{FF}	\$173,361,115	4.4%	\$4.77	€ 3.53	The Americas
Hawaiian	\$101,200,000	4.7%	\$10.19	€ 7.52	The Americas
Japan Airlines +	\$189,973,000	1.7%	\$4.88	€ 3.58	Asia / South Pacific
Jazeera Airways	\$14,447,679	6.2%	\$12.67	€ 9.36	Middle East and Africa
Jet Airways	\$132,345,000	4.5%	\$7.69	€ 5.67	Asia / South Pacific
Jet2.com	\$296,956,109	27.7%	\$55.61	€ 41.05	Europe and Russia
JetBlue	\$670,000,000	12.3%	\$21.99	€ 16.24	The Americas
Jetstar	\$601,688,395	20.6%	\$29.50	€ 21.78	Asia / South Pacific
Korean Air	\$911,000,000	7.7%	\$38.93	€ 27.25	Asia / South Pacific
LAN/TAM Airlines ^{FF}	\$613,511,000	4.7%	\$9.20	€ 6.79	The Americas
Lufthansa Group	\$1,282,738,470	3.9%	\$12.26	€ 9.05	Europe and Russia
Nok Air +	\$19,619,600	5.6%	\$3.33	€ 2.45	Asia / South Pacific
Norwegian	\$300,627,534	11.6%	\$14.52	€ 10.72	Europe and Russia
Pegasus	\$158,270,000	14.2%	\$9.41	€ 6.95	Europe and Russia
PIA Pakistan	\$11,320,001	1.2%	\$2.54	€ 1.87	Asia / South Pacific

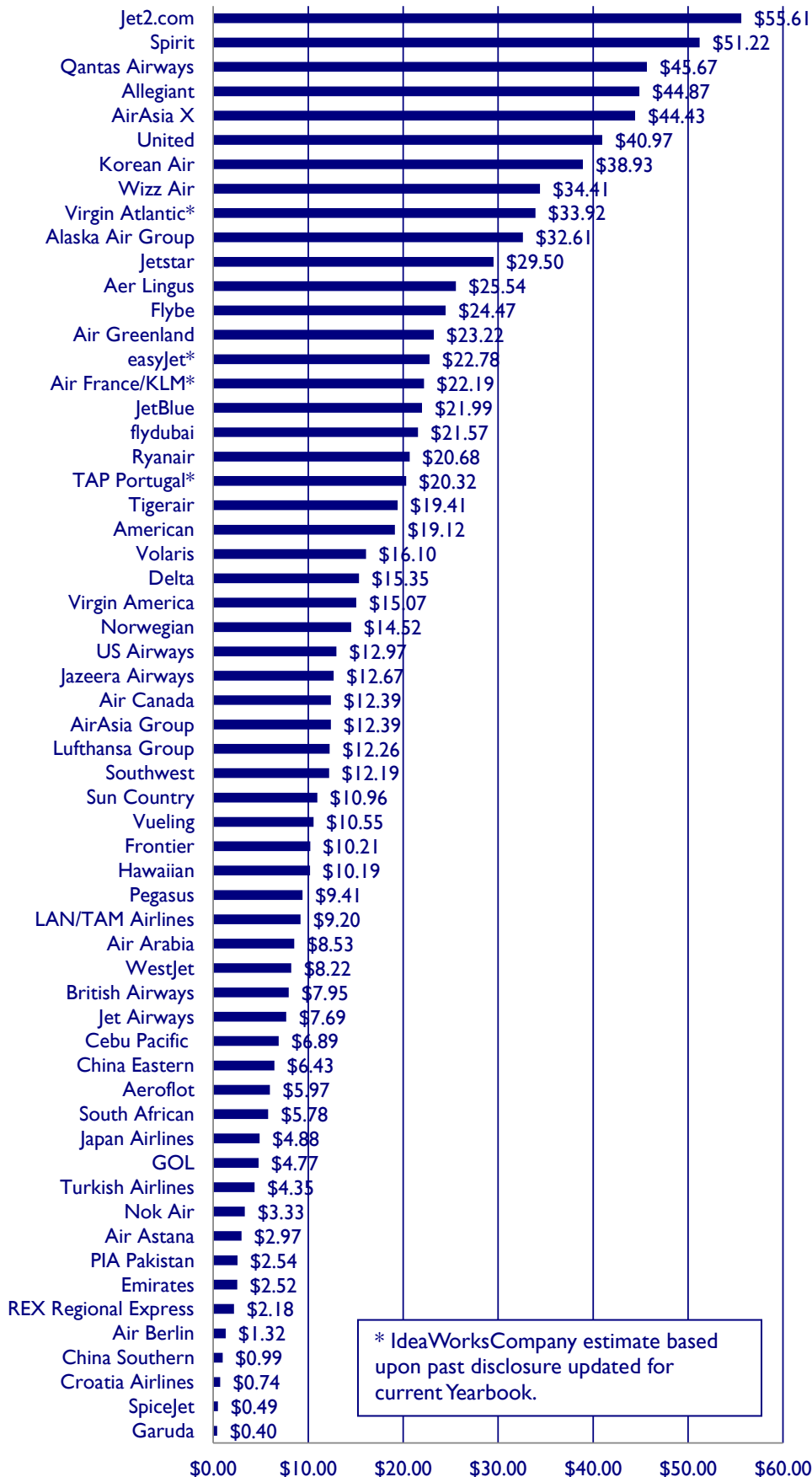
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Carriers	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Euros per Passenger	Region
Qantas Airways <i>FF</i>	\$1,273,430,400	10.7%	\$45.67	€ 33.71	Asia / South Pacific
REX Regional Express	\$2,380,680	1.0%	\$2.18	€ 1.61	Asia / South Pacific
Ryanair	\$1,689,457,120	24.8%	\$20.68	€ 15.27	Europe and Russia
South African <i>FF</i>	\$51,171,000	2.2%	\$5.78	€ 4.27	Middle East and Africa
Southwest	\$1,623,500,000	9.2%	\$12.19	€ 9.00	The Americas
SpiceJet	\$6,308,830	0.7%	\$0.49	€ 0.36	Asia / South Pacific
Spirit	\$635,822,000	38.4%	\$51.22	€ 37.81	The Americas
Sun Country	\$15,767,000	3.8%	\$10.96	€ 8.09	The Americas
TAP Portugal *+	\$217,413,300	6.5%	\$20.32	€ 15.00	Europe and Russia
Tigerair	\$138,331,756	23.6%	\$19.41	€ 14.33	Asia / South Pacific
Turkish Airlines <i>FF</i>	\$210,000,000	2.1%	\$4.35	€ 3.21	Europe and Russia
United	\$5,703,000,000	14.9%	\$40.97	€ 30.24	The Americas
US Airways	\$1,102,700,000	7.5%	\$12.97	€ 9.58	The Americas
Virgin America	\$95,358,180	6.7%	\$15.07	€ 11.12	The Americas
Virgin Atlantic <i>*FF</i>	\$210,255,863	4.1%	\$33.92	€ 25.04	Europe and Russia
Volaris +	\$143,966,200	14.5%	\$16.10	€ 11.89	The Americas
Vueling	\$165,261,200	9.2%	\$10.55	€ 7.79	Europe and Russia
WestJet	\$151,915,500	4.5%	\$8.22	€ 6.07	The Americas
Wizz Air +	\$478,255,076	34.9%	\$34.41	€ 25.40	Europe and Russia
<p>2013 carrier results were based upon recent 12-month financial period disclosures.</p> <p>* IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.</p> <p><i>FF</i> 80% or more of carrier's ancillary revenue is produced by its frequent flier program.</p> <p>Please refer to individual carrier listings for details. + New carrier listing for this Yearbook.</p>					

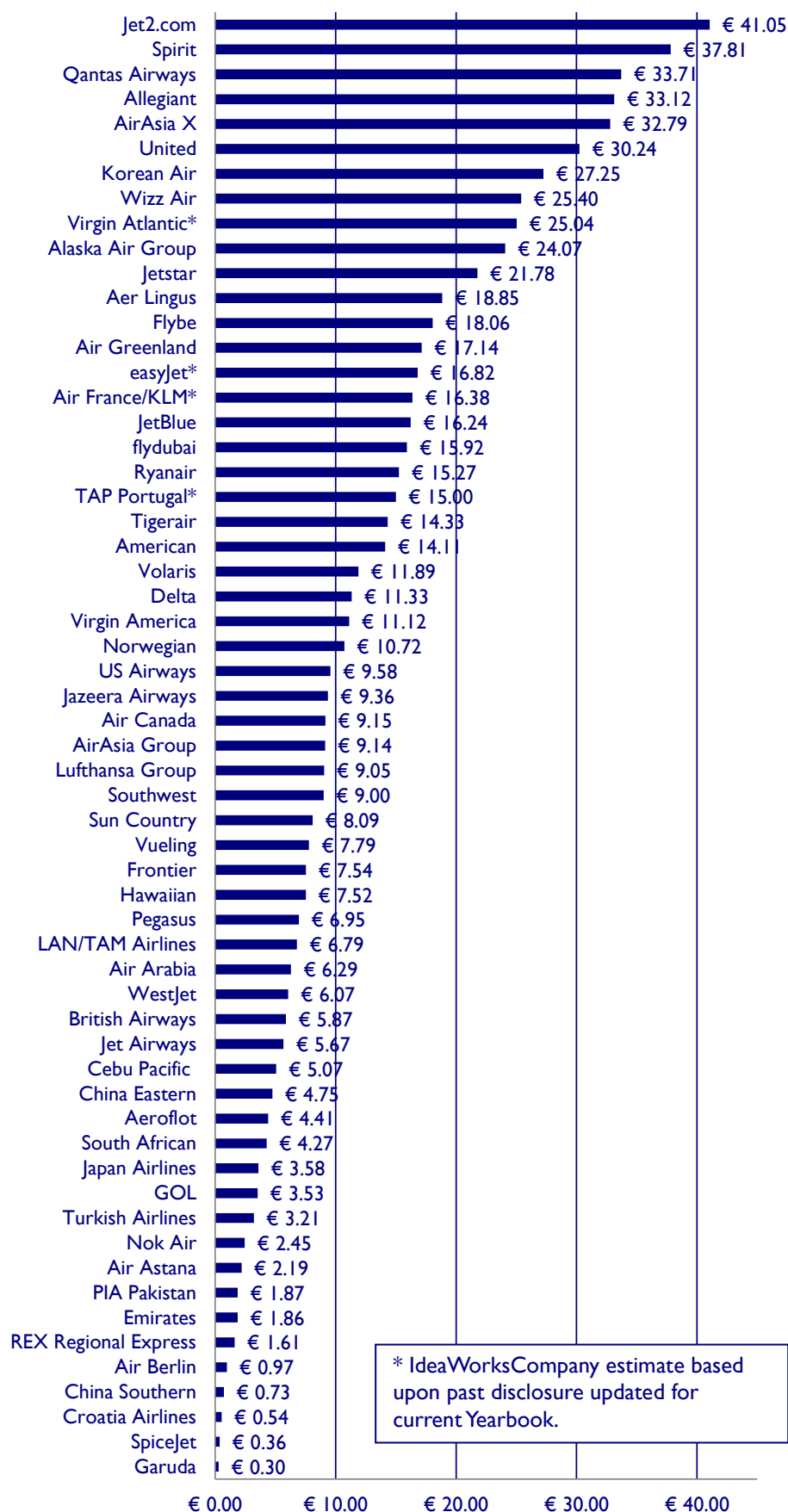
Ancillary Revenue as a % of Total Revenue - 2013



Ancillary Revenue in US\$ per Passenger - 2013



Ancillary Revenue in Euros per Passenger - 2013



Branded Fares and Ancillary Revenue now fly high at SATA International with help from IdeaWorksCompany

"Jay Sorensen did a fantastic job for SATA.

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António Gomes de Menezes-Grupo
SATA Chairman



SATA International is the airline of the Azores with flights throughout this mid-Atlantic collection of islands, and service extending to North America and Europe. The airline selected IdeaWorksCompany to guide design of a strategy to meet the challenges of low fare competition from Europe, rising operating costs on long haul flights, and consumers seeking best value.

IdeaWorksCompany provided on-site knowledge-building through its Master Class Workshops program. This was followed by a custom-designed strategic plan that identified which ancillary revenue activities would maximize revenue, add value for consumers, and be quickly deployable.

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Reach Jay Sorensen direct at Jay@IdeaWorksCompany.com



Europe and Russia

Aer Lingus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$245,784,042
As a % of Revenue	12.7%
Dollars per Passenger	\$25.54
Financial Period	Calendar year 2013
Total Revenue	\$1,930,460,779
Passengers	9,625,000
Information Source	Aer Lingus Annual Report 2013, 2013 Preliminary Results Presentation date 24 February 2014 and 2013 First Half Results, 31 July 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Ancillary revenue was <u>€181,444,000</u> for 2013 and increased by 2.8% from the prior year. • Ancillary revenue, or retail revenue, includes the following activities: <ul style="list-style-type: none"> – Checked baggage. – Pre-order meals. – Buy-onboard food and beverage. – Assigned seating. – Sale of commissionable items. – Inflight Wi-Fi. • Aer Lingus disclosed the following ancillary revenue distinction for its route types: <ul style="list-style-type: none"> – Short haul €20.05 per passenger. – Long haul €9.92 per passenger. • The company focused on the following ancillary revenue areas during 2013: <ul style="list-style-type: none"> – Increased take rates among consumers for paid seat assignments and bundled fares. – Started initiative to promote pre-order meals and the sale of Heathrow Express tickets. – Refreshed checked baggage, car hire, and onboard menu offers. – Commenced a long haul Wi-Fi offer. • Aer Lingus continues to note an overall trend towards a lower level of checked bags which is reducing overall revenue derived from baggage charges. • The airline plans to introduce the following services: <ul style="list-style-type: none"> – Annual bag pass. – Priority boarding. – Pre-order sky shopping • Aer Lingus revenue for 2013: €1,425,115,000.

Aeroflot

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$186,800,000
As a % of Revenue	2.0%
Dollars per Passenger	\$5.97
Financial Period	Calendar year 2013
Total Revenue	\$9,135,700,000
Passengers	31,300,000
Information Source	Consolidated Financial Statements for the year ended 31 December 2013 and Capital Markets Day 2014 Presentation dated 13 March 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in US dollars (not Russian rubles). • Figures include the operation for Aeroflot Airlines and principal subsidiaries such as Donavia and Vladivostok Avia. • The 2013 Ancillary Revenue Yearbook applied Aeroflot Airlines passenger traffic; Aeroflot Group traffic was used for the 2014 Yearbook. • Duty-free sales for 2013 were \$13.2 million. The cost of duty free goods sold was \$6 million, representing profit of \$7.2 million, or a mark-up of 120% on cost. • The frequent flier program had revenue of \$173.6 million from the sale of miles to partners. This was up substantially from the 2012 result of \$73.5 million. The program had 4,002,000 members enrolled for 2013. • Adding the two results provides total ancillary revenue disclosure of <u>\$186,800,000</u>. • Aeroflot is developing a low cost carrier called Dobrolet with plans to charge a fee for these services: boarding pass, allocated seating, priority boarding, checked bag, onboard meals, and frequent flier participation. • Group revenue for the year ended 31 December 2013 was \$9,135,700,000.

Air Berlin

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$41,546,937
As a % of Revenue	0.7%
Dollars per Passenger	\$1.32
Financial Period	Calendar year 2013

Total Revenue	\$5,617,247,152
Passengers	31,535,867
Information Source	Air Berlin Plc. Annual Report 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Onboard revenue from duty-free and inflight sales slightly decreased and was €25,499,000 for 2013. • Air Berlin owns a 30% portion of the topbonus frequent flier program along with Etihad Airways (70%). Financial transactions occurring with topbonus now appear in the annual report. During 2013 Air Berlin purchased miles for €24,955,000 from topbonus and sold reward seats to the frequent flier program for €5,172,000. The exchange of miles and rewards with topbonus created a net loss for the airline during 2013. • Adding duty-free and revenue from the sale of reward seats produces total ancillary revenue of <u>€30,671,000</u> for 2013. • Air Berlin revenue for 2013 was: €4,146,794,000.

Air France/KLM Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,714,598,496 (estimate based upon disclosure of past performance)
As a % of Revenue	6.0%
Dollars per Passenger	\$22.19
Financial Period	Calendar year 2013
Total Revenue	\$28,576,641,600
Passengers	77,276,000
Information Source	Registration Document 2013 - Air France-KLM
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • The ancillary revenue listed for Air France/KLM Group is based upon direct disclosures made in 2012 that have been updated and applied to 2013. Notably, the company disclosed during its 2012 Investor Day that ancillary revenue for Air France/KLM is a major source of revenue and already represents 5 to 10% of revenue. • IdeaWorksCompany has calculated 2013 ancillary revenue for Air France/KLM based upon the carrier's 2012 disclosure of €924 million, which represented 4.6% of revenue. For 2013, this was increased to 6% to nearly equal the bottom of the 5 to 10% range disclosed during the 2012 Investor Day. The result is an

ancillary revenue estimate of €1,265,760,000 for 2013. This is a modest assumption because it does not include the sizeable revenue bump that occurred during 2013 from the implementation of baggage fees for travel within Europe.

- Air France/KLM believes a la carte purchasing is a fundamental trend in customer behavior. The carriers are multiplying initiatives to enable customers to personalize and enhance their travel experience through paid-for options.
- During January 2013 Air France introduced its Mini fare offer to 58 destinations within Europe; one of the fares exclude checked baggage as an amenity. The range of cities was expanded during the year. KLM separated baggage as an amenity for intra-Europe fares during February 2013.
- Air France/KLM offers an array of ancillary revenue activities:
 - Pre-flight: 1) Time to Think, Insurance, 2) duty free online pre-order, 3) CO2 compensation, 4) car parking, 5) change flexibility, and 6) Flying Blue miles for sale.
 - Baggage: 1) excess baggage beyond the free limitation, and 2) baggage delivery to home.
 - Airport: 1) lounge access and 2) meet and assist.
 - Onboard long haul: 1) economy comfort, 2) preferred seat, 3) empty seat, 4) cash and miles upgrade, 5) paid upgrade, 6) upgrade bidding, 7) a la carte meal, and 8) duty free onboard.
 - Onboard medium haul: 1) economy comfort, 2) preferred seat, 3) cash and miles upgrade, 4) paid upgrade, and 5) upgrade bidding.
 - Destination: 1) hotel, 2) car rental, 4) activity booking, 5) airport transfers, and 6) city pass.
- Air France/KLM passenger revenue for 2013 was: €20,112,000,000 (excluding Transavia). Adding €984,000,000 from Transavia, brings total passenger revenue for the Group to €21,096,000,000.

Air Greenland

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$8,916,746
As a % of Revenue	4.2%
Dollars per Passenger	\$23.22
Financial Period	Calendar year 2013

Total Revenue	\$214,696,720
Passengers	384,000
Information Source	Annual Report 2013 for Air Greenland
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Danish kroner (DK). • Air Greenland is the principal airline of Greenland and generates ancillary revenue from tourism-related business produced from hotel and tour operations. • Air Greenland disclosed ancillary revenue of <u>DK 49,074,000</u> from the following ancillary revenue activities: <ul style="list-style-type: none"> – DK 4.5 million income (before taxes) for tour operations by Greenland Travel (100% owned by Air Greenland). – DK 44,574,000 from hotel operations, principally from Hotel Arctic (100% owned by Air Greenland). <p>The airline is the primary method of transportation to the country which indicates its passengers are the principal customers of Greenland Travel and Hotel Arctic.</p> • Air Greenland revenue for 2013: DK 1,181,600,000.

British Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$317,867,880
As a % of Revenue	1.6%
Dollars per Passenger	\$7.95
Financial Period	Calendar year 2013
Total Revenue	\$19,372,300,200
Passengers	40,000,000
Information Source	Capital Markets Day Presentation – International Airlines Group 15 November 2013 and 2013 Annual Report and Accounts for IAG
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Great Britain pounds (£). • British Airways disclosed 2013 ancillary sales of £325 million. Of this, approximately £190 million was from BA Holidays, £40 million from seat assignment fees, approximately £45 million from checked baggage, and about £50 million from upgrades. • The overall reported sales result requires an adjustment to align with the definition of ancillary revenue. <ul style="list-style-type: none"> – The figure associated with BA Holidays represents gross package sales. BA Holidays had 468,000 passengers for 2013, which generates an average of

	<p>£406 per passenger, which must represent total sales.</p> <ul style="list-style-type: none"> – Only the commission (or markup) amount would qualify as ancillary revenue. – Based upon a filing made by British Airways Holidays Ltd. (Companies House, UK Government) the company had a 94% cost of sales for 2011. Applying this would reduce sales of £190 million to ancillary revenue of £11.4 million. <ul style="list-style-type: none"> • Ancillary revenue associated with BA's frequent flier activities, through Avios Group Limited, was not disclosed in the annual report. Based upon a filing made by Avios Group Limited (Companies House, UK Government) the company had revenue of £91 million from the sale of points to partners and from commissions from related travel products. IdeaWorksCompany assumed the same result for 2013. • Adjusted ancillary revenue for British Airways is estimated to consist of the following activities: <ul style="list-style-type: none"> – £11.4 million from BA Holidays. – £40 million from seat assignment fees. – £45 million from checked baggage. – £91 million from Avios sales. <p>Total 2013 adjusted ancillary revenue: <u>£187,400,000</u>.</p> • The airline wishes to target 50% of customers for ancillary revenue activity; currently the rate is 30%. • 2013 revenue for British Airways was £11,421,000,000.
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Croatia Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,325,266
As a % of Revenue	0.5%
Dollars per Passenger	\$0.74
Financial Period	Calendar year 2013
Total Revenue	\$281,697,254
Passengers	1,797,000
Information Source	Consolidated and Separate Annual Reports for the year ended 31 December 2013 for Croatia Airlines
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Croatian kuna (HRK). • Croatia Airlines disclosed ancillary revenue of <u>HRK 7,412,000</u> from the following ancillary revenue activities: <ul style="list-style-type: none"> – HRK 3,675,000 consignment sales of merchandise in aircraft. – HRK 3,737,000 sale of frequent flier miles. • Croatia Airlines revenue for 2013: HRK 1,575,488,000.

easyJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,385,021,933 (estimate based upon disclosure of past performance)
As a % of Revenue	19.2%
Dollars per Passenger	\$22.78
Financial Period	Fiscal year ended 30 September 2013
Total Revenue	\$7,222,419,600
Passengers	60,800,000
Information Source	easyJet Results for the year ended 30 September 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Great Britain pounds (£). • easyJet did not disclose total ancillary revenue for the last two fiscal years. Because the airline is a high profile generator of ancillary revenue, IdeaWorksCompany has created an estimate based upon a number of sources such as airline disclosures and references described below. • The carrier offers two fare types. The Flexi fare is bundled with checked bag, seat selection, fast track security, larger cabin bag, and speedy boarding. The standard fare uses the a la carte approach. The following services are available for purchase: <ul style="list-style-type: none"> – Assigned seating (does not include Speedy Boarding). – Extra Legroom and Upfront seating includes a larger carry-on and Speedy Boarding. – Checked bags (piece method, pricing varies by weight). – Trip insurance and missed flight coverage. – Onboard café of drinks and snacks. – easyJet Plus is an annual subscription offer • Chris Kennedy, easyJet CFO, comment from the first quarter 2014 investor conference call: “On allocated seating, as you know, this is the last quarter we get the annualized results of the move from speedy boarding to allocated seating so we got an uplift, which was broadly in line with Q2, 3, 4 last year so in total it was 43 pence in the quarter from allocated seating, over and above where speedy boarding was last year.” • In addition, the company disclosed in its 2013 Annual Report (fiscal year ended 30 September 2013) allocated seating contributed 0.9 percentage points of 7.1% constant currency increase in revenue per seat. Expressed another way, allocated seating added 0.9% to the 2012 average fare of £58.51, which would be £0.53. • The 2012 ancillary revenue estimate for easyJet was £12.90. The above referenced £0.53 increase is added to £12.90 to generate a 2013 estimate of £13.43 per

	<p>passenger or <u>£816,544,000</u> based upon 60.8 million passengers.</p> <ul style="list-style-type: none"> • Baggage revenue for FY2012 was disclosed to the UK Civil Aviation Authority: £348 million. For the comparable period, the carrier disclosed passenger traffic of 50.5 million to the CAA, which yields £6.80 per passenger for baggage revenue. • The following summarizes various ancillary revenue categories and 2013 per passenger estimates for easyJet: <ul style="list-style-type: none"> – £1 from allocated seating. – £0.94 from partner commissions and buy-onboard. – £7 from checked baggage. – £4.49 from other activities. Total for the above is £13.43 • The estimate was provided to easyJet management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • Revenue for the fiscal year ended 30 September 2013 was £4,258,000,000.
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Flybe

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$186,079,925
As a % of Revenue	14.0%
Dollars per Passenger	\$24.47
Financial Period	12-month period ended 30 March 2013
Total Revenue	\$1,325,580,300
Passengers	7,604,400
Information Source	Analyst and Investor Presentation – Full Year Results 21 June 2013 and Major UK Airlines (Table 2.6) for Individual Airline Profit and Loss Account 2012/2013 UK Civil Aviation Authority.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Great Britain pounds (£). • The following information represents published results for Flybe (which consists of the UK domestic, UK-Europe, Flybe Finland airline businesses). • Ancillary revenue comprises principally the following items: baggage carriage, advance seat assignment, commissions, change fees and credit card fees. Commission activity is associated with the Flybe branded credit cards by a third party provider (and is related to free flights which Flybe is required to offer as part of the transaction). • Incidental Revenue reported to the UK CAA for the 12-

	<p>month period ended 31 March 2013 was <u>£109,704,000</u>. This activity is described as “Includes net revenues (i.e. gross revenues less related direct expenses) from such sources as surface transport, food services, bar and duty free sales, property and other incidental net operating revenues which accrued to the airline from sources other than air transport.” The description nicely aligns with that used for ancillary revenue. However, it does not include excess baggage revenue. Unfortunately, Flybe did not disclose excess baggage revenue to the UK CAA.</p> <ul style="list-style-type: none"> • Annual Group passengers were 7,604,400 which includes 359,000 passengers from the Flybe Finland joint venture. • Annual group revenue was £781,500,000, which includes revenue from Flybe Finland joint venture.
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Jet2.com

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$296,956,109
As a % of Revenue	27.7%
Dollars per Passenger	\$55.61
Financial Period	12-month period ended 31 September 2013
Total Revenue	\$1,070,980,680
Passengers	5,340,000
Information Source	Dart Group Plc. Interim Report for the Half Year Ended 31 September 2013 and Dart Group Plc. Interim Report for the Year Ended 31 March 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Great Britain pounds (£). • Jet2.com is a UK-based airline owned by the Dart Group Plc. • Retail revenue (ancillary revenue) was generated from a number of sources, including checked baggage, advance seat assignments, extra leg room seats, inflight sales and commissions on car hire and travel insurance. Retail revenue performance was optimized through the carrier's customer contact program and dynamic pricing, which takes into account factors such as destination, trip duration, and lead time to departure to offer customers the best products and prices for their particular needs. • Ancillary revenue per passenger increased 7.8% from £30.77 during the 6-month period ended 31 September 2013 to £33.17 for the same period ending 2013. • Accounting used methods for ancillary revenue items: <ul style="list-style-type: none"> – Ancillary revenue (called retail revenue by the carrier)

from cabin service sales, excess baggage charges, seat assignment fees, check-in fees and extra leg room charges are recognized once the associated flight has departed, or holiday has started.

- Separately identified incremental credit card charges and call center booking fees are recognized at the date of booking and booking change fees are recognized when the change is made, in line with the costs which such charges are designed to cover.
- Commission earned from car hire and hotel bookings is recognized on departure and from travel insurance on booking, reflecting the point when services are performed.
- The Group operated a loyalty program through the carrier’s “myJet2” loyalty scheme that allowed members of the scheme to accumulate points that entitled them to substantially free travel. The point accrual element of the program was cancelled 10 April 2013, which effectively ended myJet2 as a functional loyalty program.
- The Group has also increased Jet2holidays retail sales by adding to the retail products sold through the Jet2holidays booking process, so customers can start their holiday with an inflight meal or an extra leg-room seat.
- Passengers carried:
 - 6 months ended 31 Sept. 2013: 4.1 million.
 - 6 months ended 31 March 2013: 1.24 million.
 - 12 month period: 5.34 million
- Retail revenue disclosed for the airline (ancillary revenue):
 - 6 months ended 31 Sept. 2013: £135,997,000.
 - 6 months ended 31 March 2013: £39,074,400.
 - 12 month period: £175,071,400.
- Package Holiday sales disclosed (gross revenue includes hotel and other components; is not limited to retail markup):
 - 6 months ended 31 Sept. 2013: £380,100,000.
 - 6 months ended 31 March 2013: £64,200,000.
 - 12 month period: £444,300,000.
- Operating revenue disclosed for the airline:
 - 6 months ended 31 Sept. 2013: £463.2 million.
 - 6 months ended 31 March 2013: £168.2 million.
 - 12 month period: £631,400,000.
- The carrier refers to ancillary revenue as “retail revenue” in its financial documents. If Dart Group were to separately report Package Holiday sales less the cost of hotel and other components (as is the practice of Allegiant Airlines) this would be included as ancillary revenue.

Lufthansa Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,282,738,470
As a % of Revenue	3.9%
Dollars per Passenger	\$12.26
Financial Period	Calendar year 2013
Total Revenue	\$33,275,749,000
Passengers	104,600,000
Information Source	Annual Report 2013 – Lufthansa Group and Financial Statements 2013 for Lufthansa AG Expert Session on LH Passenger Airlines and the new Germanwings dated 04 October 2013 “Airlines setzen auf Zusatzgebühren” article in 20 Minuten dated 07 April 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Consolidated results from the annual reports include Lufthansa, Lufthansa Regional, SWISS, Austrian, Germanwings, and Sun Express. • The ancillary revenue listed for Lufthansa Group is based upon a disclosure made by a press spokesperson for SWISS airlines in the “20 Minuten” article referenced above. In the article, the representative states European airlines move in a bandwidth of 3 to 8 percent of sales being related to ancillary revenue. SWISS was disclosed as being within this range. • Logic would indicate Lufthansa – as a component of the Group – is in the same “3 to 8 percent” range. It’s reasonable to place Lufthansa/SWISS/Austrian at the most conservative 3% level of ancillary revenue. This generates an overall ancillary revenue result of €676,950,000 for the Group (excluding Germanwings). The individual items listed below are believed to be included in this amount. • The representative also disclosed SWISS is considering more a la carte products such as pre-order duty free and fees for a 2nd checked bag. • The potential for ancillary revenue is under review for 2014 as a component of Lufthansa’s business improvement initiative. • Lufthansa Group reports “other revenue” which includes €193 million commission revenue from “travel services.” Additional details regarding ancillary revenue are not listed in the annual report. • The Group does indicate, beyond the development of new customer requirements, the convergence of the full-service carrier, low-cost carrier and charter carrier

business models has potential for ancillary revenue for full-service carriers, too; partly by the separate pricing of previously inclusive services, as can be seen with checked baggage and seats with more leg room. Furthermore, there is a visible trend towards more buy-onboard products, which, in addition to the direct income potential from inflight sales, can also boost revenue for the Catering segment by providing the corresponding logistics services.

- Miles & More International GmbH, which is 100% owned by Deutsch Lufthansa AG, contributed income of €32 million to the Group. The Miles & More program has more than 23 million members. The disclosure reflects income; it does not indicate revenue, which would be a larger amount. The airline plans to take steps during 2014 to create a separate legal entity for the program.
- Germanwings disclosed it generated €15 per passenger from its 2012 ancillary revenue activities. The carrier noted the following key sources of this revenue:
 - Product bundling such as Smart and Best fares.
 - Checked baggage fees.
 - Distribution channel fees and surcharges.
 - Booking change fees.
 - Seat selection fees.
- The same Germanwings disclosure also noted 2011 ancillary revenue was €13 per passenger, and 2010 was €10 per passenger; which represents a sizeable rate of annual increase.
- Germanwings discloses annual traffic of 18 million passengers and revenue of €2 billion. This was multiplied by €15 per passenger to generate a conservative Germanwings estimate of €270 million for 2013.
- Ancillary revenue activity for 2013 is estimated to be €676,950,000 for Lufthansa/SWISS/Austrian and €270 million for Germanwings, for a Group total of €946,950,000.
- Lufthansa Group (less Germanwings) traffic revenue for 2013 was: €22,565,000,000. Including Germanwings revenue of €2 billion increases this to €24,565,000,000.

Norwegian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$300,627,534
As a % of Revenue	11.6%
Dollars per Passenger	\$14.52
Financial Period	Calendar year 2013

Total Revenue	\$2,584,168,919
Passengers	20,700,000
Information Source	Norwegian Air Shuttle Fourth Quarter Report 2013, and Norwegian Air Shuttle ASA Q4 2013 Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Norway kroner (NOK). • Results for Norwegian Air Shuttle ASA (the Group) consist of Norwegian Air Shuttle ASA and its subsidiaries. • Ancillary revenue disclosed for 2013 was NOK 1,757,887,000. • Norwegian owns a portion of Norwegian Finans Holding ASA which operates as Bank Norwegian. The bank issues the Bank Norwegian Visa card which accrues points in the carrier's frequent flier program. The bank pays commissions to the airline for activity associated with the Visa credit card. During 2013, Norwegian's share of the bank's profit was NOK 46.6 million. • Adding commissions from the bank to the disclosed ancillary revenue brings total ancillary revenue to <u>NOK 1,804,487,000</u>. • In 2013, Norwegian donated 1 NOK from each water bottle sold onboard to UNICEF's important work. Passengers bought 1.3 million water bottles throughout the year and therefore the company contributed NOK 1.3 million (\$212,400) to UNICEF. • Norwegian considers ancillary revenue to include luggage fees and seat selection fees. "Other revenue" consists of sales that are not directly related to an airline ticket, such as cargo and sales of third party products such as onboard Wi-Fi. • Total revenue was NOK 15,511,218,000 for 2013.

Pegasus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$158,270,000
As a % of Revenue	14.2%
Dollars per Passenger	\$9.41
Financial Period	Calendar year 2013
Total Revenue	\$1,114,872,500
Passengers	16,820,000
Information Source	Pegasus Hava Tasimacilig A.S. Annual Report for the period of January 1 – December 31, 2014 and 2014 Investor Day London presentation

Ancillary Revenue
Definitions and Other
Notes from Financial
Reports

- All figures are in Turkish lira (TRY).
- The company was listed on the Borsa Istanbul (Istanbul stock exchange) on 26 April 2013.
- Ancillary revenue for 2013 was TRY 340,000,000.
- Pegasus offers a number of services ancillary to the core air passenger services and generates revenue through the provision of these services, including:
 - Travel insurance.
 - Don't miss the price (price lock).
 - Seat selection.
 - Airport parking.
 - Pegasus Plus program and co-branded credit card.
 - Extra baggage.
 - Hotel booking.
 - Lounge access.
 - Airport shuttle and transfers.
 - Car rental.
 - SMS updates.
 - Inflight café and pre-order meals.
- In 2013, the revenue recorded from ancillary services constituted 14.16% of total revenue for the period, while ancillary revenue increased by 47.87% year-over-year from 2012.
- On December 17, 2013 Pegasus introduced bundled fares allowing the purchase of ancillary services in a bundled package which is expected to contribute to both ancillary revenue and sales to corporate customers. The following describes the 3 products sold:
 - Essentials: Standard baggage allowance and Pegasus Plus points.
 - Advantage: Extra 5 kg. allowance, Pegasus Plus points, seat selection, and sandwich/drink.
 - Extras: Extra 10 kg. allowance, Pegasus Plus points, seat selection, hot meal/sandwich, and changes and refunds are allowed.
- The company has a target to grow ancillary revenues to at least the €10-12 per passenger range within the next three years.
- Total revenue from Pegasus operations was TRY 2,395,000,000 for 2013.
- All figures include scheduled and charter operations for the airline.

Ryanair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,689,457,120
As a % of Revenue	24.8%
Dollars per Passenger	\$20.68
Financial Period	Fiscal Year Ended 31 March 2014
Total Revenue	\$6,823,120,200
Passengers	81,700,000
Information Source	Ryanair Results for Ryanair Holdings Plc. for the period ended 31 March 2014 and Full Year Results 2013 Analyst Briefing – 19 May 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Ryanair's ancillary revenues comprise revenues from non-flight scheduled operations, inflight sales and internet-related services: <ul style="list-style-type: none"> – Revenue from non-flight scheduled operations, including revenues from excess baggage charges, debit and credit card transactions, sales of rail and bus tickets, accommodations, and travel insurance. – Revenue from inflight sales such as drinks, food, and merchandise. – Revenue from internet-related services, primarily commissions received from products sold on Ryanair.com or linked websites. • Revenue per passenger was flat, as strong ancillary revenue growth offset a 4% fall in average fares. Ancillary revenue was <u>€1,247,200,000</u> for 2013 and increased 17% from 2012. The increase was much greater than traffic growth and now accounts for 25% of total revenue. • Comments made by Michael O'Leary, CEO, during the 19 May 2014 presentation of annual results: <ul style="list-style-type: none"> – <i>"We have worked hard over the last 6 months to improve customer experience and enhance our industry leading service (lowest fares, most on-time flights, the youngest fleet).</i> – <i>These initiatives include, (i) allocated seating (ii) a simpler, easier to use, website with a brilliant "fare finder" facility, (iii) free small 2nd carry-on bag, (iv) "quiet flights" (v) a 24 hour "grace period" to correct minor booking errors, (vi) reduced boarding card and airport bag fees, and (vii) a new service to cater for groups and corporate travelers.</i> – <i>Our new family product will launch in June and will allow children (when travelling with their family) to receive discounts on allocated seats and bags, while families who travel frequently with Ryanair can qualify for discounts on future flights.</i>

	<ul style="list-style-type: none"> – In the autumn we will launch a business service in conjunction with our frequency build on key business routes which will include same day flight changes, bigger bag allowances, premium seat allocation, mobile boarding pass, and fast-track through security at many Ryanair airports. This service, together with our new GDS distribution strategy, will make Ryanair much more accessible and easier to use for business customers.” • Comments made by Howard Millar, CFO, during the 19 May 2014 presentation of annual results: <ul style="list-style-type: none"> – “In terms of ancillary revenues, there is a trade here, we changed from 17 clicks to 5 clicks (at the website) you may recall last November. So, all those products we used to offer during the booking process, the conversion rate on those has fallen. We’ve also reduced the boarding card re-issue fees, bag charges, we’ve made a lot of change in terms of the point of contact with passengers, they’ve had a negative effect on ancillary revenues. – However, the big positive here is we really started to roll out allocated seating from April. We are happy with the way it’s progressing. It is a customer learning experience happening here and we expect for this year, the revenues we’ve lost from those other products and newer things we’ve changed on the website will be offset by the rise in allocated seating and then in the more medium-term as we start to move in, as we are past our first summer as we get into the next summer, we expect that to be a near positive.” • Ryanair 2013 revenue was €5,037,000,000.
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TAP Portugal

Source and Type	Duty-free sales
Ancillary Revenue	\$217,413,300 (estimate based upon disclosure of past performance)
As a % of Revenue	6.5%
Dollars per Passenger	\$20.32
Financial Period	Calendar year 2013
Total Revenue	\$3,359,408,000
Passengers	10,700,000
Information Source	TAP Group Annual Report 2012 “TAP in the black for the fifth consecutive year” press release dated 12 March 2014
Ancillary Revenue Definitions and Other Notes from Financial	<ul style="list-style-type: none"> • All figures are in euros. • TAP Group operates duty free shops which generated approximately €15 per passenger for 2012 and 2011

Reports	<p>(which indicates revenue stability). TAP Portugal's 2013 annual report was not available at press time. However, the company did disclose overall 2013 revenue and passenger traffic in a press release. The €15 average was applied to 2013 passenger traffic of 10.7 million to generate a result of <u>€160,500,000</u>. TAP Portugal operates its duty free on a mark-up basis.</p> <ul style="list-style-type: none"> • TAP Portugal revenue for 2013: €2,480,000,000.
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Turkish Airlines

Source and Type	Partner activities associated with frequent flier program
Ancillary Revenue	\$210,000,000
As a % of Revenue	2.1%
Dollars per Passenger	\$4.35
Financial Period	Calendar year 2013
Total Revenue	\$9,826,000,000
Passengers	48,268,000
Information Source	Annual Report 2013 – Turkish Airlines and Information directly disclosed by Turkish Miles&Smiles to IdeaWorksCompany
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in US dollars. • The Miles&Smiles frequent flier program has 3.7 million members (up from 3 million for 2012). 1.2 million reward tickets were redeemed by members during 2013. • The frequent flier program has 13 years of experience with co-branded credit cards. Miles&Smiles has 30 airline and 70 non-airline partners. The loyalty program generates <u>\$210,000,000</u> revenue per year (principally from the sale of miles to partners) and this represents the carrier's ancillary revenue for 2013. • The co-branded credit card portfolio has around 460,000 accounts with average monthly charge activity of approximately \$1,200, with the average among Turkish domestic cardholders approximately \$300. • Turkish Airways revenue for 2013 was \$9,826,000,000.

Virgin Atlantic

Source and Type	Multiple ancillary revenue activities (emphasis on FFP)
Ancillary Revenue	\$210,255,863 (estimate based upon disclosure and past performance)
As a % of Revenue	4.1%
Dollars per Passenger	\$33.92
Financial Period	Calendar year 2013
Total Revenue	\$5,105,562,000
Passengers	6,197,888
Information Source	Virgin Atlantic 2014 Financial Results dated 24 April 2014, “Campaign for Change” article in March 2013 <i>Airline Business</i> , UK Civil Aviation Authority Statistics (for 2013) Including Table 2.6 (individual airline profit and loss account), and Press Information Kit November 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> Figures are in Great British pounds (£) and euros. Virgin Atlantic disclosed ancillary revenue is £20 per passenger annually (for 2012) in an article appearing in <i>Airline Business</i> magazine. This statistic was assumed to represent baseline activity for 2013. The annual result would be <u>£123,957,000</u>. The carrier considers its Flying Club frequent flier program its primary ancillary revenue generator. Based upon the details provided in a conference presentation, IdeaWorksCompany believes the annual revenue contribution is €18.70 per passenger. Approximately 80% of ancillary revenue is produced by the FFP. The residual per passenger amount produced by other ancillary revenue activities is €4.30 (€23 - €18.7). These activities at Virgin Atlantic consist of: 1) excess baggage, 2) exit row seating in economy, 3) extra leg room seating in economy, 4) empty adjacent seat, 5) fare hold, 6) and Guest List package of limo transfer, London priority check in, and London lounge access. The airline separately disclosed excess baggage revenue of nearly £12.9 million to the UK Civil Aviation Authority for the fiscal year ended 28 February 2013. This activity is believed to be included in the £20 per passenger disclosure. Virgin Atlantic Ltd. Group had operating revenue of £2.87 billion for the fiscal year ended 28 February 2013. During 2013 the Group switched to calendar year reporting. While it did not disclose annual revenue for 2013, it did reveal Group turnover increased 4.9% over the prior year. This increase was applied to £2.87 billion to generate 2013 calendar year Group revenue of £3,010,000,000.

Vueling

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$165,261,200
As a % of Revenue	9.2%
Dollars per Passenger	\$10.55
Financial Period	Calendar year 2013
Total Revenue	\$1,795,638,796
Passengers	15,662,000
Information Source	Capital Markets Day Presentation – International Airlines Group 15 November 2013, 2013 Annual Report and Accounts for IAG, and Q1 2013 Results presentation, Vueling Airlines, 9th May 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • After the first quarter of 2013, Vueling stopped reporting financial results as an independent entity. Starting in the 2nd quarter, results were included under the financial reports issued by IAG – International Airlines Group. • For the first quarter of 2013, Vueling disclosed ancillary revenue of €7.55 per passenger. This is assumed to represent the level of activity for Vueling for 2013. Multiplying €7.79 by 15,662,000 passengers generates a result of <u>€122,000,000</u>. • Vueling's ancillary revenue activities include the following: excess baggage, seat selection, onboard retail, price lock, itinerary via SMS, hotel booking, car rental and travel insurance commissions, Vueling Pass subscription card, and the sale of frequent flier points. • The airline introduced a new "Excellence" business class during 2013 which offers an empty middle seat, more leg room, fast-track screening and boarding, unlimited catering, and access to airport lounges. • Vueling also offers two fares using the fare family method: <ul style="list-style-type: none"> – Basic fare (no baggage). – Optima fare (checked bag and better seating). • During April 2013 the shareholders of Vueling accepted a buyout offer from IAG, International Consolidated Airlines Group (British Air/Iberia). • Vueling's 2013 passenger traffic was 15,662,000: <ul style="list-style-type: none"> – Quarter 1: 2,662,000. – Quarters 2 through 4: 13,000,000. • Vueling's 2013 revenue was €1,325,586,000: <ul style="list-style-type: none"> – Quarter 1: €192,586,000. – Quarters 2 through 4: €1,133,000,000 (post-acquisition).

Wizz Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$478,255,076
As a % of Revenue	34.9%
Dollars per Passenger	\$34.41
Financial Period	Fiscal Year 2014 ended 31 March 2014
Total Revenue	\$1,370,855,200
Passengers	13,900,000
Information Source	Announcement of Intention to Float on the London Stock Exchange
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Wizz Air's unbundled pricing model also offers customers a selection of add-on options while driving ancillary revenues. Wizz Air's average ancillary revenue per passenger in FY2014 was €25.40. The calculated total for FY2014 ancillary revenue is <u>€353,060,000</u>. • This unbundling strategy has allowed Wizz Air to significantly grow its ancillary revenue and total revenue in recent years. The Company believes that Wizz Air's unbundled pricing structure makes it difficult for other non low cost carriers that do not employ an unbundled structure to compete with Wizz Air in its markets on the basis of ticket prices. • Total revenue for 2013: €1,012,000,000.

Non-Reporting Carriers for Europe and Russia

The following airlines did not reveal ancillary revenue activity for the most recent full year period:

Air Europa (Globalia), Air Malta, Aegean Airlines, Air Serbia (2012 available at press time), Alitalia, Atlantic Airways, Austrian (reported under Lufthansa Group), Cyprus Airways (only 2012 available at press time), Czech Airlines, Germanwings (reported under Lufthansa Group), Iberia Airways (subsidiary of International Airlines Group), Icelandair, LOT Polish, Luxair, Meridiana Fly, (only 2012 available at press time), Monarch Airlines, SAS Scandinavian, SATA International, SWISS (also reported under Lufthansa Group), Thomas Cook Group (includes Condor), Transaero (only 2011 available at press time), TUI Travel Group (Airline brands: Arkefly, Corsair, Jetairfly, Thomson Airways, TUIfly, and TUIfly Nordic), UTair (only 2012 available at press time), and Wideroe.

The Americas

Air Canada

Source and Type	Partner activities associated with frequent flier program
Ancillary Revenue	\$443,468,183
As a % of Revenue	3.9%
Dollars per Passenger	\$12.39
Financial Period	Calendar year 2013
Total Revenue	\$11,400,107,400
Passengers	35,800,000
Information Source	Air Canada 2013 Annual Report and Aimia (formerly Aeroplan) Annual Report 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Canadian dollars (CAD). • Air Canada last disclosed it increased ancillary revenue per passenger by 18% during 2011 through such measures as baggage fee adjustments, paid upgrades and an enhanced Buy on Board program. However, as has been practice for the past few years, Air Canada did not disclose the revenue associated with this activity. • Aeroplan is the frequent flier program associated with Air Canada. The program is owned and operated by Aimia, which is a public corporation. Air Canada, including other Star Alliance partners, is Aimia's largest redemption partner. For the year ended 31 December 2013, Aimia spent 37% of its reward costs with Air Canada, in connection with rewards purchased from Air Canada and other airlines (Star Alliance partners). This is down slightly from the 38% level for the year ended 2012. Under the terms of an agreement, Aeroplan is required to purchase minimum reward travel amounting to approximately CAD 425.6 million each year through the end of 2013. • IdeaWorksCompany calculated the 37% to equal CAD <u>481,664,150</u> (37% x CAD 1,301,795,000). The amount is considered to represent ancillary revenue for Air Canada and is above the annual purchase requirement. • Aeroplan benefits from a long-term commercial agreement for the purchase of seat capacity from Air Canada and its affiliates, at attractive rates based on its status as Air Canada's largest customer. This is of great importance as travel continues to be one of the most sought after rewards under the Aeroplan program. • Air Canada acts as a clearing house for substantially all gross billings of Aeroplan Miles and reward purchase transactions between Aeroplan Canada Inc. ("Aeroplan") and airlines other than Air Canada (Star Alliance Partners).

- Air Canada operating revenue for 2013 was CAD 12,382,000,000.

Alaska Air Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$894,000,000
As a % of Revenue	17.3%
Dollars per Passenger	\$32.61
Financial Period	Calendar year 2013
Total Revenue	\$5,156,000,000
Passengers	27,414,000 (Combined total of Alaska Airlines mainline and Horizon Air)
Information Source	2013 Annual Report on Form 10-K and Bureau of Transportation Statistics, Form 41; Schedule P-12
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • During the second quarter of 2012, the company changed the classification of ancillary revenues, such as checked-bag fees, ticket change fees, and others, from “Passenger revenue” to “Other-net” revenue to enhance comparability of passenger revenue among peers in the industry. • Other-net revenues can be related to the Mileage Plan and they are recognized as described in the Mileage Plan item below. Other-net also includes certain ancillary or non-ticket revenues, such as checked-bag fees, reservation fees, ticket change fees, onboard food and beverage sales, and to a much lesser extent commissions from car and hotel vendors, and from the sales of travel insurance. These items are recognized as revenue when the related services are provided. Board Room (airport lounge) memberships are recognized as revenue over the membership period. For 2013, this Other-net portion was \$584 million. • Total Mileage Plan revenue for 2013 was \$656 million, which consists of passenger revenue of \$208 million, other-net revenue of \$256 million, and special Mileage Plan revenue of \$192 million from a change made to accounting practices. Alaska increased its estimate of the number of miles expected to expire unused from 12% to 17.4%. • The following activities contributed to the ancillary revenue increase realized by Alaska for 2013: <ul style="list-style-type: none"> – Mileage Plan revenues increased by \$47 million or 22%, as a result of a higher rate per mile sold to Bank of America Corporation (BAC) under the new affinity

	<p>card program and growth in the Mileage Plan program.</p> <ul style="list-style-type: none"> – Checked bag fees increased by 7.8%. • IdeaWorksCompany estimates Alaska’s 2013 ancillary revenue was <u>\$894,000,000</u> based upon revenue from these sources: <ul style="list-style-type: none"> – Ancillary revenue as disclosed in other-net revenue activity: \$328 million (bag fees represented \$96 million of this activity). Other-net revenue of \$256 million from Mileage Plan has been deducted from the total because it’s also counted under Mileage Plan revenue. – Less ticketing and change fees: \$90 million (IdeaWorksCompany does not include this activity in its definition of ancillary revenue; Alaska included it in the other-net revenue amount). – Mileage Plan passenger revenue: \$656 million. • Operating revenue for 2013 was \$5,156,000,000.
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Allegiant

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$324,900,000
As a % of Revenue	32.6%
Dollars per Passenger	\$44.87
Financial Period	Calendar year 2013
Total Revenue	\$996,150,000
Passengers	7,241,063
Information Source	2013 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Allegiant provides unbundled air-related services and products (ancillary revenue) in conjunction with air transportation for an additional cost to customers: <ul style="list-style-type: none"> – These optional air-related services and products include baggage fees, advance seat assignments, in-house travel protection product, change fees, use of call center for purchases, priority boarding, food and beverage purchases on board and other air-related services. – Third party ancillary products and services such as hotel rooms, ground transportation (rental cars and hotel shuttle products) and attractions (show tickets) for sale to passengers. For example, the carrier has direct contracts with more than 525 hotel and casino resort properties throughout the country, which allow it to provide hotel rooms in packages sold to customers. In addition, Allegiant has an exclusive

agreement with Enterprise Holdings Inc. to provide rental cars packaged with air travel.

- Ancillary revenue is recognized net of amounts paid to wholesale providers, travel agent commissions and payment processing fees.
- Allegiant says it was the first airline to offer ancillary services in the US, by pioneering this approach in 2003 and 2004 when it began selling seat assignments and charging for bags. Allegiant's management believes most leisure travelers are concerned primarily with purchasing air travel for the least expensive price.
- Allegiant does not sell through Expedia, Travelocity, Orbitz or any other online travel agencies nor are its flights displayed and sold through the global distribution systems which include Sabre, Galileo, Worldspan and Amadeus. This distribution strategy results in reduced expenses by avoiding the fees associated with the use of GDS distribution points and permits the airline to closely manage ancillary product offerings and pricing while developing and maintaining a direct relationship with consumers. 92% of scheduled service revenue was purchased directly through the website in 2013.
- Ancillary revenue increased 19.6% to \$324,900,000 for 2013, up from \$271.6 million in 2012.
- Allegiant earns a 30.7% gross margin on the sale of services provided by third parties (hotel rooms, rental cars, hotel shuttle products, attractions and show tickets).
- The following was disclosed for the carrier's commission based activity for 2013:
 - Gross revenue, 3rd party: \$130,730,000.
 - Cost of goods sold: (\$81,904,000).
 - Transaction costs: (\$1,797,000) includes agency commissions and payment expenses.
 - Ancillary revenue, 3rd party: \$37,029,000.
- Package sale details from 2013:
 - Hotel room nights sold: 595,697.
 - Car rental days sold: 844,858.
- Per passenger revenue statistics for 2013:
 - Air fare, scheduled service: \$91.69.
 - Ancillary revenue, air related: \$40.52.
 - Ancillary revenue, third party: \$5.21.
 - Average fare total: \$137.43.
- Operating revenue for 2013 was \$996,150,000.

American

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,079,000,000
As a % of Revenue	7.8%
Dollars per Passenger	\$19.12
Financial Period	Calendar year 2013
Total Revenue	\$26,743,000,000
Passengers	108,736,000 (Combined total of American mainline and American Eagle)
Information Source	Form 10-K Annual Report of American Airlines Group for 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • The merger between American and US Airways was consummated on 09 December 2013. Accordingly, the Company's consolidated results include American and American Eagle for the year ended 31 December 2013 and the results of US Airways Group for the 23 days ended 31 December 2013. Other revenues (which were \$2.6 billion) include revenue from the marketing services related to the sale of mileage credits in the AAdvantage and Dividend Miles programs as discussed below under "Frequent Flyer Program," membership fees and related revenue from Admirals Club operations, US Airways Club operations, and other miscellaneous service revenue, including administrative service charges and baggage handling fees. • Other revenues increased by \$92 million, or 3.6%, primarily due to increased revenues associated with the sale of AAdvantage frequent flyer mileage credits and a \$31 million special credit related to a change in accounting method resulting from the modification of the Company's AAdvantage miles agreement with Citibank. • The number of AAdvantage and Dividend Miles one way travel award redemptions during the year ended 31 December 2013, was approximately 6.1 million and 1.8 million respectively, representing approximately 8.2% and 3.5% of American and US Airways' total mainline and regional RPMs during that period, respectively. • IdeaWorksCompany does not include flight change fees as ancillary revenue and interprets American's "administrative service charges" as including revenue from flight change fees. American separately reported revenue of \$521 million to the DOT from this activity for 2013. The amount was deducted from the \$2.6 billion disclosure to generate adjusted ancillary revenue of <u>\$2,079,000,000</u>. • During 2013, AAdvantage issued approximately 202.8

	<p>billion miles, of which approximately 64% were sold to program participants.</p> <ul style="list-style-type: none"> Operating revenue for 2013 was \$26,743,000,000.
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Delta

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,528,183,000
As a % of Revenue	6.7%
Dollars per Passenger	\$15.35
Financial Period	Calendar year 2013
Total Revenue	\$37,773,000,000
Passengers	164,656,327
Information Source	Form 10-K for the year ended 31 December 2013, Delta Air Lines Management Discusses Q4 2013 Results - Earnings Call Transcript, Investor Day 2013 Presentation, and 03 January 2014 Traffic Press Release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US dollars. Delta generates ancillary revenue with the following products and services: <ul style="list-style-type: none"> Checked bags. Preferred seats. Inflight Wi-Fi. Lift package (priority boarding and mileage booster). Ascend package (priority boarding and Wi-Fi). Hotels, car rentals, and trip insurance. SkyClub passes. Other Revenue was \$3.894 billion for 2013 and is primarily composed of: 1) the marketing component of the sale of mileage credits, 2) baggage fee revenue, 3) other miscellaneous service revenue, including ticket change fees and 4) revenue from ancillary businesses, such as the aircraft maintenance and repair and staffing services provided to third parties. IdeaWorksCompany does not consider 3) ticket change revenue and 4) revenue from ancillary businesses to be ancillary revenue. Delta disclosed revenue from activities such as “aircraft maintenance, repair and overhaul (MRO), staffing services for third parties, vacation wholesale operations and our private jet operations” was approximately \$800 million for 2013. In addition, Delta reported revenue of \$840 million from ticket change activity for the 12-month period ended 31 December 2013 to the USDOT. The total from these (\$1.640 billion) was deducted from the \$3.894 billion Other Revenue

	<p>disclosure to generate “adjusted” ancillary revenue of \$2.254 billion. This method of calculation was used by IdeaWorksCompany for 2012 and was compared with the results from a simplified method described next.</p> <ul style="list-style-type: none"> • Total ancillary revenue for Delta is estimated to be <u>\$2,528,183,000</u> using the following data: <ul style="list-style-type: none"> – Revenue from baggage fees was \$833,183,000 for 2013 based upon data available at US DOT Bureau of Transportation Statistics website. – Edward H. Bastian (President and Director) disclosed the following on 21 January 2014 during an earnings call, “<i>Our ancillary products, which include first class upsell and Economy Comfort, contributed more than \$635 million to our full year 2013 passenger revenues.</i>” The amount includes first class upsell, which IdeaWorksCompany does not define as ancillary revenue. Unfortunately, Delta did not disclose specifics for this activity and these sales remain within the total. – American Express purchased \$675 million of unrestricted SkyMiles in 2013. In addition, American Express made a restricted purchase of SkyMiles for \$285 million during 2013. These purchases total \$960 million for the year. Delta expects SkyMiles revenue to be \$1.3 billion for 2014. IdeaWorksCompany estimates an additional \$100 million of SkyMiles sales occur with other partners such as hotel, car rental companies, and retailers to bring 2013 total sales to \$1.06 billion. <p>IdeaWorksCompany will use this method because it yields a higher ancillary revenue amount. Actual ancillary revenue is undoubtedly higher because SkyMiles sales are probably likely to be in excess of \$1 billion.</p> <ul style="list-style-type: none"> • Airline operating revenue for 2013 was \$37,773,000,000.
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Frontier Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$109,226,000
As a % of Revenue	9.0%
Dollars per Passenger	\$10.21
Financial Period	Calendar year 2013
Total Revenue	\$1,217,500,000
Passengers	10,700,000
Information Source	USDOT, Bureau of Transportation Statistics, Bureau of Transportation Statistics, Form 41; Schedule P-12, Republic Airways Holdings Form 10-K for 2013,

	Frontier Airlines Fact Sheet dated 13 May 2014, and Republic Airways Holdings 4 th Quarter 2012 Earnings Call
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • On 03 December 2013 Frontier was sold by Republic Airways to an affiliate of Indigo Partners LLC and Frontier became a privately-held company. Financial reporting for 2013 is very limited. • Total ancillary revenue for Frontier is estimated to be <u>\$109,226,000</u>: <ul style="list-style-type: none"> – Revenue from baggage fees was \$69,226,000 for 2013 based upon data available at US DOT Bureau of Transportation Statistics website. – Frontier expects \$40 million revenue from its Stretch and Select seat products for 2013. • Operating revenue for 2013 was \$1,217,500,000.

GOL

Source and Type	Partner activities associated with the frequent flier program
Ancillary Revenue	\$173,361,115
As a % of Revenue	4.4%
Dollars per Passenger	\$4.77
Financial Period	Calendar year 2013
Total Revenue	\$3,959,536,020
Passengers	36,306,000
Information Source	Form 20-F of GOL Intelligent Airlines Inc. for 2013, 4Q13 Results Conference Call March 2014, and Smiles S.A. Financial Statements for the Year Ended December 31, 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Brazilian reais (R\$). • The company discloses revenue from cargo operations and ancillary revenue activities as a single result. Details are not provided to allow further definition. GOL does describe ancillary revenue as including the following activities: <ul style="list-style-type: none"> – Excess baggage. – Buy-onboard purchase of food and beverages. – Travel insurance fees. – GOL+ Conforto extra leg room seating. • The GOL+ Conforto product was introduced November 2013 on 10 aircraft. For example, rows 2 to 7 on the right side and 3 to 7 on the left side of 737-800 aircraft are identified as GOL+ Conforto. The distance between these rows moves from 30 inches (76.2 cm) to 34 inches (86.3

cm) and seat recline increases by 50%. These are offered free of charge to Smiles Diamante and Elite Delta Air Lines customers, and starting at R\$30.00 to all other customers. The company estimates 80% of the fleet will be configured by May 2014.

- The SMILES frequent flier program was incorporated as a separate wholly-owned subsidiary on 21 December 2012. Then on 26 April 2013 SMILES offered shares through an initial public offering (IPO). This raised R\$1.1 billion. The proceeds were used to purchase reward tickets from GOL. The program had 9.7 million members at the end of 2013 and the airline owned 57.3% of SMILES capital shares.
- During 2013 the company launched Clube Smiles, a new benefits club, whereby, for a R\$30.00 monthly fee, members receive these benefits:
 - 1,000 miles a month plus a one-year extension to their miles expiration date.
 - Early access to Smiles promotions.
 - Option to purchase and reactivate miles.
 - Option to transfer miles.
 - Partnership with PayPal, allowing Smiles clients to exchange miles accumulated in the program for a pre-paid virtual card that can be used as payment for purchases made with all PayPal partners.
- SMILES disclosed financial results and operational statistics for 2013:
 - Revenue of R\$573 million.
 - Operating profit of R\$180.2 million.
 - Operating margin of 31.4%.
 - 30.7 billion miles redeemed, 17% increase in relation to 2012.
 - R\$197.5 million in dividends and interest on equity. This represents the payout of profits from SMILES, of which 57.3% (R\$113 million) would be paid to GOL.
- Through 31 December 2013, the total miles sold to GOL were 9,608,958,462 with a value of R\$117,461,000 (representing a marketing expense) and the total of tickets purchased from GOL was 3,821,236 with a value of R\$279,131,000 (representing ancillary revenue to GOL). This suggests an average sale price of R\$0.0122 per mile sold to GOL and an average reward ticket price of R\$73.05. The systemwide average fare disclosed by GOL for 2013 was R\$224.
- GOL ancillary revenue for 2013 is calculated to be R\$392,131,000 consisting of:
 - R\$113,000,000 dividends from SMILES investment.
 - R\$279,131,000 sale of reward tickets to SMILES.
- Operating revenue for 2013 was R\$8,956,200,000.

Hawaiian Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$101,200,000
As a % of Revenue	4.7%
Dollars per Passenger	\$10.19
Financial Period	Calendar year 2013
Total Revenue	\$2,155,865,000
Passengers	9,929,000
Information Source	Annual Report 2013 for Hawaiian Holdings, Inc., 29 October 2013 2012 Investor Day Presentation by Peter Ingraham, EVP and CCO, and Bureau of Transportation Statistics, Form 41; Schedule P-12
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Total ancillary revenue for Hawaiian is estimated to be <u>\$101,200,000</u>: <ul style="list-style-type: none"> – Revenue for the last 12 months ended 13 September 2013 from preferred seating was \$6.6 million. – Revenue from baggage fees was \$70 million for 2013 based upon data available at US DOT Bureau of Transportation Statistics website. – Revenue from miscellaneous operating revenue (includes pet transportation and sale of frequent flier miles/points) was \$18.3 million for 2013 based upon data available at the US DOT Bureau of Transportation Statistics website. – The carrier disclosed revenue from vacation sales activity of \$6.3 million for the 12-month period ended 13 September 2013. • Hawaiian recently signed agreements with Barclaycard US, MasterCard, and Bank of Hawaii for its co-brand credit card program. These new partnerships are expected to generate over \$100 million incremental cash flow at today's volumes, over the life of the contracts. This suggests contract terms with a length of 5 years when annual revenue is considered. • Preferred seats are limited to bulkhead and exit row on B767/A330 aircraft. Day-of-departure sales are offered on the B767, with advance sales added for A330 aircraft during 2013. In addition, preferred seats were added to 717 aircraft. • Other revenue of \$213,036,000 primarily consists of baggage fees, cargo revenue, ticket change and cancellation fees, incidental services revenue, sale of frequent flier miles, revenue earned on reduced rate passengers, inflight revenue, contract services and charter services revenue.

	<ul style="list-style-type: none"> • The commingling of cargo revenue, ticket change fees, and ground handling revenue in the other operating revenue category prevents its inclusion as ancillary revenue. • Operating revenue for 2013 was \$2,155,865,000.
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JetBlue

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$670,000,000
As a % of Revenue	12.3%
Dollars per Passenger	\$21.99
Financial Period	Calendar year 2013
Total Revenue	\$5,441,000,000
Passengers	30,463,000
Information Source	2013 Annual Report for JetBlue and Bank of America Merrill Lynch 2013 Global Transportation Conference 07 May 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • JetBlue disclosed 2013 “ancillary revenue” of <u>\$670,000,000</u>. Of this, \$170 million was from its EvenMore Space and EvenMore Speed products. An additional \$500 million was defined as “ancillary.” EvenMore Space produces the most ancillary revenue among the services offered. • Other revenue (which was not used for calculating ancillary revenue for JetBlue) was \$470 million for 2013, consisting primarily of fees charged to customers in accordance with published policies. These include fees from reservation changes and excess baggage, the marketing component of TrueBlue point sales, onboard product sales, transportation of mail and cargo, charters, ground handling fees paid by other airlines, and revenues earned by the LiveTV subsidiary for the sale of inflight entertainment systems. IdeaWorksCompany believes this activity is included in the carrier’s disclosure of “ancillary revenue.” • Operating revenue for 2013 was \$5,441,000,000.

LAN/TAM Airlines

Source and Type	Multiple ancillary revenue activities (emphasis on FFP)
Ancillary Revenue	\$613,511,000
As a % of Revenue	4.7%
Dollars per Passenger	\$9.20
Financial Period	Calendar year 2013
Total Revenue	\$12,924,537,000
Passengers	66,696,000
Information Source	Annual Report 2013 for LATAM Airlines Group and Multiplus S.A. Financial statements at December 31, 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Total ancillary revenue for LAN and TAM Airlines for 2013 was <u>\$613,511,000</u> and consists of these items: <ul style="list-style-type: none"> – Duty-free income: \$14,748,000. – Tour package income: \$105,449,000. – Multiplus revenue (loyalty program): \$493,314,000. Originally stated as R\$1,092,745,000 (Sale of reward items, such as tickets and vacation packages, to Multitplus) and converted to US\$. • The Group does not report ancillary revenue but does describe “Other Revenues” which include a variety of other activities, including revenue from aircraft leases (including subleases, dry-leases, wet-leases and capacity sales to certain alliance partners), charter flights, tours, duty-free inflight sales, other maintenance, storage and customs, handling and activities, and the revenues of Multiplus. For 2013, LATAM generated other revenues of US\$342 million from these activities. The commingling of cargo revenue and aircraft leasing prevents its inclusion as ancillary revenue. • Multiplus is a publicly traded company in Brazil, and TAM S.A. owns 73% of the ordinary shares of Multiplus. The company supports TAM’s frequent flier program. As of 2013, the program had 12 million registered users. • Total operating revenue for 2013 was \$12,924,537,000.

Southwest

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,623,500,000
As a % of Revenue	9.2%
Dollars per Passenger	\$12.19
Financial Period	Calendar year 2013

Total Revenue	\$17,700,000,000
Passengers	133,155,030
Information Source	2013 Annual Report, Southwest Airlines Q4 2013 Earnings Call, USDOT, Bureau of Transportation Statistics, Bureau of Transportation Statistics, Form 41; Schedule P-12, And 20 May 2014 article in Forbes “Southwest COO Robert Jordan On Business Traveling, Rising Fares”
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • All results include the operations of Southwest and AirTran for 2013. AirTran currently charges fees for checked baggage, carriage of pets, liquor sales, advance seat assignments, call center services, priority seat selection, special services such as the transportation of unaccompanied minors, and extension or transfer of A+ Miles Rewards (in addition to fees for the purchase of A+ Miles Rewards). The company intends, upon full integration of AirTran, to have a consistent product offering without first or second bag fees or change fees. • Southwest reported miscellaneous operating revenue of \$1.114 billion to the US DOT for 2012. IdeaWorksCompany believes the majority of this amount, estimated at \$980 million, represented revenue from Southwest Rapid Rewards. For 2013 Southwest disclosed a far lower amount, \$542.8 million, which is inconsistent with expected results. Perhaps the discrepancy can be explained by a change to accounting methods. IdeaWorksCompany will assume the \$980 million revenue figure will apply for 2013 plus any incremental amount disclosed by Southwest (see next bullet point). • Tammy Romo, CFO for the airline, commented on year over year revenue improvement during the Q4 2013 earnings call, “For the full year 2013, we recognized \$100 million in incremental passenger revenues from our Rapid Rewards program, which was in excess of our expectations.” • The results of the revised Rapid Rewards frequent flier program continue to exceed the company’s expectations. with respect to the number of Rapid Rewards members added, the amount spent per member on airfare, the number of flights taken by members, the number of Southwest’s co-branded Chase Visa credit card holders added, the number of points sold to business partners, and the number of Rapid Rewards points purchased by program members. In 2013, Customers of Southwest and AirTran redeemed approximately 5.4 million flight rewards, up from approximately 4.5 million in 2012. • Robert Jordan, COO for the airline commented on the success of Rapid Rewards in an article in Forbes magazine, “We’re seeing just a tremendous response to the program. The

share of wallet that we get. The annual spend per member. Every single metric is up double digits. Every year since we introduced the program. Our Chase Rapid Rewards Visa card is one of the largest Visa card portfolios in the world. And it's seen just tremendous growth since we've changed the program."

- The following activities during 2013 increased ancillary revenue for Southwest:
 - Sale of open premium boarding positions at the gate: In January 2013, the airline began selling open premium boarding positions, A1 through A15, at the gate to customers 45 minutes prior to departure for \$40 per flight. This does not replace the Business Select fare or EarlyBird Check-In, but it is simply a creative way to generate revenue from the sale of available premium boarding positions.
 - Increased the EarlyBird Check-in price: In February 2013, Southwest increased the EarlyBird Check-In price from \$10 to \$12.50 per one-way fare. In 2013, revenues from EarlyBird Check-In were \$195 million.
 - In addition to these new ancillary revenue opportunities, during 2013, the carrier continued to experience revenue benefits from other Southwest service offerings including unaccompanied minor travel, Pets Are Welcome on Southwest (PAWS.), Rapid Rewards frequent flier program, Business Select fares, and inflight Wi-Fi.
 - Inflight satellite-based Wi-Fi service is now offered on all Southwest 737-700 and -800 aircraft, representing more than 75% of the Southwest fleet. AirTran currently offers Gogo's inflight Internet connectivity on every AirTran flight.
- IdeaWorksCompany believes total ancillary revenue for Southwest was \$1,623,500,000 for 2013 and was produced by these activities:
 - AirTran baggage fee revenue: \$105 million.
 - Southwest bag revenue: \$143.5 million (third checked bag or any bag in excess of 50 pounds).
 - Business Select: \$100 million.
 - EarlyBird revenue: \$195 million.
 - Rapid Rewards estimate by IdeaWorksCompany from 2012: \$980 million.
 - Incremental Rapid Rewards revenue for 2013: \$100 million.
- Operating revenue for 2013 was \$17,700,000,000.

Spirit Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$635,822,000
As a % of Revenue	38.4%
Dollars per Passenger	\$51.22
Financial Period	12 month period ended 31 December 2013
Total Revenue	\$1,654,385,000
Passengers	12,414,000
Information Source	2013 Form 10-K and Bureau of Transportation Statistics, Form 41; Schedule P-12
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • During 2013 Spirit generated non-ticket revenues of \$668,367,000. Other non-ticket revenues include revenues from other air related charges as well as non-air related charges. Other air related charges include optional services and products provided to passengers such as onboard products, travel insurance, and use of the company's call center or travel agents, among others. Non-air related charges primarily consist of revenues from advertising on the company's aircraft and website, the company's \$9 Fare Club subscription-based membership program, and the company's FREE SPIRIT affinity credit card program. • Summary of the primary components of non-ticket revenue: <ul style="list-style-type: none"> – Baggage: \$275,958,000. – Passenger usage fee: \$188,911,000 (per passenger fee charged for all bookings except those made at the airport). – Advance seat selection: \$59,241,000. – Cancellation and change fees: \$32,546,000. – Other: \$111,711,000. <p>FREE SPIRIT loyalty program revenue is included in the other category. IdeaWorksCompany does not consider reservation change fees to be ancillary revenue. The airline reported reservation change revenue of \$32,545,000 during 2013 and this amount should not be included. This adjustment generates total ancillary revenue of <u>\$635,822,000</u>.</p> <ul style="list-style-type: none"> • Spirit generates ancillary revenue through the following activities: <ul style="list-style-type: none"> – Charging for checked and carry-on baggage. – Passing through all distribution-related expenses. – Charging for premium seats and advance seat selection. – Enforcing ticketing policies, including service charges for changes and cancellations.

	<ul style="list-style-type: none"> – Generating subscription revenue from the \$9 Fare Club ultra low-fare subscription service. – Deriving brand-based revenues from proprietary services, such as the FREE SPIRIT affinity credit card program. – Offering third-party travel products (travel packages), such as hotel rooms, ground transportation (rental and hotel shuttle products) and attractions (show or theme park tickets) packaged with air travel. – Selling third-party travel insurance through the website. – Selling inflight products and onboard advertising. <ul style="list-style-type: none"> • Per passenger segment revenue statistics for 2013: <ul style="list-style-type: none"> – Average ticket: \$79.43. – Average non-ticket: \$53.84. – Average fare total: \$133.27. • Non-ticket revenue increased 24.8% in 2013, as compared to 2012, mainly due to a 24.2% increase in traffic and an increase in baggage revenue per passenger flight segment. On a per passenger segment basis the increase in non-ticket revenue is attributed to changes to Spirit's bag fee schedule which better optimized revenue by channel. Additionally, during June 2012 and July 2013, the carrier made adjustments to our passenger usage fee (PUF) helping to drive the increase in PUF fees year-over-year. Cash proceeds from the sale of FREE SPIRIT mileage credits to non-airline third parties: <ul style="list-style-type: none"> – 2013: \$28,496,000. – 2012: \$24,938,000. – 2011: \$20,954,000. – 2010: \$20,748,000. – 2009: \$12,008,000. This activity is included under non-ticket revenue. • Operating revenue for 2013 was \$1,654,385,000.
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Sun Country

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$15,767,000
As a % of Revenue	3.8%
Dollars per Passenger	\$10.96
Financial Period	Calendar year 2013
Total Revenue	\$410,000,000
Passengers	1,439,000
Information Source	USDOT, Bureau of Transportation Statistics, and Bureau of Transportation Statistics, Carrier Snapshots

Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Sun Country is privately held but is required to report revenue and traffic data to the US Department of Transportation. • Total ancillary revenue for Sun Country is estimated to be <u>\$15,767,000</u>: <ul style="list-style-type: none"> – Revenue from baggage fees was \$15,581,000 for 2013 based upon data available at US DOT Bureau of Transportation Statistics website. – Revenue from miscellaneous operating revenue (includes pet transportation and sale of frequent flier miles/points) was \$186,000 for 2013 based upon data available at the US DOT Bureau of Transportation Statistics website. • Based upon data available at the US DOT Bureau of Transportation Statistics website, operating revenue for 2013 was \$410,000,000.
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United

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,703,000,000
As a % of Revenue	14.9%
Dollars per Passenger	\$40.97
Financial Period	Calendar year 2013
Total Revenue	\$38,279,000,000
Passengers	139,209,000
Information Source	United Continental Holdings Annual Report for 2013, United Continental Holdings 4 th Quarter 2013 Earnings Call, Bank of America Conference – 07 May 2014, and United Investor Day Presentation--19 November 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • United disclosed ancillary revenue was \$2.8 billion for 2013 during a 07 May 2014 conference presentation. • The objective is to grow ancillary revenue by 8% for 2014 and to \$3.5 billion by 2017. • United defined its ancillary revenue category in the 2013 Investor Day presentation: <ul style="list-style-type: none"> – Unbundling: checked bags and meals. – New products: streaming entertainment and Wi-Fi. – Optimization: Premier Access, United Club, Fare Lock and premium cabin upsell. • Future ancillary revenue objectives will include these elements:

	<ul style="list-style-type: none"> – Develop defined bundles of popular a la carte services. – Offer dynamic bundles based upon customized offers using high margin services. – Expand availability through more channels such as travel agents. As of April 2014, United offered its Economy Plus product through 2 major GDS providers (Sabre and Travelport) with Amadeus to be added later in the year. <ul style="list-style-type: none"> • Future frequent flier program objectives will include these elements: <ul style="list-style-type: none"> – Grow the co-branded card portfolio. Card spend increased 35% and active card members increased 16% over last 3 years. Co-branded cards are offered in 15 countries with Japan and Mexico added during 2013. – Expand the MileagePlus network of accrual partners. – Increase the direct sale of miles to members. – Create new products, such as the Small Business Network (B2B mileage accrual for business spending). – Partner with innovative ventures such as RocketMiles. • United disclosed mileage sales of \$2.903 billion for 2013. • Total ancillary revenue for 2013 was <u>\$5,703,000,000</u> represented by \$2.8 billion (described above as ancillary revenue) and \$2.903 billion from the sale of miles. • United Continental traffic for 2012 was 93,595,000 mainline passengers and 46,846,000 regional passengers for a consolidated total of 140,441,000 passengers. • United Continental revenue for 2013 was \$38,279,000,000.
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US Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,102,700,000
As a % of Revenue	7.5%
Dollars per Passenger	\$12.97
Financial Period	Calendar year 2013 (consisting of pre merger and post merger periods)
Total Revenue	\$14,607,000,000
Passengers	85,000,000 (Mainline and Express routes)
Information Source	US Airways Group, Inc. Form 10-K for the period ended 31 Dec. 2013 and USDOT, Bureau of Transportation Statistics, and Bureau of Transportation Statistics, Form 41; Schedule P-12
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in US dollars. • US Airways merged with American Airlines on 09

Notes from Financial
Reports

December 2013.

- Other Revenue was \$1.43 billion in 2013 and includes checked and excess baggage charges, beverage sales, ticket change and service fees, commissions earned on tickets sold for flights on other airlines and sales of tour packages by the US Airways Vacations division, which are recognized when the services are provided. Other revenues also include processing fees for travel awards issued through the Dividend Miles frequent traveler program and the marketing component earned from selling mileage credits to partners.
- Other Revenue increased \$111 million, or 8.5%, from 2012. The increase in other revenues was driven primarily by higher revenues associated with increased mileage sales to business partners, passenger ticketing change fees, checked bag fees, as well as the PreferredAccess program (implemented in the second quarter of 2012).
- US Airways relies on third-party distribution channels, including those provided by global distribution systems, or GDSs (Amadeus, Sabre, and Travelport) and OTAs (Expedia, Orbitz, and Travelocity) to distribute a significant portion of its airline tickets. The carrier hopes to expand the ability to distribute and collect revenues for a la carte products (such as fees for selective seating) through third-party distribution. These channels are more expensive and at present have less functionality in respect of ancillary product offerings than those used to sell direct to consumers, such as call centers and the carrier's website.
- The airline identified five revenue elements for its co-branded credit card agreement with Barclays:
 - Reward transportation.
 - Use of the US Airways brand including access to frequent flier member lists.
 - Advertising.
 - Airport lounge access for cardholders.
 - Baggage service benefits for cardholders.Each of these components are defined as deliverables in the agreement with Barclays.
- The number of one-way travel award redemptions during 2013 was approximately 1.8 million, representing approximately 3.5% of total mainline and regional RPMs during the combined periods.
- At the end of 2013, the company placed an intangible asset value of \$300 million on its Dividend Miles member relationships and \$105 million on its marketing partner relationships.
- IdeaWorksCompany does not include ticket change and service fees as ancillary revenue. US Airways reported

	<p>revenue of \$327.3 million from this activity for 2013 to the USDOT. The amount was deducted from the \$1.43 billion Other Revenue disclosure to generate adjusted ancillary revenue of <u>\$1,102,700,000</u>.</p> <ul style="list-style-type: none"> Group revenue of \$14,607,000,000 billion was generated during 2013.
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Virgin America

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$95,358,180
As a % of Revenue	6.7%
Dollars per Passenger	\$15.07
Financial Period	Calendar year 2013
Total Revenue	\$1,425,000,000
Passengers	6,329,000
Information Source	Virgin America Reports 4 th Quarter and Full Year 2013 Profit Press Release dated 26 March 2014 and USDOT, Bureau of Transportation Statistics Form 41; Schedule P-12
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US dollars. Virgin America is privately held but is required to report revenue and traffic data to the US Department of Transportation. Total ancillary revenue for Virgin America is estimated to be <u>\$95,358,180</u>: <ul style="list-style-type: none"> Revenue from baggage fees was \$76,941,590 for 2013 based upon data available at US DOT Bureau of Transportation Statistics website. Revenue from miscellaneous operating revenue (includes pet transportation and sale of frequent flier miles/points) was \$18,416,590 for 2013 based upon data available at the US DOT Bureau of Transportation Statistics website. Operating revenue for 2013 was \$1,425,000,000.

Volaris

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$143,966,200
As a % of Revenue	14.5%
Dollars per Passenger	\$16.10
Financial Period	Calendar year 2013

Total Revenue	\$994,338,000
Passengers	8,942,000
Information Source	Volaris Aviation Holding Company For 20-F for the fiscal year ended December 31, 2013 and Bank of America Merrill Lynch 2014 Transportation Conference May 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Ancillary revenue was <u>\$143,966,200</u> for 2013. • Volaris is a self-described “ultra low cost carrier” based in Mexico. The carrier refers to ancillary revenue as “non-ticket revenue.” • Volaris has grown non-ticket revenue by allowing passengers to choose what additional products and services they purchase and use. Thanks to the carrier’s “Tú Decides” (“You Decide”) promotional strategy, it has increased average non-ticket revenue per passenger flight segment from approximately \$7.60 in 2009 to \$16.10 in 2013 through these activities: <ul style="list-style-type: none"> – Charging for excess baggage (over the 25 kilograms of free checked luggage required by Mexican regulations). This is a recent addition. – Recently implementing a fee for large carry-on bags. – Charging for advance seat selection, extra leg room, and carriage of sports equipment, and most recently for food. – Consistently enforcing ticketing policies, including change fees. – Generating subscription fees from the ultra-low-fare V-Club subscription program (\$49 individual membership, \$149 group membership). – Creating brand-based revenue from proprietary services, such as the Volaris affinity credit card program (introduced January 2013). The card provides cash back on Volaris-related purchases, priority boarding, extra 10 kg. baggage allowance, and access to the Visa lounge at Mexico City’s International Airport. Volaris receives a commission on all charge activity. – Selling itinerary add-ons, such as hotel and car rental reservations and airport parking, and trip interruption insurance through third party vendors. – Selling onboard advertising. <p>Non-ticket revenue for 2013 was \$144,162,000 and is composed of ancillary revenue and air cargo. IdeaWorksCompany does not define air cargo as ancillary revenue. IdeaWorksCompany believes ancillary revenue is slightly overstated due to the inclusion of air cargo revenues. Regrettably, these can’t be excluded because the amount was not disclosed by Volaris.</p>

	<ul style="list-style-type: none"> Approximately 0.7% (or \$1,009,134) of non-ticket revenue was generated by the Volaris affinity credit card. At year end 2013, there were 65,928 affinity cardholders. V-Club subscription fees produced approximately 1.3% (or \$1,874,106) of non-ticket revenues. There were 51,529 V-Club members at the end of 2013. Revenue for 2013 was \$994,338,000.
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Westjet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$151,915,500
As a % of Revenue	4.5%
Dollars per Passenger	\$8.22
Financial Period	Calendar year 2013
Total Revenue	\$3,371,784,778
Passengers	18,485,000 (described in the annual report as “Segment Guests”)
Information Source	Westjet Annual Report 2013 Bank of America Merrill Lynch 2014 Global Transportation Conference 07 May 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Canadian dollars (CAD). Included in WestJet’s Other Revenue are amounts related to charter and cargo operations, ancillary revenue, and WestJet Vacations non-air revenue. Ancillary revenue, which includes service fees, onboard sales and program revenue, provides an opportunity to maximize profits through the sale of higher-margin goods and services, while enhancing the overall guest experience by providing guests with additional products and services to meet their needs. For the year ended 31 December 2013, ancillary revenue was CAD <u>165,000,000</u>, an increase of approximately 20.2% from CAD 137.3 million in 2012. Ancillary revenue includes the following activities: <ul style="list-style-type: none"> Buy-onboard sales. Change and cancellation fees. Excess baggage charges. Pre-assigned seating. Revenue associated with the WestJet Rewards Program. <p>IdeaWorksCompany believes WestJet’s ancillary revenue is slightly overstated due to the inclusion of change fees. Regrettably, these can’t be excluded because the amount was not disclosed by WestJet.</p> <ul style="list-style-type: none"> WestJet introduced fare bundles during 2012 as part of its strategy to increase the options provided to consumers.

The Econo, Flex, and Plus bundles allow consumers to choose between maximum savings or additional comfort and convenience. These bundles are summarized as follows:

- Econo: Leisure passengers, basic service with extras available on an a la carte basis.
- Flex: Business and leisure passengers, more inclusions with fewer a la carte choices.
- Plus: Primarily business travelers, fully inclusive and fully flexible.
- The following ancillary revenue activities recently occurred:
 - Plus Fare seating reconfiguration was completed first quarter 2013. It comprises 18 seats on the carrier's 737 aircraft.
 - Fees for pre-reserved seating were increased during 2013.
 - Growth occurred for the WestJet RBC MasterCard program.
 - WestJet signed multi-year agreement in February 2014 with Panasonic for new inflight entertainment & wireless connectivity system. It will feature wireless internet, live streaming television, on-demand movies and more. Installation to begin by the end of 2014 and be installed on WestJet's fleet over next two years.
- Revenue for 2013 was CAD 3,662,197,000.

Non-Reporting Carriers for the Americas

The following airlines did not reveal ancillary revenue activity for the most recent full year period:

Aerolineas Argentinas, Aeromexico (and AIMIA Club Premier), AviancaTaca, Copa Airlines, Great Lakes Airways, and VivaAerobus (IPO delayed).

Asia and the South Pacific

Air Astana

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$10,978,000
As a % of Revenue	1.1%
Dollars per Passenger	\$2.97
Financial Period	Calendar Year 2013
Total Revenue	\$966,974,000
Passengers	3,700,000
Information Source	Financial Statements for the Year Ended 31 December 2013 and “Air Astana Passenger Numbers Grow by 13.5% in 2013” press release dated 17 March 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Ancillary revenue for 2012 was <u>\$10,978,000</u> represented by baggage charges and advertising sales: <ul style="list-style-type: none"> – Revenue from excess baggage charges: \$8,900,000. – Revenue from the sale of advertising: \$2,078,000. • Revenue for 2013 was \$966,974,000.

AirAsia Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$497,968,683
As a % of Revenue	17.6%
Dollars per Passenger	\$12.39
Financial Period	Calendar year 2013
Total Revenue	\$2,824,200,435
Passengers	40,206,792
Information Source	AirAsia Berhad Fourth Quarter Report For the Period ended 31 December 2013 and AirAsia Annual Report 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • AirAsia Group discloses figures in local currencies, which are Malaysian ringgit (RM), Thai baht (THB), and Indonesian rupiah (IDR). These were converted to Malaysian ringgit for the ancillary revenue total by IdeaWorksCompany. • From a relatively simple selection started years ago, today AirAsia guests can choose and book inflight meals, where they would like to sit, how much baggage they would like to check in. Ancillary services fulfill two equally important

functions; first, they add to the quality of the AirAsia flight experience; and secondly, they create an additional revenue stream, typically at little or no extra cost.

- The following summarizes activities in various ancillary revenue areas for 2013 and development plans for 2014:
 - **Onboard merchandise.** AirAsia is looking at creating a duty free emporium in the sky, with extensive inventory coupled with attractive pricing. Guests will be able to buy-onboard and pre-purchase items online and collect these on the flights. The onboard and virtual mall will be supplemented by physical outlets in major cities among AirAsia's destinations.
 - **Food.** This represents one of the carrier's biggest ancillary earners. To reduce food waste, and ensure sufficient supply on board, the airline plans to make all hot food sales pre-booked. The initiative would create greater efficiencies while also driving up food sales as guests are more likely to pre-book in the knowledge that the alternative precludes the possibility of a hot meal during their flight. AirAsia introduced a range of T&Co brewed coffee options on board in 2013, and equipped 11 aircraft with coffee machines to brew gourmet cups.
 - **Baggage.** In 2013, the tiered structure for baggage was revised while the price for each weight category was increased. As of end August 2013, the airline removed the lowest weight category (15kg) and a mid-category (35kg) for all international flights, which created greater uptake of the 20kg option. AirAsia also removed the 35kg category for domestic flights. The resulting tiered structure now is: international flights – 20, 25, 30 and 40kg and domestic flights – 15, 20, 25, 30 and 40kg. This increased average daily baggage sales by 1% from RM 1.001 million to RM1.077 million.
 - **Assigned Seating.** For Pick a Seat, a new zone was created, leading to a two-tiered pricing system with rows 6-11 priced at RM 10 and rows 15 onwards at RM 6, while Hot Seat rows 1, 12 and 14 are priced at RM 40 and Hot Seat rows 2-5 go for RM 30. This has led to a 17% increase in average daily sales from RM 180,000 to RM 211,000, with the average daily revenue per guest increasing from RM 17.20 to RM 17.81.
 - **Fly Thru.** This service provides the convenience of transferring from one flight to the next with a single check-in and no need to transfer bags at the connecting airport. During 2013 the airline expanded this service to 20 new AirAsia sectors to yield a total of 309 city pairs.

- **Advertising.** Aircraft livery captures a wider reach or target audiences compared to traditional billboards as each aircraft covers multiple destinations. People find aircraft fascinating and their attention is always drawn to them. Livery advertising was introduced aggressively only in 2013 and is already proving popular. During the year, AirAsia ran five livery advertising campaigns for: 1 Malaysia, new social networking platform Mface, company affiliates Tune Talk and Tune Insurance, as well as Malaysian smartphone brand Ninetology.
- **Hi-Flier Program.** AirAsia is exploring the possibility of introducing a Hi-Flier program, catering to corporate guests who don't mind paying a little extra for priority boarding, Hot Seats and fast-track immigration.
- AirAsia developed a humorous ad campaign which boosted inflight a la carte services during 2013. The carrier will intensify its marketing and promotional efforts for 2014. This will occur through public relations campaigns and more aggressive ancillary branding at consumer touch points, including travel agents. AirAsia will promote the services during investor roadshows and infomercials which will drive home the savings that guests can receive by pre-booking various services. At the same time, the carrier will boost its reminder system – reminding guests by mobile message 24 hours before departure of the ancillary items they did not, but still can, purchase. Mobile banking services and direct debit payment channels will facilitate these last-minute transactions.
- “Adjacency Business” represents joint ventures in which AirAsia has teamed up with leading companies to create synergies that benefit both parties:
 - The AirAsia Expedia joint venture with Expedia had a tremendous 2013 with products and packages in each of the 11 markets it served, namely Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam. Transactions increased 46% to 1.9 million which led to a more than 30% increase in revenue and a first ever annual profit.
 - The BIG loyalty program has also made positive progress during the year, with a doubling of membership, expansion in financial and retail partners across the region, and effective marketing to increase general awareness of the program. A strategic partnership between Think Big Digital (the company that manages BIG) and Aimia Inc, a Canada-based leader in loyalty management, promises to dramatically improve results. BIG Loyalty had total sales of RM

	<p>4,380,000 and 1 million members for 2013.</p> <ul style="list-style-type: none"> – AirAsia’s training arm, the Asian Aviation Centre of Excellence (AACE), underwent a massive rebranding which was completed early in the year. There is much focus on broadening the range of training offered and to attract a higher number of third-party participants in the technical and soft skills programs. AACE earned RM 88.9 million in revenue and had an operating profit of RM 27.1 million. What was once a cost center has now become an revenue earner. • Results exclude Associated Companies: AirAsia Philippines and AirAsia Japan. • AirAsia Malaysia (Berhad) <ul style="list-style-type: none"> – Revenue: RM 5,189,185,000. – Ancillary revenue per passenger: RM 42. – Passengers: 21,853,036. – Ancillary revenue (calculated): RM 917,827,512. • AirAsia Thailand <ul style="list-style-type: none"> – Revenue: THB 23,485,000,000 (RM 2,337,106,672). – Ancillary revenue per passenger: THB 351. – Passengers: 10,500,381. – Ancillary revenue (calculated): THB 3,685,633,731 (RM 366,695,009). • AirAsia Indonesia (currency: IDR) <ul style="list-style-type: none"> – Revenue: IDR 5,821,807,000,000 (RM 1,572,292,203). – Ancillary revenue per passenger: IDR 149,816. – Passengers: 7,853,375. – Ancillary revenue (calculated): IDR 1,176,561,200,000 (RM 319,758,030). • AirAsia Group results do not include AirAsia X (which is listed separately in this report). • Group totals <ul style="list-style-type: none"> – Ancillary Revenue: RM <u>1,604,280,551</u>. – Total Revenue: RM 9,098,583,875.
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AirAsia X

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$140,454,138
As a % of Revenue	19.6%
Dollars per Passenger	\$44.43
Financial Period	Calendar year 2013
Total Revenue	\$716,511,840
Passengers	3,161,456

Information Source	AirAsia X Annual Report 2013.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Malaysian ringgit (MYR). • Passenger ancillary revenue for 2013 was MYR <u>452,494,000</u>. Ancillary revenue includes administrative and other fees, seat fees, change fees, convenience fees, excess baggage fees, inflight sales, other items and services. IdeaWorksCompany does not consider change fees to qualify as ancillary revenue. Unfortunately, the specific amount was not disclosed by AirAsia X and the change fees remain in the ancillary revenue total listed for the carrier. • AirAsia X claims in its annual report it was the first LCC carrier with the following innovations: <ul style="list-style-type: none"> – Assigned seats. – Premium flatbeds. – Fly-Thru. This connection facility is offered at Kuala Lumpur and Bangkok. At Kuala this service includes no visa is required for transit, baggage is checked through to the final destination, and rebooking without charge if a connection is missed. AirAsia indicates 28% of passengers systemwide book this service. The additional fee is reflected in a higher fare displayed for the through booking. For example, the fee was RM 42 for a Tokyo – Kuala Lumpur – Perth one-way booking. – Pre-booked meals. – Quiet Zone. This service was introduced in 2013 and allows passengers to choose seats in an area reserved for those aged 12 and older. The dedicated cabin section with special mood lighting comprises eight rows, from 7 to 14 (directly behind lie flat bed seating) and can offer a more peaceful cabin environment. – Premium flatbeds. – Empty Seat Options – Portable inflight entertainment rental units. – Red Carpet airport VIP services (introduced 2013). • Operating revenue for 2013 was MYR 2,308,350,000.

Cebu Pacific

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$98,948,131
As a % of Revenue	10.6%
Dollars per Passenger	\$6.89
Financial Period	Calendar year 2013
Total Revenue	\$934,893,395

Passengers	14,351,765
Information Source	Cebu Air, Inc. (CEB) FY2013 Results of Operations, Securities and Exchange Commission SEC form 17-A For the fiscal year ended December 31, 2013, and December 2013 Operating Stats
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Philippine pesos (PHP). • The company offers ancillary services such as inflight merchandising (sale of duty-free products on international flights), baggage and travel-related products and services. • The company disclosed revenue from the following qualifying activities: <ul style="list-style-type: none"> – Excess baggage fees: PHP 3,106,766,079. – Other Ancillary revenue: PHP 1,233,064,234. This is generated from inflight sales, advance seat selection fee and commissions from credit cards, hotels and others. The above ancillary revenue activities total PHP <u>4,339,830,313</u>. Revenue from fees associated with rebooking, refunds, and cancellations were not included in the ancillary revenue total by IdeaWorksCompany. • Ancillary revenues went up by PHP 787.672 million or 13.3% to PHP 6.732 billion for the year ended 31 December 2013 from PHP 5.944 billion posted last year. The company began unbundling ancillary products and services in 2011 and significant improvements in ancillary revenues were noted since then. Improved online bookings also contributed to the increase. Online bookings accounted for 57.4% of the total tickets sold during the year compared to 51.0% in 2012. • Total revenue for 2013 was PHP 41,004,096,281.

China Eastern

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$508,616,154
As a % of Revenue	3.6%
Dollars per Passenger	\$6.43
Financial Period	Calendar Year 2013
Total Revenue	\$14,163,322,500
Passengers	79,093,700
Information Source	Form 20-K filed by China Eastern Airlines Corporation For the year ended 31 December 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in China yuan (CNY). • Income produced by tour operations and other travel related services: CNY <u>3,168,948,000</u>. • Revenue for 2013 was CNY 88,245,000,000.

China Southern

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$90,682,500
As a % of Revenue	0.6%
Dollars per Passenger	\$0.99
Financial Period	Calendar Year 2013
Total Revenue	\$15,816,793,500
Passengers	91,790,970
Information Source	China Southern Airlines Corporation 2013 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in China yuan (CNY). • Income produced by hotel and travel services income: CNY 565,000,000. • Total revenue for 2012: CNY 98,547,000,000.

Garuda Indonesia

Source and Type	Checked baggage fees
Ancillary Revenue	\$10,081,118
As a % of Revenue	0.3%
Dollars per Passenger	\$0.40
Financial Period	Calendar year ended 31 December 2013
Total Revenue	\$3,170,086,191
Passengers	24,965,200
Information Source	Garuda Indonesia Annual Report 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Excess baggage revenues were \$10,081,118 for 2013. • Total passenger airline revenue for 2013 was \$3,170,086,191.

Japan Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$189,973,000
As a % of Revenue	1.7%
Dollars per Passenger	\$4.88
Financial Period	Fiscal year ended 31 March 2014
Total Revenue	\$11,433,473,800
Passengers	38,942,027

	(consolidated international and domestic)
Information Source	Consolidated Financial Results for the Year Ended 31 March 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Japan yen (JPY). • JAL Card Co. Ltd. offers co-branded credit cards such as the JAL Card and the JAL American Express card. JAL Card conducted activities to increase membership through various campaigns, such as the JAL Card 30th Anniversary Celebration Membership Campaign and the online Amazon JAL Card Membership Campaign. These activities helped add 156,000 members to bring the total to 2.92 million members as of March 2014. Operating revenue from the JAL card program was JPY 18.5 billion. IdeaWorksCompany believes this represents net revenue for the company and does not include cardholder charge volumes. Average operating revenue per cardholder was JPY 6,335. • The airline disclosed revenue of JPY 885,000,000 from luggage operations for domestic and international markets. • Total ancillary revenue calculated for Japan Airlines and JAL Group was JPY <u>19,385,000,000</u> for fiscal year 2013. • JALPAK Co. Ltd. provides vacation packages within JAL Group and reported operating revenue JPY 168 billion. IdeaWorksCompany believes this amount represents gross sales (including the price of lodging) and is not restricted to the commission received on package sales. Accordingly, it is not included as a qualifying ancillary revenue disclosure. • Air Transportation Segment revenue: JPY 1,166,681,000,000.

Jet Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$132,345,000
As a % of Revenue	4.5%
Dollars per Passenger	\$7.69
Financial Period	Fiscal year ended March 31, 2014
Total Revenue	\$2,941,000,000
Passengers	17,220,000
Information Source	Jet Airways Q1 FY14 Results Conference Call, 12 August 2013 And Presentation on Financial Results Q4 FY14
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in US dollars. • According to K.G.Vishwanath (VP Commercial Strategy

Notes from Financial Reports

and Investor Relations) ancillary revenue for the company appears in the “other income” line, and results are currently at 4 to 5% of top line revenue. Management hopes to increase this to 10% in the next two to three years. Total ancillary revenue (calculated at 4.5% of revenue) was \$132,345,000 for FY 2014.

- Commentary by Raj Sivakumar (SVP Planning and Alliances) during the 3rd Quarter FY 2014 conference call: *“The key sources for ancillary revenue . . . one is the excess baggage fees and the other one are the cancellation, no-show, refund penalties, etc. As you know the (Indian) airline industry was able to bring down the free baggage allowance on the domestic flights from 20 kg to 15 kg and that reduction has had a positive impact in terms of our excess baggage fee collection. Also, we are getting smarter and more aggressive, in terms of our penalty collection, we are tightening the process, we are implementing automation across the board and that has had a positive effect, and this is not just domestic, this is international as well. And the buy onboard meals continue to generate interest. We have implemented not only some new menus, also easier ways of purchasing them on our website, so as opportunities arise we continue to implement ancillary revenue initiatives and as the industry matures and as technology matures I expect this component to be a bigger and bigger portion. Yes, it is not as big as what some of the US carriers are facing but it has moved light years ahead since about three or four years ago.”*
- Commentary by Raj Sivakumar (SVP Planning and Alliances) during the 4th Quarter FY 2014 conference call: *“Well, ancillary revenues are becoming an increasing part of the revenue base for all carriers worldwide. This has nothing to do with the business model. Penalties, no shows, date changes, etc., are a prevailing practice across the globe. Also seat selection is something that is becoming increasingly prevalent as well. Customers are willing to pay for more comfortable seating, even especially those that are booked in economy, and for on the spot upgrades either through the web or at the airport. So what we are talking about in the form of ancillary revenue is just being smart in being able to capture higher revenues, understanding the customer behaviors, understanding opportunities either within the cabin as well as between the cabin upgrades. So just to reemphasize, ancillary revenue production has nothing to do with the business model itself. The other core component of ancillary revenues are excess baggage charges, we continue to look at opportunities to increase the excess baggage charges where applicable, whether it is domestic or international, and we are also getting increasingly tighter in terms of ensuring there are no leaks in our customer touch points on the excess baggage collection as*

	<p>well as ensuring customers sticking to the prescribed limits when it comes to cabin baggage.”</p> <ul style="list-style-type: none"> • Revenue for FY 2014 was \$2,941,000,000.
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Jetstar Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$601,688,395
As a % of Revenue	20.6%
Dollars per Passenger	\$29.50
Financial Period	Fiscal year ended 30 June 2013
Total Revenue	\$2,921,234,400
Passengers	20,395,000
Information Source	“Jetstar Group - Jetstar in Asia” presentation by Jayne Hrdlicka, Jetstar CEO, Seattle, 6 October 2013 and Qantas Fact Book 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Australian dollars (AUD). • Ancillary revenue for Jetstar Group was AUD 31.60 per passenger. The Group includes these units: Jetstar Australia, Jetstar International, Jetstar NZ, Jetstar Asia (Singapore), Jetstar Japan, Jetstar Hong Kong, and Jetstar Pacific (Vietnam). • Multiplying Jetstar’s passenger count by the ancillary revenue disclosure of AUD 31.60 yields total ancillary revenue of AUD <u>644,482,000</u> for fiscal year 2013. • Sources of ancillary revenue include: <ul style="list-style-type: none"> – Checked baggage. – Catering. – Lawson partnership (ticket distribution through retail chain in Japan). – Club Jetstar. – JCB Card Facility (Vietnam). – Extra leg room. – Comfort packs. – Hotel bookings. – Inflight entertainment (IFE). – Prepaid extra baggage. – Jetstar MasterCard (Australia). – Hotels and car rentals (Singapore). – Upgrades. – Activity bookings. – Upfront seats. – Jetstar travel card. – Travel SIM card. – Pricing bundles.

	<ul style="list-style-type: none"> – Priority boarding. <p>Unfortunately, the figure likely includes air freight, which is not included by IdeaWorksCompany as ancillary revenue. However, air freight was not detailed separately, so the amount was not deducted from the disclosed results.</p> <ul style="list-style-type: none"> • Jetstar had total revenue of AUD 3,129,000,000 for fiscal year 2013:
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Korean Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$911,000,000
As a % of Revenue	7.7%
Dollars per Passenger	\$38.93
Financial Period	Calendar year ended 31 December 2013
Total Revenue	\$11,850,000,000
Passengers	23,400,000
Information Source	Korean Air, Quarterly Financial Results for 2013 (presentations in English reviewed) and 2013 Korean Air Annual Report (Korean)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Korean won (KRW). • The airline disclosed revenue from baggage carriage, inflight duty free sales, and similar activities as a percentage of quarterly operating revenue: <ul style="list-style-type: none"> – 1st quarter: 8.3% of KRW 2.835 billion revenue (KRW 235 billion). – 2nd quarter: 7.7% of KRW 2.820 billion revenue (KRW 217 billion). – 3rd quarter: 7.2% of KRW 3,151 billion revenue (KRW 227 billion). – 4th quarter: 8.0% of KRW 2.906 billion revenue (KRW 232 billion). <p>Total calculated annual ancillary revenue for 2013: KRW 911,000,000,000.</p> <ul style="list-style-type: none"> • Total revenue for 2013 was KRW 11,850,000,000,000.

Nok Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$19,619,600
As a % of Revenue	5.6%
Dollars per Passenger	\$3.33

Financial Period	Calendar year ended 31 December 2013
Total Revenue	\$348,492,760
Passengers	5,890,000
Information Source	Nok Airlines Public Company Limited, Annual Report 2013
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Thai bhat (THB). • The company filed its initial public offering and was listed on the Stock Exchange of Thailand on 20 June 2013. • Nok has positioned itself as a premium low cost carrier and includes 15 kg. checked baggage, seat selection, and basic catering in the price of its tickets. • Ancillary revenue disclosed for 2013 was THB <u>637,000,000</u>. • Total revenue for 2013 was THB 11,314,700,000.

PIA Pakistan

Source and Type	Checked baggage fees
Ancillary Revenue	\$11,320,001
As a % of Revenue	1.2%
Dollars per Passenger	\$2.54
Financial Period	Calendar year ended 31 December 2013
Total Revenue	\$976,864,200
Passengers	4,449,000
Information Source	Annual Report 2013 – Pakistan International Airlines
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Pakistan rupees (PKR). • Excess baggage revenues were PKR <u>1,109,804,000</u> for 2013. • Total revenue for 2013 was PKR 95,771,000,000.

Qantas Airways

Source and Type	Primarily revenue associated with the frequent flier program
Ancillary Revenue	\$1,273,430,400
As a % of Revenue	10.7%
Dollars per Passenger	\$45.67
Financial Period	Fiscal year ended 30 June 2013
Total Revenue	\$11,924,872,800
Passengers	27,881,000 (excludes Jetstar)
Information Source	Annual Report 2013 and Qantas Fact Book 2013

Ancillary Revenue
Definitions and Other
Notes from Financial
Reports

- All figures below are in Australian dollars (AUD).
- Jetstar is the low fare affiliate of Qantas; please see the separate listing.
- Qantas disclosed the following traffic for fiscal 2013:
 - 16,813,000 Australia domestic passengers.
 - 5,303,000 Qantaslink passengers.
 - 5,765,000 international passengers.
 Total passengers for period: 27,881,000.
- The results listed below are for the Qantas Group which includes Qantas and its low cost carrier Jetstar (which participates in the Qantas Frequent Flier program).
- The Group disclosed the following ancillary revenue activities:
 - AUD 257 million from the Frequent Flyer store and other redemption revenue.
 - AUD 268 million from Frequent Flyer marketing revenue, membership fees and other revenue.
 - AUD 148 million from retail, advertising and other property revenue. Included in this category is revenue from ongoing long term leases with retail stores at Qantas owned domestic terminals. Qantas generates revenue from utilizing digital advertising assets within the terminals through joint revenue share agreements with media agencies. Freight terminal fees are also included in this category, which IdeaWorksCompany would not qualify as ancillary revenue. However, Qantas Club membership fee revenue is not included. It is believed these two items might represent equivalent values (2012 Qantas Club revenue was a substantial AUD 85 million).
 - AUD 131 million from ancillary revenue activities at Qantas.com for 2013. The website processed 5 million bookings and had overall booking activity of AUD 2.7 billion.
 These activities generated total revenue of AUD 804 million.
- The Qantas Frequent Flyer program had revenue of AUD 1.205 billion for fiscal year 2013 and earnings of AUD 260 million (underlying EBIT) were achieved. The program has 3.9 million members. Qantas Loyalty was founded in 1987 and was established as a separate segment in 2007.
- Qantas Loyalty is expanding and diversifying by developing new revenue streams in online retail, data analytics and the operation of third party loyalty programs, including employee recognition and reward schemes.
- 4.1 million seats were redeemed for flight awards (up from 4 million last year) and over 1.03 million products were redeemed in Qantas Frequent Flyer Store or via automatic rewards.

	<ul style="list-style-type: none"> IdeaWorksCompany estimates 2013 ancillary revenue was AUD <u>1,364,000,000</u> represented by this activity: <ul style="list-style-type: none"> AUD 1,205 million Qantas Loyalty revenue. AUD 804 million from ancillary revenue detailed above. Less total ancillary revenue calculated for Jetstar Group: AUD 645 million. <p>The group made ancillary revenue more opaque for 2013 by moving a portion, notably bag fees, to the general operating revenue category. 80% of disclosed ancillary revenue is affiliated with Qantas Loyalty.</p> Total Group revenue for 2013 was AUD 15.902 billion; excluding Jetstar revenue of AUD 3.129 billion yields net Qantas Airways revenue of AUD 12,773,000,000.
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REX Regional Express

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,380,680
As a % of Revenue	1.0%
Dollars per Passenger	\$2.18
Financial Period	Fiscal year ended June 30, 2013
Total Revenue	\$241,159,150
Passengers	1,091,000
Information Source	Annual Report for the Financial Year Ended June 30, 2013 and Fiscal Year 2013 Financial Results Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Australian dollars (AUD). Results include REX Regional Express, Air Link, and Pel-Air Aviation. The carrier sells hotel accommodations, car rentals, and travel insurance at its website. The carrier sells annual memberships for its airport lounge in Sydney. Service fees are charged for payment made by credit card. The carrier disclosed revenue of AUD <u>2,550,000</u> from “other passenger services and amenities.” Revenue for 2013 was AUD 258,311,000.

SpiceJet

Source and Type	Onboard sales of food
Ancillary Revenue	\$6,308,830
As a % of Revenue	0.7%
Dollars per Passenger	\$0.49

Financial Period	Fiscal year ended 31 March 2013
Total Revenue	\$929,712,548
Passengers	12,750,000
Information Source	Annual Report 2012 2013 – SpiceJet Limited
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in India rupees (INR). • Operating revenue includes sale of food and beverage of INR <u>380,050,000</u> for fiscal 2013. The prior year total was INR 278.81 million. • Total revenue for 2013 was INR 56,006,780,000.

Tigerair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$138,331,756
As a % of Revenue	23.6%
Dollars per Passenger	\$19.41
Financial Period	For the fiscal year ended 31 March 2014
Total Revenue	\$585,475,090
Passengers	7,127,000
Information Source	Financial Statement for the 4 th Quarter and Fiscal Year ended 31 March 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Singapore dollars (SGD). • Group results are composed of Tigerair Singapore and Tigerair Mandala. • Ancillary revenue and other revenue disclosed for the Group was SGD <u>173,435,000</u> for fiscal year 2013. • Tiger provides various ancillary services and generates additional revenue through the provision of additional products and services. Flight-related services include inflight sale of beverages, food and merchandise. Through the website, the airline offers passengers a range of "Tiger Add-On" products such as: <ul style="list-style-type: none"> – Checked Luggage and Luggage Upsize: Upsize charges are based on the weight of the luggage that passengers are checking in, so passengers only pay for their individual luggage requirements. – Tigerbites: Passengers who pre-order meals save 10% and are served first. – Seat Selector: Passengers can select their preferred seats on their flights by paying a fee. Pricing differs by route and the location of the seat selected. – Sports Equipment Check-in: Passengers can choose to bring along their dive bag, or any other item of oversized sports equipment.

- Boardmefirst: For just SGD 6 per person, per segment, everyone in the traveling party can be among the first to get on board.
- TigerPLUS: For SGD 48, passengers enjoy dedicated check-in, lounge access, and priority boarding at Singapore.
- Tigerconnect: No need to claim a bag or process through immigration for connections at Singapore. The service is included in the price of tickets for connections under 8 hours. For more than 8 hours, the fee is SGD 20. Free city center shuttle and sightseeing tour is also provided.
- The airline also charges a booking fee for almost all reservations on Tigerair as well as a fee for changing reservations.
- As part of its internet-related services, Tiger also offers accommodation services, travel insurance and car rental through the website.
- Total traffic for Tigerair during 2013: 7,127,000.
 - Tigerair Singapore: 5,068,000 passengers.
 - Tigerair Mandala: 2,059,000 passengers.
- Operating revenue disclosed for fiscal year 2013: SGD 734,046,000.

Non-Reporting Carriers for Asia and the South Pacific

The following airlines did not reveal ancillary revenue activity for the most recent full year period:

Air China, Air India (only 2011 report at press time), ANA – All Nippon Airways, Air New Zealand, Asiana (Kumho Asiana), Bangkok Air (IPO only available in Thai), Cathay Pacific Airways, EVA Airways, Fiji Airways, Hainan Airlines, Malaysia Airlines, Peach Aviation, Philippine Airlines, Singapore, Starflair (documents only in Japanese), Thai Airways, TransAsia Airways, and Virgin Australia.

Middle East and Africa

Air Arabia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$52,003,854
As a % of Revenue	6.0%
Dollars per Passenger	\$8.53
Financial Period	Calendar year 2013
Total Revenue	\$866,730,900
Passengers	6,100,000
Information Source	Air Arabia Annual Report 2013 and Air Arabia Investor Presentation 1 st Quarter 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All revenue below is stated in UAE dirhams (AED). • The holding company owns 100% of Air Arabia (UAE), 49% of Air Arabia (Morocco), and 41% of Air Arabia (Egypt). In addition, the company holds shares in catering and travel companies, and 100% ownership of two hotels in the UAE. • During 2013 the carrier began to disclose ancillary revenue represented “6% of revenue.” Air Arabia did not include this statistic in its 2012 year-end reporting. Applying the 6% rate to 2013 revenue yields a result of AED 190,980,000. • Air Arabia listed baggage revenue as AED 43,167,000 for 2013. It is assumed this activity is included in the ancillary revenue amount. • Revenue for 2013 was AED 3,183,000,000.

Emirates

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$112,187,600
As a % of Revenue	0.5%
Dollars per Passenger	\$2.52
Financial Period	Fiscal year ended 31 March 2014
Total Revenue	\$22,501,782,800
Passengers	44,537,000
Information Source	Annual Report 2013-2014 of The Emirates Group for the period ended March 31, 2014
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in UAE dirhams (AED). • Emirates did not specifically disclose ancillary revenue, but

Notes from Financial Reports	<p>it did list 2013 revenue from excess baggage charges: AED <u>412,000,000</u>.</p> <ul style="list-style-type: none"> • The Group has holdings in a diverse array of businesses worldwide, such as restaurants (Costa Coffee in the UAE and Hudson's Coffee in Australia), hotels (JW Marriott Marquis Dubai and Premier Inn locations in the UAE), and airline catering kitchens. These have not been included as contributing to ancillary revenue because these are general consumer activities and are not primarily directed to Emirates' passengers. • Revenue for 2013/2014 fiscal year was AED 82,636,000,000.
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flydubai

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$147,096,460
As a % of Revenue	14.6%
Dollars per Passenger	\$21.57
Financial Period	Calendar Year 2013
Total Revenue	\$1,007,510,000
Passengers	6,820,000
Information Source	"flydubai announces 47 per cent profit increase over 2012 Results" press release dated 03 March 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in UAE dirhams (AED). • Ancillary revenue disclosed for 2013 was 14.6% of revenues or AED <u>540,200,000</u>. Ancillary revenue items include flydubai's inflight entertainment, onboard sales, seat preferences, checked baggage allowance, car rental, hotel bookings, travel insurance and visa facilitation services. • Ancillary revenue remained a significant component of total revenues and accounted for 14.6% of total revenues in 2013. The carrier did disclose its definition of ancillary revenue includes cargo; however this is not believed to represent a significant share of ancillary revenue. • Revenue for 2013 was AED 3,700,000,000.

Jazeera Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$14,447,679
As a % of Revenue	6.2%
Dollars per Passenger	\$12.67

Financial Period	Calendar Year 2013
Total Revenue	\$232,412,520
Passengers	1,140,000
Information Source	Jazeera Airways Group 2013 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Kuwait dinars (KWD). • Ancillary revenue disclosed for 2013 was KWD <u>4,075,394</u>. IdeaWorksCompany believes this activity consists of call center reservation booking fees and commissions on hotel reservations, and car rentals made through the airline. • Revenue for 2013 was KWD 65,558,805.

South African

Source and Type	Partner activities associated with the frequent flier program
Ancillary Revenue	\$51,171,000
As a % of Revenue	2.2%
Dollars per Passenger	\$5.78
Financial Period	Fiscal year ended 31 March 2013
Total Revenue	\$2,340,865,800
Passengers	8,846,000
Information Source	SAA 2013 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in South African rand (ZAR). • South African Airways generates ancillary revenue from its Voyager frequent flier program. Voyager revenue consists of annual participation fees, sale of miles to Voyager airline partners and non-airline partners such as hotels and car rental agencies. Fiscal year 2013 Voyager income was ZAR 555 million. According to a 16 March 2014 <i>BusinessDay</i> article, the program has 2.5 million members. • The airline had an objective during 2013 to achieve a net profit of 5% for Voyageur. This was substantially exceeded with a 41% level of profit. • South African Airways Group results include its low cost carrier Mango. • Company revenue for 2013 was ZAR 25,389,000,000.

Non-Reporting Carriers for the Middle East and Africa

The following airlines did not reveal ancillary revenue activity for the most recent full year period:

Air Mauritius, Comair (South Africa), Egyptair (only 2011/2012 report was available at press time), El Al, Etihad, fastjet (figures did not clearly define group revenue and traffic activity), Kenya Airways, Middle Eastern Airlines (only 2012 report was available at press time), Royal Jordanian (only 2012 report was available at press time), and Oman Air.

Currency Exchange Rates Used for the Worldwide Statistics

Airlines usually disclose revenue in local currency. The overall reporting currency for this guide is the US dollar. The following exchange rates were used to convert amounts from local currencies to the US dollar.

Australian dollar (AUD) = 0.9336
Brazil reais (BRL) = 0.4421
Canada dollar (CAD) = 0.9207
China yuan (CNY) = 0.1605
Croatian kuna (HRK) = 0.1788
Danish kroner (DKK) = 0.1817
euro (€) = 1.3546
Great Britain pound (GBP) = 1.6962
India rupee (INR) = 0.0166
Japan yen (JPY) = 0.0098
Jordan dinar (JOR) = 1.4128
Korean won (KRW) = 0.0010
Kuwait dinars (KWD) = 3.5451
Malaysia ringgit (MYR) = 0.3104
Norway kroner (NOK) = 0.1666
Pakistan rupee (PKR) = 0.0102
Philippine peso (PHP) = 0.0228
Singapore dollars (SGD) = 0.7976
South Africa rand (ZAR) = 0.0922
Sweden kroner (SEK) = 0.1506
Thai baht (THB) = 0.0308
Turkish lira (TRY) = 0.4655
UAE dirham (AED) = 0.2723

Currency exchange rates are from XE.com, the Universal Exchange Converter.
17 June 2014

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- Show Me the Money** (75 minutes)
- Is Greed Still Good?** (75 minutes)
- Ancillary Revenue Boosts the Bottom Line** (75 minutes)
- Moving to Merchandising Methods in the Cabin** (90 minutes)
- Airline and Hotel Fees: Wicked, Good, Misunderstood?** (75 minutes)
- Allegiant Air: How to Be Better Than Ryanair** (60 minutes)

Frequent Flier and Loyalty Marketing:

- Loyalty by the Billions** (60 minutes)
- Solving the Reward Availability Problem** (60 minutes)
- Worldwide Guide to Reward Availability** (75 minutes)

General Airline Industry:

- Guide to the Airline Industry – Extended Seminar** (2 hours)

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