



The Yanks Are Coming Dialogue

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The Yanks Are Coming Dialogue Panel

- > Donald S. Garvett – Alaska Airlines
- > Tom Anderson – Monarch Hotels & Resorts
- > James W. Sarvis – Delta Airlines
- > Barry Biffle – Spirit Airlines

What Has Been Said.....

- > Place to be, with China and India
- > Brasil and Mexico in the top 10 domestic markets in the world
- > 14.4% increase in pax (2005 vs 2004)
- > LF up 2.5 points (2005 vs 2004)
- > Gol - 20% net Margin in first Q 2006
- > US majors generated a 281 million operating profit (1-3Q2005)
- > LAN, TAM, GOL and COPA in the NYSE
- > “Southwest free Zone”
- > New Leaders in Caribbean

What We're Going To Talk About...

1. LATAM and the new Pan-Regional Airline Groupings..... an opportunity or a threat
2. Entry of low-cost carriers between Latin America/Caribbean and the US markets
3. Managing Escalating Operating Costs in the Region..... what needs to be done



LATAM and the new Pan-Regional Airline Groupings

..... An Opportunity or a Threat

The Environment

- > More flexible ownership and control
- > Growth (LAN, Ocean Air, TACA, Grupo Marsans, COPA)
- > Global Alliances stalled in the region?
- > Brasil (the biggest market in LATAM) in transition
- > Strong Management
- > The “Chavez Factor”

LATAM and the new Pan-Regional Airline Groupings

..... An Opportunity or a Threat

Entry of low-cost carriers between Latin America/Caribbean and the US markets

The Environment

- > Brazil, Mexico and Caribbeanother?
- > Spirit, GOL, Volaris, Click...leading the charge
- > Government Restrictions (Fragmented and inefficient markets)
- > High Operating Costs Environment
- > Strong LATAM customer service culture

Entry of low-cost carriers between Latin America/Caribbean and the US markets

Managing Escalating Operating Costs in the Region

..... what needs to be done

Operating Costs

- > Higher Fuel costs (+15%)
- > Failed Airport Privatizations
- > Fragmented and inefficient regulations
- > High Taxes and Fees and Distribution Costs

Managing Escalating Operating Costs in the Region

..... what needs to be done

Open Q&A

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> Don't be shy.....

Thank You