A PILOT SHORTAGE: FACT OR FICTION?

| Regional Airline Association |

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Our View: Why This Is A Problem

**Demand: What Is New?**
- New rest rules
- Growth and fleet composition
- Productivity changes

**Inflow: What Is New?**
- Public Law 111-216
- Foreign Competition for US Pilots
- Alternate Careers (including UAV / UAS)

**Outflow: What Is New?**
- Large retirement wave ("age 65 rule")
- Industry stagnation / furloughs created a seniority-skewed pilot population
Massive Retirement Wave...

Source: Air carrier seniority lists.
...Equal To A Large Portion of Airline Pilot Employment

Pilot Retirements Through 2018
Mainline Carriers
- 15%
- 40%

Pilot Retirements Through 2022
US Airline Industry
- 10%
- 25%
Diminishing Production of Qualified Pilots...

Cyclical changes in supply
...with a clear downward trend over time.

Source: FAA.
...And Many of Those Pilots Don’t Meet Our Standards

Source: FAA, Akins & Associates, FAPA.
Inflow – The “Old Normal”
Inflow – The “New Normal”

Private Pilots → Commercial Pilots

Part 91, 135, Etc.

Flight Instruction

Mainline & Regional Carriers

US Military

*No remaining portion of time-building pipeline can recoup the deficit in supply caused by 111-216!*

Flight Experience (Time)
Forecast – Scenario Results

Years 1-5

Supply
- Sufficient Pilot Supply
- Moderate Cost Pressure
- No Expected Growth Constraints
- No Forced Schedule Reductions

Demand
- Likely Case

- Likely Case

Years 6-10

Supply
- Moderate Pilot Shortage
- High Cost Pressure
- Substantial Growth Constraints
- No Forced Schedule Reductions

Demand
- Worst Case

- Worst Case

Estimate Ranges:
Lighter Shades Denote Outer Bounds
Regional Industry Impacts

1. Exodus of pilots to mainline carriers.
2. Few qualified replacement pilots – a “seller’s market”.
4. Operational constraints - exposure to CPA penalties?
5. Tug-of-war over passing higher costs to mainline.
6. Mainlines rethink purchased lift model.
1. How probable is a pilot shortage in the next ten years? 
   Please rate this on a scale from 0% (not likely) to 100% (certain).

2. Where are the weaknesses in the supply chain for new pilots?

3. How will a potential pilot shortage force you to change your business model?

4. How is your company hedged against supply risks? 
   In other words, what are you doing to mitigate supply issues?