

News Release

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ACMG Sees Recovery Underway for the International Air Freight and Express Industry

SEATTLE, WASHINGTON (January 5, 2010) — Air Cargo Management Group's (ACMG's) newly-released *International Air Freight and Express Industry Performance Analysis 2009/10* provides fresh insight and a detailed assessment of the international air cargo/express industry and the companies that compete in this evolving market.

ACMG's new study found the year just ended to be the most difficult ever for participants in the global air freight industry; however, there are encouraging signs entering 2010 that a recovery is taking place, as traffic levels have rebounded from a low point in the first quarter of 2009.

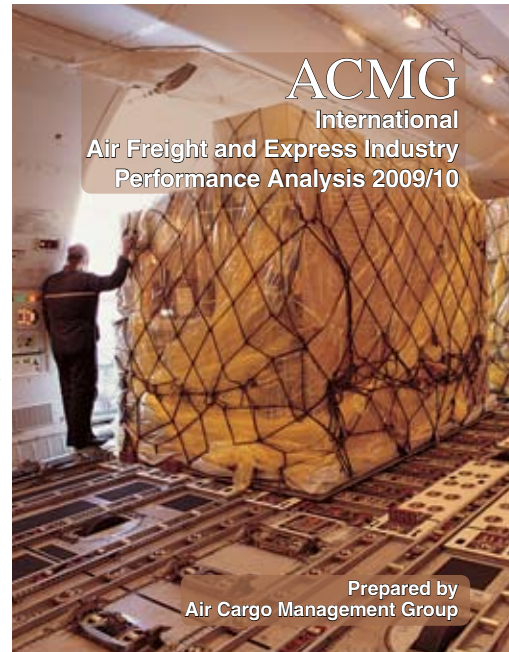
Recession-induced double-digit declines in air freight traffic first appeared in the fourth quarter of 2008, and continued for a full twelve months. "Indications are that international air freight for 2009 will show a decline of nearly 15% compared to the results for 2008," said Robert Dahl, ACMG Managing Director, "making 2009 by far the worst year ever for the industry in terms of year-over-year performance."

Even the express companies have not been immune to the negative impacts of the recession, but the 6.9% decline found by ACMG in the volume of international express shipments was much less severe than the overall air freight/express industry shrinkage.

Fortunately, there is growing evidence that the air freight market has started to recover. "Traffic levels early in 2009 were no higher than they had been in 2000, suggesting that the industry had lost a full decade of growth," noted Dahl. However, sequential improvements in the second and third quarters of 2009, in which absolute traffic levels increased on a month-over-month basis, indicate that the industry is recovering, and will begin 2010 in better shape than first thought, with traffic at a level comparable to 2003 or 2004. "Moving forward, ACMG expects that air cargo traffic will grow 7%-10% in 2010, and there is a good chance that we will recover to the pre-recession peak by 2012."

"Despite the downturn at the end of 2008, combined annual revenue for participants in the international air cargo market (airlines, forwarders, and express companies) remained at \$87 billion for the full year. However, this total is expected to decline significantly when full-year 2009 results are assessed, as air freight yields (price per pound of freight carried) have also been down by double-digit amounts due in part to significant reductions in fuel surcharges in 2009. As a result, many airlines are reporting drops of 35%-40% in freight revenue.

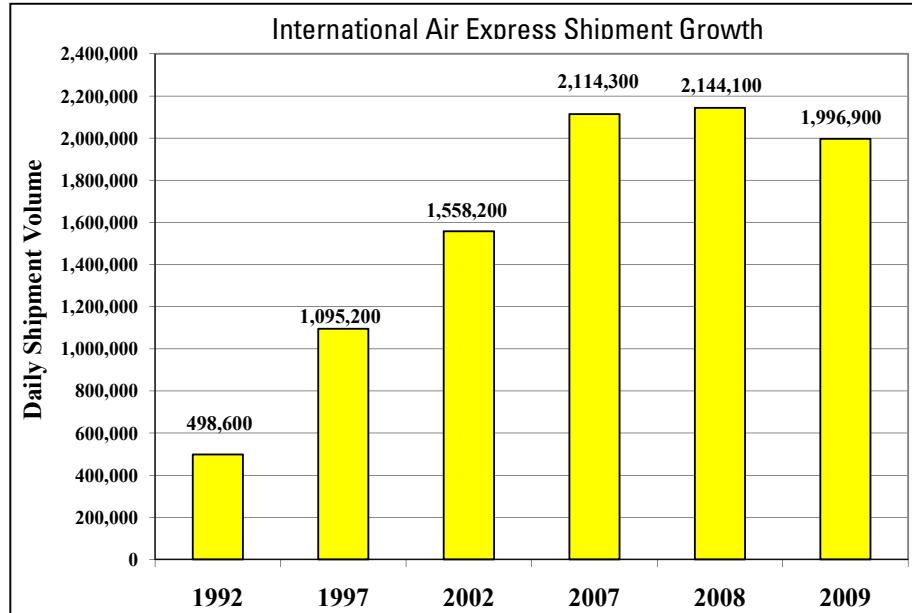
"It is too early to say for sure whether the recovery is sustainable, and whether globalization trends so important to the international air freight industry will resume their historic growth pattern as the world's economy rebounds," said Dahl. "We will be monitoring these factors closely in the months ahead, as they will determine how quickly the international air freight industry returns to its 2007 peak."



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Other Key findings:

- International express volume fell for the first time in 2009, down 6.9% to 1.997 million shipments per day. Growth in this sector has averaged 8.5% per year since 1992, but a less impressive 5.1% per year since 1997. UPS now has the largest share of the international air express market at 25.2%, followed closely by FedEx and DHL, with TNT and the Express Mail Service of the Universal Postal Union rounding out the top-five.



Based on ACMG market research in mid-year 1992 through mid-year 2009.
 Average growth rate was 17.0% per year over five years from 1992 through 1997.
 Average growth rate was 5.1% per year over twelve years from 1997 through 2009.
 Average growth rate was 8.5% per year over seventeen years from 1992 through 2009.

Source: ACMG's International Air Freight & Express Industry Performance Analysis 2009/10

- Despite gains by the express companies, airlines and forwarders retain control of 88.6% of the tonnage of air cargo handled in the international market. On a revenue basis the non-express carriers in the combination and all-cargo groups together have a 47.6% market share (about \$41.4 billion), with freight forwarders having an additional 17.6% (\$15.3 billion). Leading airlines in Asia generate nearly one-third of their revenue from cargo.
- ACMG finds that about 15% of the global fleet of freighter aircraft was taken out of service during the 2009 downturn; most of the parked freighters are older units that will not return to service. The availability of excess belly space in passenger aircraft also contributed to the weak freighter market. However, despite the market contraction there were few cancellations of freighter orders.

Published annually since 1994, the 250-page ACMG study provides extensive coverage of the performance of the express companies, all-cargo and combination carriers, and freight forwarders that serve the international air freight market, and describes the strategies being employed by more than 50 individual market participants as they move into 2010. Additional commentary and analysis is provided on a wide range of related topics, including airline alliances, open-skies pacts, and freighter aircraft trends, among others. ACMG's report provides the only comprehensive quantitative and qualitative independent analysis of the global air freight and express industry, including:

- Trends in international shipping services
- Statistical analysis of freight and express package traffic
- Strategic reviews of the major express companies, freight forwarders, all-cargo and combination passenger/cargo airlines
- Up-to-date discussion of freighter aircraft trends, and the impact of declining traffic volumes
- Analysis of ongoing air freight developments in China, India, and the Middle East

To order, or to obtain more information, visit ACMG's website at www.cargofacts.com, or call Robert Dahl at 1-206-587-6537.

Founded in 1978, ACMG is a specialized aviation consulting firm, which focuses on freighter aircraft and all aspects of the worldwide air freight and express industry.