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Frequent Flier Reward Liability Among the Top 14 U.S. Airlines Increased to \$3.87 Billion During 2004

Liability for unused reward travel jumps 10.8% ahead of 2003.

April 25, 2005, Shorewood, Wisconsin, USA. For a second year, the IdeaWorks Company has compiled frequent flyer reward liability reported by 14 U.S. based airlines in publicly filed annual reports for 2004. This Industry Analysis represents an expanded version of a similar report issued one year ago and includes a year-over-year comparison of frequent flier program statistics. Here is a sampling of the observations from the Industry Analysis:

- American Airlines again led all U.S. based carriers with \$1.4 billion in reward liability - - an increase of 16.7% over 2003.
- Reward liability for Northwest surged by more than 80% to \$215 million for 2004.
- Eleven of the top U.S. airlines recorded more than 49 million outstanding reward trips on their books at year end.
- Four major airlines (Alaska, Continental, Northwest and United) purchased more rewards on partner airlines during 2004.

These findings are based upon a review by the IdeaWorks Company of frequent flier program liability for 2004 and 2003. **“U.S. Airline Frequent Flier Reward Liability Grew More Than \$378 Million in 2004”** was released today as a 5-page Industry Analysis. The full Industry Analysis is available at the IdeaWorks web site: <http://www.ideaworkscompany.com/news/>.

About IdeaWorks: IdeaWorks was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing and, building profits through financial improvement and restructuring. Its international client list includes the hotel, airline, marine, railroad, consumer products and health care sectors. IdeaWorks specializes in brand development, customer service improvement, customer research, competitive analysis, creating partner-marketing strategies, cost reduction programs and business restructuring. IdeaWorks brings value as a consultant by researching the expectations of the customer, learning from the wisdom of the client organization and applying innovative ideas to create solutions for clients and consumers.

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