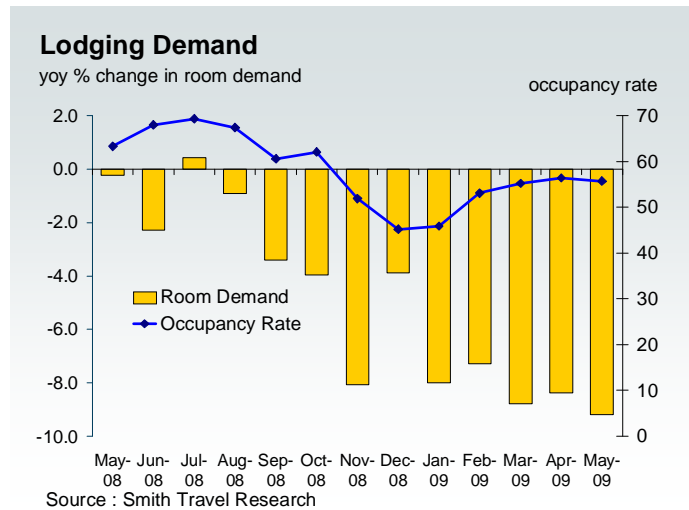


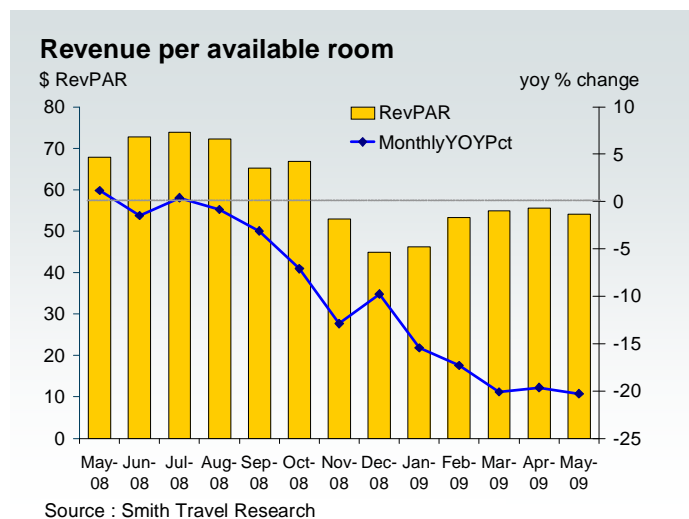
**Signs of stabilization emerge. But compared with last year, most indicators are still not good, only “less bad.”**

## Sector Performance

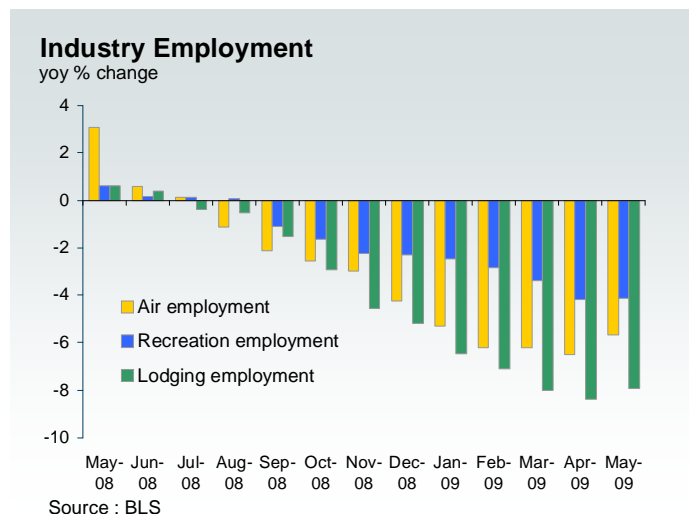
- Room demand continued to fall in May, posting a decline of 9.2% compared with last year. This brings the year-to-date decline in room demand to 8.4%.
- After approaching peak levels of nearly 70%, occupancy rates have now stabilized at 56%. This implies that the lodging sector has probably hit bottom and is now looking for signs of a revival.



- As room rates have weakened in the past year, revenue per available room (RevPAR) has plummeted. Average RevPAR in the US registered \$54 in May. This key measure of hotel sector performance is now holding at levels 20% below last year.



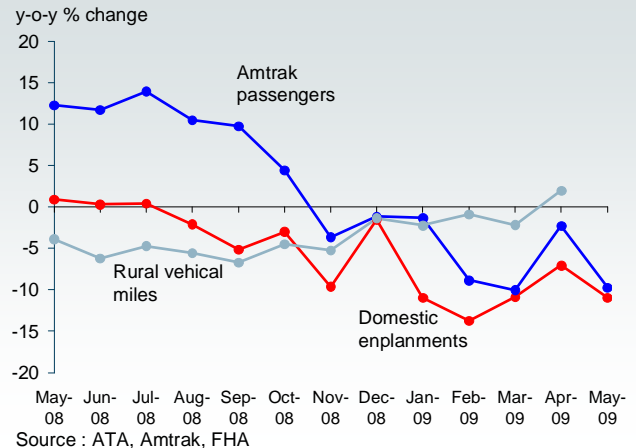
- After nine months of consecutive losses, travel-related sectors began to add jobs in May. Employment losses in aviation, recreation, and lodging all eased in May. However, one month does not a trend make and another round of layoffs in the aviation industry has already been announced for later in the year.



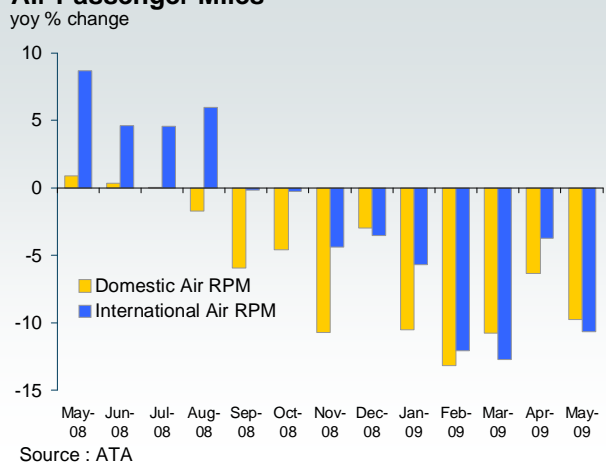
## Transportation

- After a hopeful rebound in April, Amtrak passenger demand fell in May to a year-over-year decline of 10%.
- Domestic air passenger demand followed a similar trend with a worsening of performance of -11%, year-over-year, in May.
- Only rural vehicle miles, a measure of non-local personal auto transportation, ventured into positive territory with a modest 2% gain over last year. Lower fuel prices are undoubtedly a factor.
- Both domestic and international air travel continue to struggle. Year-to-date, domestic air passenger miles have declined 10% while international demand has fallen 9%. It is likely that domestic demand will outperform international in the coming months.
- Auto travel appears to have turned the corner with growth in April (the last available month of data) in terms of rural vehicle miles. Overall demand for auto gas remains in negative territory, but the uptick in non-local auto travel confirms the hypothesis that leisure travel is shifting to the automobile.

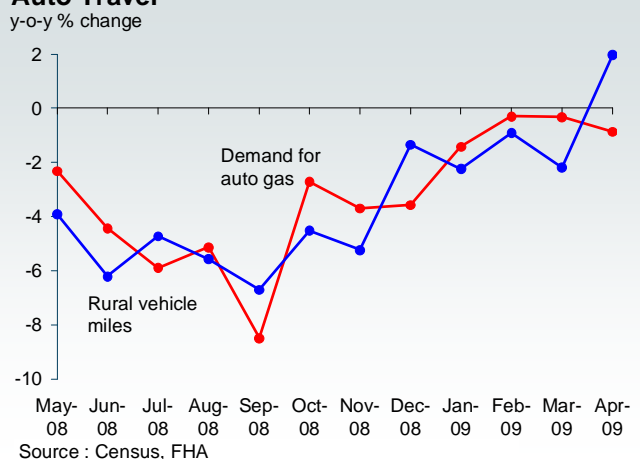
### Transportation Demand



### Air Passenger Miles



### Auto Travel

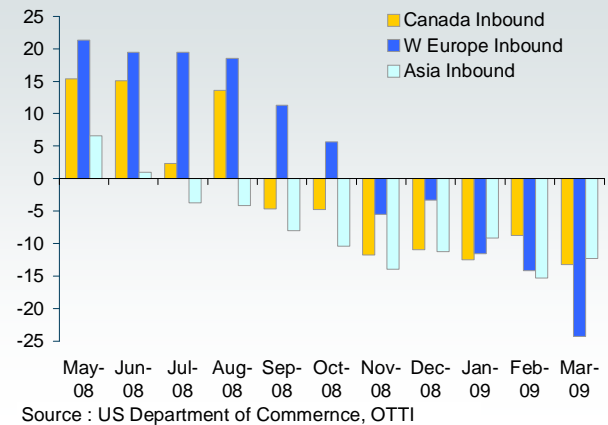


## Visitor Trends

- International travel to the US has fallen further as of March. Overseas visitor declines have accelerated as the year has progressed with year-over-year losses of 8%, 11%, and 19% in the first three months of the year. Western Europe is particularly worrying with a 24% drop in March. However, declines from Asia have eased just a bit.
- The Canadian market has posted consecutive monthly declines since September 2008. These again have accelerated with the largest decline to date (down 13%) in March.
- The Mexican market is in disrepair due to the combined effects of WHTI implementation, H1N1, and a hobbled economy. Air travel from Mexico fell 21% in February and 43% in March, year-over-year.
- US outbound travel is also contracting but not at the rate of inbound. For the first two months of the year, 7% fewer international trips were taken by Americans. Travel to Asia and Europe has been harder hit than to Canada and Latin America. The data do not yet reflect the effects of H1N1 on travel to Mexico but this is certainly in freefall.
- Overnight stays at national parks fell by 8% in May compared with last year. Year-to-date, overnight stays at national parks are down 5%.

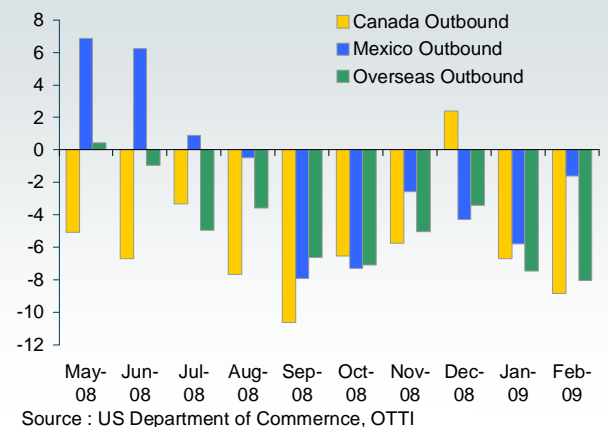
### US Inbound

yoy % change



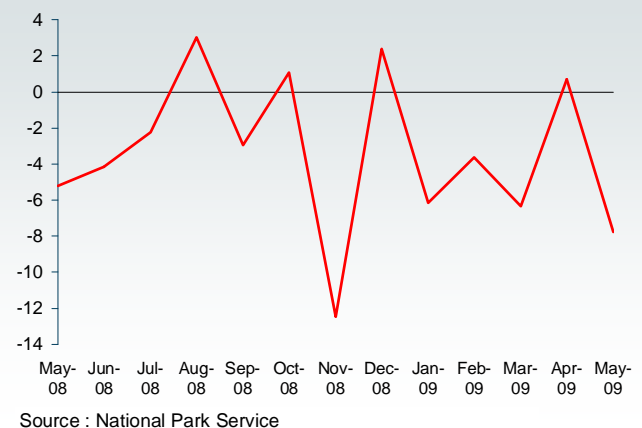
### US Outbound

yoy % change



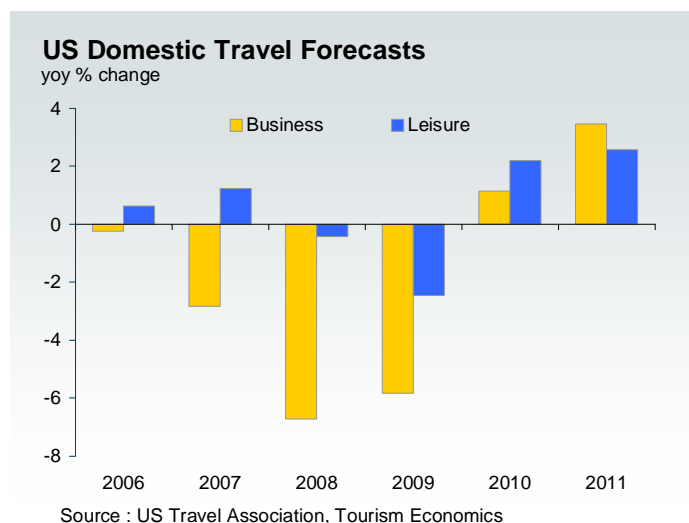
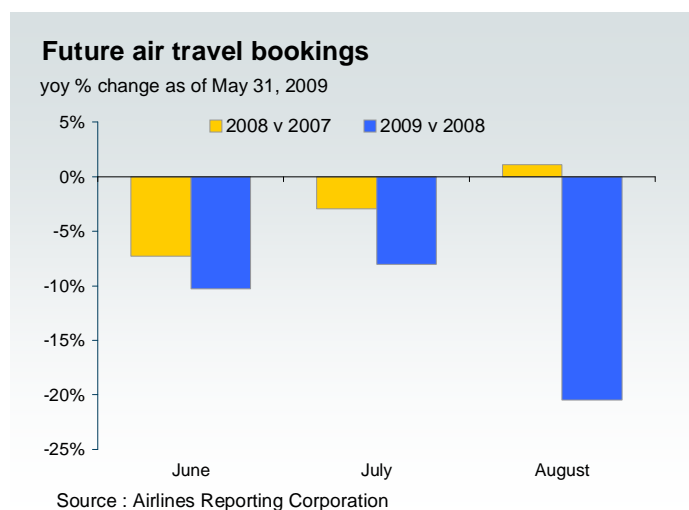
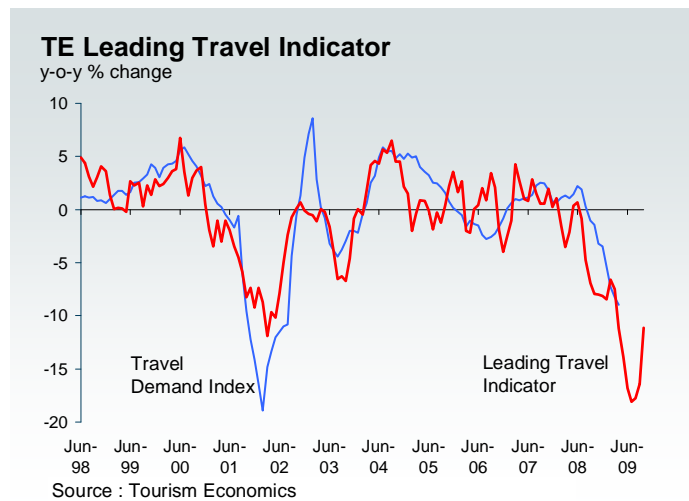
### National Parks Overnight Stays

yoy % change



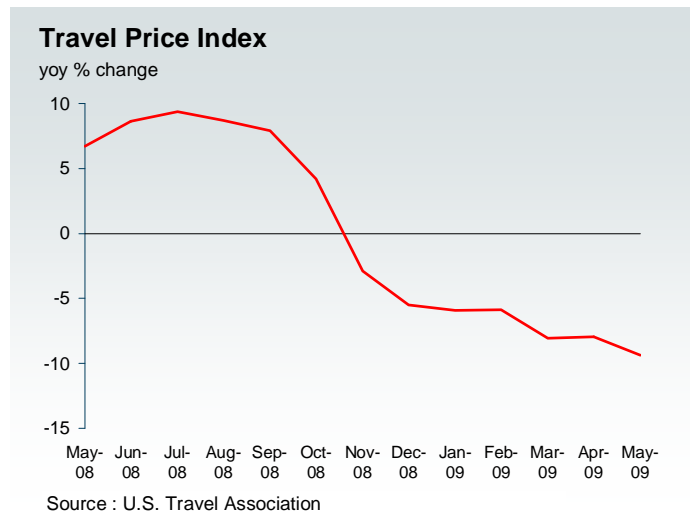
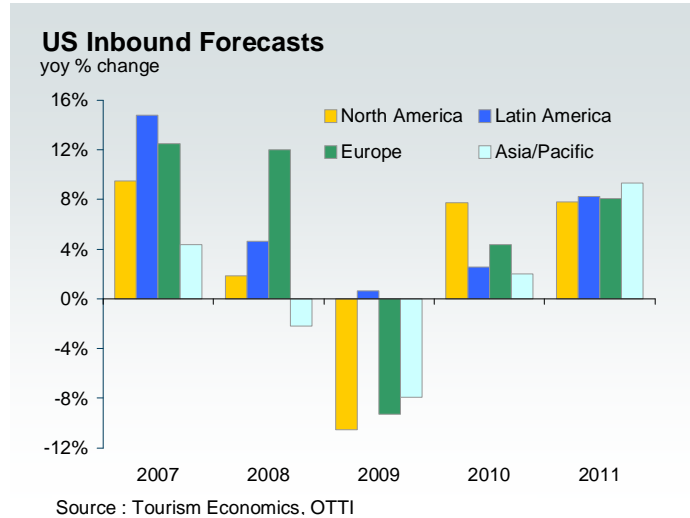
## Travel Forecasts

- The TE Leading Travel Indicator (LTI) continues to point to weak demand over the next six months. However, the LTI is showing signs that abatement to the downturn can be expected in the third quarter. This reflects improvements in business orders, consumer expectations, financial markets, and travel prices. The LTI was created by Tourism Economics as a leading indicator of changes in trip volume over the coming six months. The LTI is a composite of seven different factors which show a proven relationship to near term travel demand.
- Advanced air bookings from the Airlines Reporting Corporation (ARC) confirm that a full turnaround is not imminent. Advanced air bookings data as of the end of May show declines of 10%, 8%, and 21% in June, July, and August, respectively, compared to 2008. (Advanced air bookings data as of the end of March indicated declines of 11%, 14%, and 13% in April, May, and June, respectively.)
- Domestic business travel is expected to contract another 5.8% in 2009 while leisure travel should maintain relative stability with a 2.5% decline. The US Travel Association / Tourism Economics forecast anticipates a modest recovery a 2.0% increase in domestic person trips in 2010 with a small bounce in both business and leisure travel.
- Air and overnight travel are, not surprisingly, experiencing the more significant downturn. We expect air travel to contract over 7.2% for the year and occupied room nights to fall by 6.8%. Slight recoveries for both will begin in early 2010 with strong growth expected in 2011.



## Travel Forecasts, continued

- International travel demand will continue its downward trend into 2009. Overseas visits are forecast to decline 6.9% this year. The trend will begin to reverse in the fourth quarter as year-over-year declines moderate.
- Inbound from North American is expected to post the largest declines, largely due to Mexico. As Europe struggles with a deeper recession than in the US, losses will exceed 8%. The UK market for travel to the US is being badly hit by a weak sterling.
- Overall, the price of travel is much lower than it was last year. Hotel rates, airfares, and of course fuel prices are represent inducements to future travel.
- Over the past two weeks, airlines have begun to raise fares again. This may signal a response to strengthening demand in both business and leisure markets.



## US Travel Tracker: Industry Indicators

UNITS		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Source
<b>LEVELS</b>							
Domestic Air RPM	millions	33,557	32,000	39,445	38,293	38,441	Air Transport Association
International Air RPM	millions	16,784	13,702	17,029	17,643	17,979	Air Transport Association
Passenger Enplanements (International)	thousands	5,557	4,735	5,787	5,864	5,516	Air Transport Association
Passenger Enplanements (Domestic)	thousands	33,411	32,346	39,631	38,450	38,386	Air Transport Association
Load Factor (Domestic)	units	74	76	82	83	82	Air Transport Association
Amtrak Ridership	thousands	1,979	1,849	2,180	2,267	2,326	Amtrak
Demand For Motor Gas	barrels per day	8,690	8,816	9,040	9,038	#N/A	-
Gasoline Stations' Receipts	millions \$	26,944	28,001	27,326	27,119	28,105	Census Bureau
Rural Arterial Vehicle Miles	millions	45,728	44,223	51,080	52,459	#N/A	Fed Hwy Admin
Room Demand	millions Roomnights	66	69	80	79	82	Smith Travel Research
Occupancy Rate	units	46	53	55	56	56	Smith Travel Research
Room Revenue	millions \$	6,630	6,935	7,934	7,810	7,941	Smith Travel Research
RevPAR	units \$	46	53	55	55	54	Smith Travel Research
Food Services & Drinking Places' Receipts	millions \$	38,096	38,549	38,171	38,254	38,311	Census Bureau
National Parks Overnight Stays	thousands	298	318	598	744	1,124	National Park Service
National Parks Visits	thousands	13,522	11,776	17,918	23,595	26,849	National Park Service
Travel Price Index	units	233	236	238	239	240	U.S. Travel Association
Passenger Transportation Services Index	2000 = 100	113	113	112	113	#N/A	Bureau of Trans Stats
<b>YEAR-OVER-YEAR %</b>							
Domestic Air RPM	y-o-y % change	-10.5	-13.2	-10.8	-6.3	-9.7	Air Transport Association
International Air RPM	y-o-y % change	-5.7	-12.1	-12.7	-3.7	-10.7	Air Transport Association
Passenger Enplanements (International)	y-o-y % change	-4.4	-9.5	-11.0	-1.0	-12.0	Air Transport Association
Passenger Enplanements (Domestic)	y-o-y % change	-11.0	-13.8	-10.9	-7.1	-11.0	Air Transport Association
Load Factor (Domestic)	y-o-y % change	-0.1	-0.7	-1.2	2.6	-0.1	Air Transport Association
Amtrak Ridership	y-o-y % change	-1.3	-8.9	-10.0	-2.3	-9.8	Amtrak
Demand For Motor Gas	y-o-y % change	-1.4	-0.3	-0.3	-0.9	#N/A	-
Gasoline Stations' Receipts	y-o-y % change	-34.4	-30.9	-34.0	-34.9	-34.0	Census Bureau
Rural Arterial Vehicle Miles	y-o-y % change	-2.2	-0.9	-2.2	2.0	#N/A	Fed Hwy Admin
Room Demand	y-o-y % change	-8.0	-7.3	-8.8	-8.4	-9.2	Smith Travel Research
Occupancy Rate	y-o-y % change	-10.9	-10.3	-11.7	-11.3	-12.0	Smith Travel Research
Room Revenue	y-o-y % change	-12.7	-14.5	-17.5	-17.0	-17.7	Smith Travel Research
RevPAR	y-o-y % change	-15.4	-17.3	-20.1	-19.6	-20.3	Smith Travel Research
Food Services & Drinking Places' Receipts	y-o-y % change	2.3	4.0	2.5	1.7	1.3	Census Bureau
National Parks Overnight Stays	y-o-y % change	-6.2	-3.6	-6.3	0.7	-7.8	National Park Service
National Parks Visits	y-o-y % change	24.5	-1.0	-4.3	4.1	1.3	National Park Service
Travel Price Index	y-o-y % change	-5.9	-5.9	-8.1	-8.0	-9.4	U.S. Travel Association
Passenger Transportation Services Index	y-o-y % change	-3.8	-3.2	-4.9	-4.2	#N/A	Bureau of Trans Stats
<b>YEAR-TO-DATE %</b>							
Domestic Air RPM	ytd % change	-10.5	-11.8	-11.4	-10.1	-10.0	Air Transport Association
International Air RPM	ytd % change	-5.7	-8.7	-10.2	-8.5	-9.0	Air Transport Association
Passenger Enplanements (International)	ytd % change	-4.4	-6.8	-8.4	-6.5	-7.6	Air Transport Association
Passenger Enplanements (Domestic)	ytd % change	-11.0	-12.4	-11.8	-10.6	-10.7	Air Transport Association
Load Factor (Domestic)	ytd % change	-99.0	-99.0	-99.0	-99.0	-99.0	Air Transport Association
Amtrak Ridership	ytd % change	-1.3	-5.1	-7.0	-5.7	-6.6	Amtrak
Demand For Motor Gas	ytd % change	-1.4	-0.9	-0.7	-0.7	#N/A	-
Gasoline Stations' Receipts	ytd % change	-34.4	-32.7	-33.1	-33.5	-33.6	Census Bureau
Rural Arterial Vehicle Miles	ytd % change	-2.2	-1.6	-1.8	-0.8	#N/A	Fed Hwy Admin
Room Demand	ytd % change	-8.0	-7.6	-8.1	-8.1	-8.4	Smith Travel Research
Occupancy Rate	ytd % change	-10.9	-10.6	-11.0	-11.1	-11.3	Smith Travel Research
Room Revenue	ytd % change	-12.7	-13.6	-15.1	-15.6	-16.1	Smith Travel Research
RevPAR	ytd % change	-15.4	-16.4	-17.8	-18.3	-18.7	Smith Travel Research
Food Services & Drinking Places' Receipts	ytd % change	2.3	3.2	3.0	2.6	2.4	Census Bureau
National Parks Overnight Stays	ytd % change	-6.2	-4.9	-5.6	-3.3	-5.0	National Park Service
National Parks Visits	ytd % change	24.5	11.2	4.2	4.2	3.3	National Park Service
Travel Price Index	ytd % change	-5.9	-5.9	-6.6	-7.0	-7.5	U.S. Travel Association
Passenger Transportation Services Index	ytd % change	-3.8	-3.5	-4.0	-4.0	#N/A	Bureau of Trans Stats

## US Travel Tracker: Economic Indicators

	Jan	Feb	Mar	Apr	May 09	Source
<b>LEVELS</b>						
Civilian Unemployment Rate: 16 yr + (SA, %)	7.6	8.1	8.5	8.9	9.4	Bureau of Labor Statistics
Civilian Employment: Sixteen Years & Over (SA, Thousands)	142,099	141,748	140,887	141,007	140,570	Bureau of Labor Statistics
Personal Income (SAAR, Bil.\$)	12,089	12,060	12,034	12,092		Bureau of Economic Analysis
Real Personal Income (SAAR, Bil.Chn.2000\$)	9,995	9,937	9,919	9,960		Bureau of Economic Analysis
Housing Starts (SAAR, Thous.Units)	488	574	521	454	532	Census Bureau
NAR Total Existing Home Sales, United States (SAAR, Thous)	4,490	4,710	4,550	4,680		National Association of Realtors
NAR Median Sales Price: Total Existing Homes, United States (\$)	164,800	168,200	169,900	170,200		National Association of Realtors
S&P/Case-Shiller Home Price Index: Composite 20 (SA, Jan-00=100)	147	144	141			S&P, Fiserv, and MacroMarkets LLC
Macroeconomic Advisers' Monthly GDP (SAAR, Bil.Chn.2000\$)	11,354	11,369	11,335	11,371		Macroeconomic Advisers
Conference Board: Consumer Confidence (SA, 1985=100)	37	25	27	41	55	The Conference Board
ISM Mfg: PMI Composite Index (SA, 50+ = Econ Expand)	36	36	36	40	43	Institute for Supply Management
ISM Nonmanufacturing: NMI Composite Index (SA, 50+=Increasing)	43	42	41	44	44	Institute for Supply Management
<b>YEAR-OVER-YEAR % CHANGE</b>						
Civilian Employment: Sixteen Years & Over (SA, Thousands)	-2.9	-3.0	-3.5	-3.6	-3.7	Bureau of Labor Statistics
Personal Income (SAAR, Bil.\$)	1.3	0.9	0.3	0.7		Bureau of Economic Analysis
Real Personal Income (SAAR, Bil.Chn.2000\$)	0.6	-0.1	-0.3	0.3		Bureau of Economic Analysis
Housing Starts (SAAR, Thous.Units)	-54.9	-47.8	-47.5	-54.6	-45.2	Census Bureau
NAR Total Existing Home Sales, United States (SAAR, Thous)	-8.6	-4.8	-7.5	-3.5		National Association of Realtors
NAR Median Sales Price: Total Existing Homes, United States (\$)	-17.5	-14.1	-15.1	-15.4		National Association of Realtors
S&P/Case-Shiller Home Price Index: Composite 20 (SA, Jan-00=100)	-19.0	-18.7	-18.7			S&P, Fiserv, and MacroMarkets LLC
Macroeconomic Advisers' Monthly GDP (SAAR, Bil.Chn.2000\$)	-3.1	-1.8	-2.6	-2.2		Macroeconomic Advisers
<b>YEAR-TO-DATE % CHANGE</b>						
Civilian Employment: Sixteen Years & Over (SA, Thousands)	-2.9	-2.9	-3.1	-3.2	-3.3	Bureau of Labor Statistics
Personal Income (SAAR, Bil.\$)	1.3	1.1	0.8	0.8		Bureau of Economic Analysis
Real Personal Income (SAAR, Bil.Chn.2000\$)	0.6	0.3	0.1	0.1		Bureau of Economic Analysis
Housing Starts (SAAR, Thous.Units)	-54.9	-51.4	-50.2	-51.2	-50.1	Census Bureau
NAR Total Existing Home Sales, United States (SAAR, Thous)	-8.6	-6.7	-7.0	-6.1		National Association of Realtors
NAR Median Sales Price: Total Existing Homes, United States (\$)	-17.5	-15.8	-15.6	-15.5		National Association of Realtors
S&P/Case-Shiller Home Price Index: Composite 20 (SA, Jan-00=100)	-19.0	-18.8	-18.8			S&P, Fiserv, and MacroMarkets LLC
Macroeconomic Advisers' Monthly GDP (SAAR, Bil.Chn.2000\$)	-3.1	-2.5	-2.5	-2.5		Macroeconomic Advisers

## US Travel Tracker: International Travel

Source: OTTI	Units	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
<b>YEAR-OVER-YEAR %</b>								
Total Inbound	y-o-y % change	0.0	-2.0	-8.8	-7.1	-9.1	-11.5	-19.9
Canada Inbound	y-o-y % change	-4.7	-4.8	-11.8	-11.0	-12.5	-8.7	-13.2
Mexico Inbound	y-o-y % change	-5.1	-5.6	-11.5	-11.3	-4.2	-21.0	-43.4
Overseas Inbound	y-o-y % change	4.6	0.6	-5.7	-3.4	-7.6	-11.2	-18.7
W Europe Inbound	y-o-y % change	11.3	5.7	-5.5	-3.3	-11.6	-14.1	-24.2
E Europe Inbound	y-o-y % change	18.0	14.1	8.5	11.2	4.6	-1.5	1.4
Asia Inbound	y-o-y % change	-8.0	-10.5	-13.9	-11.3	-9.1	-15.3	-12.2
Middle East Inbound	y-o-y % change	16.9	15.2	2.1	7.3	-4.1	-5.0	8.2
Africa Inbound	y-o-y % change	9.1	12.9	6.6	0.5	0.4	-10.0	-12.3
Oceania Inbound	y-o-y % change	5.4	-6.0	-6.0	-6.8	-14.6	-16.2	-14.4
S America Inbound	y-o-y % change	8.8	10.2	8.3	9.9	3.9	6.2	-14.4
C America Inbound	y-o-y % change	-8.1	-8.4	-5.8	-4.0	-7.9	-6.6	-18.9
Caribbean Inbound	y-o-y % change	-4.7	-21.7	-5.9	-9.1	2.6	-0.1	-28.9
France Inbound	y-o-y % change	21.9	23.6	7.9	9.2	-3.3	4.3	1.3
Germany Inbound	y-o-y % change	18.3	16.4	4.9	2.1	-9.6	-14.3	-17.9
Italy Inbound	y-o-y % change	22.9	12.2	-0.5	8.3	5.9	-6.2	-11.6
Netherlands Inbound	y-o-y % change	16.5	13.0	-2.6	-1.8	-13.7	-6.8	-10.2
Spain Inbound	y-o-y % change	38.3	10.0	2.6	0.0	-5.3	-9.8	-32.0
Sweden Inbound	y-o-y % change	15.2	16.9	3.3	7.1	-11.0	-17.9	-31.2
Switzerland Inbound	y-o-y % change	17.1	16.1	0.7	1.3	-2.2	-3.6	-16.0
UK Inbound	y-o-y % change	-1.4	-4.8	-14.1	-13.7	-19.5	-23.7	-30.7
Japan Inbound	y-o-y % change	-12.4	-11.7	-17.3	-12.3	-13.0	-9.8	-9.3
South Korea Inbound	y-o-y % change	-17.6	-15.1	-22.8	-18.5	-17.1	-26.4	-16.7
China Inbound	y-o-y % change	15.7	3.2	3.4	7.9	27.6	-20.8	-12.3
Taiwan Inbound	y-o-y % change	-0.5	-10.7	-11.6	-15.7	-10.8	-38.7	-20.3
Australia Inbound	y-o-y % change	7.4	-6.0	-5.4	-6.1	-14.7	-17.0	-15.3
Argentina Inbound	y-o-y % change	19.0	11.6	14.3	9.8	18.6	9.8	0.4
Brazil Inbound	y-o-y % change	22.9	19.6	10.6	22.5	5.1	26.5	-10.0
Colombia Inbound	y-o-y % change	-6.9	20.9	7.3	-0.5	-3.6	-7.5	-31.5
Venezuela Inbound	y-o-y % change	4.3	1.0	6.0	8.5	-2.9	-11.4	-23.5
Total Outbound	y-o-y % change	-7.2	-7.1	-4.7	-3.1	-7.2	-7.0	#N/A
Canada Outbound	y-o-y % change	-10.6	-6.5	-5.8	2.4	-6.7	-8.8	#N/A
Mexico Outbound	y-o-y % change	-7.9	-7.3	-2.6	-4.3	-5.8	-1.6	#N/A
Overseas Outbound	y-o-y % change	-6.6	-7.1	-5.0	-3.4	-7.5	-8.0	#N/A
Europe Outbound	y-o-y % change	-9.0	-11.8	-10.7	-6.9	-11.3	-14.9	#N/A
Caribbean Outbound	y-o-y % change	-12.1	-12.0	-8.9	-7.8	-9.5	-4.0	#N/A
Asia Outbound	y-o-y % change	-4.0	-5.8	-8.3	-7.2	-11.6	-10.8	#N/A
S America Outbound	y-o-y % change	0.2	0.1	0.9	7.7	0.2	-1.4	#N/A
C America Outbound	y-o-y % change	-5.9	-2.6	-0.4	-4.1	-2.2	-5.9	#N/A
Oceania Outbound	y-o-y % change	-14.2	-8.5	-5.8	-6.4	-10.5	-17.7	#N/A
Middle East Outbound	y-o-y % change	36.6	53.3	93.9	61.2	37.4	30.4	#N/A
Africa Outbound	y-o-y % change	64.9	64.1	77.5	54.4	27.8	44.6	#N/A

## US Travel Tracker: Forecast Indicators

Domestic Person Trips in the US						
(Millions)						
	2006	2007	2008	2009	2010	2011
<b>Total Domestic</b>	2000.5	2004.5	1964.9	1900.9	1938.1	1991.7
% change	0.4	0.2	-2.0	-3.3	2.0	2.8
<b>By purpose</b>						
<b>Business</b>	508.7	494.3	461.1	434.2	439.2	454.3
% change	-0.2	-2.8	-6.7	-5.8	1.1	3.4
<b>Leisure</b>	1491.8	1510.2	1503.8	1466.7	1498.9	1537.4
% change	0.6	1.2	-0.4	-2.5	2.2	2.6
<b>By mode of transport</b>						
<b>Auto</b>	1718.5	1717.2	1687.2	1648.3	1679.7	1725.0
% change	0.8	-0.1	-1.7	-2.3	1.9	2.7
<b>Air</b>	156.6	158.1	151.4	140.5	143.2	149.3
% change	-6.7	1.0	-4.2	-7.2	1.9	4.3
<b>Other</b>	125.5	129.1	126.2	112.0	115.1	117.3
% change	5.2	2.9	-2.2	-11.2	2.7	1.9
<b>By duration</b>						
<b>Overnight</b>	969.0	978.9	961.0	917.7	932.5	969.9
% change	0.1	1.0	-1.8	-4.5	1.6	4.0
<b>Day-trips</b>	1031.5	1025.6	1003.8	983.2	1005.6	1021.8
% change	0.7	-0.6	-2.1	-2.1	2.3	1.6
<b>Hotel room demand</b>						
<b>Room nights</b>	1020.5	1030.1	1012.9	943.5	952.6	989.6
% change	0.5	0.9	-1.7	-6.8	1.0	3.9

Source: U.S. Travel Association, Tourism Economics

US Inbound Visitor Forecasts						
(Growth)						
	2006	2007	2008	2009	2010	2011
<b>Total visits</b>	<b>3.6%</b>	<b>9.8%</b>	<b>3.7%</b>	<b>-8.9%</b>	<b>5.8%</b>	<b>8.1%</b>
<b>Overseas</b>	<b>-0.1%</b>	<b>10.3%</b>	<b>6.1%</b>	<b>-6.9%</b>	<b>3.3%</b>	<b>8.5%</b>

Source: Tourism Economics