



MONTANA
DEPARTMENT OF
REVENUE

**2025 Capitalization Rate Study
Scheduled Airlines - Passenger**

Final

Completed: April 18, 2025

MONTANA DEPARTMENT OF REVENUE

**Yield Capitalization Rate Conclusion
Industry: Scheduled Airlines - Passenger
2025 Assessment Year**

Capital Structure ^[1]

Equity	45.00%
Debt	55.00%

Equity Cost of Capital

		Weighting
Capital Asset Pricing Model - Ex Post ^[2]	16.19%	64%
Capital Asset Pricing Model - Ex Ante ^[2]	11.87%	16%
3 Stage Dividend Discount Model - Dividends ^[3]	10.86%	10%
3 Stage Dividend Discount Model - Earnings ^[3]	8.59%	<u>10%</u>
Weighted Average	<u>14.20%</u>	100%
Selected Cost of Equity	<u>14.20%</u>	

Debt Cost of Capital

		Weighting
A - Mergent's - Avg. YTM of A Rated Corporate Bonds ^[4]	5.53%	0.00%
Baa - Mergent's - Avg. YTM of Baa Rated Corporate Bonds ^[4]	5.80%	33.33%
Ba - MTDOR Debt Study ^[5]	6.84%	22.22%
B - MTDOR Debt Study ^[5]	7.33%	22.22%
Caa - MTDOR Debt Study ^[5]	8.31%	<u>22.22%</u>
Weighted Average	<u>6.93%</u>	100.00%
Selected Cost of Debt	<u>6.93%</u>	

Weighted Average Cost of Capital (WACC)

Source of Capital	Capital Structure	Capital Cost of Capital	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	45.00%	14.20%		14.20%	6.39%	6.39%
Debt	55.00%	6.93%	24.00%	5.27%	3.81%	2.90%
WACC	100.00%				10.20%	9.29%

WACC (Rounded)

9.30%

Notes

- [1] From worksheet: Capital Structure
- [2] From worksheet: Capital Asset Pricing Model Summary
- [3] From worksheet: Yield Equity Summary
- [4] January 2025, Mergent Bond Record
- [5] Montana Department of Revenue High Yield Debt Study

MONTANA DEPARTMENT OF REVENUE

**Direct Capitalization Rate Conclusion
Industry: Scheduled Airlines - Passenger
2025 Assessment Year**

Capital Structure ^[1]

Equity	45.00%
Debt	55.00%

Equity Capitalization Rate ^[2]

NOI After-tax	7.49%
GCF	17.23%

Debt Capitalization Rate ^[3]

Calculated Current Yield	5.65%
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NOI After-tax Direct Capitalization Rate

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	45.00%	7.49%		7.49%	3.37%	3.37%
Debt	55.00%	5.65%	24.00%	4.29%	3.11%	2.36%
Total	100.00%				6.48%	5.73%
Total (Rounded)						5.75%

GCF Direct Capitalization Rate

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	45.00%	17.23%		17.23%	7.75%	7.75%
Debt	55.00%	5.65%	24.00%	4.29%	3.11%	2.36%
Total	100.00%				10.86%	10.12%
Total (Rounded)						10.15%

Notes:

[1] From worksheet: Capital Structure

[2] From worksheet: Direct Equity Summary

[3] From worksheet: Calculated Current Yield

MONTANA DEPARTMENT OF REVENUE

**Selection of Guideline Companies
Industry: Scheduled Airlines - Passenger
2025 Assessment Year**

Screening Requirements:

The universe of companies is all companies listed in Value Line under the air transport industry.

Companies were then selected using the following screening criteria:

1. Operates primarily as a passenger airline.
2. Actively traded on an American exchange.
3. Headquartered / incorporated in the United States
4. No significant merger & acquisition activity during the year.

Ticker Symbol	Passenger Airline	Actively traded on an American exchange	Headquartered in the United States	Consider as Potential Guideline Company	Not Engaged in Material M&A Activity	Use as Guideline Company	Note
AAL	Yes	Yes	Yes	Yes	Yes	Yes	
AIRT	No						
ALGT	Yes	Yes	Yes	Yes	Yes	Yes	
ALK	Yes						[1]
ATSG	No						
BLDE	No						
CPA			No				
DAL	Yes	Yes	Yes	Yes	Yes	Yes	
FDX	No						
JBLU	Yes	Yes	Yes	Yes	Yes	Yes	
LUV	Yes	Yes	Yes	Yes	Yes	Yes	
MESA	Yes	Yes	Yes	Yes	Yes	No	[2]
RLGT	No						
RYAAY			No				
SKYW	Yes	Yes	Yes	Yes	Yes	Yes	
SNCY	Yes	Yes	Yes	Yes	Yes	Yes	
UAL	Yes	Yes	Yes	Yes	Yes	Yes	
ULCC	Yes	Yes	Yes	Yes	Yes	Yes	
UP	No						
UPS	No						
VTOL	No						

[1] Completed acquisition of HA 9/24

[2] Poor performance in NasdaqCM, very little analyst information available.

MONTANA DEPARTMENT OF REVENUE

Support for Capital Structure
Industry: Scheduled Airlines - Passenger
2025 Assessment Year

(\$ and Shares Outstanding In Millions, Except Per Share Amounts)

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Ticker	Company	Industry Group	Financial Strength	Shares Outstanding	End of Year Closing Stock Price	MV Common Stock	MV Preferred Stock	MV Long Term Debt	PV of Operating Leases	Total Common, Preferred, LT Debt, & Op Leases	% Common	% Preferred	% Debt & Op Leases
		Value Line	Value Line	10-K	Yahoo	ExF	10-K	10-K	10-K	G+H+I+J	G/K	H/K	(I+J)/K
							Note [1]	Note [2]					
AAL	Amer. Airlines	AIRTRANS	B	658	17.43	11,461	0	30,638	7,068	49,167	23%	0%	77%
ALGT	Allegiant Travel	AIRTRANS	B+	18	94.12	1,733	0	2,080	83	3,896	44%	0%	56%
DAL	Delta Air Lines	AIRTRANS	B+	646	60.50	39,112	0	16,147	6,577	61,836	63%	0%	37%
JBLU	JetBlue Airways	AIRTRANS	C++	353	7.86	2,775	0	8,337	603	11,715	24%	0%	76%
LUV	Southwest Airlines	AIRTRANS	B+	593	33.62	19,947	0	6,673	1,359	27,979	71%	0%	29%
SKYW	SkyWest	AIRTRANS	B+	40	100.13	4,038	0	2,593	88	6,718	60%	0%	40%
SNCY	Sun Country Airlines Hldgs Inc	AIRTRANS	C++	53	14.58	775	0	579	21	1,375	56%	0%	44%
UAL	United Airlines Hldgs.	AIRTRANS	B+	328	97.10	31,839	0	28,426	4,977	65,242	49%	0%	51%
ULCC	Frontier Group Holdings Inc	AIRTRANS	C++	225	7.11	1,603	0	500	3,966	6,069	26%	0%	74%
All Companies						113,282	0	95,973	24,741	233,997	48%	0%	52%
Average											46%	0%	54%
Median											49%	0%	51%
Trimmed Average											46%	0%	54%
High											71%	0%	77%
Low											23%	0%	29%
Selected											45%	0%	55%

Notes:

[1] Market value of preferred stock assumed to equal book value

[2] Market value of debt is fair value of long term debt from 10-K notes

MCA 15-1-210, rationale for changes to guideline companies:

2025 - Added JBLU; Removed MESA

	Median		
Current Year	49%	0%	51%
Prior Year	39%	0%	61%
2 Years Prior	31%	0%	69%
3 Year Average	40%	0%	60%

MONTANA DEPARTMENT OF REVENUE

Capital Asset Pricing Model (CAPM)

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

$$k_e = R_f + \beta \times ERP$$

		<i>Ex Post</i>	<i>Ex Ante</i>
$k_e =$	Cost of Equity	16.19%	11.87%
$R_f =$	Risk Free Rate	4.86%	4.86%
$\beta =$	Beta	1.55	1.55
$ERP =$	Equity Risk Premium ($R_m - R_f$)	7.31%	4.52%
$R_m =$	Market Rate of Return	12.17%	9.38%

Risk Free Rate Measures (R_f):

The Value Line Investment Survey: Selection & Opinion^[1]

January 3, 2025 Page 218

Selected Yields on Taxable U.S. Treasury Securities as of 12/20/24

10-year	4.52%
30-year	4.72%

Federal Reserve Statistical Release^[2]

U.S. government securities, Treasury constant maturities, Nominal, December 31, 2024

10-year	4.58%
20-year	4.86%
30-year	4.78%

Risk Free Rate Selected 4.86%

Notes

[1] "Value Line Selection & Opinion", Value Line (January 3, 2025)

[2] <https://www.federalreserve.gov/releases/h15/>

Ex Post - Equity Risk Premium Measures ($ERP = R_m - R_f$)

Kroll, 2025 Cost of Capital Navigator

		<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP "Historical" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	12.17%	4.86%	7.31%
ERP "Supply-side" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	11.12%	4.86%	6.26%
Ex Post Equity Risk Premium Selected		<u><u>12.17%</u></u>	<u><u>4.86%</u></u>	<u><u>7.31%</u></u>

MONTANA DEPARTMENT OF REVENUE

Capital Asset Pricing Model (CAPM)

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

$$k_e = R_f + \beta \times ERP$$

Ex Ante - Equity Risk Premium Measures (ERP = Rm - Rf)

DOR 3 Stage Dividend Growth Model, S & P 500, See Exhibit

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP - <i>Ex Ante</i>	7.19%	4.86%	2.33%

Kroll, 2025 Cost of Capital Navigator

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP "Conditional" - <i>Ex Ante</i>	8.50%	3.50%	5.00%

Damodaran Implied ERP (Jan 5, 2025)

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
Implied Premium - <i>Ex Ante</i> - Trailing 12 month, with adjusted payout	8.58%	4.58%	4.00%
Implied Premium - <i>Ex Ante</i> - Trailing 12 month cash yields	8.91%	4.58%	4.33%
Implied Premium - <i>Ex Ante</i> - Average CF yield last 10 years	10.73%	4.58%	6.15%
Implied Premium - <i>Ex Ante</i> - Net cash yield	8.73%	4.58%	4.15%
Implied Premium - <i>Ex Ante</i> - Normalized earnings and payout	<u>8.39%</u>	<u>4.58%</u>	<u>3.81%</u>
Damodaran Average	9.07%	4.58%	4.49%

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
<u>Average</u>	8.72%		4.25%
<u>Median</u>	8.58%		4.15%
<u>High</u>	10.73%		6.15%
<u>Low</u>	7.19%		2.33%

Ex Ante Equity Risk Premium Selected

9.38%	4.86%	4.52%
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MONTANA DEPARTMENT OF REVENUE

Support for Beta Selection in CAPM
 Industry: Scheduled Airlines - Passenger
 2025 Assessment Year

A	B	C	D	E
Ticker	Company	Industry Group	Financial Strength	Beta
		<i>Value Line</i>	<i>Value Line</i>	<i>Value Line</i>
AAL	Amer. Airlines	AIRTRANS	B	1.65
ALGT	Allegiant Travel	AIRTRANS	B+	1.50
DAL	Delta Air Lines	AIRTRANS	B+	1.55
JBLU	JetBlue Airways	AIRTRANS	C++	1.70
LUV	Southwest Airlines	AIRTRANS	B+	1.10
SKYW	SkyWest	AIRTRANS	B+	1.50
SNCY	Sun Country Airlines Hldgs Inc	AIRTRANS	C++	1.20
UAL	United Airlines Hldgs.	AIRTRANS	B+	1.55
ULCC	Frontier Group Holdings Inc	AIRTRANS	C++	1.80
Average				1.51
Median				1.55
Trimmed Average				1.52
High				1.80
Low				1.10
Selected				1.55

MONTANA DEPARTMENT OF REVENUE

Inflation & Real Growth

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

A	B	C	D	Nominal Growth	
				E	F
Source Description	Inflation (CPI)	Real Growth (GDP)	Nominal Growth	Low	High
Livingston Survey ^[1]	2.29%	2.11%	4.40%		
Survey of Professional Forecasters ^[2]	2.38%	2.10%	4.48%		
Congressional Budget Office ^[3]	2.30%	1.80%	4.10%		
Average	2.32%	2.00%	4.33%		
Median	2.30%	2.10%	4.40%		
High	2.38%	2.11%	4.49%		
Low	2.29%	1.80%	4.09%		
Selected	2.30%	2.10%	4.40%	4.09%	4.49%

Inflationary Trend Factors						
Year	Dec. CPI-U Index	Percent Change From Previous	Dec. to Dec. Conversion Factor	Annual Avg. CPI-U Index	Percent Change From Previous	Annual Conversion Factor
	<i>Note [5]</i>	<i>Note [6]</i>	<i>Note [7]</i>	<i>Note [5]</i>	<i>Note [6]</i>	<i>Note [7]</i>
2013	233.049	1.5%	1.3542	232.957	1.4%	1.3466
2014	234.812	0.8%	1.3441	236.736	1.6%	1.3251
2015	236.525	0.7%	1.3343	237.017	0.1%	1.3235
2016	241.432	2.0%	1.3072	240.007	1.2%	1.3070
2017	246.524	2.1%	1.2802	245.120	2.1%	1.2797
2018	251.233	1.9%	1.2562	251.107	2.4%	1.2492
2019	256.974	2.2%	1.2282	255.657	1.8%	1.2270
2020	260.474	1.3%	1.2117	258.811	1.2%	1.2120
2021	278.802	6.6%	1.1320	270.970	4.5%	1.1577
2022	296.797	6.1%	1.0634	292.655	7.4%	1.0719
2023	306.746	3.2%	1.0289	304.702	4.0%	1.0295
2024	315.605	2.8%	1.0000	313.689	2.9%	1.0000

Notes

[1] Federal Reserve Bank of Philadelphia The Livingston Survey December 20, 2024 Table 3 Inflation Rate and Real GDP mean

<https://www.philadelphiafed.org/research-and-data/real-time-center/livingston-survey>

[2] Federal Reserve Bank of Philadelphia Survey of Professional Forecasters February 14, 2025 Table 8 and Table 9 Average over next 10-Year mean

<https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/survey-of-professional-forecasters>

[3] The Budget and Economic Outlook: 2025 To 2035

<https://www.cbo.gov/data/budget-economic-data#4>

[5] Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items, index averages (1982-84=100, unless otherwise noted)

<https://www.bls.gov/cpi/tables/supplemental-files/>

[6] (Row year - Previous Year) / Row Year

[7] Most current year / Row year

MONTANA DEPARTMENT OF REVENUE

**3 Stage Dividend Discount Model (DDM)
Industry: Scheduled Airlines - Passenger
2025 Assessment Year**

$$k_e = (D_1 / P_0) + g$$

k_e = Cost of Equity

D_1 = Expected Dividend

P_0 = Current Price Per Share

g = Sustainable Long-Term Growth

A	B	C	D	E	F	G	H	I
Ticker	Company	2024 Year End Stock Price	2024 Est Div'ds Decl'd per sh	Expected Equity Payout Yield	Sustainable Long-Term Growth Rate ^[1]	Sustainable Long-Term Growth Rate ^[1]	Cost of Equity Dividend Growth	Cost of Equity Earnings Growth
		<i>Yahoo</i>	<i>Value Line</i>	<i>D/C</i>	<i>Dividends</i>	<i>Earnings</i>	<i>E+F</i>	<i>E+G</i>
		P_0	D_1	D_1/P_0	g	g	k_e	k_e
AAL	Amer. Airlines	17.43	0.00	0.00%	0.00%	0.00%		
ALGT	Allegiant Travel	94.12	1.20	1.27%	3.71%	33.81%	4.98%	35.09%
DAL	Delta Air Lines	60.50	0.60	0.99%	19.26%	4.68%	20.25%	5.67%
JBLU	JetBlue Airways	7.86	0.00	0.00%	0.00%	0.00%		
LUV	Southwest Airlines	33.62	0.76	2.26%	10.20%	9.25%	12.46%	11.51%
SKYW	SkyWest	100.13	0.14	0.14%	9.12%	4.18%	9.26%	4.31%
SNCY	Sun Country Airlines Hldgs Inc	14.58	0.00	0.00%	0.00%	0.00%		
UAL	United Airlines Hldgs.	97.10	0.00	0.00%	0.00%	0.00%		
ULCC	Frontier Group Holdings Inc	7.11	0.00	0.00%	0.00%	0.00%		
Average							11.74%	14.14%
Median							10.86%	8.59%
Trimmed Average							10.86%	8.59%
High							20.25%	35.09%
Low							4.98%	4.31%
Selected							10.86%	8.59%

Notes

[1] From worksheet: DDM Sustainable Long-Term Growth

Implied Sustainable LTG: 14.14% 12.98%

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Short Term Growth Rate Calculations

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

A	B	C	D	E	F	G
Ticker	Company	End of Year Closing Stock Price	Div'ds Decl'd per sh 2025 Est	Expected Dividend Yield	Div'ds Decl'd per sh 2027-2029 Est	Short-Term Growth Rate
		<i>Yahoo</i>	<i>Value Line</i>	<i>D / C</i>	<i>Value Line</i>	<i>Note [1]</i>
AAL	Amer. Airlines	17.43	0.00	0.00%	0.00	0.00%
ALGT	Allegiant Travel	94.12	1.20	1.27%	1.20	0.00%
DAL	Delta Air Lines	60.50	0.60	0.99%	1.50	35.72%
JBLU	JetBlue Airways	7.86	0.00	0.00%	0.00	0.00%
LUV	Southwest Airlines	33.62	0.76	2.26%	1.20	16.45%
SKYW	SkyWest	100.13	0.14	0.14%	0.32	31.73%
SNCY	Sun Country Airlines Hldgs Inc	14.58	0.00	0.00%	0.00	0.00%
UAL	United Airlines Hldgs.	97.10	0.00	0.00%	0.00	0.00%
ULCC	Frontier Group Holdings Inc	7.11	0.00	0.00%	0.00	0.00%

A	B	C	D	E
Ticker	Company	Earnings per share 2025 Est	Earnings per share 2027-2029 Est	Short-Term Growth Rate
		<i>Value Line</i>	<i>Value Line</i>	<i>Note [1]</i>
AAL	Amer. Airlines	2.25	3.50	15.87%
ALGT	Allegiant Travel	6.00	22.00	54.20%
DAL	Delta Air Lines	7.55	9.00	6.03%
JBLU	JetBlue Airways	0.20	1.50	95.74%
LUV	Southwest Airlines	1.65	2.50	14.86%
SKYW	SkyWest	8.00	9.40	5.52%
SNCY	Sun Country Airlines Hldgs Inc	0.98	2.00	26.84%
UAL	United Airlines Hldgs.	12.25	14.00	4.55%
ULCC	Frontier Group Holdings Inc	0.06	0.60	115.44%

Notes

[1] 4 year compound annual growth rate (CAGR) - 3 periods

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Sustainable Long Term Growth

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

Dividend Growth Rate									Stage 1				
Ticker	Company	Year End Stock Price	Expected Short-Term Dividend Growth Rate	Expected Long-Term Growth Rate	Expected Dividend Yield	Internal Rate of Return	Implied Sustainable Long-Term Growth Rate (g)	Initial Investment	D ₁	D ₂	D ₃	D ₄	D ₅
		Yahoo	Note [1]	Note [2]	D_1/P_0	$K_e = IRR \text{ of } D_1:D_{500}$	$g = IRR - Div. \text{ Yield}$						
AAL	Amer. Airlines	17.43	0.00%	4.40%	0.00%			(17.43)	0.00	0.00	0.00	0.00	0.00
ALGT	Allegiant Travel	94.12	0.00%	4.40%	1.27%	4.98%	3.71%	(94.12)	1.20	1.20	1.20	1.20	1.20
DAL	Delta Air Lines	60.50	35.72%	4.40%	0.99%	20.25%	19.26%	(60.50)	0.60	0.81	1.11	1.50	2.04
JBLU	JetBlue Airways	7.86	0.00%	4.40%	0.00%			(7.86)	0.00	0.00	0.00	0.00	0.00
LUV	Southwest Airlines	33.62	16.45%	4.40%	2.26%	12.46%	10.20%	(33.62)	0.76	0.88	1.03	1.20	1.40
SKYW	SkyWest	100.13	31.73%	4.40%	0.14%	9.26%	9.12%	(100.13)	0.14	0.18	0.24	0.32	0.42
SNCY	Sun Country Airlines Hld	14.58	0.00%	4.40%	0.00%			(14.58)	0.00	0.00	0.00	0.00	0.00
UAL	United Airlines Hldgs.	97.10	0.00%	4.40%	0.00%			(97.10)	0.00	0.00	0.00	0.00	0.00
ULCC	Frontier Group Holdings	7.11	0.00%	4.40%	0.00%			(7.11)	0.00	0.00	0.00	0.00	0.00

Earnings Growth Rate									Stage 1				
Ticker	Company	Year End Stock Price	Expected Short-Term Earnings Growth Rate	Expected Long-Term Growth Rate	Expected Dividend Yield	Internal Rate of Return	Implied Sustainable Long-Term Growth Rate (g)	Initial Investment	D ₁	D ₂	D ₃	D ₄	D ₅
		Yahoo	Note [1]	Note [2]	D_1/P_0	$K_e = IRR \text{ of } D_1:D_{500}$	$g = IRR - Div. \text{ Yield}$						
AAL	Amer. Airlines	17.43	15.87%	4.40%	0.00%			(17.43)	0.00	0.00	0.00	0.00	0.00
ALGT	Allegiant Travel	94.12	54.20%	4.40%	1.27%	35.09%	33.81%	(94.12)	1.20	1.85	2.85	4.40	6.78
DAL	Delta Air Lines	60.50	6.03%	4.40%	0.99%	5.67%	4.68%	(60.50)	0.60	0.64	0.67	0.72	0.76
JBLU	JetBlue Airways	7.86	95.74%	4.40%	0.00%			(7.86)	0.00	0.00	0.00	0.00	0.00
LUV	Southwest Airlines	33.62	14.86%	4.40%	2.26%	11.51%	9.25%	(33.62)	0.76	0.87	1.00	1.15	1.32
SKYW	SkyWest	100.13	5.52%	4.40%	0.14%	4.31%	4.18%	(100.13)	0.14	0.15	0.16	0.16	0.17
SNCY	Sun Country Airlines Hld	14.58	26.84%	4.40%	0.00%			(14.58)	0.00	0.00	0.00	0.00	0.00
UAL	United Airlines Hldgs.	97.10	4.55%	4.40%	0.00%			(97.10)	0.00	0.00	0.00	0.00	0.00
ULCC	Frontier Group Holdings	7.11	115.44%	4.40%	0.00%			(7.11)	0.00	0.00	0.00	0.00	0.00

Notes

[1] From worksheet: DDM Short Term Growth Rate Calculations

[2] From worksheet: Inflation & Real Growth

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Sustainable Long Term Growth

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

Dividend	Stage 2															Stage 3		
	D ₆	D ₇	D ₈	D ₉	D ₁₀	D ₁₁	D ₁₂	D ₁₃	D ₁₄	D ₁₅	D ₁₆	D ₁₇	D ₁₈	D ₁₉	D ₂₀	D ₂₁	D ₂₂	D ₅₀₀
AAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
ALGT	1.20	1.21	1.21	1.21	1.22	1.22	1.22	1.23	1.23	1.24	1.24	1.24	1.25	1.25	1.25	1.31	1.37	1,187,139,051
DAL	2.72	3.64	4.86	6.49	8.68	11.59	15.49	20.70	27.67	36.97	49.41	66.02	88.23	117.90	157.56	164.49	171.73	149,167,561,386
JBLU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
LUV	1.62	1.87	2.16	2.50	2.89	3.34	3.86	4.47	5.17	5.98	6.91	7.99	9.24	10.69	12.36	12.91	13.47	11,703,105,462
SKYW	0.55	0.71	0.92	1.20	1.56	2.03	2.63	3.42	4.44	5.77	7.49	9.73	12.65	16.43	21.34	22.28	23.26	20,204,574,663
SNCY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
UAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
ULCC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0

Earnings	Stage 2															Stage 3		
	D ₆	D ₇	D ₈	D ₉	D ₁₀	D ₁₁	D ₁₂	D ₁₃	D ₁₄	D ₁₅	D ₁₆	D ₁₇	D ₁₈	D ₁₉	D ₂₀	D ₂₁	D ₂₂	D ₅₀₀
AAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
ALGT	10.24	15.45	23.31	35.16	53.06	80.05	120.78	182.24	274.97	414.88	625.97	944.48	1,425.05	2,150.15	3,244.18	3,386.93	3,535.95	3,071,460,733,314
DAL	0.80	0.85	0.90	0.95	1.01	1.07	1.13	1.20	1.27	1.35	1.43	1.51	1.60	1.70	1.80	1.88	1.96	1,701,817,272
JBLU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
LUV	1.51	1.72	1.97	2.25	2.56	2.93	3.34	3.81	4.36	4.97	5.68	6.48	7.40	8.44	9.64	10.06	10.51	9,126,118,556
SKYW	0.18	0.19	0.20	0.21	0.23	0.24	0.25	0.27	0.28	0.30	0.31	0.33	0.35	0.36	0.38	0.40	0.42	364,181,777
SNCY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
UAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
ULCC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0

MONTANA DEPARTMENT OF REVENUE

Support for Cost of Debt Component - Yield to Maturity

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

A	B	C	D	E	F
Ticker	Company	Industry Group	Financial Strength	Moody's Long Term Rating	Yield to Maturity
		<i>Value Line</i>	<i>Value Line</i>	<i>Moody's.com</i>	
AAL	Amer. Airlines	AIRTRANS	B	B1	7.33%
ALGT	Allegiant Travel	AIRTRANS	B+	Ba3	6.84%
DAL	Delta Air Lines	AIRTRANS	B+	Baa2	5.80%
JBLU	JetBlue Airways	AIRTRANS	C++	B3	7.33%
LUV	Southwest Airlines	AIRTRANS	B+	Baa1	5.80%
SKYW	SkyWest	AIRTRANS	B+	Baa	5.80%
SNCY	Sun Country Airlines Hldgs Inc	AIRTRANS	C++	Caa	8.31%
UAL	United Airlines Hldgs.	AIRTRANS	B+	Ba1	6.84%
ULCC	Frontier Group Holdings Inc	AIRTRANS	C++	Caa	8.31%
All Companies					
	Average				6.93%
	Median				6.84%
	Trimmed Average				6.89%
	High				8.31%
	Low				5.80%
Selected					6.93%

**Highlighted ratings are estimated based on financial strength and historical interest coverage ratios*

MONTANA DEPARTMENT OF REVENUE

Support for Direct Capitalization - Equity Capitalization Rate

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Ticker	Company	End of Year Closing Stock Price	VL Historic EPS	VL Est EPS	VL Historic P/E Ratio	VL Est P/E Ratio	Ke Estimate - Earnings (Hist. P/E)	Ke Estimate - Earnings (Est. P/E)	VL Historic Cash Flow Per Share	VL Est Cash Flow Per Share	VL Historic P/CF Ratio	VL Est P/CF Ratio	Ke Estimate - Cash Flow (Hist. P/CF)	Ke Estimate - Cash Flow (Est. P/CF)	Market Value of Equity	Book Value of Equity	MTBR
		Yahoo	Value Line	Value Line	C/D	C/E	1/F	1/G	Value Line	Value Line	C/J	C/K	1/L	1/M	Price x Shrs	Value Line	P/Q
AAL	Amer. Airlines	17.43	1.91	2.25	9.13	7.75	10.96%	12.91%	5.80	5.00	3.01	3.49	33.28%	28.69%	11,461	(5,202.00)	(2.20)
ALGT	Allegiant Travel	94.12	2.42	6.00	38.89	15.69	2.57%	6.37%	19.69	16.80	4.78	5.60	20.92%	17.85%	1,733	1,328.60	1.30
DAL	Delta Air Lines	60.50	6.16	7.55	9.82	8.01	10.18%	12.48%	9.89	10.15	6.12	5.96	16.35%	16.78%	39,112	11,105.00	3.52
JBLU	JetBlue Airways	7.86	(0.72)	0.20	(10.92)	39.30		2.54%	1.38	1.18	5.70	6.66	17.56%	15.01%	2,775	3,337.00	0.83
LUV	Southwest Airlines	33.62	0.93	1.65	36.15	20.38	2.77%	4.91%	4.20	3.80	8.00	8.85	12.49%	11.30%	19,947	10,515.00	1.90
SKYW	SkyWest	100.13	7.77	8.00	12.89	12.52	7.76%	7.99%	10.38	18.65	9.65	5.37	10.37%	18.63%	4,038	2,113.50	1.91
SNCY	Sun Country Airlines Hldgs Inc	14.58	0.96	0.98	15.19	14.88	6.58%	6.72%	2.81	0.00	5.19		19.27%		775	570.40	1.36
UAL	United Airlines Hldgs.	97.10	10.58	12.25	9.18	7.93	10.90%	12.62%	18.32	19.60	5.30	4.95	18.87%	20.19%	31,839	9,324.00	3.41
ULCC	Frontier Group Holdings Inc	7.11	0.37	0.06	19.22	118.50	5.20%	0.84%	0.17	0.00	41.82		2.39%		1,603	507.00	3.16
Average					15.50	27.22	7.12%	7.49%			9.95	5.84	16.83%	18.35%			1.69
Median					12.89	14.88	7.17%	6.72%			5.70	5.60	17.56%	17.85%			1.90
Trimmed Average					15.94	16.96	7.23%	7.66%			6.39	5.71	16.55%	17.69%			1.98
High					38.89	118.50	10.96%	12.91%			41.82	8.85	33.28%	28.69%			3.52
Low					(10.92)	7.75	2.57%	0.84%			3.01	3.49	2.39%	11.30%			(2.20)
Selected						13.35		7.49%			5.80		17.23%				1.90

MONTANA DEPARTMENT OF REVENUE

Support for Direct Capitalization - Debt Capitalization Rate

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

(\$ in Millions)

A	B	C	D	E	F	G	H	I	J
Ticker	Company	Current Year Interest Exp.	Previous Year MV LT Debt	Previous Year BV LT Debt	Current Year MV LT Debt	Current Year BV LT Debt	Average MV LT Debt	Current Yield	MTBR
		10-K	10-K	10-K	10-K	10-K	(D+F)/2	(C/H)	(F/G)
AAL	Amer. Airlines	1,934	32,733	32,902	30,638	30,476	31,686	6.10%	1.01
ALGT	Allegiant Travel	156	2,248	2,260	2,080	2,067	2,164	7.23%	1.01
DAL	Delta Air Lines	747	19,844	20,054	16,147	16,194	17,996	4.15%	1.00
JBLU	JetBlue Airways	365	4,691	4,716	8,337	8,539	6,514	5.60%	0.98
LUV	Southwest Airlines	249	7,827	8,007	6,673	6,699	7,250	3.43%	1.00
SKYW	SkyWest	114	2,894	3,006	2,593	2,672	2,743	4.17%	0.97
SNCY	Sun Country Airlines Hldgs Inc	44	656	679	579	598	618	7.17%	0.97
UAL	United Airlines Hldgs.	1,629	30,887	31,660	28,426	28,656	29,657	5.49%	0.99
ULCC	Frontier Group Holdings Inc	36	461	470	500	502	481	7.49%	1.00
All Companies		5,275			95,973	96,403	99,107	5.32%	1.00
Average								5.65%	0.99
Median								5.60%	1.00
Trimmed Average								5.70%	0.99
High								7.49%	1.01
Low								3.43%	0.97
Selected								5.65%	0.99

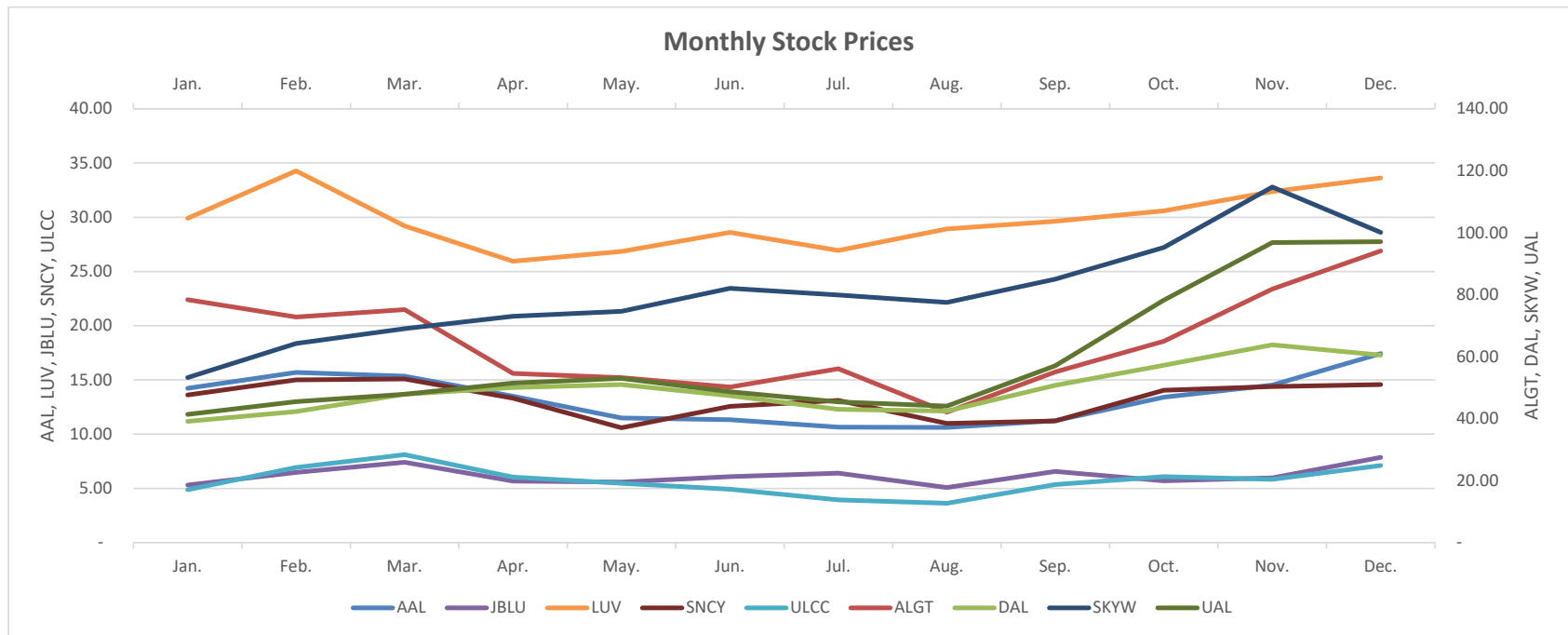
MONTANA DEPARTMENT OF REVENUE

Support of Stock Price - From YAHOO Finance

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

		End of Period Closing Stock Price											
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Ticker	Company	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
AAL	Amer. Airlines	14.23	15.68	15.35	13.51	11.50	11.33	10.64	10.62	11.24	13.40	14.52	17.43
ALGT	Allegiant Travel	78.40	72.78	75.21	54.56	53.20	50.23	56.07	42.08	55.06	65.01	81.84	94.12
DAL	Delta Air Lines	39.14	42.27	47.87	50.07	51.02	47.44	43.02	42.49	50.79	57.22	63.82	60.50
JBLU	JetBlue Airways	5.31	6.48	7.42	5.68	5.59	6.09	6.41	5.08	6.56	5.70	5.97	7.86
LUV	Southwest Airlines	29.89	34.27	29.19	25.94	26.84	28.61	26.94	28.92	29.63	30.58	32.36	33.62
SKYW	SkyWest	53.26	64.22	69.08	73.03	74.67	82.07	79.94	77.54	85.02	95.20	114.74	100.13
SNCY	Sun Country Airlines Hldgs Inc	13.61	15.00	15.09	13.31	10.59	12.56	13.10	10.98	11.21	14.05	14.39	14.58
UAL	United Airlines Hldgs.	41.38	45.49	47.88	51.46	52.99	48.66	45.42	44.04	57.06	78.26	96.83	97.10
ULCC	Frontier Group Holdings Inc	4.87	6.94	8.11	6.04	5.47	4.93	3.94	3.63	5.35	6.08	5.83	7.11



MONTANA DEPARTMENT OF REVENUE

Maintenance Capital Expenditures Estimate Based on Guideline Companies

Industry: Scheduled Airlines - Passenger

2025 Assessment Year

(\$ In Millions)

1	2		3	4	5	6	7	8	9	10	11
A	B	C	D	E	F	G	H	I	J	K	L
Ticker	Company	Inflation	PP&E, Gross	PP&E, Gross	Average PP&E	Depreciation Expense	Average Life of Assets			Replacement Cost (RC)	RC as % of Depreciation
			Current Year	Previous Year		Current Year		Note [1]	Note [1]	Note [1]	
		MTDOR (CPI)	10-K, Notes	10-K, Notes	(D+E)/2	10-K	F/G	C*H	1/(1+C)^H	G*I/(1-J)	K/G
AAL	Amer. Airlines	2.30%	54,735	52,861	53,798	1,926	28	0.64	0.53	2,632	136.65%
ALGT	Allegiant Travel	2.30%	4,137	4,395	4,266	258	17	0.38	0.69	313	121.33%
DAL	Delta Air Lines	2.30%	60,823	57,193	59,008	2,513	23	0.54	0.59	3,280	130.54%
JBLU	JetBlue Airways	2.30%	14,418	13,189	13,804	655	21	0.48	0.62	834	127.31%
LUV	Southwest Airlines	2.30%	33,947	33,818	33,883	1,657	20	0.47	0.63	2,096	126.48%
SKYW	SkyWest	2.30%	9,133	8,683	8,908	384	23	0.53	0.59	500	130.17%
SNCY	Sun Country Airlines Hldgs Inc	2.30%	1,305	1,222	1,263	95	13	0.31	0.74	111	117.21%
UAL	United Airlines Hldgs.	2.30%	68,031	62,525	65,278	2,928	22	0.51	0.60	3,775	128.94%
ULCC	Frontier Group Holdings Inc	2.30%	628	492	560	72	8	0.18	0.84	79	110.35%
Average											125.44%
Median											127.31%
Trimmed Average											126.00%
High											136.65%
Low											110.35%
Selected											125.44%

Notes

[1] Cornell, B. & Gerger, R. (2017). Estimating Terminal Values with Inflation: The Inputs Matter-It Is Not a Formulaic Exercise. *Business Valuation Review*, Volume 36, Number 4, 117-123.