AAA 2011-12 Year-End Holidays Travel Forecast

Prepared for:

American Automobile Association

December 14, 2011

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Regional definitions used throughout the report:

East North Central (ENC): IL, IN, MI, OH, WI

East South Central (ESC): AL, KY, MS, TN

Middle Atlantic (MATL): NJ, NY, PA

Mountain (MTN): AZ, CO, ID, MT, NM, NV, UT, WY

New England (NENG): CT, MA, ME, NH, RI, VT

South Atlantic (SATL): DC, DE, FL, GA, MD, NC, SC, VA, WV

West South Central (WSC): AR, LA, OK, TX

West North Central (WNC): IA, KS, MN, MO, ND, NE, SD

Pacific (PAC): AK, CA, HI, OR, WA

Holiday Forecast Methodology: A Brief Overview

The ***AAA 2011-12 Year-End Holidays Travel Forecast*** combines information from multiple sources to provide a forecast of travel patterns for the upcoming holiday period. This report comprises two key components—the **Travel Forecast** and the **Holiday Traveler Profile**. The Travel Forecast is based on economic conditions while the Holiday Traveler Profile is developed employing survey data on travel behaviors. This approach provides the most comprehensive and detailed understanding of holiday travel at both the national and regional levels. In addition, the regional travel sections in this report incorporate information about the state of the local tourism industries throughout the United States.

Travel Forecast

In cooperation with AAA, IHS Global Insight developed a unique methodology to forecast actual domestic travel volumes. The economic variables used to forecast travel for the current holiday are leveraged from IHS Global Insight's proprietary databases. These data include macroeconomic drivers such as employment, output, household net worth, asset prices including stock indices, interest rates, housing market indicators, and variables related to travel and tourism, including prices of gasoline, airline travel and hotel stays.

Historical travel volume estimates come from the ongoing travel survey database of D.K. Shifflet & Associates (DKSA), the premier source of U.S. resident travel volume and behavior. DKSA interviews more than 50,000 U.S. households per month tracking trip incidence, party composition, traveler behavior, and spending—all after the trips have been taken.

The Travel Forecast is reported in person-trips, which are defined as round-trips that involve travel of 50 miles or more away from home. In particular, AAA and IHS Global Insight forecast total U.S. holiday travel, travel by mode of transportation, and travel by U.S. census region. The Travel Forecast presented in this report was prepared the week of November 28.

Holiday Traveler Profile

The Holiday Traveler Profile is a survey of intended travel behaviors related to party composition, travel distances, trip expenditures, and vacation activities conducted by D.K. Shifflet & Associates. The initial survey includes 1,350 households out of which only those respondents intending to travel during the designated holiday are interviewed in detail about their anticipated trips. For the year-end holidays in 2011–12, 688 respondents were interviewed in detail about their intended trips. The survey was in the field from Monday, November 7 to Friday, November 11.

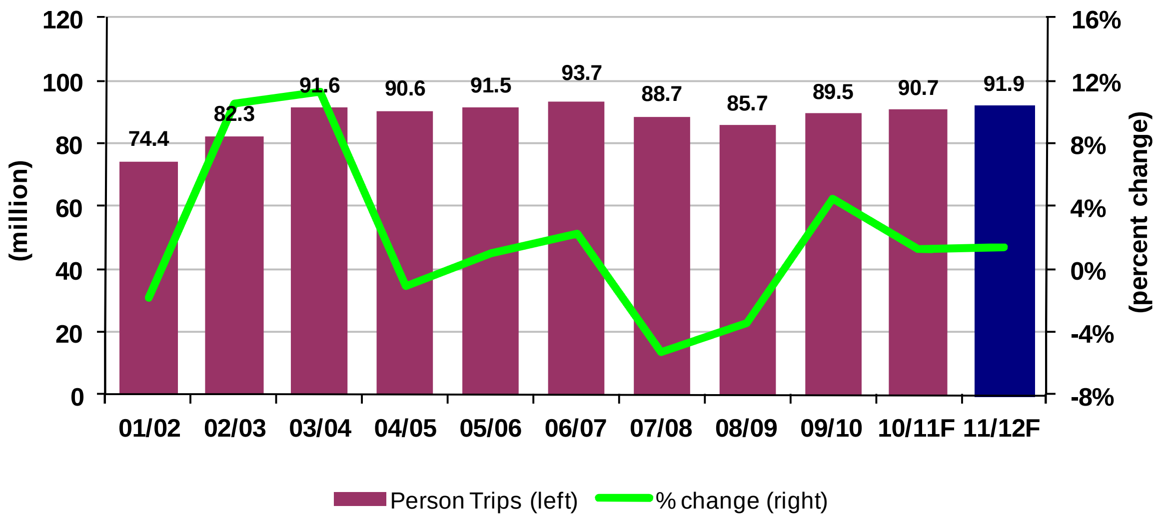
Year-End Holiday Travel Period

For purposes of this forecast, the year-end holiday travel period is defined as trips that include travel of 50 miles or more away from home during the period from Friday, December 23, 2011 to Monday, January 2, 2012.

Year-End Holidays 2011-12 Travel Forecast

The economic recovery is continuing, but at a very slow pace. The expected travel volume this holiday season will follow a similar path. While the improvements seen in the primary economic drivers are modest, the overall economic situation does continue to improve compared to last year—and that improvement will drive a small increase in travel volume. After a 1.3 percent increase in travel volume last year, AAA and IHS Global Insight project that 91.9 million travelers will take trips of at least 50 miles from home this holiday season, which will be 1.4 percent higher than last year.

CHART 1
YEAR-END TRAVELERS 2001/02 – 2011-12
TOTAL PERSON-TRIPS*



** 2001-02–2010-11 represent actual travel results, 2011-12 is a forecast.*

The current economic picture remains a mixed bag of weak positive results combined with a pessimistic consumer, although the higher than expected sales results from Black Friday may be a sign of increasing optimism around consumer spending. IHS Global Insight expects real GDP for the fourth quarter of 2011 to increase 1.5 percent compared to the same period last year, while the first quarter of 2012 is expected to see real GDP gains of 1.8 percent. Though the 1.5 percent growth for the fourth quarter is still slow, it is a slight increase from our expectation for the quarter from just one month ago, indicating that the economy may be improving more quickly than initially thought.

In general, holiday travel at the end of the year is less cyclical than other holiday periods and pent-up demand will not be a strong growth driver. This is different from Thanksgiving travel this year, which was given a boost by pent-up demand. As can be seen in the chart above, travel during the year-end holiday period did not see the dramatic drop in travel following the recession that other holiday travel periods experienced, as the 2008/09 period was only 8.5 percent lower than the 2006/07 peak. However, a mitigating factor to the 2008/09 travel period volume is that the holiday period that year was 13 days compared to the 10 days of the 2006/07 period, so the extra length of the period did help to offset some of the expected decline. This holiday period, which is defined as December 23, 2011 through January 2, 2012, will be 11 days, the same as last year, so the length of the holiday relative to last year is not a factor in this year's growth.

Consumers remain challenged in their ability to drive economic growth, as real disposable income is expected to increase less than one percent during the fourth quarter of 2011 and the first quarter next year. While personal income is forecast to be up over four percent, rising prices are cutting into that growth, resulting in the minimal improvement in disposable income. The continued slow-but-steady decline in the unemployment rate is certainly a positive, with strong employment results from November a recent highlight. The weak employment picture coupled with declining household net worth is contributing to the continued consumer pessimism expressed in various consumer surveys compared to a year ago.

The results from the *Holiday Traveler Profile* survey support the expectation that travel volume should remain in line with last year, as the percentage of those surveyed that intend to travel during the holiday period is right in line with last year's survey. Travelers also intend to travel a shorter distance than last year, which is consistent with what has been seen during previous holidays this year. In addition, travelers are expecting to spend slightly more this year. Therefore, despite consumers' lingering concerns about the state of the economy, those who are planning to travel feel confident enough to spend a little more this year than last year.

The year-end holiday period, covering both the Christmas and New Year's holidays, is by far the longest holiday period of the year, enabling time for travelers to visit friends and family or take a vacation during the holiday break. Travel during this holiday period has remained fairly stable, with annual changes in travel volume not surpassing six percent in the past eight years (although the variation in the length of the holiday period may have helped soften some of the post-recession volume declines). That relatively consistent volume is expected to continue this holiday period, with an estimated 91.9 million travelers taking a trip for the holidays, which is 1.4 percent higher than the 90.7 million travelers last year. This year's travel volume will be the second highest number of travelers seen in the past decade, and will be within two percent of the pre-recession peak in 2006/07 of 93.7 million.

Travel by Mode of Transportation

AAA and IHS Global Insight expect that the automobile will remain the dominant mode of transportation for the year-end holiday period, with 91 percent of travelers forecast to choose this mode. That is a slight increase in share from last year, as the 83.6 million auto travelers is a 2.1 percent increase from the 2010/11 holiday. The 11-day holiday period, which covers two weekends, is a primary reason why there is such a high volume of travelers in comparison to other holiday periods. The 83.6 million auto travelers means that nearly 27 percent of the total U.S. population will hit the road this holiday period.

Travel via automobile remains the mode of choice due to flexibility, convenience, and affordability. The level of affordability is obviously impacted by the price of gasoline, which is currently nearly fifty cents higher than last year. It should be noted that while the price at the end of November of $3.30 per gallon is almost 16 percent higher than last year, that increase is the lowest year-over-year increase seen in any holiday period this year. And the price has now fallen nearly 70 cents from its May 2011 peak. The decline from the May peak will help automobile travel to maintain its share of total travel.

"Last year I flew up north, this year I'm driving to the other side of the state."

South Atlantic Respondent

Air travel is expected to account for six percent of all travel this holiday period, down from the 6.6 percent share seen in 2010. Approximately 5.4 million people are expected to travel by air during the year-end holidays in 2011–12, a decline of9.7 percent from last year. After the rebound in air travel in 2010, airfares have been increasing this year while available seat capacity has increased only slightly. Volume is up just under two percent through August, based on the most recent data from the Bureau of Transportation Statistics, while the average airfare is up eight percent. Air travel, as was the case with many of the holidays last year, saw a dramatic rebound during the 2010/11 holiday period. Therefore, the decline in expected air travelers this year is coming off a very high base of comparison.

Other modes of travel (bus, train, cruise, multi-modal travel) will account for the remaining three percent of the total person-trips, as 2.9 million travelers will use these modes to take their year-end trips. That 2.9 million travelers is a 4.2 percent increase from the 2.8 million travelers last year. Travel via these modes is very volatile, with dramatic swings from year to year. Indeed, these modes saw a significant decline during the previous two years and are only now starting to rebound as there remains some pent-up demand from consumers that travel using these modes.

CHART 2
DISTRIBUTION OF US 2011-12 YEAR-END TRAVELERS BY MODE OF TRANSPORTATION

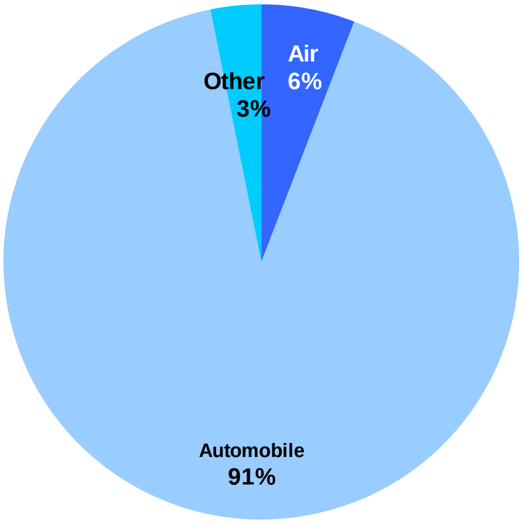
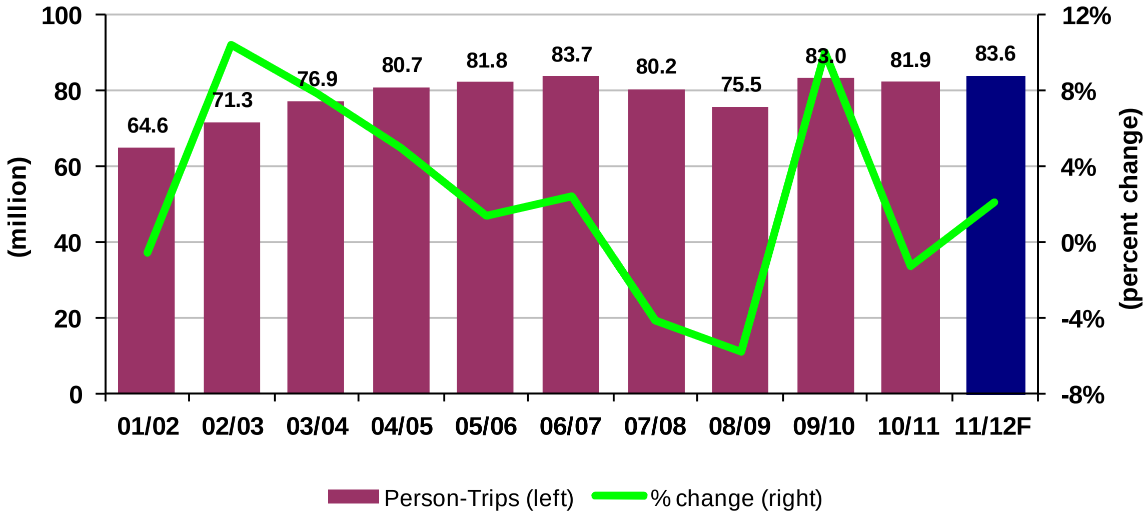
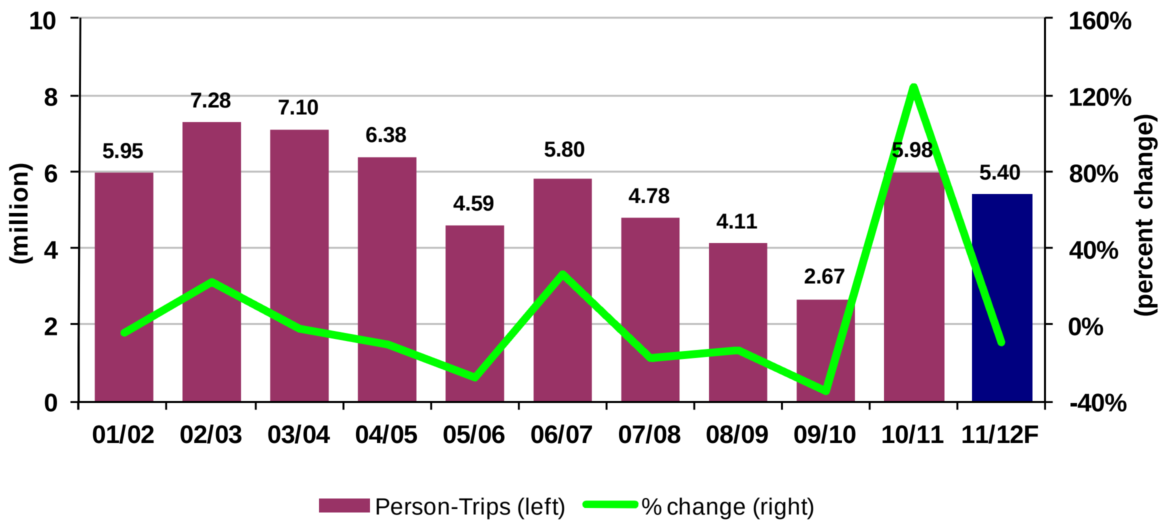


CHART 3
YEAR-END TRAVELERS 2001/02 – 2011-12 AUTOMOBILE PERSON-TRIPS*



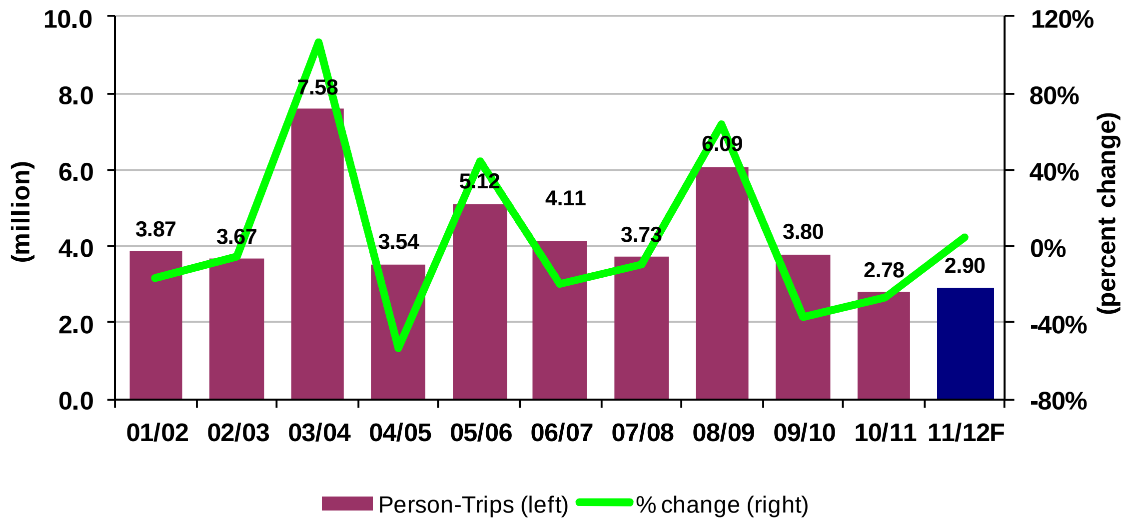
** 2001-02–2010-11 represent actual travel results and 2011-12 is a forecast.*

CHART 4
YEAR-END TRAVELERS 2001/02 – 2011-12
AIR PERSON-TRIPS*



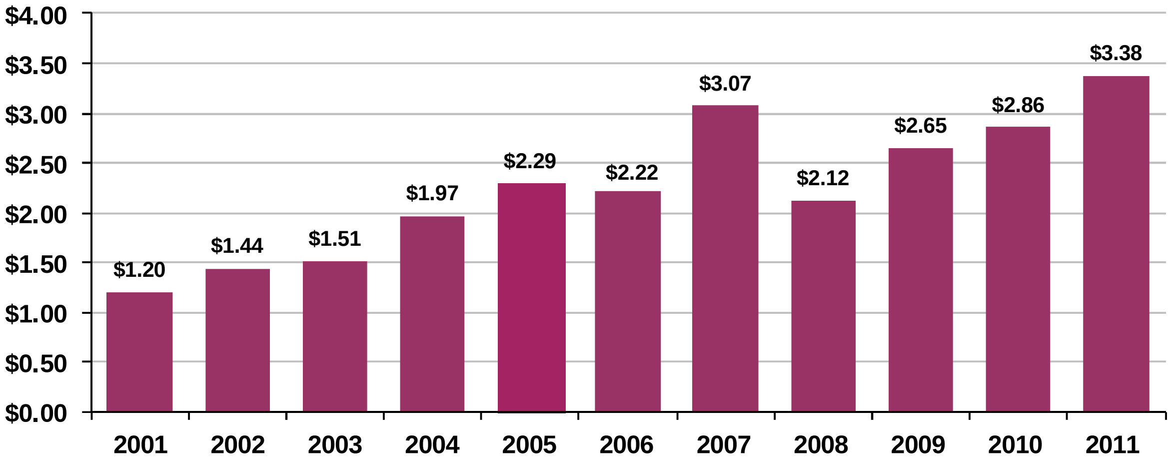
2001-02–2010-11 represent actual travel results and 2011-12 is a forecast.

CHART 5
YEAR-END TRAVELERS 2001/02 – 2011-12
OTHER TRAVEL MODES PERSON-TRIPS*



2001-02–2010-11 represent actual travel results and 2011-12 is a forecast.

CHART 6
AVERAGE NOVEMBER* GASOLINE PRICES
NATIONAL AVERAGE PER GALLON REGULAR UNLEADED
2001-2011



Source: AAA Fuel Gauge Report

** November gasoline prices are emphasized because prices observed several weeks prior to the holiday are likely to influence holiday travel planning, while actual holiday prices are typically less influential.*

Travel by Region: East North Central

Year-end holiday travel originating from the East North Central region (ENC) is expected to increase 0.7 percent this upcoming holiday period compared to last year, which is slightly lower than the national increase but still in line with the modest rise expected nationwide. The forecast for travel by automobile calls for an increase of 1.3 percent, as residents of the ENC region are expected to take advantage of the 17 percent decrease in regional gas prices since May by taking an automobile trip. Total person-trips in the East North Central region are projected to account for 31.2 percent of the regional population.

TABLE 1A

2011-12 YEAR-END TRAVEL FORECAST – EAST NORTH CENTRAL REGION AND UNITED STATES

	East North Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	0.7%	14.54	31.2%	1.4%	91.90	29.1%
Automobile (millions of person trips)	1.3%	13.35	28.6%	2.1%	83.60	26.5%
Air (millions of person trips)	-9.9%	0.79	1.7%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	0.1%	9.5%		-0.1%	9.2%	
Real Gross Product ($, bn)*	1.1%	3,719		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	8.7%	217		3.2%	233	

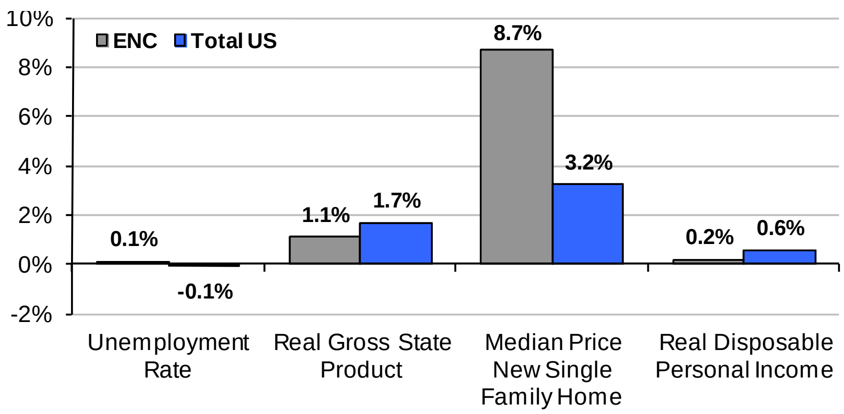
The U.S. economy continues to point to modest growth, a story that is echoed in the ENC region. The unemployment rate remains stubbornly high at 9.5 percent, and can be traced to the role of durable goods manufacturing on the regional economy. Michigan is still heavily dependent on the automobile industry, which despite recent growth, has been in steep decline for a decade. While the recent calls in manufacturing employment have provided a boost to the labor markets of Ohio and Michigan, the regional jobless rate remains 0.1 percent higher than last year.

The housing market has improved relative to this time last year, as the median price of new single-family homes in the East North Central region is expected to increase by 8.7 percent since last year's holiday season. The housing market plunged in the ENC region before it did across the rest of the country, so the degree to which single-family home prices improve is expected to lead that of the nation (3.2 percent), compared to the holiday period last year. Still, the regional housing market has continued to be marked by volatility, and can grow only at half-speed without stronger GDP strength.

CHART 1A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

EAST NORTH CENTRAL REGION AND UNITED STATES

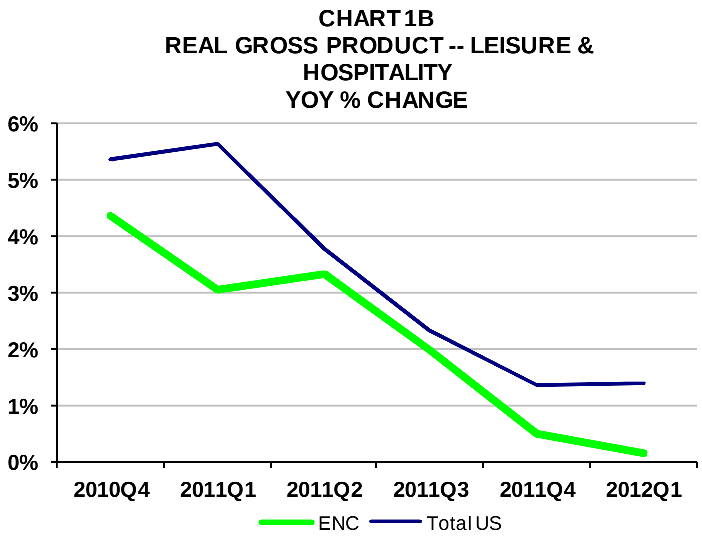


Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to2011Q4&2012Q1*

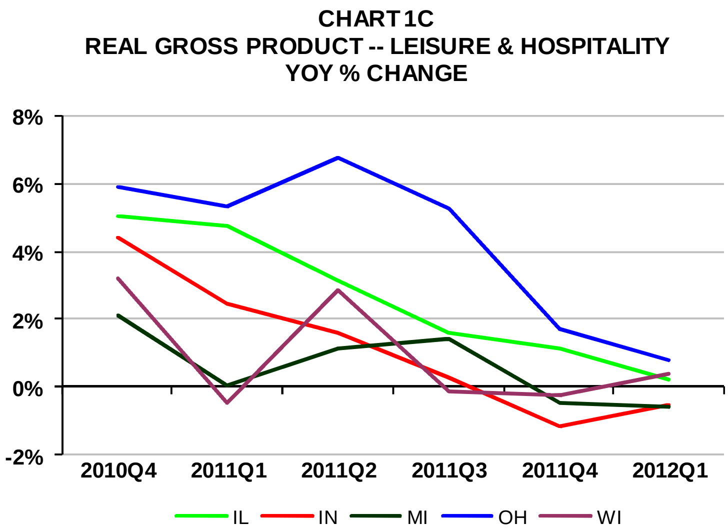
Regional output is expanding at an anemic pace, much like the muted expansion seen nationwide. Economic growth in the ENC region is projected to increase by 1.1 percent relative to last year, compared to National GDP growth of 1.7 percent. Moreover, real disposable income is expected to increase by less than one percent relative to last year, as higher prices and poor job prospects are providing tremendous headwinds to consumers, and travelers alike. Still, the recovery in the ENC region remains on a slow and steady growth pattern, and travel volumes originating from the East North Central are forecast to remain flat relative to the previous year-end holiday period.

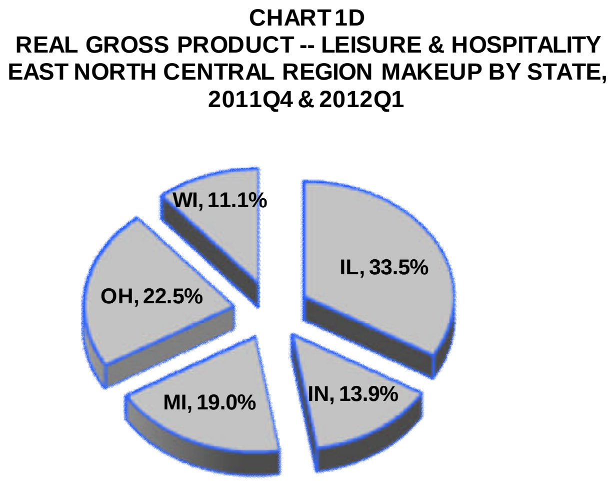
In addition to the originating travel forecast of person-trips from the East North Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.



The tourism industry in the ENC region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis since the end of 2010, albeit at a decreasing rate. Chart 1B illustrates the path of growth for total output from the leisure and hospitality industry in the ENC region and the broader United States.

Chart 1C highlights how each state within the region is performing. Ohio has witnessed the fastest growth recovery of all states in the ENC with regards to leisure and hospitality industry output. Chart 1D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.





Source: IHS Global Insight

Travel by Region: East South Central

The travel forecast for the East South Central (ESC) region this upcoming holiday season calls for an increase of 1.2 percent. While the observed improvements in the regional economic conditions over the past year are not substantial, the overall economic picture in the ESC region does continue to improve and that progress will help drive increasing travel volume. Automobile travel is poised to rise by 1.5 percent, helped by a 17 percent decline in regional gas prices off their early-May peak. Air travel is forecast to decline by eight percent. Total person-trips in the East South Central region are expected to account for 28.8 percent of the regional population.

TABLE 2A

2011-12 YEAR-END TRAVEL FORECAST – EAST SOUTH CENTRAL REGION AND UNITED STATES

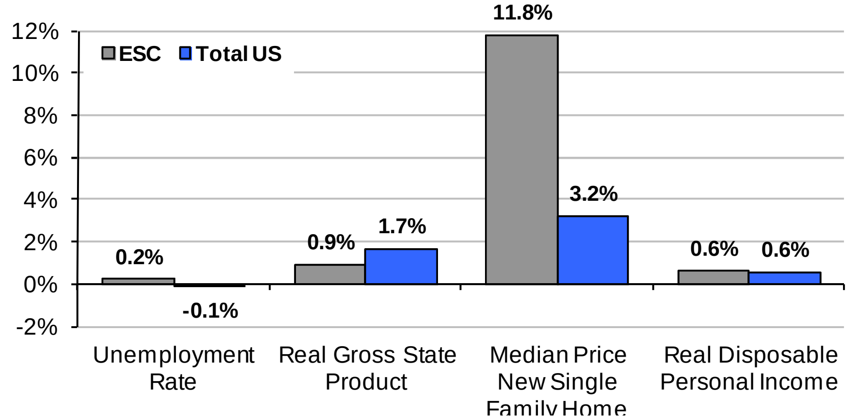
	East South Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	1.2%	5.38	28.8%	1.4%	91.90	29.1%
Automobile (millions of person trips)	1.5%	5.07	27.1%	2.1%	83.60	26.5%
Air (millions of person trips)	-8.0%	0.15	0.8%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	0.2%	9.9%		-0.1%	9.2%	
Real Gross Product ($, bn)*	0.9%	1,255		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	11.8%	184		3.2%	233	

Residents in the East South Central are facing headwinds when deciding on whether to travel this year-end holiday period, in particular, from a struggling labor market. The unemployment rate in the ESC is up 0.2 percent relative to the 2010 year-end holiday, which is the second-highest jobless rate among the nine census regions. Much of the weakness in the ESC labor market can be attributed to the region's large and highly cyclical trade and manufacturing sectors. These sectors rely heavily on domestic demand and were essentially treading water over the last year due to weak growth in the U.S. economy. Regional output is still growing, albeit at a very slow pace. Real gross state product in the ESC is expected to increase by less than one percent (0.9 percent) relative to the previous year-end holiday (compared to 1.7 percent nationally). Real disposable personal income is up 0.6 percent, compared to last year, while the median price of new single-family homes increased by 11.8 percent. Steady improvement in these regional economic indicators is expected to produce a modest increase in travel from the ESC region this year-end holiday period.

CHART 2A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

EAST SOUTH CENTRAL REGION AND UNITED STATES

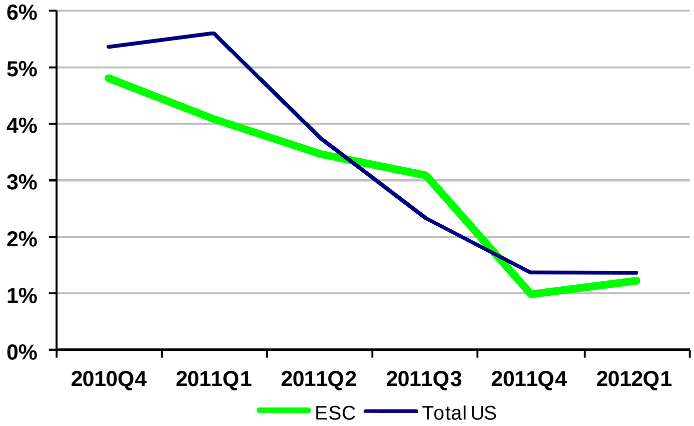


Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to2011Q4&2012Q1*

In addition to the originating travel forecast of person-trips from the East South Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

CHART 2B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE



The tourism industry in the ESC region has been growing on an annualized basis since the fourth quarter of 2010, but growth in leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry) has been decelerating over the course of 2011. Chart 2B illustrates that total output from the leisure and hospitality industry in the ESC region has been trailing that of the nation for most of the past year, and is expected to do the same heading into 2012.

Chart 2C highlights how each state within the region is performing. Tennessee has witnessed the largest growth in 2011 of the ESC states. Chart 2D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 2C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

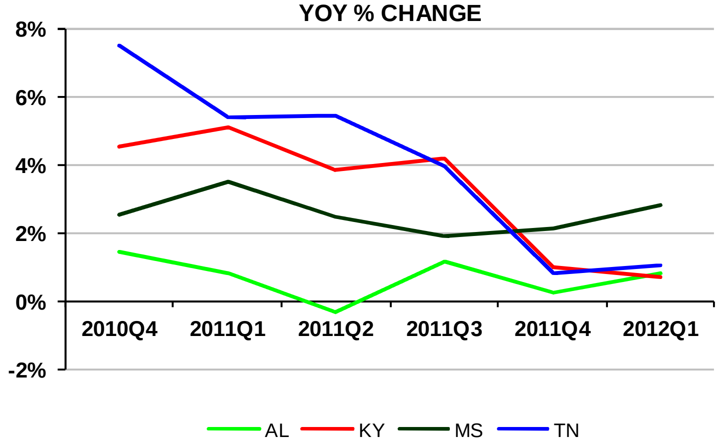
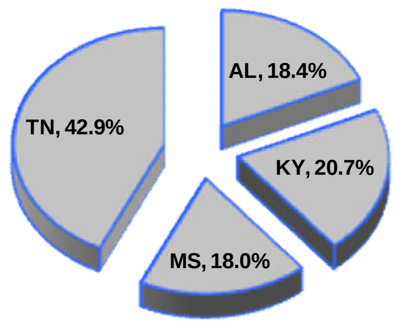


CHART 2D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
EAST SOUTH CENTRAL REGION MAKEUP BY STATE, 2011Q4 & 2012Q1



Source: IHS Global Insight

Travel by Region: Middle Atlantic

The Middle Atlantic (MATL) economy is still growing, and the evidence from the third quarter continues to point to positive, albeit slow growth. Year-end holiday travel is expected to increase by 1.2 percent this holiday season, relative to one year ago. Automobile travel is projected to increase by 1.8 percent, while travel by airplane is forecast to decline by 8.4 percent. Just over one-quarter of the Middle Atlantic population (25.1 percent) is expected to travel this winter holiday season, which is slightly less than the expected national frequency (29.1 percent). A smaller than average portion of the regional population is projected to travel by automobile and by airplane, as well.

TABLE 3A

2011-12 YEAR-END TRAVEL FORECAST – MIDDLE ATLANTIC REGION AND UNITED STATES

	Middle Atlantic			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	1.2%	10.35	25.1%	1.4%	91.90	29.1%
Automobile (millions of person trips)	1.8%	9.39	22.8%	2.1%	83.60	26.5%
Air (millions of person trips)	-8.4%	0.66	1.6%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.2%	8.3%		-0.1%	9.2%	
Real Gross Product ($, bn)*	1.3%	4,107		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	-11.5%	288		3.2%	233	

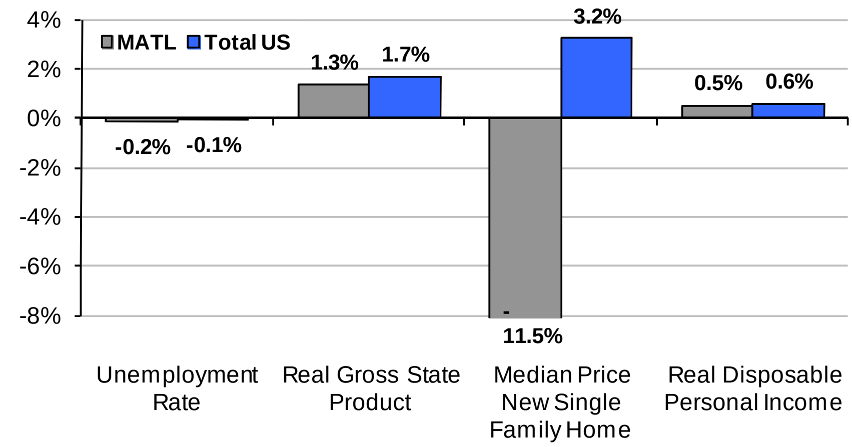
The Middle Atlantic region is slowly recovering, yet the current economic environment remains a mixed bag of faintly positive results. Real gross state product is forecast to grow 1.3 percent since last year's holiday season; a moderate expansion, but growth nonetheless. The service industries have been powering the resurgence in New York, while manufacturing has been a big factor in Pennsylvania. The Middle Atlantic region's consistent, yet moderate, job gains over the last year have led to a slight drop in the unemployment rate since last year's holiday season, and it remains at around 8.3 percent. This is almost a full percentage point lower than the national jobless rate, at 9.2 percent, giving an extra shot in the arm to the Middle Atlantic region's economy.

Gains in real disposable personal income in the Middle Atlantic region since last year are expected to be positive (0.5 percent increase), but remain under one percent. Consumer spending accelerated on a national level in the third quarter, but only because the saving rate dropped by a full percentage point. This is not a solid foundation for consumer-driven growth, especially with home equities still declining. The median price of a new single-family home in the Middle Atlantic region is expected to decline

CHART 3A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

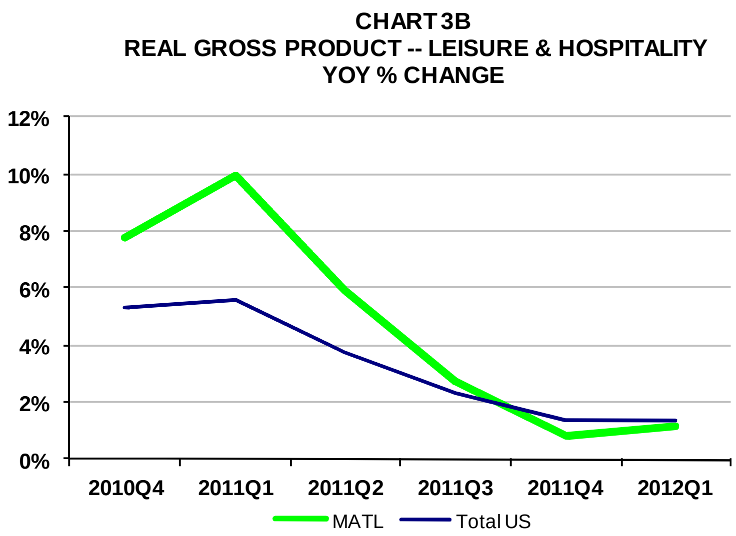
MIDDLE ATLANTIC REGION AND UNITED STATES



Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

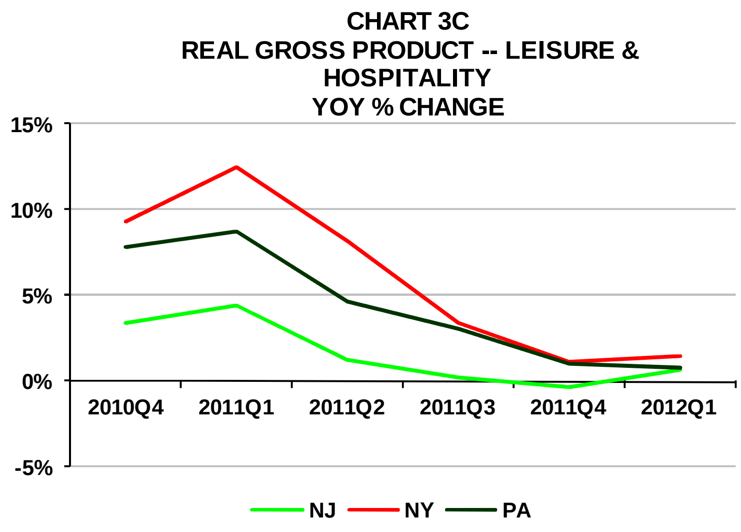
11.5 percent from year-ago levels, which is contributing to a further decline in household net worth. Yet, for a travel period that has not seen the significant drop in travel volumes that other holidays have since the recession, the year-end holiday period is expected to produce a modest increase of total person-trips originating from the Middle Atlantic region thanks to a slowly improving regional economy.



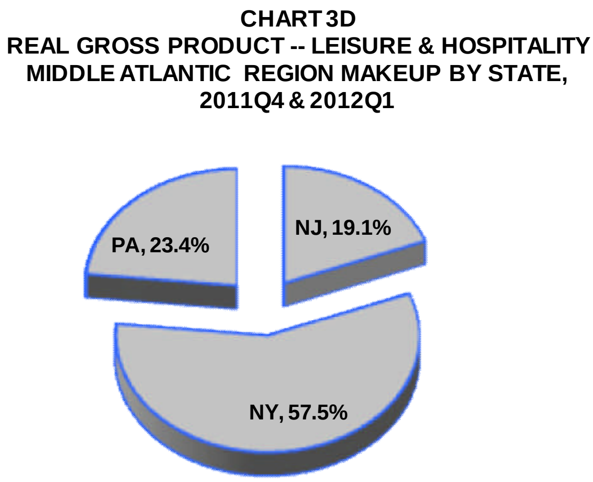
In addition to the originating travel forecast of person-trips from the Middle Atlantic region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The tourism industry in the Middle Atlantic region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis since the last quarter of 2010 and had been outpacing that of the nation until the fourth quarter of this year. Chart 3B illustrates the path of growth for total output from the leisure and hospitality industry in the MATL region and for the nation.

Chart 3C highlights how each state within the region is performing. New York continues to be the regional growth leader. Chart 3D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.



Source: *IHS Global Insight*



Travel by Region: Mountain

Travel from the Mountain region is expected to increase 2.2 percent over the year-end holidays in comparison to regional holiday travel last year. This represents the second largest increase of all census regions, and will exceed the growth expected nationwide (1.4 percent). The percentage of expected travelers from the Mountain region is higher than the expected national frequency (31.5 percent compared to 29.1 percent), which explains the above-average increase in travelers originating from the Mountain region this year. Automobile travel is expected to rise by 3.4 percent, while travel by airplane is forecast to decline by 10.7 percent.

TABLE 4A

2011-12 YEAR-END TRAVEL FORECAST – MOUNTAIN REGION AND UNITED STATES

	Mountain			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	2.2%	7.13	31.5%	1.4%	91.90	29.1%
Automobile (millions of person trips)	3.4%	6.41	28.3%	2.1%	83.60	26.5%
Air (millions of person trips)	-10.7%	0.51	2.2%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.6%	8.9%		-0.1%	9.2%	
Real Gross Product ($, bn)*	1.7%	1,764		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	11.0%	202		3.2%	233	

The economic recovery in the Mountain region continues on a slow and steady growth path. Total employment in the region is expected to increase for the first time in three years in 2011 (up 0.8 percent), led by strong job growth in Utah, Wyoming, and Montana. Payroll expansions in their natural resources and mining sectors have contributed to a 0.6 percent decline in the regional unemployment rate, compared to last year's holiday season.

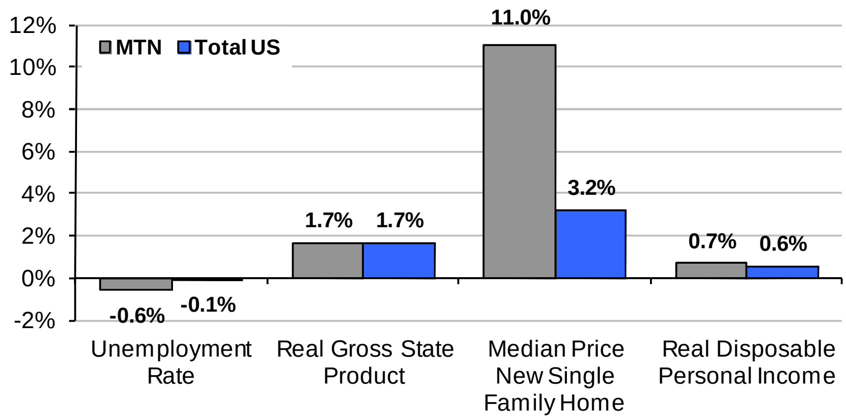
Annual output growth of 1.7 percent is anticipated for the Mountain region this holiday period, which is on a par with that of the nation. Real disposable personal income growth is up less than one percent, compared to year-ago levels, which is good news after being in negative territory in recent months. Overall prices fell in October relative to September, due to falling gasoline prices and a considerable easing of food prices. This is good news, as travelers will have a little extra "real" income for the holiday season, with core inflation now decelerating.

On the other end of the spectrum, and still the main drag on the regional economy, is the housing market. The housing sector continues to be marked by volatility, which is causing a drag on employment in related sectors such as construction, real estate, and finance. Relative

CHART 4A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

MOUNTAIN REGION AND UNITED STATES



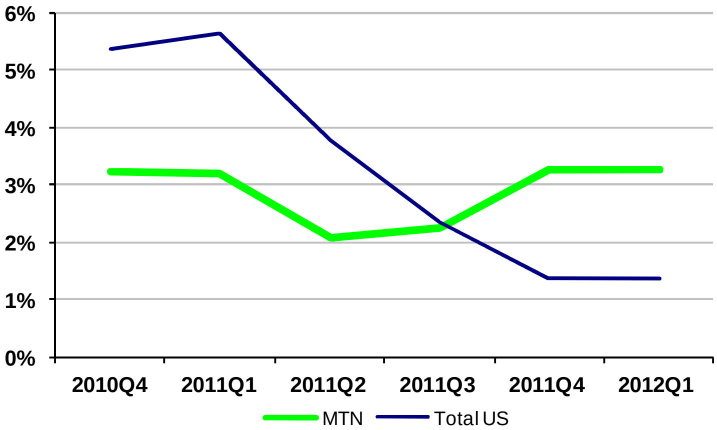
Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

to the 2010 holiday period, the median price of a new single-family home in the Mountain region is expected to increase by 11 percent. However, the demand for housing is extremely weak, and excess supply is likely to drive prices down in the future.

In addition to the originating travel forecast of person-trips from the Mountain region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

CHART 4B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE



The tourism industry in the Mountain region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis since the end of 2010. Chart 4B demonstrates that the Mountain region had been lagging the nation in terms of total output growth in the leisure and hospitality industry until the third quarter of this year, when the Mountain region surpassed that of the greater United States.

Chart 4C highlights how each state within the region is performing. Chart 4D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 4C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

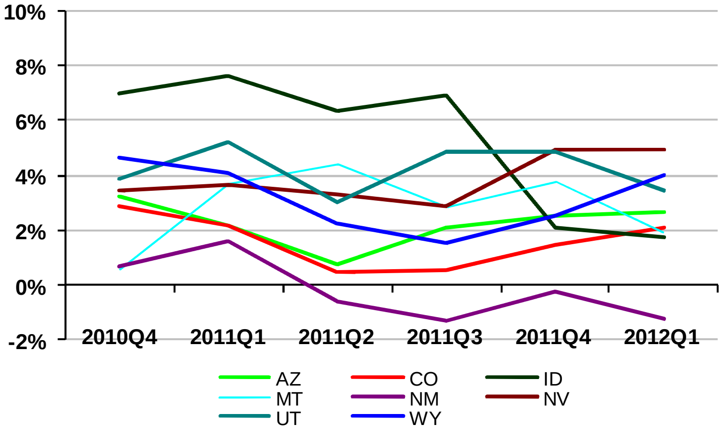
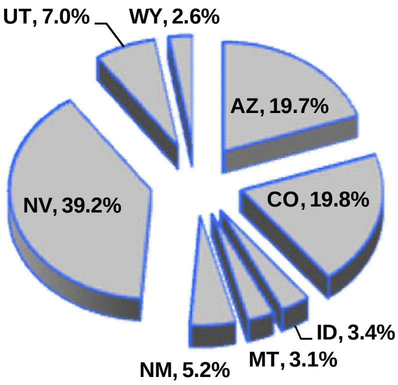


CHART 4D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
MOUNTAIN REGION MAKEUP BY STATE,
2011Q4 & 2012Q1



Source: IHS Global Insight

Travel by Region: New England

The New England (NENG) region is projected to witness originating travel rise 1.7 percent over the year-end holidays, which is slightly higher than the expected nationwide increase (1.4 percent). Automobile travel from the New England region is expected to increase 2.9 percent, while air travel is projected to decline by 11.2 percent. More than 27 percent of the regional population is expected to travel over the year-end holidays, which is slightly less than what is forecast nationally. A smaller share of New Englanders are likely to travel by automobile than the national population, but a higher share are expected to go by airplane relative to the United States.

TABLE 5A
2011-12 YEAR-END TRAVEL FORECAST – NEW ENGLAND REGION AND UNITED STATES

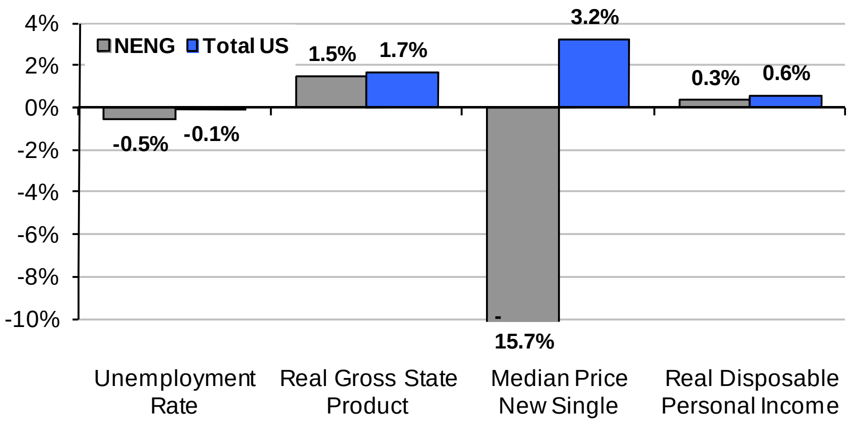
	New England			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	1.7%	3.95	27.1%	1.4%	91.90	29.1%
Automobile (millions of person trips)	2.9%	3.51	24.1%	2.1%	83.60	26.5%
Air (millions of person trips)	-11.2%	0.32	2.2%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.5%	7.7%		-0.1%	9.2%	
Real Gross Product ($, bn)*	1.5%	1,485		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	-15.2%	302		3.2%	233	

Relative to last year's holiday period, real gross state product in the New England states increased by 1.5 percent; a slow, but positive growth pattern. The regional labor market has been on the upswing since payrolls bottomed out in January 2010, which has brought a reduction in New England's unemployment rate to 7.7 percent. Although healthcare and professional, scientific, and technical services, two of New England's core growth areas, accounted for a majority of the overall net job growth, most major sectors reported noteworthy gains. This is a clear indication that the New England labor market continues to make progress on the broad-based rebound that commenced in December 2009.

Headline inflation has peaked, and core inflation is easing with gasoline prices and food prices edging lower. Weak consumer demand and a slowdown in the global economy are making businesses both small and large unwilling to pass price increases onto consumers. As a result, real disposable personal income is up slightly (0.3 percent), relative to last year's holiday season, which should give a small boost in favor of higher holiday travel volumes.

One key factor working against the health of the New England region is the residential real estate market. Despite the

CHART 5A
YOY GROWTH, HOLIDAYS* 10-11 TO 11-12
NEW ENGLAND REGION AND UNITED STATES

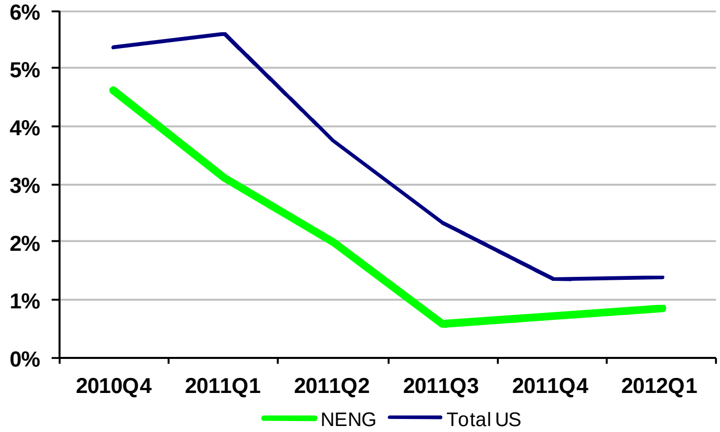


Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

recent job growth, home prices continue to decline on an annual basis, with the median price of a new single family home expected to fall 15.2 percent, relative to last year's holiday period. Even though New England has performed reasonably well over the last few quarters in terms of employment growth, it has yet to be enough to stimulate a drastic increase in construction activity. A sustainable pickup in home construction activity depends heavily on the continuation of healthy payroll growth and a revival in the rate of household formation. Still, the year-end holiday period is expected to produce a modest increase of total person-trips originating from the New England region thanks to a slowly improving regional economy.

CHART 5B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

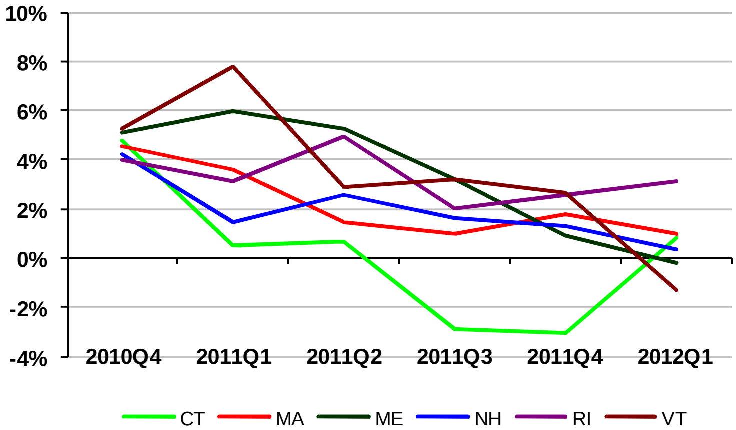


In addition to the originating travel forecast of person-trips from the New England region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The tourism industry in the New England region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis since the last quarter of 2010, Still, as illustrated in Chart 5B, the greater United States has been outpacing the New England region in terms of growth in leisure and hospitality, or tourism output.

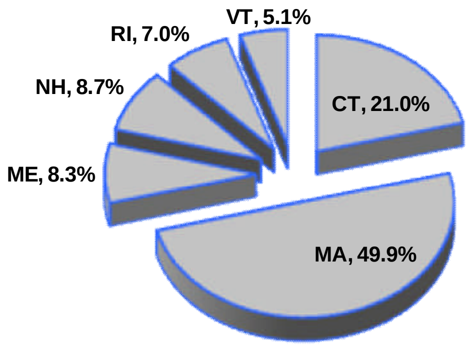
Chart 5C highlights how each state within the region is performing. Chart 5D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 5C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE



Source: IHS Global Insight

CHART 5D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
NEW ENGLAND REGION MAKEUP BY STATE,
2011Q4 & 2012Q1



Travel by Region: Pacific

The top-line forecast for travel originating from the Pacific (PAC) region is in line with the greater United States. The forecast calls for total travel to increase by 1.4 percent, with travel by automobile projected to rise 2.5 percent since last year, and air travel expected to decline by just under ten percent. The share of Pacific residents that are expected to take trips over the holidays is larger than the share expected nationwide (30 percent compared to 29.1 percent); the same can be said for the share of residents expected to travel by air (2.4 percent compared to 1.7 percent).

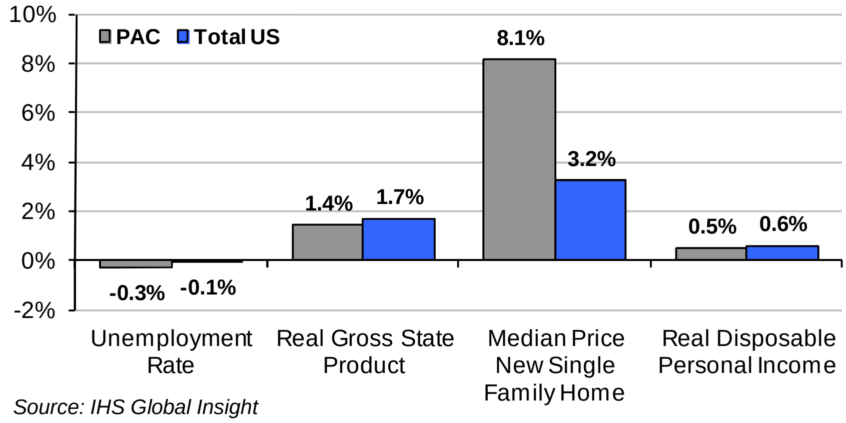
TABLE 6A
2011-12 YEAR-END TRAVEL FORECAST – PACIFIC REGION AND UNITED STATES

	Pacific			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	1.4%	15.29	30.0%	1.4%	91.90	29.1%
Automobile (millions of person trips)	2.5%	13.56	26.6%	2.1%	83.60	26.5%
Air (millions of person trips)	-9.9%	1.23	2.4%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.3%	11.2%		-0.1%	9.2%	
Real Gross Product ($, bn)*	1.4%	4,736		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	8.1%	330		3.2%	233	

The current economic picture in the Pacific region is consistent with the national story. The evidence from the Pacific economy- in terms of real gross state product growth (up 1.4 percent)- points to sluggish, but positive, growth. Private-sector job growth was strong in the first quarter of 2011, but cooled off in the second quarter, and the unemployment rate is anticipated to be just 0.3 percentage point lower than it was the previous year-end holidays. The outlook ahead remains for modest growth, as the weakness in real disposable personal income (up 0.5 percent, relative to last year-end holidays), and the low saving rate (3.8 percent nationally) are troubling signs for the sustainability of growth.

The construction recovery cannot occur in a vacuum. The rest of the economy has to shine for the recovery to trickle down to housing and eliminate past excesses. Single family housing starts remain at severely depressed levels, as this is shaping up to be the worst year on record in the single-family housing market on a national level. In the Pacific region, the median price of new single-family homes is expected to rise 8.1 percent, relative to the previous year-end holidays, but the housing market continues to be volatile, as prices oscillate between periods of growth and contraction. The number of travelers originating from the Pacific region is expected to be relatively flat compared to last year, in line with the moderate pace of the regional economic recovery.

CHART 6A
YOY GROWTH, HOLIDAYS* 10-11 TO 11-12
PACIFIC REGION AND UNITED STATES



Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

In addition to the originating travel forecast of person-trips from the Pacific region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The tourism industry in the Pacific region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis over the course of 2011. Chart 6B illustrates the path of growth for total output from the leisure and hospitality industry in the Pacific region as compared to the broader United States.

CHART 6B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

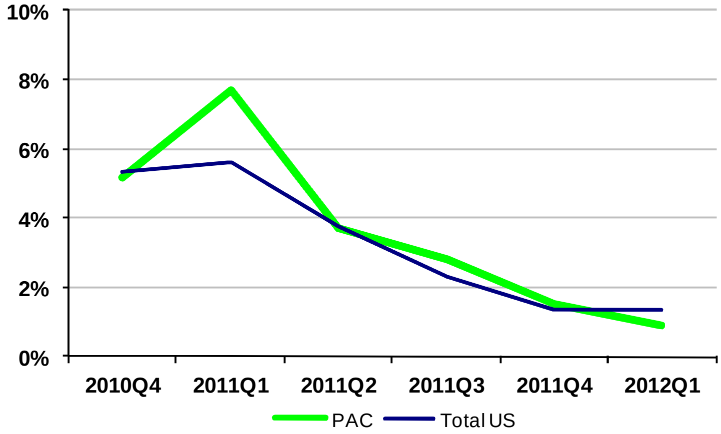
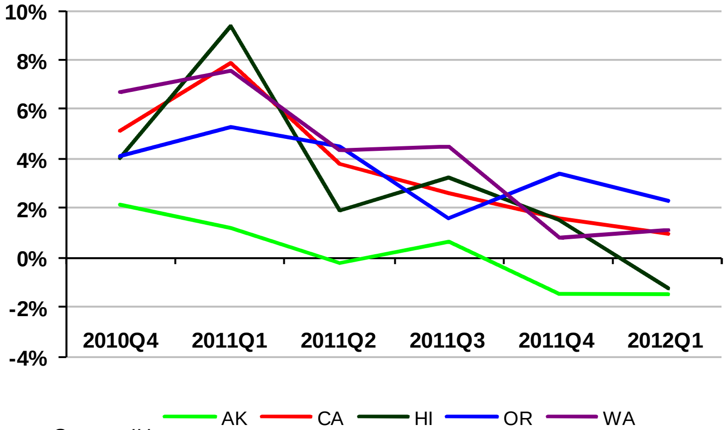


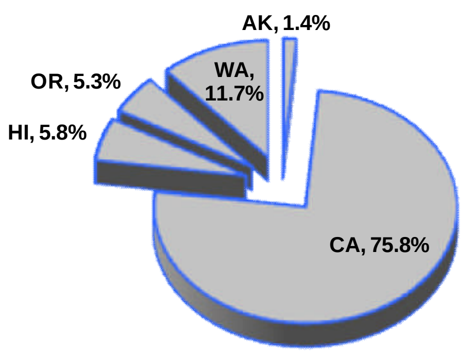
Chart 6C highlights how each state within the region is performing. Alaska is the only Pacific state that has not realized consistent annualized gains in leisure and hospitality industry output over the course of 2011. Chart 6D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 6C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE



Source: IHS Global Insight

CHART 6D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
PACIFIC REGION MAKEUP BY STATE,
2011Q4 & 2012Q1



Travel by Region: South Atlantic

Travel from the South Atlantic (SATL) region this year-end holiday period is expected to grow just over one percent relative to last year. Improvement in the regional economy since last year supports a modest increase in travel over the year-end holidays. Travel by automobile is projected to increase by 1.7 percent, following a 14.5 percent reduction in regional gasoline prices, from their early-May peak. The forecast calls for 28.1 percent of the regional population to travel this year-end holiday period, which is slightly less than the national expectation (29.1 percent).

TABLE 7A

2011-12 YEAR-END TRAVEL FORECAST – SOUTH ATLANTIC REGION AND UNITED STATES

	South Atlantic			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	1.1%	17.15	28.1%	1.4%	91.90	29.1%
Automobile (millions of person trips)	1.7%	15.56	25.5%	2.1%	83.60	26.5%
Air (millions of person trips)	-10.9%	0.94	1.5%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.3%	9.5%		-0.1%	9.2%	
Real Gross Product ($, bn)*	0.9%	4,892		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	1.6%	238		3.2%	233	

After three years of declines, economic change is moving in a positive direction for the South Atlantic. This year, the region has seen small but consistently positive year-over-year job gains each month, and the unemployment rate is forecast to decline 0.3 percentage point since the previous year-end holiday season. The services industries are adding jobs and there has been stabilization in the region's enormous trade and transportation sector. Still, gross state product is anticipated to increase just 0.9 percent compared to last year's holiday, which supports a modest increase in travel in line with the pace of the recovery.

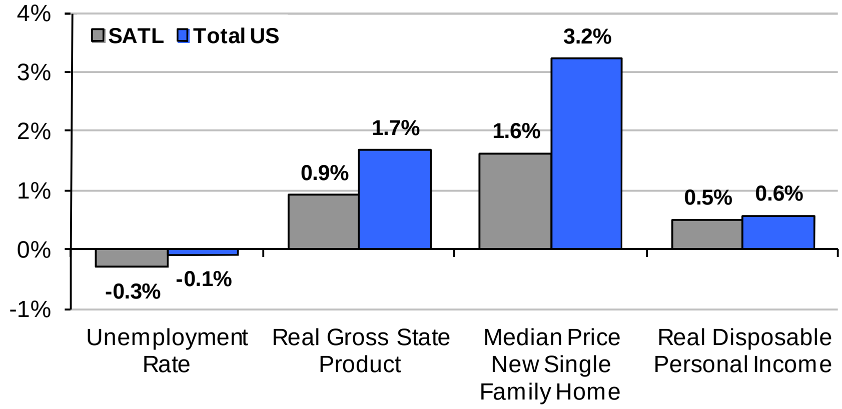
One of the main drags on the economic recovery in the South Atlantic is the severely depressed regional housing market. New home sales within the region will set record lows in 2011, as in the eight other census regions. This year-end holiday period, the median price of a new single-family home is projected to be 1.6 percent higher than it was the previous year, although prices continue to oscillate between periods of growth and contraction.

Real disposable personal income is increasing in the region, albeit slowly, and is projected to expand by 0.5 percent since the last year-end holidays. This is just below the national real disposable personal income forecast (0.6 percent), which is indicative of the slow pace to the recovery.

CHART 7A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

SOUTH ATLANTIC REGION AND UNITED STATES

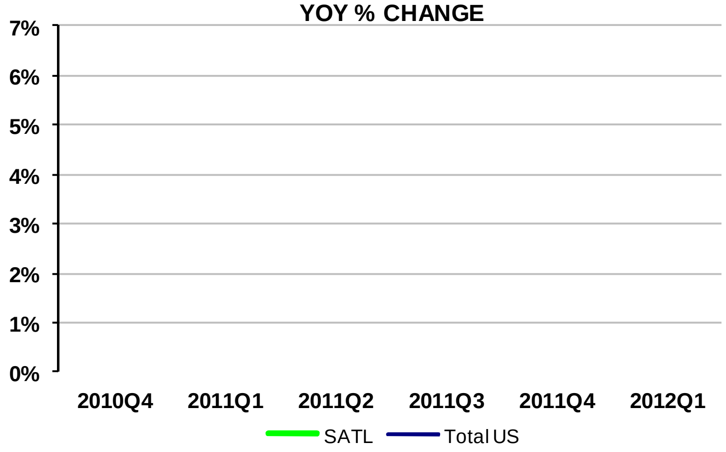


Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

In addition to the originating travel forecast of person-trips from the South Atlantic region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

CHART 7B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE



The tourism industry in the South Atlantic region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized basis throughout the course of 2011. Chart 7B illustrates the path of growth for total output from the leisure and hospitality industry in the South Atlantic region and the broader United States.

Chart 7C highlights how each state within the region is performing. In the South Atlantic region, Florida is expected to witness the greatest annual growth in the last quarter of the year and into 2012. Chart 7D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 7C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

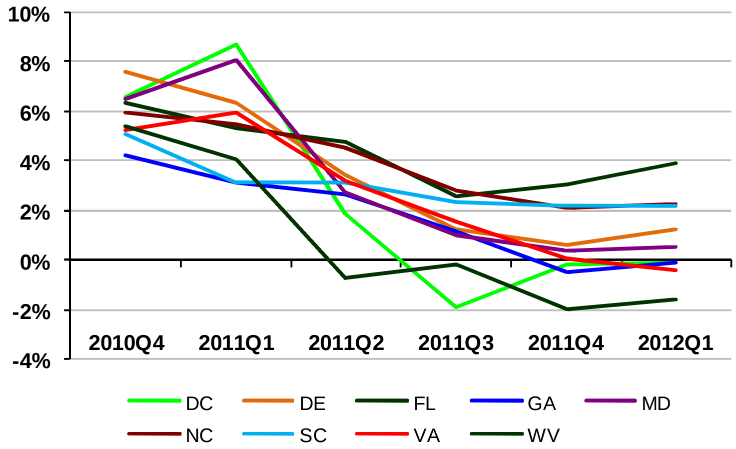
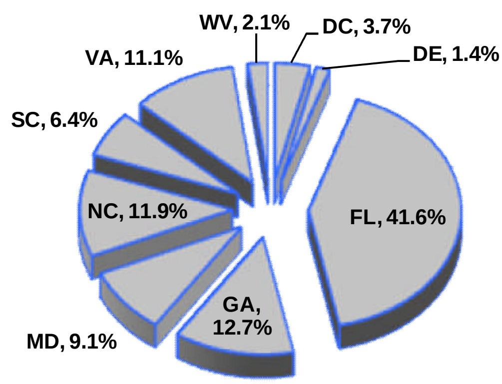


CHART 7D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
SOUTH ATLANTIC REGION MAKEUP BY STATE,
2011Q4 & 2012Q1



Source: IHS Global Insight

Travel by Region: West North Central

The West North Central (WNC) region is expected to witness a 0.8 percent increase in travel this year-end holiday period as compared to last year. Travel during the year-end holidays has not seen the dramatic drops in travel following the recession that other holiday periods have experienced, and while the growth rate for travel originating from the WNC is lower than the 1.4 percent increase in travel projected nationwide, the WNC is expected to see 37 percent of its regional population traveling over the holidays, which is typical of the region for most holidays given the widespread geography of the region. Automobile travel is expected to increase by 1.2 percent, following a 17 percent decline in WNC gasoline prices since May, while travel by airplane is forecast to decline by more than ten percent.

TABLE 8A

2011-12 YEAR-END FORECAST – WEST NORTH CENTRAL REGION AND UNITED STATES

	West North Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	0.8%	7.69	37.0%	1.4%	91.90	29.1%
Automobile (millions of person trips)	1.2%	7.18	34.6%	2.1%	83.60	26.5%
Air (millions of person trips)	-10.1%	0.30	1.4%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	-0.3%	6.8%		-0.1%	9.2%	
Real Gross Product ($, bn)*	0.9%	1,729		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	11.2%	214		3.2%	233	

With a slowdown in the global economy, and a weaker near-term outlook for the United States, the evidence continues to point to clearly positive, albeit slow growth in the WNC region. Real gross state product in the WNC is expected to increase by less than one percent (0.9 percent) relative to last year's holiday period, as very lean inventories will support future production growth, in order to keep pace with holiday sales. Yet, the outlook ahead remains sluggish, as consumers remain challenged in their ability to drive economic growth, with only moderate gains in real disposable personal income (up 0.6 percent), over the past year.

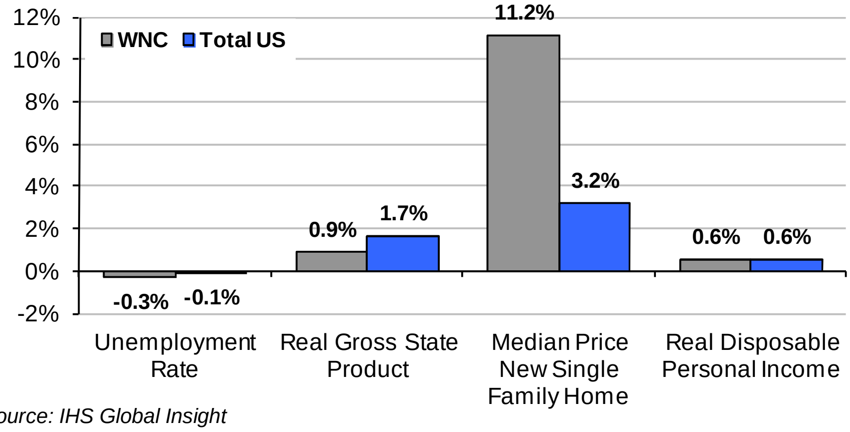
The continued slow, but steady decline in the unemployment rate (down 0.3 percent, compared to last year) is good news for the West North Central region. At 6.8 percent, the WNC boasts the lowest unemployment rate of the nine census regions, compared to the national rate of 9.2 percent. The biggest drag on employment growth in the second half of the year will be the construction, natural resources, and mining sectors, which will shed an annualized 2.1 percent from payrolls.

Home prices in the WNC region have suffered significantly smaller declines than the country as a whole. The West North Central region did not experience the

CHART 8A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

WEST NORTH CENTRAL REGION AND UNITED STATES



Source: IHS Global Insight

**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

same levels of overbuilding seen at the national level that led to massive run-ups in home prices and construction that presaged the fall. Consequently, the median price of new single-family homes in the WNC is forecast to rise 11.2 percent, relative to last year's holiday season, although expect home prices to continue to oscillate as the market corrects for the excess in supply, on a national level.

In addition to the originating travel forecast of person-trips from the West North Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

The tourism industry in the West North Central region, as measured by leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry), has been growing on an annualized, albeit decelerating rate, since the fourth quarter of 2010. Chart 8B illustrates the path of growth for total output from the leisure and hospitality industry in the WNC region and the broader United States.

Chart 8C highlights how each state within the region is performing. Chart 8D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 8B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

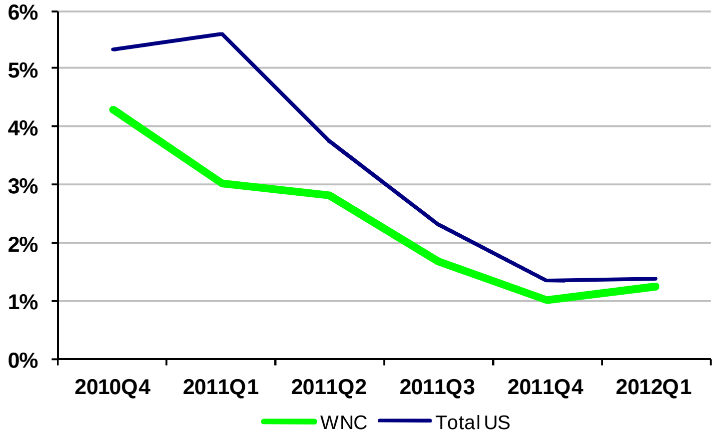


CHART 8C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

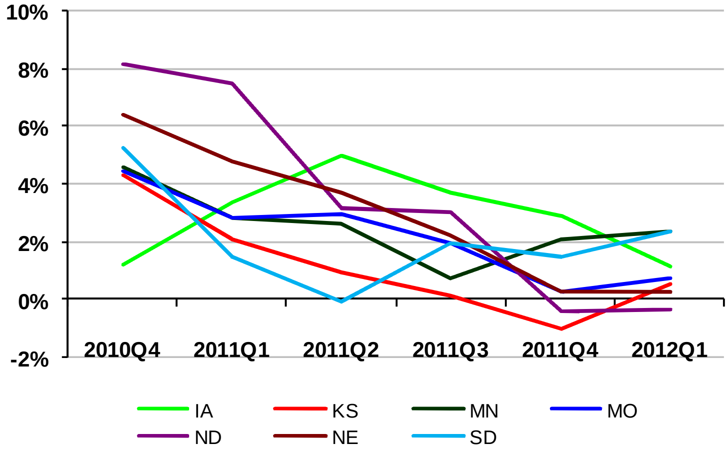
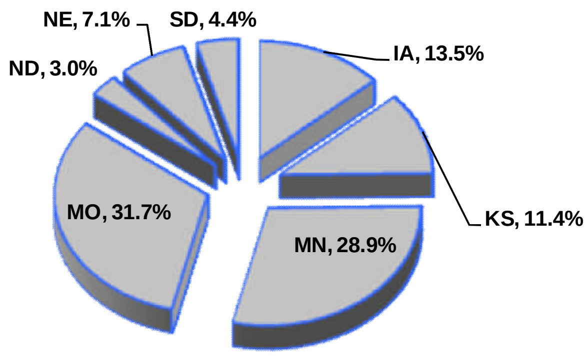


CHART 8D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
WEST NORTH CENTRAL REGION MAKEUP BY STATE, 2011Q4 & 2012Q1



Source: IHS Global Insight

Travel by Region: West South Central

Total travel volumes originating from the West South Central (WSC) region are projected to increase by 2.8 percent, compared to the previous year-end holidays. The expected travel volume this holiday season will follow a slow, but steady growth pattern, in line with the current economic recovery. Automobile travel is forecast to rise by 3.2 percent, following recent declines in the price of gasoline, while air travel is expected to fall by 6.6 percent. About 27.8 percent of the WSC population is projected to travel this holiday travel period, which is slightly less than the estimated national frequency of 29.1 percent.

TABLE 9A

2011-12 YEAR-END TRAVEL FORECAST – WEST SOUTH CENTRAL REGION AND UNITED STATES

	West South Central			United States		
Year End Travel	**YOY % Change**	**Level**	**% of Population**	**YOY % Change**	**Level**	**% of Population**
Total (millions of person trips)	2.8%	10.41	27.8%	1.4%	91.90	29.1%
Automobile (millions of person trips)	3.2%	9.58	25.6%	2.1%	83.60	26.5%
Air (millions of person trips)	-6.6%	0.50	1.3%	-9.7%	5.40	1.7%
Economy (2011Q4-2012Q1)	**YOY % Change**	**Level**		**YOY % Change**	**Level**	
Unemployment Rate (YOY Change)	0.1%	8.1%		-0.1%	9.2%	
Real Gross Product ($, bn)*	2.5%	3,165		1.7%	26,888	
Median Price, New Single Family Home ($, thn)	11.8%	194		3.2%	233	

The West South Central (WSC) region has continued to lead the country in recovery, following the recent recession. This holiday season, real gross state product in the WSC is expected to increase by 2.5 percent compared to last year, which is easily the highest rate of economic growth among the nine census regions, and is higher than the expectation for national growth (1.7 percent). However, growth will be uneven across the states in the region, with Texas being the fastest growing state in the region, and Arkansas the slowest.

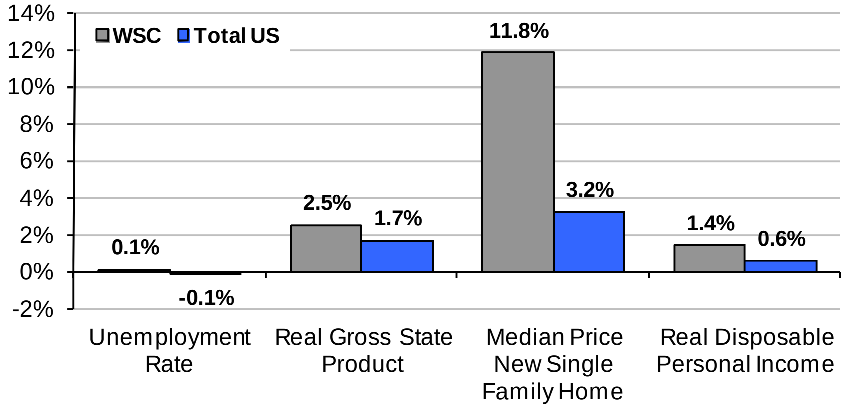
Despite renewed hiring, the return of discouraged workers to the labor force has prevented an improvement in the region's unemployment rate, which has remained at around eight percent since late 2009. During the remainder of 2011, we expect the WSC economy will continue to grow; however, as in much of the nation, the expansion will decelerate, and payrolls are expected to increase less than 1.5 percent, on average, in the final six months of the year.

The West South Central has been outpacing the nation in income growth, and since last year the region's real disposable personal income is expected to have increased 1.4 percent (expected national growth is 0.6 percent). Increases in income are important for consumer spending

CHART 9A

YOY GROWTH, HOLIDAYS* 10-11 TO 11-12

WEST SOUTH CENTRAL REGION AND UNITED STATES



Source: IHS Global Insight

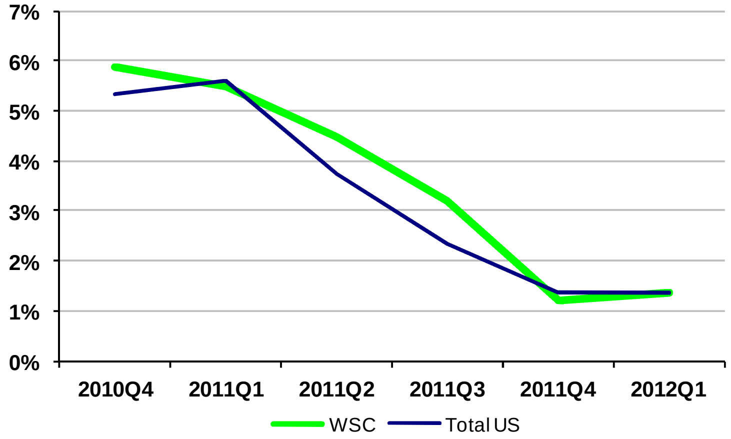
**Time periods in this chart represent the Q4&Q1 periods; YOY Growth is from 2010Q4&2011Q1 to 2011Q4&2012Q1*

power.

The housing market is expected to see price gains during the winter compared to last year, although they will not likely be sustained.

In addition to the originating travel forecast of person-trips from the West South Central region, the following information provides a look into the state of the local tourism industry in the region. In general, because the majority of travel occurs by automobile and remains within regional borders, regional travel ties closely with the output generated by that region's leisure and hospitality industry.

CHART 9B
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE



The tourism industry in the West South Central region has been growing on an annualized basis since the end of 2010, but growth in leisure and hospitality industry output (the value of goods and services produced by the leisure and hospitality industry) has been decelerating over the course of the 2011. Chart 9B illustrates the path of growth for total output from the leisure and hospitality industry for the region and the total United States.

Chart 9C highlights how each state within the region is performing. Oklahoma appears to be gaining the most momentum of all the WSC states, although Louisiana has witnessed the most growth so far over 2011. Chart 9D provides a breakdown of the composition of total output from the leisure and hospitality industry by state.

CHART 9C
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
YOY % CHANGE

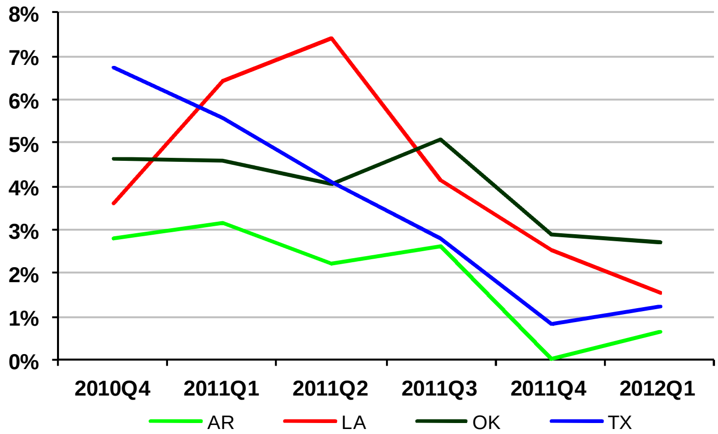
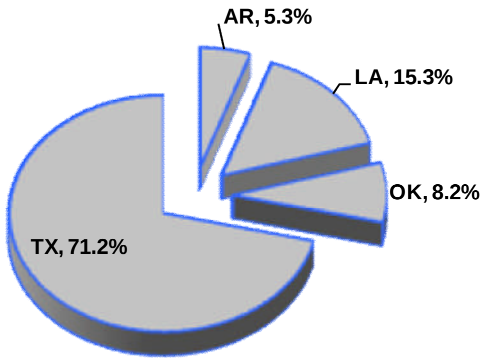


CHART 9D
REAL GROSS PRODUCT -- LEISURE & HOSPITALITY
WEST SOUTH CENTRAL REGION MAKEUP BY STATE, 2011Q4 & 2012Q1



Source: IHS Global Insight

2011–12 Year-End Holidays Traveler Profile Survey Methodology

The *Holiday Traveler Profile* study, conducted by D.K. Shifflet and Associates, surveys holiday travelers regarding their planned holiday travel including planned party composition, travel distances, trip expenditures and activity participation. For the year-end 2011–12 holiday travel period, the survey was in the field during November 7–11, 2011, and 688 respondents were interviewed in detail about their holiday plans. This panel was designed to yield survey responses that are statistically significant at the national level.[1] Although we report detail for individual census regions, the reader should be aware that the census-region-level results are not generally statistically significant and margins of error are generally large.

Those census region-level responses that do differ significantly from national responses are flagged with asterisks, as in the example below from our Memorial Day 2010 report:

Party Composition Memorial Day 2010 (example)

	One Adult	Two Adults	Three or more Adults	Families
Total US	**21%**	**33%**	**19%**	**27%**
New England	11%	10%*	26%	53%
Middle Atlantic	7%	19%	15%	60%*
South Atlantic	30%	33%	23%	14%
East North Central	39%	17%	23%	21%
East South Central	27%	23%	15%	35%
West North Central	6%*	17%	28%	49%
West South Central	16%	39%	20%	24%
Mountain	26%	52%	10%	13%
Pacific	13%	67%*	14%	6%*

** Indicates estimate differs from estimate for Total US with 99 percent confidence or greater.*

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

Note that the percent of New England respondents planning to travel as a party of "Two Adults" is listed as "10 percent*". As the footnote below the table states, the asterisk indicates that the New England estimate differs from the Total US estimate with 99 percent confidence or greater. In other words, if the actual proportion of New England residents traveling in a party of two adults were the same as the actual proportion of U.S. residents traveling in a party of two adults, there would be a one percent or lower chance of seeing a difference as large as the difference observed in this survey (10 percent for New England versus 33 percent for Total US). Therefore, it is unlikely—though not impossible—that this difference is reflective of random sampling error.

Although we will focus primarily on national responses, our commentary on the *Holiday Traveler Profile* tables may call out certain regional responses of interest. When we discuss a regional response, we will generally avoid highlighting responses with large margins of error. For example, the margin of error for the share of New England residents travelling in parties with two adults is +/-14 percent, meaning that the share could be as high as 24 percent. As such, we would either avoid highlighting that result or provide the margin of error to the reader for appropriate statistical context.[2]

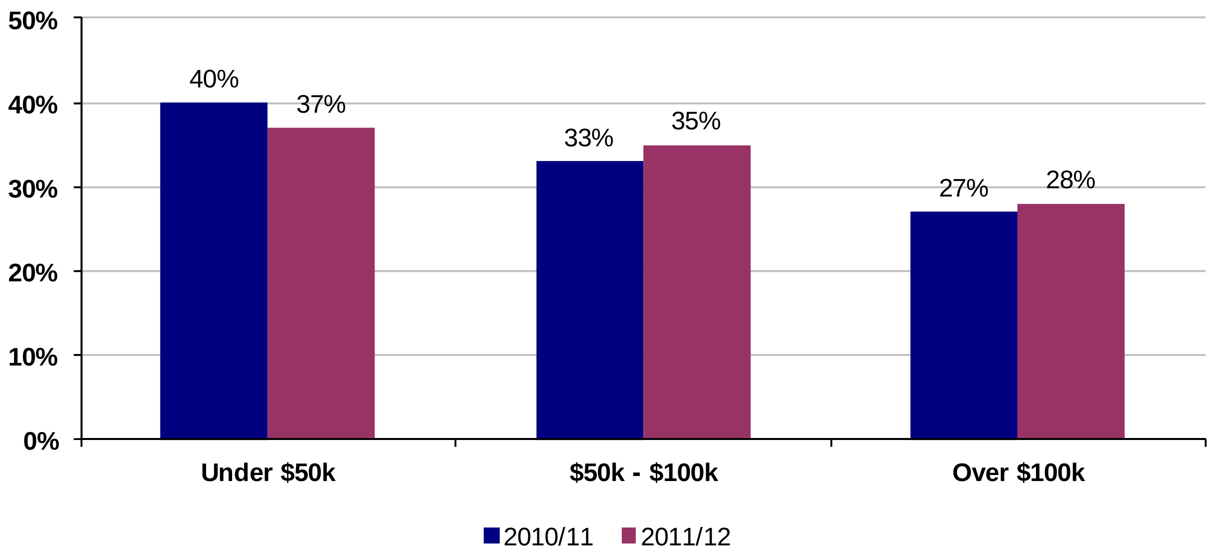
[1] Specifically, the margin of error for each binary response question is, at most, about 6 percentage points, with 99% confidence.

[2] This +/-14% margin of error reflects a 99% confidence interval based on a t-distribution.

Change in Year-End Traveler Demographics

A consistent theme throughout the year has been how the economic recovery has been slow to take hold, with steady but slow growth combining with consumer pessimism about the state of the economy. These factors have had a consistent effect on the types of travelers during each holiday period, as the weak economic growth has had a significant impact on the likelihood to travel of those with lower incomes. The chart below tells a similar story to what our surveys of intending travelers have shown all year—households with less than $50,000 in annual income are less likely to travel this year than last year. This year, the share of intending travelers from this demographic has fallen from 40 percent to 37 percent. This decline in share is very much in line with the survey results from the previous holiday reports. This holiday period, the share of travelers with household incomes over $100,000 are only increasing share by one percentage point, with the remaining two-percentage-point increase coming from the $50,000–$100,000 group.

CHART 7
HOUSEHOLD INCOME DISTRIBUTION OF INTENDING TRAVELERS
YEAR-END 2010/11 AND 2011-12 HOLIDAY
TOTAL US



Source: D.K. Shifflet & Associates, Ltd.

Travel Distances

Travelers intend to journey an average of 726 miles round-trip over the upcoming year-end holidays, which is a steep decline from the 1,052 miles expected from last year's survey. As described earlier in the report, the holiday period this year is the same as last year, so the decline is not the result of travelers expecting to change their distance due to the length of the holiday.

A primary impact on the reduction in expected travel distance is the decline in air travel while travel via the automobile is expected to increase. Looking at the trip distribution, it also seems that those who are choosing to fly are choosing a shorter flight, as the percentage of expected trips with a round trip distance above 1,500 miles has fallen from 23 percent last year to 17 percent this year. The trip share has primarily shifted into the 701–1,500 mile category, which would also include the longer driving trips.

"Traveling to different location--don't need to buy plane tickets and rental car this year"

Mountain Respondent

The distribution among mileage categories for expected travelers throughout the United States is fairly balanced, with every category receiving between 14 percent and 22 percent share of intended travelers. However, the average number of miles varies between regions. The New England region expects to average just 412 miles round-trip over the year-end holidays, with over 50 percent of intending travelers planning to travel less than 250 miles round-trip. On the other end of the spectrum is the Mountain region, which is consistently at the top of expected travel distance, and travelers for this holiday period are planning to travel 961 miles with 46 percent of intending travelers planning to travel greater than 700 miles round-trip.

TABLE 8
EXPECTED ROUND-TRIP DISTANCE TRAVELED
2011-12 YEAR-END HOLIDAYS
TOTAL US AND BY REGION OF RESIDENCE

	50-150 miles	151-250 miles	251-400 miles	401-700 miles	701-1500 miles	Over 1500 miles	Average Miles
	(Percentage of Travelers)						
Total US	17%	14%	15%	15%	22%	17%	726
New England	32%	19%	27%	2%*	12%	8%	412
Middle Atlantic	22%	24%	14%	5%*	14%	22%	761
South Atlantic	13%	7%	18%	15%	33%	13%	747
East North Central	14%	4%*	19%	19%	28%	16%	770
East South Central	14%	10%	13%	25%	29%	9%	681
West North Central	16%	30%	18%	13%	12%	11%	582
West South Central	19%	9%	9%	21%	25%	17%	817
Mountain	4%*	18%	20%	11%	16%	30%	961
Pacific	21%	19%	8%	14%	13%	26%	680

** Indicates estimate differs from estimate for Total US with 99 percent confidence or greater.*
Measures of statistical confidence are not available for differences between regional and Total US average miles traveled.

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not sum due to rounding

Total Spending

Travelers intend to spend a median figure of $718 this holiday period. That figure is up just over three percent from last year's $694. While the shift in air travel share plays a part in the decline in expected travel distance, the impact on expected spend is much less as airfare is up by nearly the same amount that air travel is expected to be down.

Total spending can be roughly grouped into the following categories: transportation spending and spending occurring at the travel destination including lodging; food and beverages; shopping; and entertainment. Transportation spending is expected to account for roughly 32 cents of the traveler dollar, while other categories make up the remaining 68 cents. Travelers plan to spend 13 percent of their budget on fuel, which is up from 10 percent last year. Combined with the overall spending increase, travelers intend to spend 35 percent more on fuel than last year. With gas prices up nearly 16 percent, and travelers by automobile up 2.1 percent, it seems that travelers have fully incorporated the increase in gas prices compared to last year into their budgets while possibly overestimating their likely fuel spend. Beyond fuel, the only other category with an increase in expected share of travel spend is shopping, where the expected share is up nearly two percent.

"Higher gas prices. Bigger family this year. Vacationing longer."

Pacific Respondent

TABLE 9
MEDIAN EXPECTED TOTAL HOUSEHOLD TRIP SPENDING AND AVERAGE EXPECTED SHARES OF BUDGET BY CATEGORY
2011-12 YEAR-END HOLIDAYS
TOTAL US AND BY REGION OF RESIDENCE

	Total US	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Median Total	**$718**	**$443**	**$918**	**$862**	**$410**	**$655**	**$803**	**$905**	**$770**	**$711**
Fuel Transportation	13%	12%	10%	15%	18%	13%	15%	17%	11%	12%
Other Transportation	19%	15%	21%	19%	10%	19%	16%	15%	25%	21%
Accommodations	15%	16%	16%	16%	22%	16%	15%	12%	13%	13%
Food & Beverages	19%	22%	19%	18%	19%	20%	17%	18%	16%	18%
Shopping	19%	16%	19%	15%	17%	22%	19%	19%	19%	19%
Entertainment/Recreation	12%	13%	12%	11%	10%	8%	14%	13%	12%	13%
Other	4%	7%	2%	6%	2%	2%	3%	5%	3%	4%

** Indicates estimate differs from estimate for Total US with 99 percent confidence or greater.*
Measures of statistical confidence are not available for differences between regional and Total US median total expenditure.

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

Chart 12 illustrates the average expected shares of budget by category for 2011–12. Chart 13 shows the change in expected budget distribution from year-end 2010/11 to 2011–12.

CHART 10
US 2011-12 YEAR-END SPENDING
DISTRIBUTION BY CATEGORY

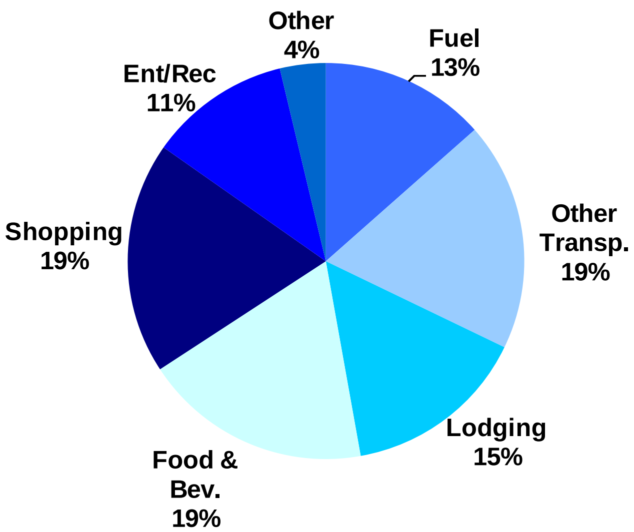
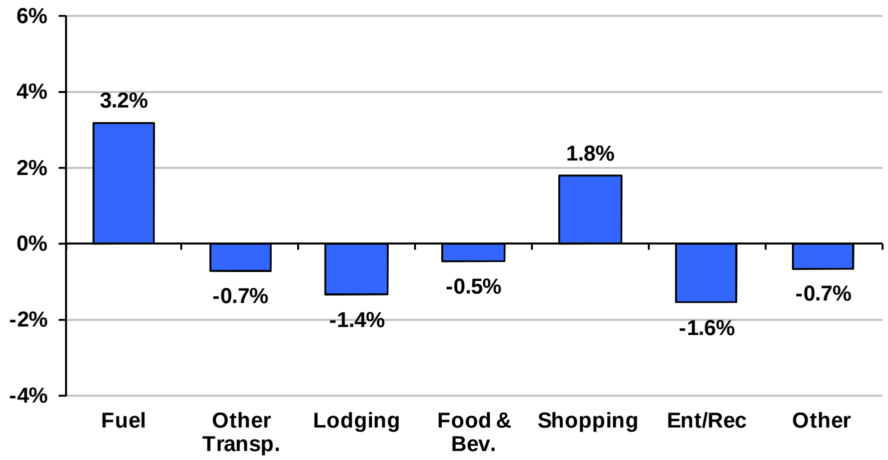


CHART 11
TOTAL US YEAR-END HOLIDAY SPENDING
CHANGE IN BUDGET SHARE FROM 2010/11 TO 2011-12



Source: D.K. Shifflet & Associates, Ltd.

Party Composition

For the 2011–12 year-end holidays period, the most common party composition remains two adults, at 36 percent, which is up one percentage point from last year. The next largest share is with families, at 32 percent. That share is up four points from last year, with that difference primariliy coming from the one adult group, where the expected travel share is down five percentage points from last year and is now 17 percent.

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"I have an extra person traveling with me this year."

WSC Respondent

TABLE 12
PARTY COMPOSITION
2011-12 YEAR-END HOLIDAYS
TOTAL US AND BY REGION OF RESIDENCE

	One Adult	Two Adults	Three or more Adults	Families
Total US	**17%**	**36%**	**15%**	**32%**
New England	24%	34%	13%	29%
Middle Atlantic	24%	28%	8%	40%
South Atlantic	20%	33%	12%	36%
East North Central	13%	42%	20%	25%
East South Central	13%	32%	7%	49%
West North Central	18%	45%	17%	20%
West South Central	10%	35%	17%	37%
Mountain	19%	44%	14%	23%
Pacific	18%	33%	21%	28%

** Indicates estimate differs from estimate for Total US with 99 percent confidence or greater.*

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

Activities

While the Thanksgiving holiday is obviously most closely associated with visiting friends and family as well as dining, those planning to travel this year-end holiday period actually plan to partake in those activities at slightly higher rates than Thanksgiving travelers. The table below shows 70 percent of travelers planning to visit with friends and family while 62 percent are planning on dining as a specific activity, that compares to 68 percent and 60 percent respectively during the Thanksgiving holiday. Additionally, shopping, at 54 percent, is also above the Thanksgiving rate of 49 percent despite the fact that most of the holiday period will occur after Christmas.

"Wanting to try something new and enjoy life as much as possible despite financial difficulties"

WNC Respondent

These three activities are clearly the primary planned activities, as no other activity makes the plans of more than one-third of expected travelers. The next group of expected activities is clearly focused around entertainment, as sightseeing, nightlife, and sporting events are the only other activities where more than one in five planned to participate.

TABLE 13
EXPECTED ACTIVITIES
2011-12 YEAR-END HOLIDAYS
TOTAL US AND BY REGION OF RESIDENCE

	Total US	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Visit with friends/relatives	70%	77%	54%	64%	82%	77%	70%	62%	67%	72%
Dining	62%	51%	57%	55%	68%	65%	48%	61%	68%	71%
Shopping	54%	39%	65%	46%	45%	60%	46%	54%	59%	58%
Touring/sightseeing	32%	22%	24%	43%	20%	31%	26%	37%	33%	32%
Night Life	24%	22%	25%	30%	29%	11%	22%	27%	18%	32%
Watch sporting events	20%	23%	16%	21%	31%	17%	17%	12%	20%	27%
Visit museums, art exhibits, etc.	18%	12%	14%	18%	15%	15%	15%	22%	29%	18%
Go to beach/waterfront	17%	9%	17%	21%	5%	22%	12%	8%	14%	24%
Visit historic sites	16%	10%	15%	21%	5%*	21%	10%	21%	15%	9%
Attend concerts, plays, dance, etc.	15%	13%	15%	20%	18%	7%	6%	10%	23%	21%
Attend festivals, craft fairs, etc.	14%	7%	14%	18%	13%	11%	12%	15%	10%	15%
Hike, bike, etc.	13%	9%	10%	7%	6%	17%	3%*	12%	16%	21%
Visit national or state parks	13%	2%*	4%	12%	13%	18%	7%	15%	7%	19%
Gambling	10%	2%	4%*	7%	7%	6%	6%	20%	8%	13%
Snow ski, snow board, other	9%	15%	9%	2%*	7%	6%	3%	16%	7%	16%
Visit theme/amusement parks	8%	2%	10%	6%	6%	4%	13%	13%	7%	12%
Play golf	6%	4%	2%	4%	1%	10%	3%	4%	6%	8%
Spa	5%	9%	7%	6%	5%	6%	5%	5%	5%	4%
Observe & conserve nature/culture -	5%	0%*	6%	6%	3%	3%	3%	8%	7%	8%
Hunt, fish, etc.	4%	12%	0%	3%	6%	3%	11%	7%	3%	3%
Look at real estate	4%	1%	4%	3%	7%	6%	3%	8%	3%	3%
Boat/sail	2%	1%	0%	4%	3%	1%	1%	2%	1%	4%
Attend show: boat, car, home, etc.	1%	3%	3%	1%	1%	0%	0%	3%	2%	2%
Compete in sporting events	1%	1%	0%	0%	1%	0%	0%	4%	1%	4%
Other	6%	7%	5%	11%	6%	3%	9%	7%	15%	3%

** Indicates estimate differs from estimate for Total US with at least 99 percent confidence or greater.*

Source: D.K. Shifflet & Associates, Ltd.
Numbers may not add due to rounding.

The report previously covered how the expected travel spend was only slightly above last year's amount. The consistency in expected spend shows up in the comparison of expected activities from this year to last year. Only two activities show a change in expected participation of more than four percent—dining and touring/sightseeing—with dining participation expected to decrease nine percent while sightseeing is expected to increase seven percent.

CHART 14
VARIANCE IN EXPECTED PRIMARY ACTIVITIES
YEAR-END 2010/11 COMPARED TO 2011-12 YEAR-END HOLIDAYS

Expected Primary Activities	2011/12	2010/11	Variance
Visit with friends/relatives	70%	70%	0%
Dining	62%	71%	-9%
Shopping	54%	53%	1%
Touring/sightseeing	32%	25%	7%
Night Life	24%	21%	3%
Watch sporting events	20%	19%	1%
Visit museums, art exhibits,	18%	16%	2%
Go to beach/waterfront	17%	13%	4%
Visit historic sites	16%	14%	2%
Attend concerts, plays,	15%	12%	3%
Attend festivals, craft fairs,	14%	14%	0%
Hike, bike, etc.	13%	11%	2%
Visit national or state parks	13%	9%	4%
Gambling	10%	11%	-1%
Snow ski, snow board, other	9%	9%	0%
Visit theme/amusement parks	8%	7%	1%
Play golf	6%	8%	-2%
Spa	5%	8%	-3%
Observe & conserve	5%	6%	-1%
Hunt, fish, etc.	4%	3%	1%
Look at real estate	4%	4%	0%
Boat/sail	2%	4%	-2%
Attend show: boat, car, home,	1%	1%	0%
Compete in sporting events	1%	1%	0%
Other	6%	8%	-2%

Source: D.K. Shifflet & Associates, Ltd.

The Impact of the Economy on Travel Plans

Consumer surveys continue to show a level of concern and pessimism about the current state of the economy in comparison to last year, and the weakness of the economic recovery has done nothing to dissuade those concerns. Therefore, the *Holiday Traveler Profile* survey asked intending travelers if the ongoing uncertainty about the economic recovery was impacting their likelihood to travel.

"I am in a better position financially and we have been saving."

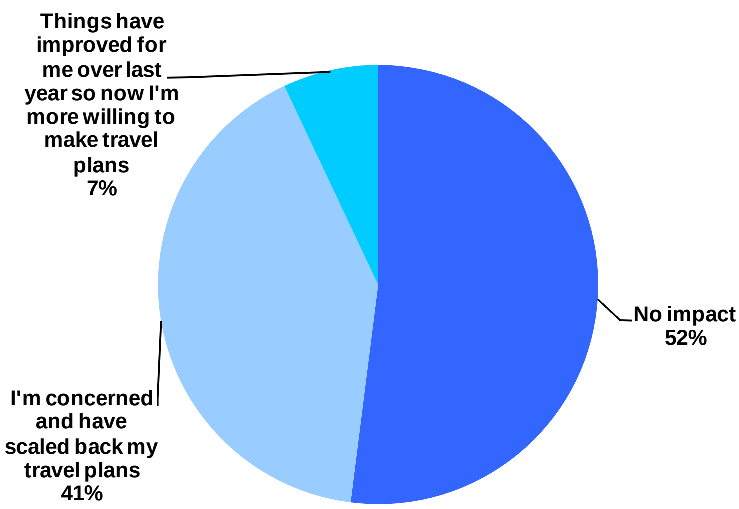
ESC Respondent

This question was asked last year, and also for the previous holiday report on Thanksgiving. The results of this year's survey show that 59 percent of intending travelers do not feel negatively impacted by the economic uncertainly. This is down one percentage point from when this same question was asked for the Thanksgiving Report. However, the numbers do show increasing concern compared to last year, when 67 percent of intending travelers stated that their travel plans were not impacted by the economy.

How has the ongoing uncertainty about the economic recovery impacted your likelihood to travel?:

- **Things have improved for me over last year so now I'm more willing to make travel plans**
- **I'm concerned and have scaled back my travel plans**
- **No impact**

Chart 15
Has Economic Uncertainty Impacted Travel Plans



Source: D.K. Shifflet & Associates, Ltd.

Addendum 1: US Economic Forecast Summary: United States Still Growing Despite Global Storm Clouds

PUBLISHED 11/7/2011

The evidence from the U.S. economy continues to point to clearly positive, albeit modest growth. The third quarter showed a modest acceleration in growth as business and consumer spending defied the shock-waves from the domestic debt-ceiling crisis and the eurozone sovereign debt crisis. The mix of third-quarter growth (with sales outpacing production) was a positive sign for the fourth quarter. The outlook ahead remains for modest growth, but risks remain to the downside without a convincing resolution of the eurozone crisis, which is conspicuously absent at present.

Third-Quarter Growth Improves; Better Signs for the Fourth, Too. Third-quarter growth at 2.5% showed a clear improvement over the second, with business fixed investment rising at a strong 16.3% annualized pace. Despite miserable sentiment readings, consumer spending growth accelerated to 2.4% from just 0.7% in the second quarter. And economy-wide spending growth outpaced production, so that inventories deducted 1.1 percentage point from growth. Very lean inventories will support future production growth, in order to keep pace with sales, a good sign for the fourth quarter. The bad news in the third-quarter data was that real personal disposable income fell 1.7%, its biggest drop in two years. Consumer spending only accelerated because the saving rate dropped by a full percentage point. That is not a solid foundation for growth. We have upgraded our fourth-quarter growth forecast to 2.0% from 1.0%, and that does give a better starting point for 2012, which we have upgraded to 1.6% growth from 1.4%. But that remains a very muted path for expansion.

Recession Risks Hinge on the eurozone. We still place recession odds at 40%, largely because of the risks from Europe. We expect at least a mild recession in the eurozone, starting in the current quarter. On its own, that hurts export demand and corporate earnings, but not badly enough to tip the United States into recession. The recession risk comes from the potential financial contagion if Greece defaults in a disorderly manner, and if the contagion to other highly indebted eurozone economies (most importantly, Italy), and in turn to the European and global banking systems, cannot be contained.

Domestic Economic Risks. The most severe domestic economic risk would be if consumers began to act on their gloomy sentiment readings, and pull back sharply on spending. But although October chain-store sales were lackluster, spending is still doing far better than sentiment would suggest. Pent-up demand—as long-delayed replacements become increasingly urgent—is pulling in the other direction, and is helping spending to improve among the proportion of the workforce (the majority) that is in work, notably for vehicles.

Domestic Policy Risks. The congressional supercommittee failed to complete a "grand bargain" (involving revenue increases and entitlement savings) compromise. Without such an agreement, we would go through 2012 with a high level of uncertainty over what would be done to prevent the damaging prospect of both automatic spending cuts and the expiration of the Bush tax cuts taking effect at the start of 2013.

Immediate Policy Risks. A much more immediate policy question is whether the 2% payroll tax cut and emergency unemployment benefits will be kept in place in 2012. We assume they will be extended, but if not, there will be an extra fiscal drag of around 1% of GDP hitting growth in 2012.

Consumer spending has been doing far better than sentiment would suggest. Pent-up demand—as long-delayed replacements become increasingly urgent—is helping spending to improve among the proportion of the workforce (the majority) that is in work, notably for vehicles. But consumers face too many negatives to allow a robust spending recovery—a weak labor market, high debt burdens, house prices that have not yet hit bottom, price increases that have outpaced wage growth, and a lack of confidence in the government's ability to make things better. Overall, we expect consumer spending growth of 2.3% in 2011, up from 1.7% in 2010, but not a powerful driver of recovery. Our 2012 outlook is similar, at 2.1%.

A little relief on gasoline prices is now helping consumers, although oil prices have proved very resilient to downside pressures. We expect pump prices for gasoline to average $3.42/gallon in the fourth quarter, helped by the usual seasonal easing, well below this year's peak of just over $4, but still 50 cents higher than a year earlier.

Faster employment growth provided an offset to price pressures earlier in 2011, but while employment growth over the last three months wasn't as bad as first feared, it was still sluggish at just 114,000 per month on average. With GDP growth likely to remain soft, we expect job growth to stay weak, taking the unemployment rate up to an average 9.2% for 2012.

Addendum 2: US Regional Forecast Summary:

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September's state employment report was decidedly mixed, with 25 states reporting job increases while 25 others reported losses, the fifth stagnant month in row. Several states lost a significant amount of jobs, such as North Carolina (-22,200), Ohio (-21,600), Pennsylvania (-15,800), and Michigan (-14,200). Others were able to provide some growth, such as Florida, (+23,300), Texas (+15,100), and Louisiana (+14,100). Texas, rebounding from its first decline for the year from public budget cuts, still did not live up to the powerhouse status it had gained earlier—a bad omen for the national recovery in general. The end of the Verizon strike, which started last month, provided a job boost by adding 34,000 payrolls back to several states that were affected, most notably New York. Unfortunately, it was not enough to overshadow poor performance overall. In total, 9,800 jobs were lost nationally in September.

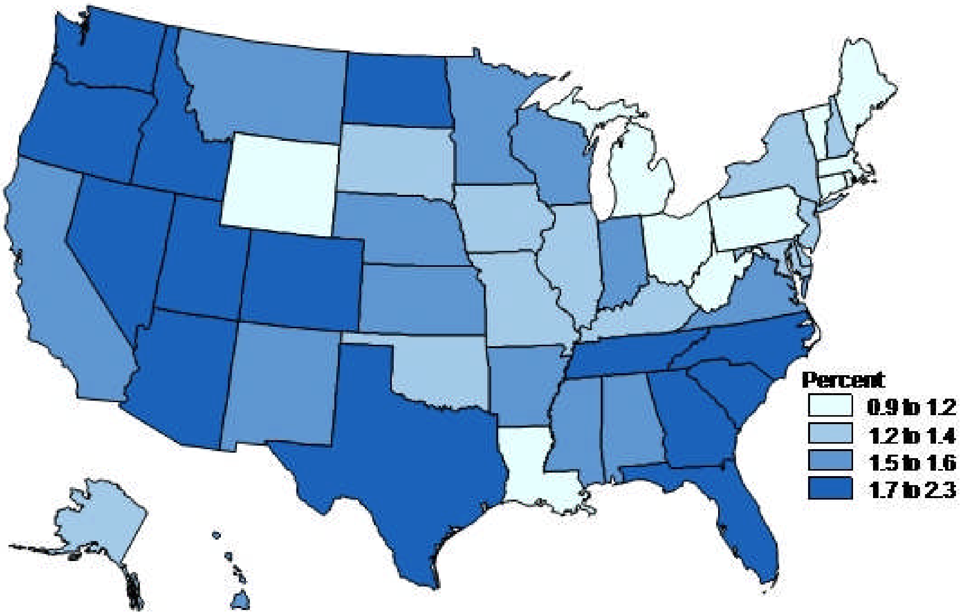
As of September, the six-month average job growth for the sum of states declined to 0.9%. The national story remains the same as it has since the beginning of the year; many Midwestern states remain immune to the national economic pressures as they capitalize on their natural resources, while most other states are mired in a game of tug of war between growing services and declining manufacturing and public sectors. Year to date, 46 states have enjoyed some positive employment growth, adding around 1.5 million jobs. Delaware is the hardest hit of all the states: its six-month average annual job growth is the lowest in the nation at 3.0%, thanks to tremendous budget cuts in federal, state, and local government.

The unemployment rate increased in 27 states this August, while 11 were unchanged and 14 decreased. Year to date, unemployment has fallen in 37 states. While much of the positive change in unemployment is attributable to job growth at the beginning of the year, the recent national economic slowdown has put a strain on how many states will continue lowering jobless rates.

States have not shown any signs of economic improvement of late, as job growth rates have slowed and unemployment rates increased. The national economy is weighed down by debt concerns, political uncertainty, and international pressures. It will take a while for these to settle before consumers begin to spend again and businesses get back to hiring. Employment reports such as these will be commonplace until states can get back on track to stronger employment growth. We do not expect this to happen until well into 2012, as housing begins to pickup, the world economy gets back on track, and consumer sentiment gains some optimism.

Employment Growth, 2011–17

(Average annual percent change)



Personal Income Growth

According to the latest figures published by the Bureau of Economic Analysis, state personal income was up by an annualized 4.7% quarter-on-quarter (q/q) in the second quarter of 2011, with all states seeing personal income gains. Although this represents a significant deceleration from the revised 8.7% rate achieved in the first three months of the year, strong growth in the first quarter was largely due to a 2-percentage-point cut in the Social Security tax rate, which was signed into law in December 2010. The second-quarter deceleration actually brought personal income growth to a rate similar to that of the last two quarters of 2010.

Earnings in the durable goods manufacturing and retail trade sectors contributed the most nationally to personal income growth. Among the fastest growing states, however, the farm and mining sectors were important drivers. Strong farm earnings, on the back of high global grain demand, drove second-quarter personal income growth in Nebraska and South Dakota, the two states with the fastest personal income gains in the nation, as well as in Kansas and Iowa, which were also among the top-10 fastest growing states. Meanwhile, thanks to high energy prices, strong earnings in the mining industry, which includes oil and gas extraction, contributed significantly in the three states that rounded out the top five states—North Dakota, Oklahoma, Wyoming. Mining also made important contributions to earnings growth in Alaska, West Virginia, Texas, and Louisiana.

Growth rates in the states with the slowest personal income gains—Washington, Georgia, New York, Delaware, and Michigan—were skewed on the downside by large bonuses paid to workers in major industries during the first quarter of the year. Indeed, first-quarter bonuses in the durable goods manufacturing sector in Washington and Michigan, the finance sector in New York and Delaware, and the transportation sector in Georgia created a short-term spike in income growth that was followed by slower but more normalized growth in the second quarter.