



U.S. Department of Transportation
Bureau of Transportation Statistics
Washington, D.C.
www.bts.gov
BTS DATA

BTS 35-04
Thursday, Dec. 16, 2004

Contact: Dave Smallen
Tel.: 202-366-5568

BTS Releases Third Quarter 2004 Airline Financial Data; Regional Passenger Airlines Report Highest Rate of Domestic Profit

The seven largest regional airlines had the highest domestic operating margins — an industry measure of profitability — of any selected carrier group during the third quarter of 2004, the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation reported today in a release of preliminary data.

This group of regional carriers reported a domestic operating profit margin of 10.8 percent for the third quarter, above the profit margin of 3.6 percent reported by the seven largest low-cost air carriers and the 7.6 percent loss margin reported by the seven network carriers (Table 1). Domestic operating margin measures operating profit or loss as a percentage of the airline's total domestic operating revenue.

The industry operating margin declined from the second quarter to the third quarter. Quarter-to-quarter changes may be affected by seasonal factors.

The selected low-cost carriers reported a 68 percent decline in profit margin over the third quarter of 2003 while the selected network carriers increased their operating loss margin by 181 percent from a year earlier.

The largest percentage operating loss margins were reported by network carriers Delta Air Lines and US Airways (Table 2) and low-cost carrier ATA Airlines (Table 3). The top operating profit margins were all reported by regional airlines---SkyWest Airlines, American Eagle Airlines and Express Jet (Table 4).

Network carriers operate a significant portion of their flights using at least one hub where connections are made for flights on a spoke system. Low-cost carriers are those that the industry generally recognizes as operating under a low-cost business model. Regional carriers provide service from small cities, using primarily regional jets to support the network carriers' hub and spoke systems. The selected groups consist of the seven carriers with the highest annual reported revenue in each group.

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The regional carriers had the highest unit revenues with 14.2 cents per available seat mile (Table 5). These higher unit revenues generally reflect the shorter flights and smaller aircraft flown by these carriers. They average flights of 300 to 450 miles, compared to the 1,000-mile average stage length for the network carriers. Domestic unit revenue measures revenues against capacity by dividing domestic operating revenues by domestic available seat miles.

Overall, the highest unit revenues were reported by the regional carriers Sky West, Air Wisconsin and American Eagle (Table 8).] The lowest unit revenues were reported by low-cost carriers ATA, JetBlue Airways and Spirit Airlines. (Table 7). Northwest Airlines reported the highest unit revenues among the selected network carriers (Table 6).

The regional carriers also reported the highest domestic unit costs – 12.7 cents per available seat mile (Table 9). The low-cost carriers reported the lowest unit costs – 7.8 cents per available seat mile. All of the selected low-cost carriers had lower unit costs than any of the regional or network carriers. (Tables 10, 11 and 12). Domestic unit cost measures expenses against capacity by dividing domestic operating expenses by domestic available seat miles.

The carriers with the highest unit costs were the regional carriers American Eagle and Air Wisconsin (Table 12) along with network carrier US Airways (Table 10), which had the highest unit costs (16.1 cents) of the 21 selected carriers. The carriers with the lowest unit costs were low-cost carriers JetBlue, ATA and Southwest Airlines (Table 11).

The regional carriers also reported the highest domestic passenger revenue yields — at 19.2 cents per revenue passenger mile. (Table 13). Domestic passenger revenue yield measures passenger revenues against total travel by dividing domestic passenger revenues by domestic revenue passenger miles.

The top passenger revenue yields were reported by regional carriers Express Jet, American Eagle and SkyWest (Table 16). The lowest passenger revenue yields were reported by low-cost carriers JetBlue, ATA and America West Airlines (Table 15). Northwest Airlines reported the highest revenue yield of any network carrier (Table 14).

Additional airline financial data can be found on the BTS website at TranStats, the Intermodal Transportation Database, at <http://transtats.bts.gov>. Click on “aviation”, then on “Air Carrier Financial Reports (Form 41 Financial Data)”, then click on “Schedule P-12.”

Data are compiled from quarterly financial and monthly traffic reports filed with BTS by commercial air carriers. Financial and traffic data are preliminary and include data received by BTS as of Dec. 12. Data are subject to revision. Data from second-quarter 2004 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS has scheduled May 16 for release of fourth-quarter 2004 data.

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Table 1: Quarterly Domestic Operating profit/loss margin (in percent)

Passenger Airlines by Group

Ranked by 3rd Quarter 2004 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

3Q 2004 Rank		3rd Quarter 2003 (%)	4th Quarter 2003 (%)	1st Quarter 2004 (%)	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Regionals	N/A	N/A	11.2	11.3	10.8	215.2
2	Low-Cost	11.2	5.3	1.6	7.1	3.6	124.0
3	Network	-2.7	-7.8	-9.9	-3.4	-7.6	-1,082.4
	21-Carrier Total	N/A	N/A	-5.9	-0.2	-3.8	-743.2

Source: Form 41; Schedule P1.2

Table 2: Quarterly Domestic Operating profit/loss margin (in percent)

Network Carriers

Ranked by 3rd Quarter 2004 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

3Q 2004 Rank	Network Carriers	3rd Quarter 2003 (%)	4th Quarter 2003 (%)	1st Quarter 2004 (%)	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Alaska	10.6	-4.2	-11.2	1.1	6.9	41.5
2	Northwest	5.4	-0.2	-2.9	4.3	1.6	33.4
3	Continental	-4.3	-8.5	-9.9	-4.3	-7.0	-91.0
4	United	0.0	-8.9	-12.2	-4.7	-7.6	-216.4
5	American	-6.3	-13.8	-8.3	-4.6	-8.1	-244.8
6	Delta	-6.0	-6.7	-13.1	-6.2	-13.1	-399.0
7	US Airways	-5.7	-4.8	-11.0	2.0	-14.2	-206.1
	Seven Carrier Total	-2.7	-7.8	-9.9	-3.4	-7.6	-1,082.4

Source: Form 41; Schedule P1.2

AIRLINE FINANCES QUARTERLY RELEASE
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Table 3: Quarterly Domestic Operating profit/loss margin (in percent)

Low-Cost Carriers

Ranked by 3rd Quarter 2004 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

3Q 2004 Rank	Low-Cost Carriers	3rd Quarter 2003 (%)	4th Quarter 2003 (%)	1st Quarter 2004 (%)	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Southwest	11.9	7.3	3.1	11.5	11.4	191.3
2	JetBlue	19.7	13.4	11.3	14.1	7.1	23.0
3	Frontier	13.5	7.7	-4.0	-3.8	-0.3	-0.6
4	America West	8.0	1.0	2.0	2.6	-4.7	-28.3
5	AirTran	11.1	8.7	4.3	11.3	-4.9	-12.0
6	ATA	7.9	-6.5	-14.8	-9.1	-12.5	-34.3
7	Spirit	1.7	-2.9	1.9	-3.0	-13.3	-15.2
	Seven Carrier Total	11.2	5.3	1.6	7.1	3.6	124.0

Source: Form 41; Schedule P1.2

Table 4: Quarterly Domestic Operating profit/loss margin (in percent)

Regional Carriers

Ranked by 3rd Quarter 2004 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

3Q 2004 Rank	Regional Carriers	3rd Quarter 2003 (%)	4th Quarter 2003 (%)	1st Quarter 2004 (%)	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	American Eagle	15.7	20.6	16.3	15.5	14.1	52.2
2	Express Jet	12.8	12.9	12.5	12.6	12.4	44.3
3	Sky West	15.3	12.1	13.7	13.1	12.3	38.0
4	Atlantic Southeast	12.7	9.7	7.7	6.7	9.0	21.4
5	Air Wisconsin	21.4	12.6	13.3	9.2	9.0	15.6
6	Comair	15.8	16.5	6.8	7.9	8.1	25.7
7	Mesa	N/A	N/A	4.6	11.1	8.0	18.1
	Seven Carrier Total	N/A	N/A	11.2	11.3	10.8	215.2

Source: Form 41; Schedule P1.2

AIRLINE FINANCES QUARTERLY RELEASE
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Table 5. Airline Domestic Unit Revenue (Cents Per Mile)

Passenger Airlines by Group

Ranked by 3rd Quarter Domestic Unit Revenue

3Q 2004 Rank		3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Revenue \$(Millions)
1	Regionals	N/A	N/A	14.69	14.18	14.19	1,991.0
2	Network	11.39	11.43	11.43	11.99	11.68	14,270.1
3	Low-Cost	8.25	7.91	7.82	8.50	8.04	3,445.8
	21-Carrier Total	N/A	N/A	10.79	11.32	11.01	19,706.9

Source: Form 41; Schedule P1.2. T100; T2 Data

Table 6. Airline Domestic Unit Revenue (Cents Per Mile)

Network Carriers

Ranked by 3rd Quarter Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

3Q 2004 Rank	Network Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Revenue \$(Millions)
1	Northwest	11.41	11.65	12.68	14.09	14.14	2,038.6
2	US Airways	14.52	15.19	14.44	16.27	14.12	1,444.3
3	Delta	12.57	12.46	12.31	12.69	12.33	3,061.7
4	United	11.19	10.73	10.84	11.35	11.38	2,824.1
5	Alaska	10.45	9.95	9.75	10.33	10.79	605.8
6	Continental	9.95	10.25	10.27	10.58	10.30	1,304.8
7	American	10.35	10.44	10.29	10.69	10.11	2,990.8
	Seven Carrier Total	11.39	11.43	11.43	11.99	11.68	14,270.1

Source: Form 41; Schedule P1.2. T100; T2 Data

AIRLINE FINANCES QUARTERLY RELEASE
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Table 7. Airline Domestic Unit Revenue (Cents Per Mile)

Low-Cost Carriers

Ranked by 3rd Quarter Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

3Q 2004 Rank	Low-Cost Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Revenue \$(Millions)
1	Frontier	9.79	9.31	9.48	9.45	9.44	214.4
2	Southwest	8.52	8.28	8.06	9.13	8.58	1,674.4
3	AirTran	9.08	8.87	8.61	9.53	8.22	245.6
4	America West	8.29	7.90	8.17	8.50	8.07	599.4
5	Spirit	7.73	7.81	8.11	7.92	7.59	113.9
6	JetBlue	7.37	7.00	6.84	6.91	6.61	323.2
7	ATA	6.86	6.05	5.93	6.58	6.45	274.8
	Seven Carrier Total	8.25	7.91	7.82	8.50	8.04	3,445.8

Source: Form 41; Schedule p1.2. T100; T2 Data.

Table 8. Airline Domestic Unit Revenue (Cents Per Mile)

Regional Carriers

Ranked by 3rd Quarter Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

3Q 2004 Rank	Regional Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Revenue \$(Millions)
1	Air Wisconsin	17.11	16.75	18.07	16.97	16.99	172.4
2	American Eagle	18.06	17.01	17.64	16.89	16.53	371.4
3	Sky West	14.74	14.56	15.29	15.37	15.08	308.3
4	Express Jet	15.29	14.84	15.31	14.39	14.45	356.6
5	Atlantic Southeast	13.39	13.25	13.15	12.86	13.56	237.5
6	Comair	12.85	13.02	12.43	12.47	13.30	317.6
7	Mesa	N/A	N/A	12.32	11.63	11.80	227.2
	Seven Carrier Total	N/A	N/A	14.69	14.18	14.19	1,991.0

Source: Form 41; Schedule p1.2. T100; T2 Data.

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Table 9. Airline Domestic Unit Costs (Cents per Mile)

Passenger Airlines by Group

Ranked by 3rd Quarter Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2004 Rank		3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Expenses \$(Millions)
1	Regionals	N/A	N/A	13.04	12.57	12.65	1,775.9
2	Network	11.70	12.32	12.55	12.40	12.57	15,352.5
3	Low-Cost	7.33	7.49	7.70	7.89	7.75	3,321.8
	21-Carrier Total	N/A	N/A	11.43	11.34	11.42	20,450.2

Source: Form 41; Schedule p1.2. T100; T2 Data.

Table 10. Airline Domestic Unit Costs (Cents per Mile)

Network Carriers

Ranked by 3rd Quarter Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2004 Rank	Network Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Expenses \$(Millions)
1	US Airways	15.35	15.91	16.04	15.95	16.13	1,650.4
2	Delta	13.32	13.29	13.92	13.48	13.94	3,460.7
3	Northwest	10.79	11.67	13.05	13.49	13.91	2,005.2
4	United	11.19	11.69	12.16	11.88	12.25	3,040.5
5	Continental	10.37	11.12	11.28	11.04	11.02	1,395.8
6	American	11.00	11.89	11.14	11.18	10.93	3,235.6
7	Alaska	9.34	10.37	10.85	10.22	10.05	564.3
	Seven Carrier Total	11.70	12.32	12.55	12.40	12.57	15,352.5

Source: Form 41; Schedule P1.2. T100; T2 Data.

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Table 11. Airline Domestic Unit Costs (Cents per Mile)

Low-Cost Carriers

Ranked by 3rd Quarter Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2004 Rank	Low-cost Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Expenses \$(Millions)
1	Frontier	8.47	8.60	10.24	9.80	9.47	215.0
2	AirTran	8.07	8.10	8.24	8.45	8.62	257.6
3	Spirit	7.60	8.04	7.95	8.15	8.60	129.1
4	America West	7.62	7.82	8.00	8.28	8.46	627.7
5	Southwest	7.50	7.67	7.81	8.08	7.60	1,483.1
6	ATA	6.32	6.45	6.81	7.18	7.26	309.1
7	JetBlue	5.92	6.07	6.06	5.93	6.13	300.2
	Seven Carrier Total	7.33	7.49	7.70	7.89	7.75	3,321.8

Source: Form 41; Schedule P1.2. T100; T2 Data.

Table 12. Airline Domestic Unit Costs (Cents per Mile)

Regionals

Ranked by 3rd Quarter Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2004 Rank	Regional Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Operating Expenses \$(Millions)
1	Air Wisconsin	13.45	14.65	15.66	15.40	15.45	156.8
2	American Eagle	15.23	13.50	14.76	14.27	14.21	319.2
3	Sky West	12.49	12.79	13.19	13.35	13.23	270.3
4	Express Jet	13.32	12.92	13.40	12.58	12.66	312.3
5	Atlantic Southeast	11.68	11.97	12.15	11.99	12.34	216.1
6	Comair	10.81	10.88	11.58	11.49	12.23	291.9
7	Mesa	N/A	N/A	11.76	10.34	10.87	209.1
	Seven Carrier Total	N/A	N/A	14.69	14.18	14.19	1,775.9

Source: Form 41; Schedule p1.2. T100; T2 Data.

AIRLINE FINANCES QUARTERLY RELEASE
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Table 13. Domestic Passenger Revenue Yield (Cents per Mile)

Passenger Airlines by Group

Ranked by 3rd Quarter Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2004 Rank		3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Passenger Revenue \$(Millions)
1	Regionals	N/A	N/A	22.32	19.15	19.18	1,963.1
2	Network	11.75	12.36	12.40	11.86	11.05	10,631.8
3	Low-Cost	10.36	10.73	10.61	10.23	9.74	3,185.2
	21-Carrier Total	N/A	N/A	12.63	11.98	11.34	15,780.1

Source: Form 41; Schedule P1.2. T100; T2 Data.

Table 14. Domestic Passenger Revenue Yield (Cents per Mile)

Network Carriers

Ranked by 3rd Quarter Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2004 Rank	Network Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Passenger Revenue \$(Millions)
1	Northwest	12.85	13.77	13.82	13.42	12.82	1,467.9
2	US Airways	13.38	14.82	14.43	13.95	12.41	969.4
3	Alaska	12.74	12.72	12.44	12.35	12.31	525.6
4	Continental	11.18	11.86	12.51	11.86	11.12	1,144.6
5	American	11.46	12.20	12.03	11.46	10.64	2,453.5
6	Delta	11.40	11.97	12.08	11.50	10.60	2,041.9
7	United	11.27	11.25	11.41	10.83	10.11	2,028.9
	Seven Carrier Total	11.75	12.36	12.40	11.86	11.05	10,631.8

Source: Form 41; Schedule P1.2. T100; T2 Data.

AIRLINE FINANCES QUARTERLY RELEASE
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Table 15. Domestic Passenger Revenue Yield (Cents per Mile)

Low-Cost Carriers

Ranked by 3rd Quarter Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2004 Rank	Low-cost Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Passenger Revenue \$(Millions)
1	AirTran	12.00	12.33	12.12	12.21	11.27	235.4
2	Southwest	11.44	12.24	11.76	11.24	11.07	1,570.0
3	Frontier	12.05	12.03	11.85	11.01	10.67	180.8
4	Spirit	9.05	9.19	10.10	10.11	8.84	109.8
5	America West	9.72	9.72	9.99	9.52	8.63	522.8
6	ATA	8.18	8.25	8.34	8.22	7.68	254.9
7	JetBlue	8.14	8.17	8.30	7.89	7.59	311.6
	Seven Carrier Total	10.36	10.73	10.61	10.23	9.74	3,185.2

Source: Form 41; Schedule P1.2. T100; T2 Data.

Table 16. Domestic Passenger Revenue Yield (Cents per Mile)

Regionals

Ranked by 3rd Quarter Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2004 Rank	Regional Carriers	3rd Quarter 2003 (cents per mile)	4th Quarter 2003 (cents per mile)	1st Quarter 2004 (cents per mile)	2nd Quarter 2004 (cents per mile)	3rd Quarter 2004 (cents per mile)	3rd Quarter Passenger Revenue \$(Millions)
1	American Eagle	26.89	25.58	27.38	23.75	23.44	369.7
2	Sky West	19.90	19.88	21.50	20.33	19.47	303.8
3	Express Jet	21.53	21.05	23.96	19.54	19.43	356.3
4	Atlantic Southeast	19.90	19.91	20.94	18.08	19.18	237.5
5	Comair	18.82	19.10	19.70	17.62	19.09	317.6
6	Air Wisconsin	22.04	20.33	24.13	18.78	18.99	151.1
7	Mesa	N/A	N/A	18.53	15.55	15.60	227.1
	Seven Carrier Total	N/A	N/A	22.32	19.15	19.18	1,963.1

Source: Form 41; Schedule P1.2. T100; T2 Data.

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