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BTS Releases Third Quarter 2003 Airline Financial Data; Regional Passenger Airlines Report Highest Rate of Domestic Profit

The seven largest reporting regional airlines had the highest domestic operating margins — an industry measure of profitability — of any carrier groups during the third quarter of 2003, 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 of 15.4 percent for the third quarter, above the margin of 11.2 percent reported by seven selected low-cost air carriers and the 1.6 percent loss reported by seven selected network carriers (Table 1). Domestic operating margin measures operating profit or loss as a percentage of the airline's total domestic operating revenue.

Although the regional/commuter carriers reported the lowest total domestic revenue of the three groups, they had the highest unit revenues with 15.2 cents per available seat mile (Table 5). These higher unit revenues generally reflect the shorter flights flown by the regional/commuter carriers. They average flights of 250 to 400 miles, compared to 900 miles for the network carriers. Domestic unit revenue measures revenues against capacity by dividing domestic operating revenues by domestic available seat miles.

The regional carriers also reported the highest passenger revenue yields — at 24.2 cents per revenue passenger mile more than twice the rate for the network and low-cost carriers (Table 13). Domestic passenger revenue yield measures passenger revenues against total travel by dividing domestic passenger revenues by domestic revenue passenger miles.

The selected low-cost carriers showed an improved profit margin over the third quarter of 2002 while the selected network carriers reduced their operating loss margin from a year earlier. Some regional carriers were not required to file detailed financial reports with BTS during the third quarter of 2002.

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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 smaller regional jets to help 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.

The largest operating loss margins were reported by Delta Air Lines, US Airways and Continental Airlines, all network carriers (Table 2). The top operating profit margins were reported by JetBlue Airways, a low-cost carrier (Table 3), Atlantic Coast Airlines and Air Wisconsin, both regional carriers (Table 4).

Overall, the highest unit revenues were reported by Atlantic Coast, Air Wisconsin and American Eagle Airlines (Table 8). The lowest unit revenues were reported by ATA Airlines, JetBlue and Spirit Airlines (Table 7). US Airways reported the top unit revenues among the selected network carriers (Table 6).

The regional carriers also reported the highest unit costs – 12.8 cents per available seat mile – despite having the lowest total operating expenses of the three selected groups (Table 9). The low-cost carriers reported the lowest unit costs – 7.3 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 top unit costs were Atlantic Coast, US Airways and American Eagle. The carriers with the lowest unit costs were JetBlue, ATA and Southwest Airlines.

The top passenger revenue yields were reported by Atlantic Coast, American Eagle and Air Wisconsin (Table 16). The lowest passenger revenue yields were reported by ATA, JetBlue and Spirit (Table 15). US Airways reported the top revenue yield of any network carrier (Table 14).

Note: In the following tables, "N/A" indicates data are not yet allowed to be released because of confidentiality requirements with respect to several of the regional carriers prior to fourth quarter 2002.

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

Passenger Airlines by Group

Ranked by 3rd Quarter 2003 Margin

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

3Q 2003 Rank	Group	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	3rd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Regionals	N/A	8.7	9.7	14.2	15.4	\$255.5
2	Low-Cost	1.6	1.9	0.7	8.4	11.2	358.3
3	Network	-18.7	-18.2	-18.7	-5.4	-1.6	-224.0
4	Total	N/A	-12.5	-12.7	-1.2	2.1	\$389.8

Source: Form 41; Schedule P1.2

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

Network Carriers

Ranked by 3rd Quarter 2003 Margin

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

3Q 2003 Rank	Network Carriers	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	3rd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Alaska	3.5	-12.3	-13.5	1.6	10.6	\$59.0
2	Northwest	-2.7	-16.6	-12.0	0.2	5.4	86.8
3	United	-22.1	-34.7	-30.3	-12.1	0.04	1.1
4	American	-42.3	-22.2	-23.0	-9.3	-1.8	-59.1
5	Continental	-14.8	-13.2	-19.1	8.8	-4.3	-53.5
6	US Airways	-15.8	-13.1	-13.9	-7.1	-5.7	-83.1
7	Delta	-6.4	-6.2	-12.1	-6.0	-6.0	-175.2
	Group Total	-18.7	-18.2	-18.7	-5.4	-1.6	-\$224.0

Source: Form 41; Schedule P1.2

Table 3: Domestic Operating profit/(loss) margin (in percent)

Low-Cost Carriers

Ranked by 3rd Quarter 2003 Margin

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

3Q 2003 Rank	Low-Cost Carriers	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	3rd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Jet Blue	13.7	17.0	15.9	18.7	19.7	\$53.9
2	Frontier	-3.9	-5.0	-13.6	4.3	13.5	22.4
3	Southwest	6.6	6.3	3.4	9.3	11.9	185.3
4	AirTran	4.2	7.2	4.0	13.1	11.1	26.4
5	America West	-8.6	-7.9	-9.4	2.4	8.0	45.5
6	ATA	-10.3	-13.9	-3.5	5.6	7.9	22.9
7	Spirit	-6.1	-3.7	1.0	6.8	1.7	1.9
	Group Total	1.6	1.9	0.7	8.4	11.2	\$358.3

Source: Form 41; Schedule P1.2

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

Commuter/Regional Carriers

Ranked by 3rd Quarter 2003 Margin

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

2Q 2003 Rank	Reg/Commuter Carriers	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	3rd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Air Wisconsin	8.7	8.2	6.8	11.6	21.4	\$29.1
2	Atlantic Coast	N/A	-2.1	1.5	18.3	16.6	36.6
3	Comair	N/A	-1.7	5.6	13.6	15.8	42.4
4	American Eagle	15.7	8.5	9.6	16.2	15.7	43.6
5	Sky West	N/A	13.8	16.9	10.9	15.7	36.3
6	Express Jet	N/A	13.5	13.4	12.4	12.8	41.6
7	Atlantic Southeast	10.5	11.7	11.2	15.3	12.7	25.9
	Group Total	N/A	4.1	9.7	14.2	15.4	\$255.5

Source: Form 41; Schedule P1.2

Table 5. Airline Domestic Unit Revenue (Cents Per Mile)

Passenger Airlines by Group

Ranked by 3rd Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Revenue \$(Millions)
1	Commuter/Regional	N/A	16.1	16.7	15.8	15.2	\$1,661.6
2	Network	9.6	10.0	10.7	11.4	11.5	13,643.5
3	Low-Cost	7.6	7.7	7.6	8.2	8.3	3,196.2
	Industry Total	N/A	9.8	10.3	10.9	11.0	\$18,501.3

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

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

Network Carriers

Ranked by 3rd Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Revenue \$(Millions)
1	US Airways	12.4	13.9	13.8	15.1	14.5	\$1,458.1
2	Delta	9.4	10.5	11.9	13.0	12.6	2,938.4
3	Northwest	10.6	10.9	10.5	11.3	11.4	1,602.8
4	United	9.1	9.2	9.2	9.8	11.2	2,593.7
5	American	8.5	8.8	10.5	11.1	10.8	3,241.1
6	Alaska	10.0	9.3	9.4	10.0	10.5	555.6
7	Continental	9.4	9.7	9.9	10.7	9.9	1,253.3
	Group Total	9.5	10.0	10.7	11.4	11.0	\$13,643.5

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

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Table 7. Airline Domestic Unit Revenue (Cents Per Mile)

Low-Cost Carriers

**Ranked by 3rd Quarter 2003 Domestic Unit Revenue
 (Domestic Operating Revenue Per Available Seat Mile)**

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Revenue \$(Millions)
1	Frontier	7.6	7.9	7.8	8.7	9.8	\$165.8
2	AirTran	8.5	9.0	8.9	9.5	9.1	237.3
3	Southwest	7.9	8.0	7.8	8.5	8.5	1,553.4
4	America West	7.2	7.4	7.5	8.1	8.3	565.6
5	Spirit	6.7	7.2	7.6	7.8	7.7	109.6
6	Jet Blue	7.4	7.6	7.4	7.5	7.4	273.6
7	ATA	6.7	6.2	6.5	6.8	6.9	290.9
	Group Total	7.6	7.7	7.6	8.2	8.3	\$3,196.2

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

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

Commuter/Regional Carriers

**Ranked by 3rd Quarter 2003 Domestic Unit Revenue
 (Domestic Operating Revenue Per Available Seat Mile)**

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Revenue \$(Millions)
1	Atlantic Coast	N/A	18.1	18.5	20.0	18.4	\$221.0
2	Air Wisconsin	18.5	19.1	20.2	17.7	17.1	203.7
3	American Eagle	18.3	19.6	18.3	17.6	16.7	278.5
4	Express Jet	N/A	17.9	17.5	15.6	15.3	324.2
5	Sky West	N/A	17.0	16.6	15.4	14.7	230.5
6	Atlantic Southeast	15.1	15.2	15.1	14.1	13.4	203.7
7	Comair	N/A	13.7	13.5	13.0	12.9	268.0
	Group Total	N/A	16.1	16.7	15.8	15.2	\$1,661.6

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 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Expenses \$(Millions)
1	Regionals	N/A	15.5	15.1	13.5	12.8	-\$1,406.2
2	Network	11.3	11.8	12.6	12.0	11.7	-13,867.5
3	Low-Cost	7.5	7.5	7.6	7.5	7.3	-2,837.9
	Industry Total	N/A	11.1	11.6	11.0	10.8	-\$18,111.6

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

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

Network Carriers

Ranked by 3rd Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Expenses \$(Millions)
1	US Airways	14.3	15.7	15.7	16.2	15.4	-\$1,541.1
2	Delta	10.0	11.1	13.4	13.8	13.3	-3,113.5
3	United	11.2	12.4	11.9	11.0	11.2	-2,592.6
4	American	12.1	10.8	13.1	12.1	11.0	-3,300.8
5	Northwest	10.9	12.8	11.7	11.3	10.8	-1,516.0
6	Continental	10.8	11.0	11.8	9.7	10.4	-1,306.9
7	Alaska	9.6	10.4	10.7	9.8	9.3	-496.6
	Group Total	11.3	11.8	12.6	12.0	11.7	-\$13,867.5

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

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

Low Cost Carriers

Ranked by 3rd Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Expenses \$(Millions)
1	Frontier	11.6	8.3	8.9	8.3	8.5	-\$143.4
2	AirTran	8.2	8.4	8.6	8.2	8.1	-210.9
3	America West	7.8	8.0	8.2	7.9	7.6	-520.1
4	Spirit	7.1	7.4	7.6	7.3	7.6	-107.7
5	Southwest	7.4	7.5	7.5	7.7	7.5	-1,368.1
6	ATA	7.4	7.0	6.7	6.4	6.3	-268.0
7	Jet Blue	6.4	6.3	6.2	6.1	5.9	-219.7
	Group Total	7.5	7.5	7.6	7.5	7.3	-2,837.9

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

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

Regional/Commuter Carriers

Ranked by 3rd Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Operating Expenses \$(Millions)
1	Atlantic Coast	N/A	18.5	18.3	16.3	15.3	-\$184.4
2	American Eagle	15.4	17.9	16.5	14.7	14.1	-234.9
3	Air Wisconsin	16.9	17.6	18.8	15.7	13.5	-106.6
4	Express Jet	N/A	15.5	15.2	13.7	13.3	-282.5
5	Sky West	N/A	14.6	13.8	13.6	12.4	-194.3
6	Atlantic Southeast	13.5	13.4	13.4	11.9	11.7	-177.9
7	Comair	N/A	12.5	12.7	11.2	10.8	-225.6
	Group Total	N/A	15.5	15.1	13.5	12.8	-1,406.2

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

Table 13. Domestic Passenger Revenue Yield (Cents per Mile)

Passenger Airlines by Group

Ranked by 3rd Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Passenger Revenue \$(Millions)
1	Regionals	N/A	27.3	29.9	25.3	24.2	\$1,652.6
2	Network	11.4	12.2	12.5	11.9	11.8	10,772.2
3	Low-Cost	10.1	10.8	10.7	10.4	10.4	3,021.7
	Industry Total	N/A	12.6	12.9	12.3	12.2	\$15,446.5

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

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

Network Carriers

Ranked by 3rd Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Passenger Revenue \$(Millions)
1	US Airways	13.1	14.8	14.9	14.4	13.4	\$1,002.4
2	Northwest	12.5	13.3	12.8	13.2	12.9	1,395.8
3	Alaska	12.5	12.3	12.5	12.4	12.7	490.9
4	American	11.0	11.7	12.6	12.0	11.8	2,671.5
5	Delta	11.2	12.5	13.0	11.8	11.4	2,044.0
6	United	10.6	10.8	10.5	10.6	11.3	2,038.3
7	Continental	11.2	12.0	12.8	11.8	11.2	1,129.2
	Group Total	11.4	12.2	12.5	11.9	11.8	\$10,772.2

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

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Table 15. Domestic Passenger Revenue Yield (Cents per Mile)

Low-Cost Carriers

Ranked by 3rd Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Passenger Revenue \$(Millions)
1	Frontier	12.7	12.9	12.7	12.3	12.1	\$155.7
2	AirTran	12.4	13.3	12.8	12.5	12.0	229.3
3	Southwest	11.0	12.0	11.7	11.4	11.4	1,469.9
4	America West	9.0	9.6	10.1	9.7	9.7	533.6
5	Spirit	8.5	9.0	9.9	10.1	9.1	105.0
6	ATA	7.5	7.6	7.9	7.8	8.2	263.8
7	Jet Blue	8.5	9.0	8.9	8.5	8.1	264.4
	Group Total	10.1	10.8	10.7	10.4	10.4	\$3,021.7

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

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

Regional/Commuter Carriers

Ranked by 3rd Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	Passenger Revenue \$(Millions)
1	Atlantic Coast	N/A	26.4	26.6	26.1	24.7	\$217.3
2	American Eagle	28.3	29.8	30.5	25.9	24.7	276.6
3	Air Wisconsin	26.1	29.1	28.3	22.1	22.0	134.1
4	Express Jet	N/A	27.5	28.7	22.0	21.5	323.9
5	Sky West	N/A	24.1	24.1	21.2	19.9	229.0
6	Atlantic Southeast	22.6	22.0	23.6	20.5	19.9	203.7
7	Comair	N/A	22.6	22.3	19.4	18.8	268.0
	Group Total	N/A	27.3	29.9	25.3	24.2	\$1,652.6

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

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.” Note that this data source is actually BTS Form 41 Schedule P-1.2 but the period is omitted, for technical reasons, in the TranStats data application.

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. 16. Data are subject to revision. Revised data from second-quarter 2003 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS has targeted May for release of fourth-quarter data.

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