AIRLINE INDUSTRY METRICS

Trends on Demand and Capacity,
Aviation System Performance,
Airline Finances and Service to Small Airports

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Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: INFORMATION: Airline Industry Metrics Date: August 10, 2004

From: Kenneth M. Mead
Inspector General

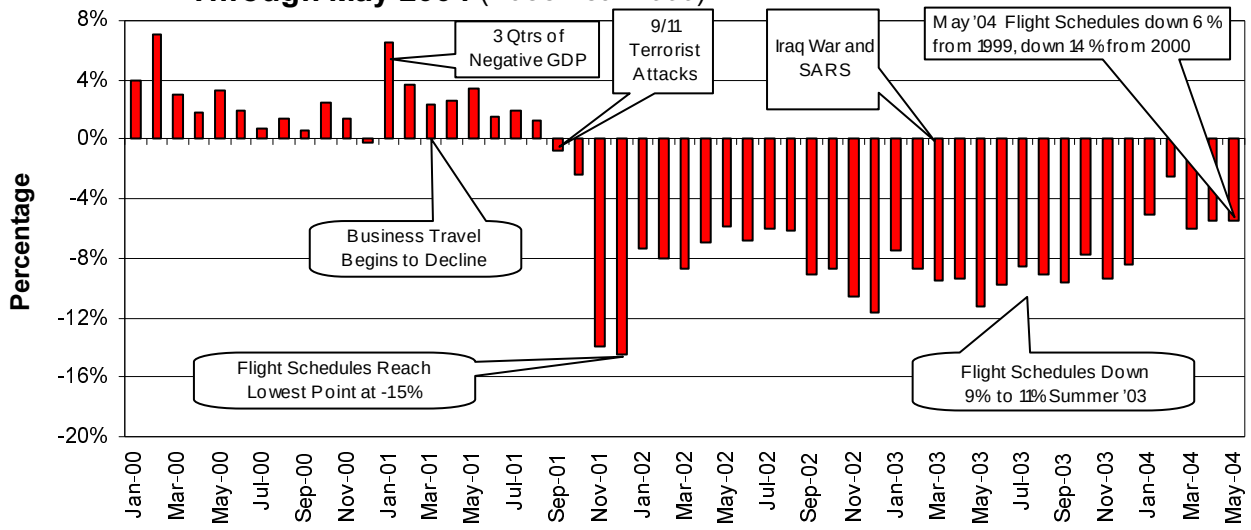
Reply to Attn of: JA-50

To: The Secretary
Federal Aviation Administrator

Attached is the sixth in a series of periodic updates to our airline industry metrics report. The metrics were developed as a mechanism for monitoring airline industry trends that, when combined, portray the overall condition of the airline industry and air travel. Based on data obtained from the U.S. Department of Transportation (DOT), the Federal Aviation Administration (FAA), the Bureau of Transportation Statistics (BTS), and the Air Transport Association (ATA), the Office of Inspector General (OIG) has developed 39 metrics relating to domestic demand and capacity, aviation system performance, airline finances, and air service at small airports. The point of reference or base year for most of the metrics is 2000, when traffic and delays were at their peak. This transmittal memorandum is followed by Exhibit A, Summary of Airline Industry Metrics, which contains detailed textual and graphic presentations of industry measures; Exhibit B, Scope and Methodology, which explains sources, analyses, and terms employed; and Exhibit C, which lists OIG contributors to the report.

Over the past 3 years, the airline industry has faced a number of major challenges including a weakened economy, loss of premium-fare business traffic, the terrorist attacks of September 11, 2001, the Severe Acute Respiratory Syndrome (SARS) epidemic, the war in Iraq, and soaring fuel prices. Figure I illustrates the corresponding impact each of the major recent events has had on scheduled domestic flights between January 2000 and May 2004.

Figure I: Percent Change in Scheduled Domestic Flights January 2000 Through May 2004 (Base Year 1999)



Source: FAA Data

Described below are highlights of conditions that have evolved since our last report.[1]

- **Network carriers' financial troubles persist despite efforts to reduce costs and reflect a weakened environment in revenues and airfares.** Network carriers have made some progress in reducing labor and other costs, but these gains have been partially offset by rapidly rising fuel costs. All network carriers posted net losses in the first quarter of 2004. Although passenger traffic is nearly back to 2000 levels, average fares per passenger-mile are down more than 21 percent from 2000, partly due to the drop in premium-fare business travel and increasing competition from low-cost carriers. The average fare for a 1,000-mile trip in May 2000 was $147; in May 2004, the average fare was $116. Low-cost carriers have fared better financially, as their routes – and market share – continue to expand. Two low-cost carriers, Southwest and JetBlue, have posted profits in every quarter since the economic downturn in early 2001.

- **Although delays in June 2004 were 11 percent below their peak in 2000, they were 58 percent greater than June 2003.** Both flight traffic and passenger traffic are rebounding. Flight operations in May 2004 were within 1 percentage point of operations in May 2000 and although passenger enplanements in May 2004 were still down 13 percent from May 2000, they were 5 percent higher than May 2003. Traffic has further increased this summer and delays are growing as well. In June 2004, delayed flights were

[1] OIG Report Number CC-2004-006, "Airline Industry Metrics: Trends on Demand and Capacity, Aviation System Performance, Airline Finances, and Service to Small Airports," January 8, 2004.

still 11 percent below the number of delayed flights in June 2000, but were up 58 percent from June 2003.

Delays were particularly disruptive at several key airports. For example, as Table I illustrates, at Chicago-O'Hare, the number of delays in the first 5 months of 2004 was 40 percent greater than in the same period in 2000; and 2004 delays also averaged 10 minutes longer (66 minutes vs. 56 minutes). In June 2004, 29.4 percent of all flights into O'Hare were delayed. In July 2004, the gate arrival delay rate improved slightly to 25.7 percent according to preliminary data.

Table I. Delays and Cancellations at Chicago-O'Hare

	Arrival Delays	Average Minutes of Delay	Cancellations
Jan-May '00	48,474	56	8,296
Jan-May '03	34,990	57	4,347
Jan-May '04	68,029	66	8,697
Percent Change '04 vs '03	**94%**	**16%**	**100%**
Percent Change '04 vs '00	**40%**	**18%**	**5%**

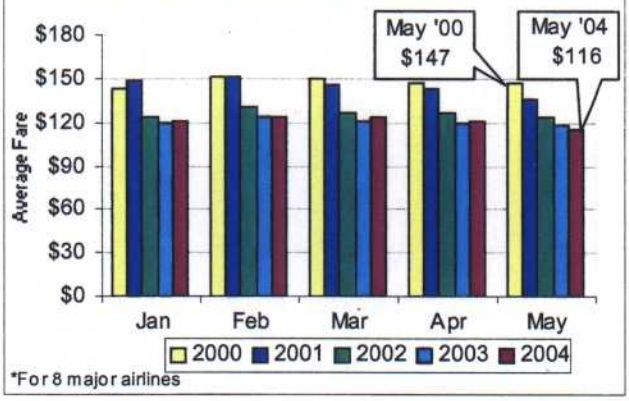
Twice in the past year, DOT intervened to encourage the airlines to voluntarily reduce their schedules at O'Hare, but delays have continued to grow. Currently, the Department is again attempting to negotiate voluntary schedule reductions with the hope that delays can be mitigated this fall. Even if the airlines and the Administration are able to effectively reduce O'Hare delays through voluntary or administrative measures, the timing is right for the collective stakeholders to explore market-based solutions.

The FAA has completed an update of its capacity benchmarks that were first developed in the aftermath of the summer of 2000. These benchmarks identify the number of flights a specific airport can support within the constraints of the airport's runways and the air traffic control system under varying weather conditions. The FAA has stated its intent to publicly release these benchmarks within the next few weeks after it completes a comparison of those benchmarks to airline schedules for a subset of airports experiencing significant delays.

- **Low-cost carrier growth is driving passenger traffic rebound.** Air service, as measured by the number of scheduled flights and seats, is beginning to rebound, but there is a significant shift from 2000 in who is providing this air service. Between May 2000 and May 2004, low-cost carriers increased their scheduled seats by 20 percent at all airports, while seats scheduled by all other carriers (predominantly network carriers and their affiliates) declined by 16 percent. At large hubs, alone, seats scheduled in May 2004 by low-cost carriers increased 28 percent, while other carriers decreased scheduled seats by 16 percent.

The following eight figures are key indicators of trends in the airline industry. Additional indicators and observations are included in Exhibit A.

Figure II: Domestic Air Fares* Average Fare for 1,000-Mile Trip, Excluding Taxes (ATA Data)



*For 8 major airlines

Figure III: Jet Fuel Cost Per Gallon (ATA Data-Domestic Fuel Costs)

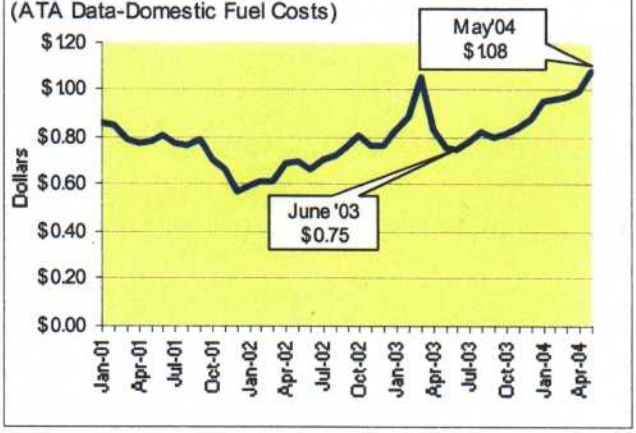


Figure IV: Accumulated Net Losses and Gains 1Q 01 cumulatively through 1Q 04 (DOT Data)

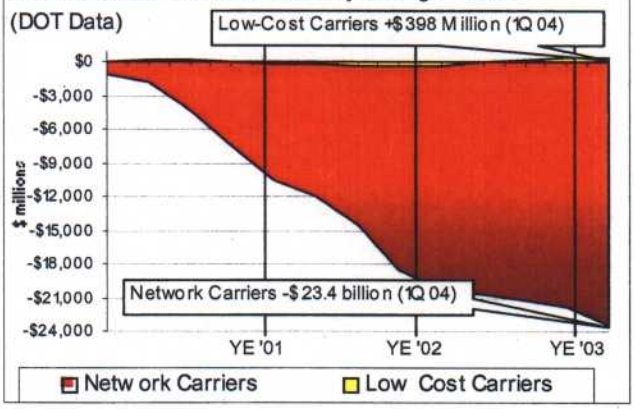


Figure V: Number of Flights with Arrival Delays June 2000 through June 2004 (FAA Data)

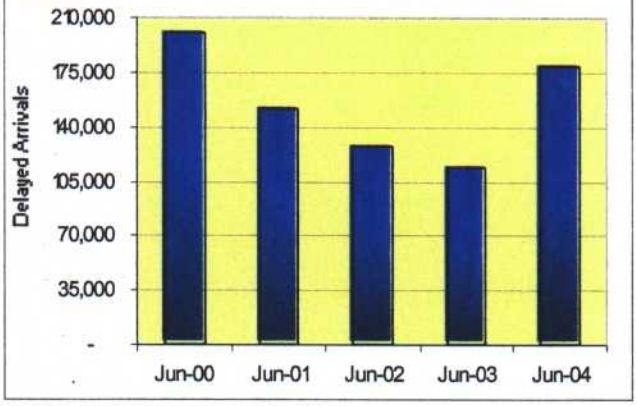


Figure VI: Changes in Scheduled Flights by Aircraft Type May '04 vs. May '00 (FAA Data)

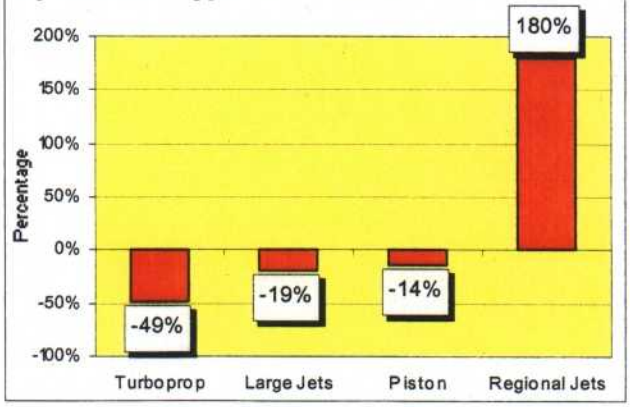
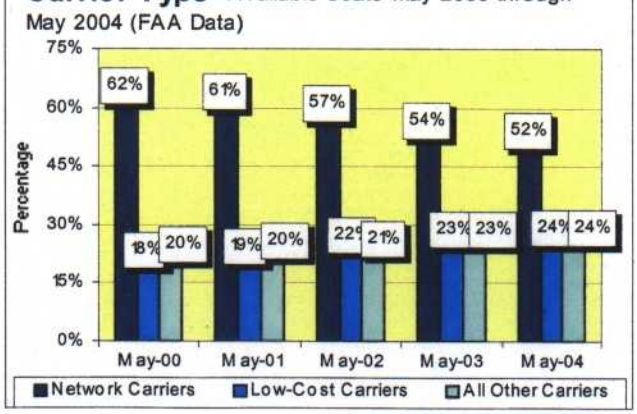
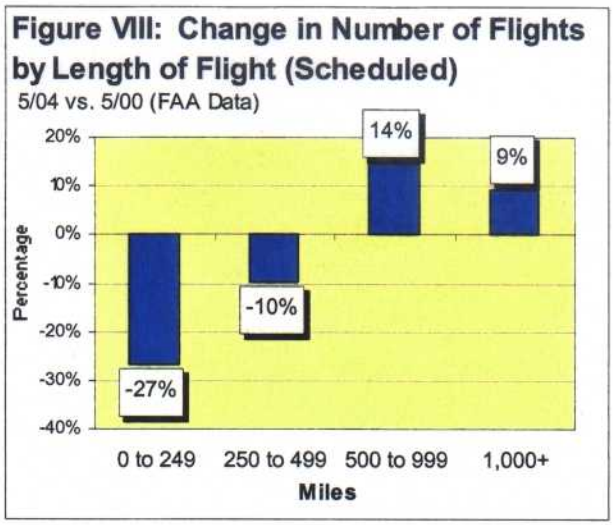
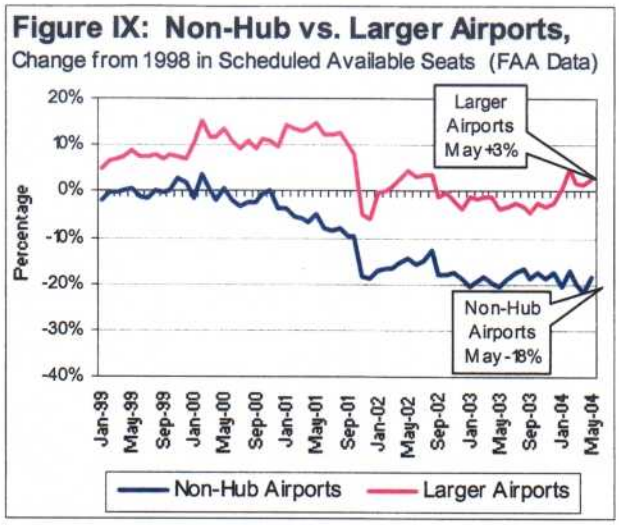


Figure VII: Domestic Market Share by Carrier Type Available Seats-May 2000 through May 2004 (FAA Data)







If you have any questions or if I can be of further assistance, please feel free to contact me at (202) 366-1959, or Mark R. Dayton, Assistant Inspector General for Competition and Economic Analysis, at (202) 366-9970.

Attachments (3)

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EXHIBIT A. SUMMARY OF AIRLINE INDUSTRY METRICS

I. Air Service Demand and Capacity

- **AIR TRAVEL DEMAND.** The number of air travelers increased notably in recent months as demand continues to recover from the sharp declines following the terrorist attacks in 2001 (34 percent decline) and the beginning of the conflict in Iraq. Domestic revenue passenger enplanements for May 2004 were down 13 percent from May 2000.[2] However, enplanements in the first 5 months of 2004, combined, were up 5 percent compared to the same months in 2003. ***[Figure 1]***

- **PASSENGER DEMAND VERSUS CAPACITY.** Domestic passenger demand, as measured by revenue passenger miles (RPMs), and capacity, as measured by available seat miles (ASMs), increased throughout much of 2003 and the early part of 2004. In recent months, passenger demand has grown more quickly than capacity. The slower growth in capacity may reflect airlines' caution in adding capacity in an environment of increased jet fuel prices, considerable air fare competition, and weak yields. As of May 2004, passenger demand (RPMs) was 3 percent below May 2000 levels; but actual capacity (ASMs) was still down 5 percent. ***[Figure 2]***

- **FLIGHT OPERATIONS.** FAA's Air Route Traffic Control Centers reported handling 1 percent fewer flight operations in May 2004 than in May 2000.[3] The recovery in flight operations is evident in many recent months. Operations in December, January, February, March, and April nearly equaled or exceeded 2000 levels. ***[Figure 3]***

- **FLIGHT ARRIVALS.** While traffic is rebounding at an industry-wide level, the recovery has not been uniform among the nine largest airlines as shown by flight arrivals. Between May 2000 and May 2004, only two airlines reported increases in the number of arrivals at large hub airports. Alaska Airlines reported an increase of 19 percent and Southwest Airlines reported an increase of 12 percent. In comparison, the remaining seven airlines reported declines ranging from 1 percent for America West to 40 percent for US Airways. ***[Figure 4]***

- **AIRLINE SCHEDULES—WINTER/SPRING 2004.** For the first 5 months of 2004, domestic airline scheduled flights and available seats were down 9 percent and 10 percent, respectively, compared to the same period of 2000. Compared to the same months in 2003, both the number of scheduled flights and available seats in the first

[2] Due to the sizable impact that the terrorist attacks had on domestic flight service during the latter part of 2001, we used 2000 as the base year in many of our metrics.

[3] Flight operations include both scheduled commercial and non-commercial (e.g., general aviation and military) air traffic.

5 months of 2004 were up about 4 percent. The fact that available seat growth lags flight growth is an indication of airlines substituting somewhat smaller-size aircraft in response to softer demand. ***[Figure 5]***

- **REGIONAL DIFFERENCES.** When comparing all airports on a percentage basis, air service declined more in the northeast and midwest regions than in other regions of the country. For example, between May 2000 and May 2004, available passenger seats in the northeast and midwest regions decreased 14 percent versus a 9-percent decrease in the west and a 6-percent decrease in the south. On an absolute basis the greatest seat loss was in the midwest region, where available seats declined from 18.5 million in May 2000 to 16.0 million in May 2004. The smallest loss was in the northeast region where available scheduled seats declined from 12.2 million in May 2000 to 10.5 million in May 2004. ***[Figure 6]***

- **AIRPORT CAPACITY.** The recovery in offered capacity among the nation's large hub airports continues to vary significantly between airports. For example, only six of the nation's largest airports saw an increase in scheduled passenger seats in the period from May 2000 as compared to May 2004: Fort Lauderdale (+33 percent), Kennedy (+16 percent), and Las Vegas (+10 percent). Scheduled passenger seats also grew modestly at Baltimore, Atlanta, and Orlando. Except for Ft. Lauderdale, virtually all of the growth at these airports reflects new or expanded low-cost carrier service. All other large airports lost seats during this period, most notably St. Louis (-61 percent), Pittsburgh (-37 percent), San Francisco (-27 percent), Honolulu (-27 percent), Dulles (-23 percent), Los Angeles (-21 percent), Boston (-20 percent), Newark (-19 percent), Miami (-18 percent), and Reagan National (-13 percent). ***[Figure 7]***

- **LOSS OF SHORT-HAUL AIR SERVICE.** In May 2004, there were 27 percent fewer scheduled flights with stage lengths under 250 miles than in May 2000. By comparison, flights of 1,000 miles or more increased 9 percent. These trends are likely being driven by three factors: (1) network carriers eliminating short-haul markets, which cost more per passenger to serve, (2) diversion of air passengers to automobiles in markets where security waits and other hassles no longer make air travel as time efficient, and (3) low-cost carriers entering and increasing service in markets of greater stage length, which are most economical for their aircraft fleets. During this 4-year period, the network airlines[4] were more likely to cut their short-haul flights, which declined 43 percent, than either the low-cost[5] (14 percent decrease) or other smaller airlines[6] (25 percent decrease). ***[Figures 8 and 9]***

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[4] Network airlines include Alaska Airlines, American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways.

[5] Low-cost airlines include AirTran Airways, American Trans Air, America West Airlines, Frontier Airlines, JetBlue Airways, National Airlines, Pan American Airways, Southwest Airlines, Spirit Airlines, Sun Country, and Vanguard Airlines. However, Vanguard Airlines and National Airlines ceased operations in July and November 2002, respectively.

[6] Other airlines include smaller regional, commuter, and national airlines (many of which are affiliated with the major network carriers).

- **LOW-COST AND OTHER AIRLINES GAIN MARKET SHARE.** Many low-cost and "other" airlines—including regional and commuter operators flying on behalf of the network carriers—have continued to expand their market shares (as measured in scheduled available passenger seats). Between May 2000 and May 2004, low-cost carriers increased their share about 6 percentage points and now represent nearly a quarter of all scheduled available seats. The "other" carriers increased their share 4 percentage points. In contrast, network carriers reduced capacity and saw their share of the domestic available seats decline from 62 percent in May 2000 to 52 percent in May 2004, reflecting a combination of seat reductions and seat transfers to regional partners. ***[Figure 10]***

- **MARKET SHARE AND GROWTH OF LOW-COST CARRIERS.** In May 2004, Southwest Airlines represented 59 percent of the total number of passenger seats scheduled by the low-cost carriers. Southwest Airlines also represented 38 percent of the total growth in low-cost service over the last 6 years, followed by Air Tran (19 percent), JetBlue (16 percent), American Trans Air (11 percent), Frontier Airlines (7 percent), Spirit Airlines (5 percent), and America West Airlines (2 percent). ***[Figures 11 and 12]***

- **GROWTH IN REGIONAL JET (RJ) FLIGHTS.** Following several years of significant growth, the use of regional jets continued to rise in early 2004.[7] In May 2000, scheduled flights on regional jets totaled 86,584; in May 2004, they totaled 242,628, an increase of 180 percent. Flights on all other aircraft types declined during this 4-year period, in some cases indicating replacement by regional jet service. Scheduled turboprop aircraft flights declined 49 percent, piston aircraft flights declined 14 percent, and flights using large jets have decreased by 19 percent. Scheduled service on large jets flown by network carriers is actually down 26 percent, but that reduction is partially offset by the significant growth of low-cost carrier service using large jets. ***[Figures 13 and 15]***

- **RJ FLIGHTS AT LARGE AIRPORTS.** RJs are also representing a larger share of the total number of scheduled flights at the 31 largest airports. Those airports with the highest percentages of RJ flights as of May 2004 are: Cincinnati (72 percent), Dulles (47 percent), Salt Lake City (44 percent), Chicago O'Hare (43 percent), Houston (41 percent), Newark (41 percent), Reagan National (40 percent), Dallas-Ft.Worth (36 percent), St. Louis (36 percent), and LaGuardia (31 percent). ***[Figure 14]***

II. Aviation System Performance

- **FLIGHT DELAYS AND CANCELLATIONS:** During the first 5 months of 2004, the number of delayed flights remained substantially down from the same period in 2000 (-28 percent). However, the cumulative number of delayed flights greatly exceeded those in the same period in 2003 (+38 percent). For just the month of May, delayed

[7] For this analysis, we defined RJs as those jet aircraft seating from 30 to 77 passengers operated by all carriers and jet aircraft seating 78 to 100 passengers operated by regional carriers.

arrivals were 56 percent higher than in May 2003. The number of canceled flights during the first 5 months of 2004 were well below the number of cancellations in early 2000 (-69 percent) and slightly below the first 5 months of 2003 (-4 percent). In May alone, the number of cancellations (3,512) was 73 percent below May 2000. ***[Figures 16 and 17]***

- **OTHER INDICATORS OF DELAYS.** The number of delayed and canceled flights in early 2004 has declined from the comparable period of 2000, however, the percentage of flights delayed has increased over the first 5 months of 2003. The cumulative percentage of flights experiencing arrival delays during the first 5 months of 2004 (20 percent) exceeded the delay rate for early 2003 (16.5 percent) and is approaching the delay rate for the same period in 2000 (25.5 percent). During the month of May 2004, 22 percent of arriving flights experienced delays, nearly matching the 24 percent of the same month of 2000. During May 2004, the average length of gate arrival delays (58 minutes) matched the length of delay for May 2000 (58 minutes). The average length of gate arrival delays during the first 5 months of 2004 (51 minutes) is 5 minutes longer than 2003 (46 minutes), but slightly improved from 2000 (52 minutes). ***[Figures 18 and 19]***

- **DELAYS AT SELECTED AIRPORTS.** Although arrival delays across the system continued to lag 2000 levels, the changes differ widely among airports, with some airports experiencing delays at levels substantially higher than 2000. For example, in the first 5 months of 2004 the number of delayed arrivals was up 40 percent at Chicago O'Hare, 31 percent at Salt Lake City, and 23 percent at Ft. Lauderdale. In contrast, the three large hub airports experiencing the greatest percentage reduction in arrival delays between early 2000 and 2004 were St. Louis (-52 percent), Los Angeles (-43 percent), and Boston (-41 percent). ***[Figure 20]***

III. Airline Finances

- **AIRLINE REVENUES AND EXPENSES.** Compared to the quarter ended March 2000, operating revenues of the major passenger airlines in the quarter ended March 2004 were down by 5 percent and operating expenses were up by 3 percent. Combined, expenses of the major airlines exceeded revenues by about $1 billion. Fuel costs have escalated substantially over the past few years. In 2003, the average price of a barrel of oil was approximately $31, a significant rise over the average 2002 price of $26 per barrel. ATA now expects the average in 2004 to exceed $38 per barrel. ***[Figure 21]***

- **AIRLINE OPERATING PROFITS AND LOSSES.** Operating results for 14 selected network and low-cost carriers varied widely among the airlines, with the low-cost carriers generally realizing higher profits than many of the network carriers. Of the nine selected carriers posting losses in the first quarter of 2004, two carriers' losses – United and Delta – accounted for 63 percent of the total. Of the five selected carriers posting profits in the first quarter of 2004, Southwest's profit of $46 million accounted for 42 percent of the total. Southwest attributes its profitability in the first quarter to its

substantial fuel hedges, which account for 80 percent of its fuel needs over the next 2 years. ***[Figure 22]***

- **ACCUMULATED NET LOSSES AND PROFITS.** In 2001, network carriers began incurring substantial net losses, accumulating to a total of $23.4 billion by the end of the first quarter of 2004. The losses mounted in response to the downturn in the economy, terrorism of late 2001, bankruptcies, and reorganizations. Three carriers accounted for two-thirds of the network carriers' combined losses. United accumulated $9.1 billion in net losses, followed by Delta (-$3.7 billion) and US Airways (-$2.4 billion). The low-cost carriers, meanwhile, managed to accumulate $398 million in net profits over the same period. Southwest Airlines' $1.2 billion in accumulated net profits offset losses posted by most of the remaining low-cost carriers, including $560 million in net losses posted by America West. Three other low-cost carriers also entered bankruptcy during this period (National, Sun Country, and Vanguard). It should be noted that these results are net of any Federal financial assistance that followed September 11, 2001. ***[Figure 23]***

- **COST PER AVAILABLE SEAT-MILE (CASM).** Despite significant efforts over the last 3 years to reorganize, streamline, and otherwise pare costs, network carriers as a group have experienced a gradual increase in the quarterly operating cost per available seat-mile (CASM). In the first quarter of 2004, the network carriers posted a CASM of 12.6 cents, compared to 10.8 cents in the same quarter of 2000.[8] In contrast, low-cost carriers have been able to maintain a relatively constant CASM over the last 3 years, even lowering it slightly despite rising fuel costs – in part by moving into longer haul markets where fixed costs are spread over more miles. The low-cost carrier group CASM for the first quarter of 2004 was 7.6 cents compared to 7.8 cents in the same quarter of 2000. ***[Figure 24]***

- **AIR FARES AND YIELDS.** Increased price sensitivity among business passengers, coupled with airlines' efforts to stimulate overall demand by dropping fares, has significantly affected yields for eight major airlines tracked by ATA.[9] Between May 2000 and May 2004 the average air fare for a 1,000-mile flight dropped from $147 to $116, resulting in a 21-percent decline in airline yields from passenger traffic. ***[Figures 25 and 26]***

- **BUSINESS AND LEISURE TRAVEL.** The shift in business travel away from premium unrestricted fares that began in early 2001 has continued through the fourth quarter of 2003. At the five busiest U.S. airports[10] the percent of domestic passengers traveling on first-class, business class, or unrestricted coach tickets – which traditionally have

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[8] Partially contributing to increases in the network carriers' CASM starting in 2003 is a change in accounting for the costs of selected affiliated regional carrier services, adding several hundred million dollars quarterly in expense not similarly recorded in earlier periods.

[9] The ATA includes eight airlines in its "major passenger airline" classification: American, Continental, Delta, Northwest, United, US Airways, Alaska, and America West.

[10] As measured by passenger enplanements and deplanements, the five busiest airports are; Atlanta, Chicago O'Hare, Dallas/Ft. Worth, Denver, and Los Angeles.

been the fare classes used by business travelers – declined from 21 percent in the first quarter of 2000 to 12 percent in the fourth quarter of 2003. This percent has remained fairly constant since the third quarter of 2001, ranging from 12 percent to 14 percent. ***[Figure 27]***

- **AIRLINE LOAD FACTORS.** Load factors for the major passenger airlines system operations were 72 percent for the quarter ending March 2004, compared to 69 percent for the quarter ending March 2003. For the quarter ending March 2004, the break-even load factors (the average percent of paying passengers needed on all flights to cover airline costs) were 76 percent while actual load factors were 72 percent, a gap of 4 percentage points. Seven of the nine largest airlines failed to reach their break-even points. Nevertheless, the March 2004 breakeven gap is a significant improvement over the prior year's performance. In the quarter ending March 2003, the gap between actual load factors and break-even load factors was 15 percentage points. ***[Figures 28 and 29]***

- **FUEL COSTS.** One factor hampering the airlines efforts to reduce operating expenses has been the increase in jet fuel costs, which increased an average of almost 20 percent during 2003 compared to 2002. Jet fuel costs have increased sharply since mid-year 2003, from $0.75 in June 2003 to $1.08 in May 2004. The ATA anticipates that the growth from 2003 will cost the industry an additional $3 billion in 2004. ***[Figure 30]***

- **AIRLINE DEBT TO INVESTMENT RATIO.** The debt to investment ratio for major passenger airlines was 93 percent for the quarter ending March 2004 – a new 4-year high and nearly double the average debt to investment ratio of the airlines in the third quarter of 2000 (48 percent).[11] The debt to investment ratio is one measure of an airline's ability to finance operations in the face of uncertain operating revenues. In the quarter ending March 2004, four of the nine largest airlines had debt to investment ratios above 95 percent, including United Airlines (198 percent), Delta Air Lines (108 percent), US Airways (102 percent), and American Airlines (96 percent). In contrast, Southwest Airlines' debt to investment ratio was 24 percent. ***[Figures 31 and 32]***

- **AIRPORT AND AIRWAY TRUST FUND (TRUST FUND).** Lower demand and lower average ticket prices have also reduced revenues for the Airport and Airway Trust Fund.[12] Before September 11, 2001, the FAA projected overall revenues of $13.7 billion for Fiscal Year 2004. FAA now estimates $10.4 billion in revenues in 2004, a reduction of about 24 percent. During the next 5 years (2004 through 2008) Airport and Airway Trust Fund receipts are expected to be about $20 billion less than projections made in April 2001, a difference of about 26 percent. ***[Figure 33]***

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[11] DOT publishes debt to total investment ratios in the Major Airline Quarterly Financial Review. Debt is defined as long-term debt, capital leases, and advances from associated companies, less unamortized debt expenses. Total investment includes all the debt items plus stockholders' equity.

[12] The Trust Fund's largest funding source is the 7.5 percent ticket tax. A combination of lower average fares and fewer ticket sales result in lower tax revenues for the Trust Fund.

IV. Air Service at Small Airports

- **CHANGES IN AIR SERVICE.** Since 2000, scheduled capacity at non-hub airports has continued to decline (compared to 1998 levels) following a period of steep loss when available seats decreased between 4 and 7 percent each month in early 2001.[13] During this same period, capacity at large, medium, and small hub airports increased 13 percent over 1998 levels. Following the September 11, 2001 terrorist attacks, service at all airports declined. However, the number of scheduled seats has rebounded at larger airports, where virtually all of the low-cost carrier service growth has occurred. Capacity has not yet returned at non-hub airports. At small, medium, and large hub airports, scheduled service in May 2004 exceeded May 1998 levels by 3 percent, while service at non-hub airports still lagged 1998 levels by 18 percent. ***[Figure 34]***

- **NON-HUB AIRPORT SERVICE LOSS BY REGION.** Service cut-backs at non-hub airports have largely been concentrated in the northeast and midwest states. In May 2004, capacity (as measured by available seats) at non-hub airports in these two regions, combined, was 29 percent below the capacity level of May 2000. Capacity at non-hub airports has also declined in the southern and western regions of the United States; however, the drop (on a percentage basis) has not been as pronounced. In May 2004, capacity in the southern and western regions, combined, declined 14 percent from May 2000 levels. ***[Figure 35]***

- **ACCESS TO LARGE AIRPORTS.** The loss in service between non-hub airports and large airports was more pronounced than service loss between large and other-sized airports. Between May 2000 and May 2004, scheduled flights between non-hub and the largest airports declined by 21 percent. Flights connecting large hub airports also declined, although at a lesser rate of 7 percent, while the number of flights connecting large hub airports with small- and medium-hub airports remained relatively constant. ***[Figure 36]***

- **REGIONAL JET (RJ) GROWTH.** Overall, scheduled flights at non-hub airports involving regional jets (RJs) jumped 146 percent between May 2000 and May 2004. In comparison, flights involving other aircraft types experienced sharp declines, including large jets (-38 percent), turboprop (-37 percent), and piston (-18 percent). Overall, scheduled flights by all aircraft at non-hub airports are down 21 percent from 2000 levels. ***[Figure 37]***

- **LOW-COST CARRIER SERVICE AT NON-HUB AIRPORTS.** Service at non-hub airports continues to be dominated by regional carriers flying on behalf of network carriers. The network carriers are increasingly relying on regional partners with their smaller aircraft for more economical connections to less dense markets. Similarly, low-cost carriers continue to avoid non-hub airports, where demand for point-to-point service is

[13] For the purposes of this analysis 1998 was selected as a base period in order to incorporate and illustrate several years of growth in 1999 and 2000 as comparison to the subsequent downturn in service.

insufficient to make it economically feasible to serve with their fleets of larger aircraft. Overall, low-cost airlines scheduled service to only 7 of the more than 500 non-hub airports in May 2004,[14] representing approximately 3 percent of the total available passenger seats at these airports. By comparison, the network and other smaller airlines comprised 15 percent and 82 percent, respectively, of scheduled available seats from non-hub airports. ***[Figure 38]***

- **ESSENTIAL AIR SERVICE (EAS).** When many small communities were in danger of losing scheduled air service following September 11, 2001, Congress responded by more than doubling the funds available through the EAS Program. Between Fiscal Year 2001 and Fiscal Year 2004, funding rose from $50 million to $102 million and the number of communities receiving subsidized service increased from 115 to 138. It is unclear whether and to what extent the subsidies will be sustained at this level as the President's Fiscal Year 2005 budget requests only $50 million in funding. The final funding level will be subject to the congressional appropriations process. ***[Figure 39]***

[14] These data include only those non-hub airports that receive at least one scheduled flight per week.

Airline Industry Metrics

Figure 1: Domestic Passenger Enplanements

Percent Change in Revenue Passenger Enplanements from 2000 (ATA Data)

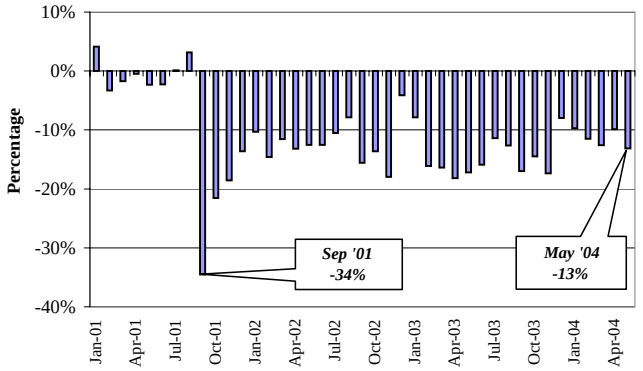


Figure 2: Domestic Passenger Capacity vs. Demand

Percent Change in Available Seat Miles (ASM) vs. Revenue Passenger Miles (RPM) from 2000 (ATA Data)

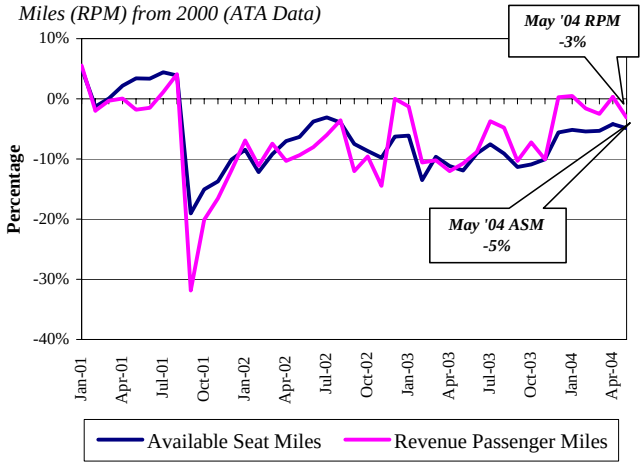


Figure 3: Actual Flight Operations

Percent Change in Air Route Traffic Control Center Operations from 2000 (FAA Data)

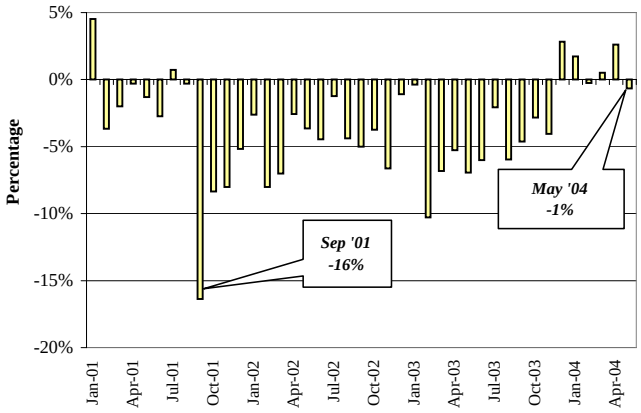


Figure 4: Nine Major Airlines Reported Arrivals

Percent Change in Actual Arrivals by Airline 5/04 vs. 5/00 (FAA Data 32 major airports)

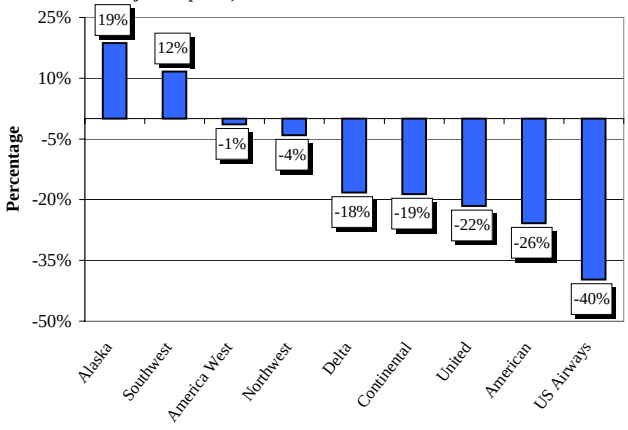


Figure 5: Domestic Scheduled Capacity

Percent Change in Scheduled Flights and Available Seats at All Airports from 2000 (FAA Data)

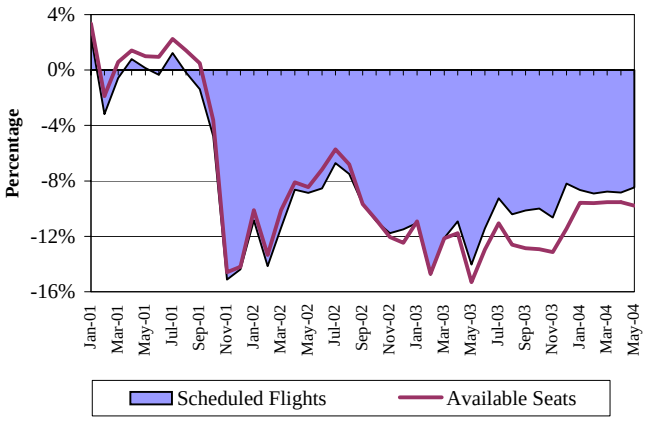
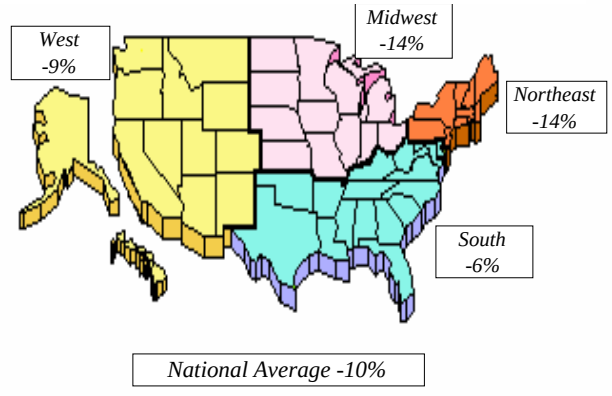


Figure 6: Regional Differences at All Airports

Percent Change in Available Seats at All Airports 5/04 vs. 5/00 (FAA Data)



Airline Industry Metrics

Figure 7: Change in Capacity at Large Airports

Percent Change in Scheduled Flights and Available Seats at the 31 Largest Airports 5/04 vs. 5/00 (FAA Data)

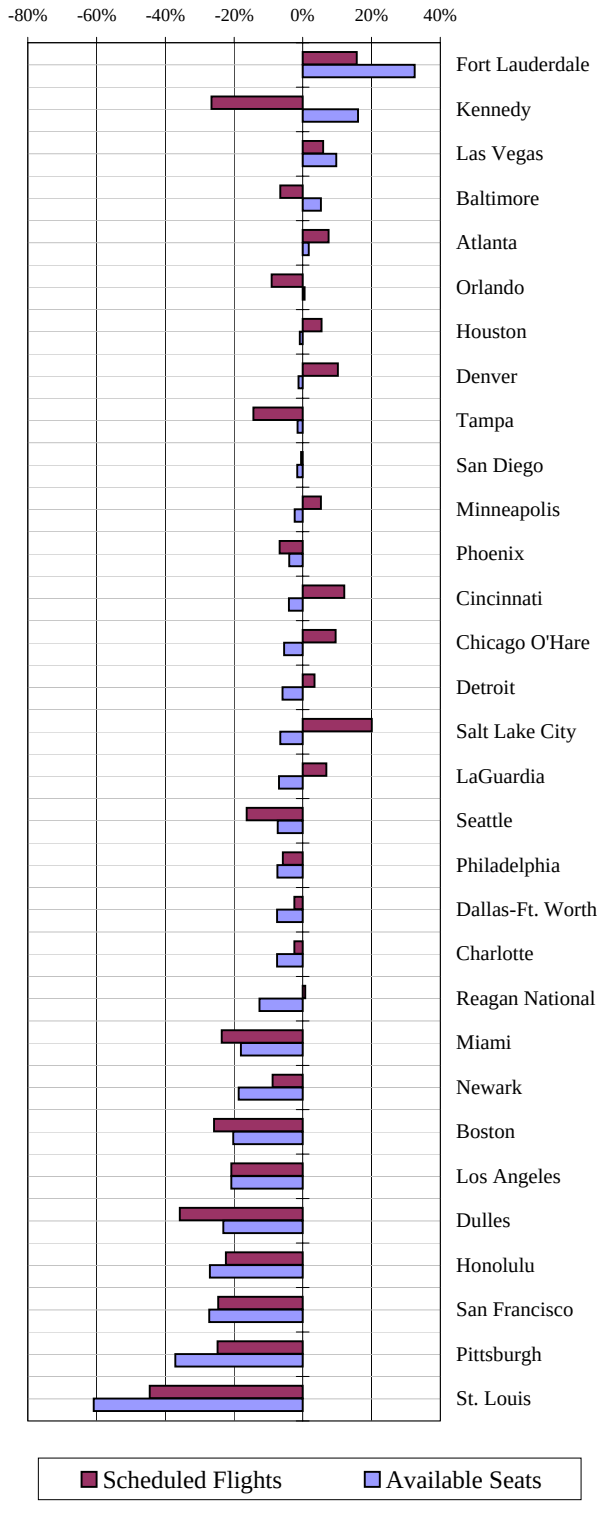


Figure 8: Length of Flight

Percent Change in Scheduled Flights by Length of Flight 5/04 vs. 5/00 (FAA Data)

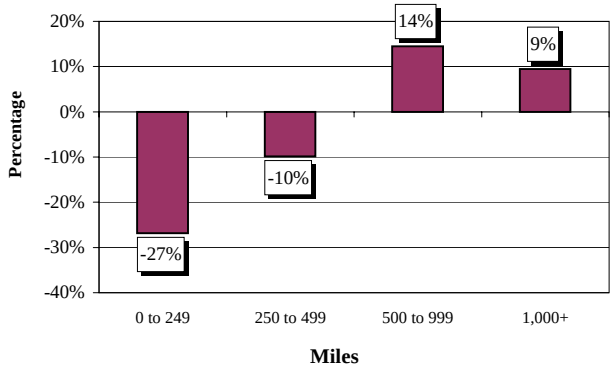


Figure 9: Short Haul Flights by Type of Airline

Percent Change in Scheduled Flights Less Than 250 Miles by Type of Airline 5/04 vs. 5/00 (FAA Data)

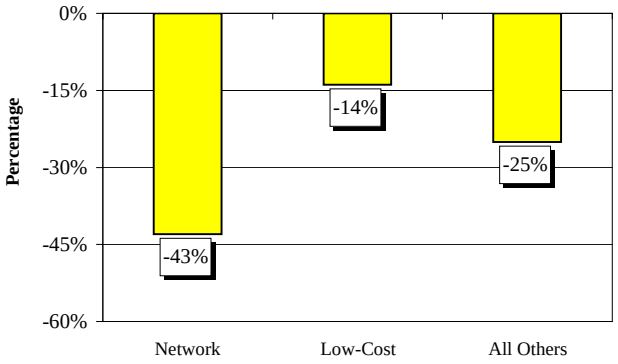
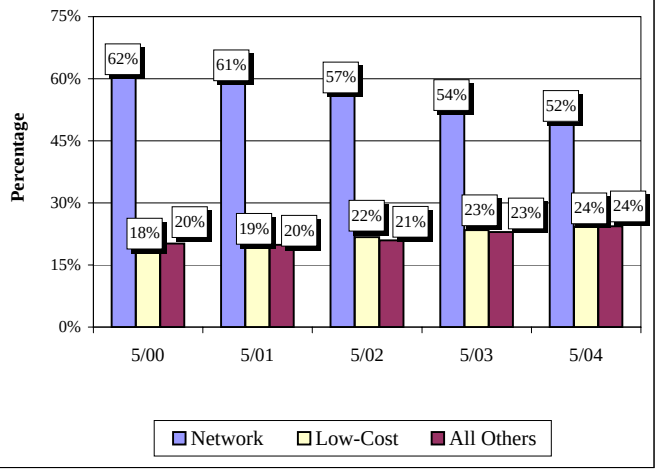


Figure 10: Airline Domestic Market Share

Airline Market Share by Available Seats (FAA Data)



Airline Industry Metrics

Figure 11: Market Share of Low-Cost Carrier Service

Airline Share of Service by Available Seats, 5/04 (FAA Data)

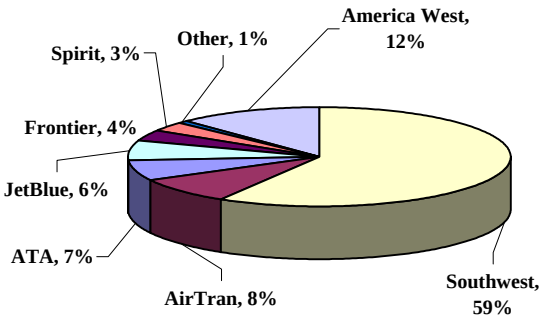


Figure 12: Share of Low-Cost Carrier Service Growth

Airline Share of Growth by Available Seats, 5/04 vs. 5/98 (FAA Data)

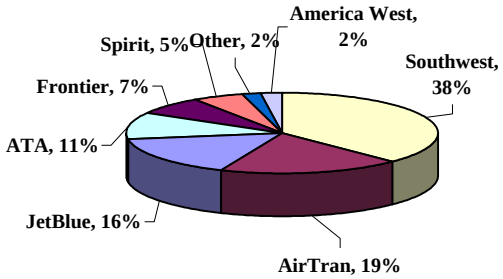


Figure 13: Type of Aircraft

Percent Change in Number of Domestic Scheduled Flights by Type of Aircraft 5/04 vs. 5/00 (FAA Data)

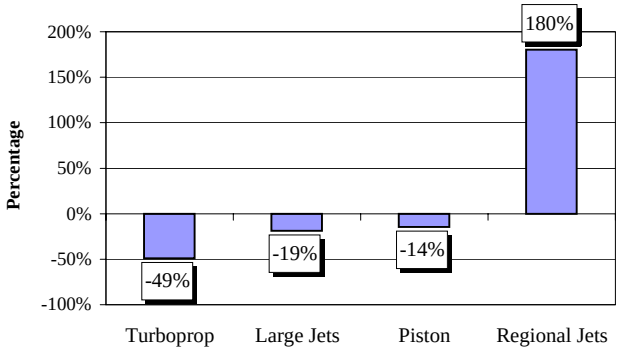
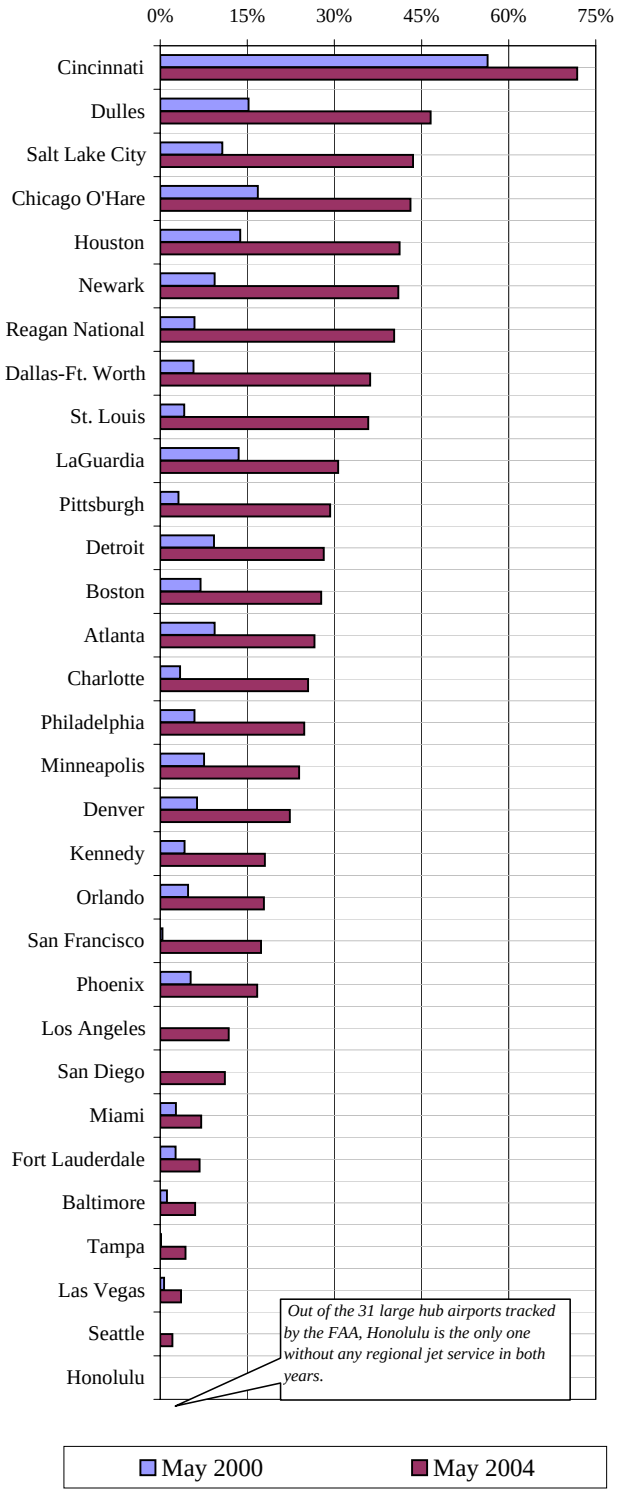


Figure 14: Regional Jets at 31 Large Hub Airports

RJs Share of Scheduled Flights at 31 Largest Airports 5/04 vs. 5/00 (FAA Data)



Airline Industry Metrics

Figure 15: Market Share by Aircraft Type

Percent Share of Scheduled Flights by Type of Aircraft (FAA Data)

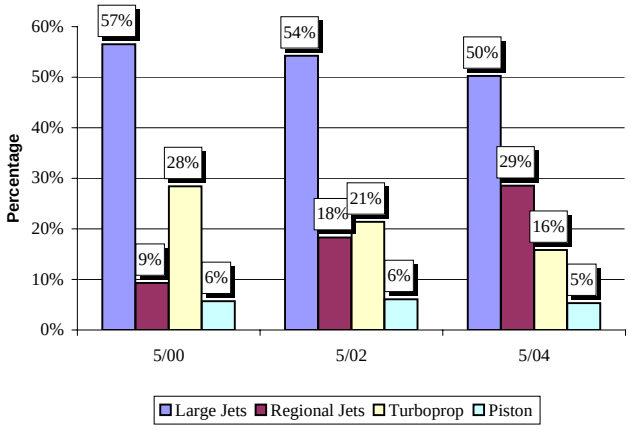


Figure 16: Number of Flights With Delayed Arrivals

(FAA Data - Nine major airlines, 32 major airports)

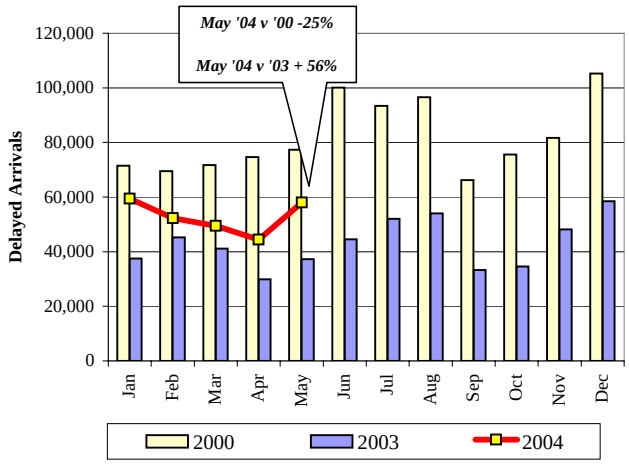


Figure 17: Cancellations

(FAA Data - Nine major airlines, 32 major airports)

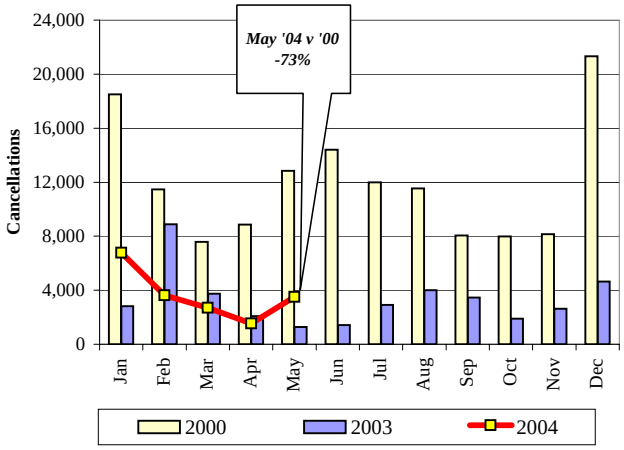


Figure 18: Percent of Flights Arriving Late

(FAA Data - Nine major airlines, 32 major airports)

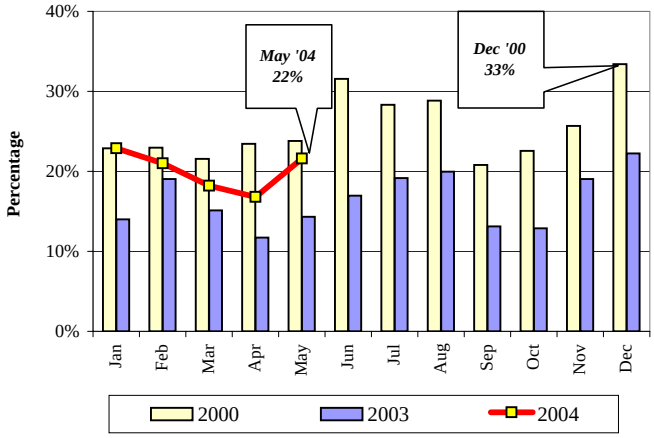


Figure 19: Length of Arrival Delays

(FAA Data - Nine major airlines, 32 major airports)

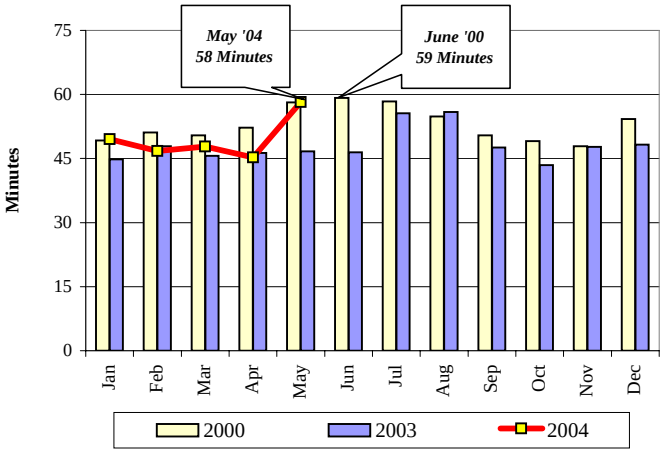
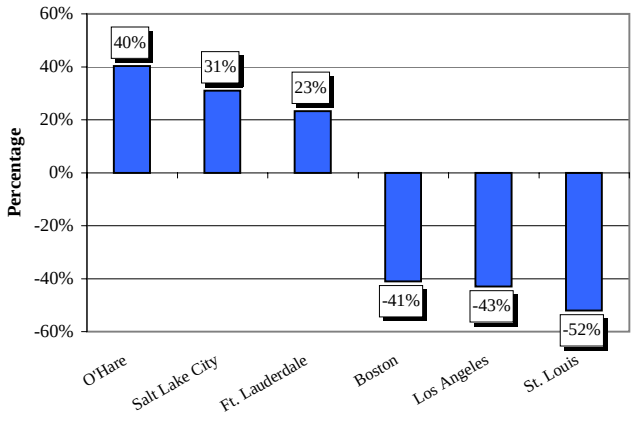


Figure 20: Worst and Best Changes in Arrival Delays by Airport - *Percent Change in Arrival Delays for Year-to-Date 05/2004 vs. 5/2000 (FAA Data)*



Airline Industry Metrics

Figure 21: Revenues vs. Expenses

Major Passenger Carriers Operating Revenues vs. Operating Expenses
1Q 2000 through 1Q 2004 (DOT Data)

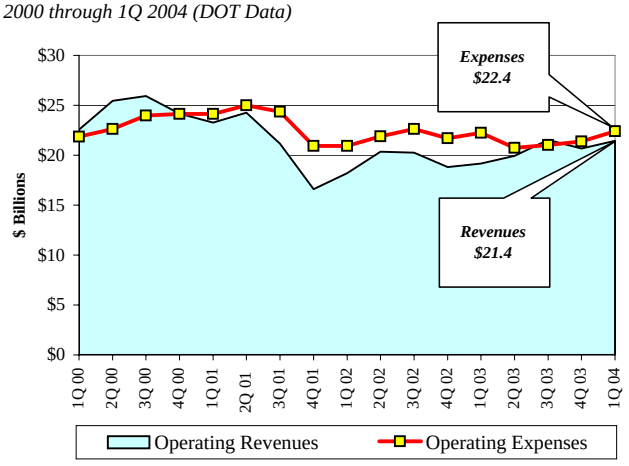


Figure 22: Selected Network and Low-Cost Airlines Operating Profit or Loss

System Operations for Quarter Ending 3/31/04 (DOT Data)

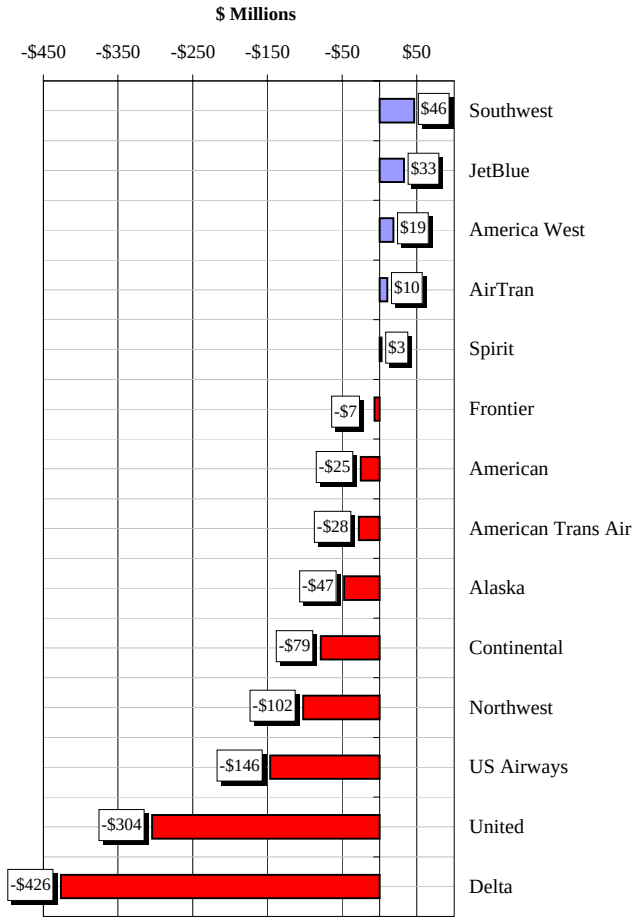


Figure 23: Accumulated Net Losses and Gains

1Q 01 cumulatively through 1Q 04 (DOT data)

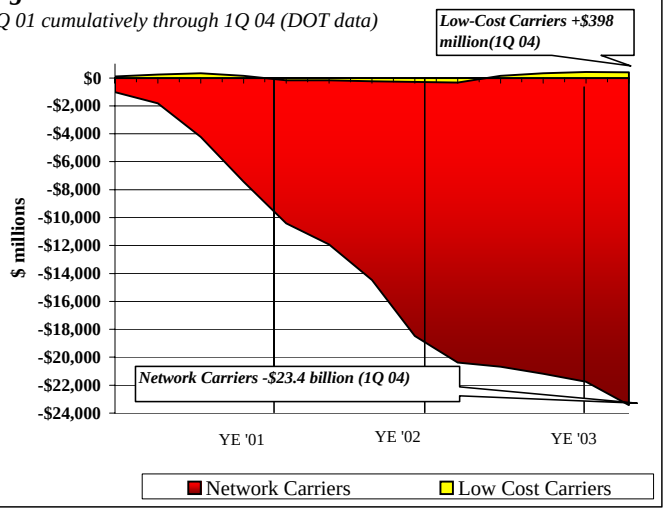


Figure 24: Cost Per Available Seat-Mile (CASM)

1Q 2000 through 1Q 2004 (DOT Quarterly Domestic Data)

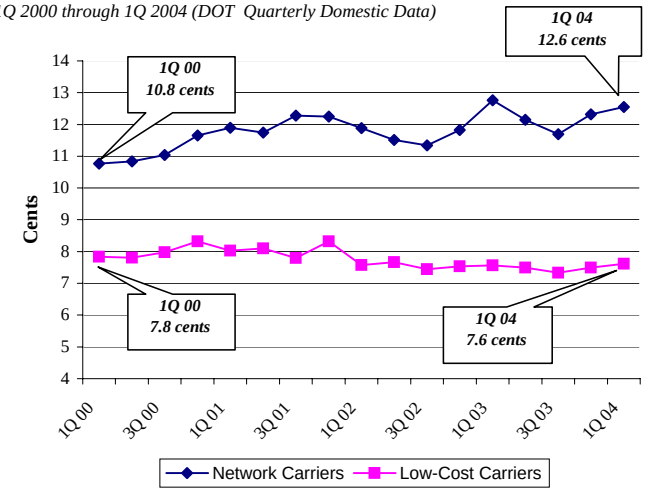
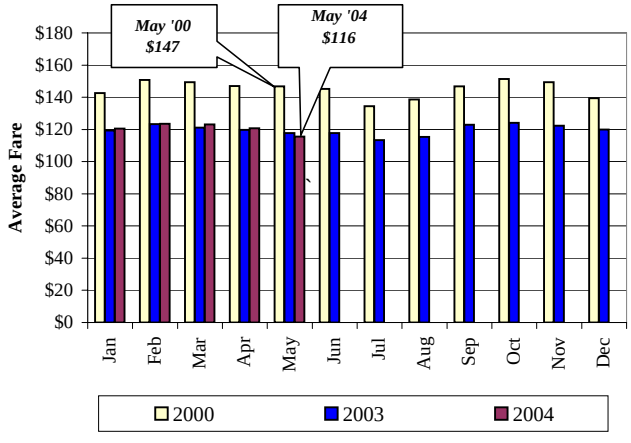


Figure 25: Domestic Air Fares for Eight Major Airlines

Average Fare for 1,000 Mile Trip, Excluding Taxes 2000, 2003 and Year-to-Date May 2004 (ATA Data)



Airline Industry Metrics

Figure 26: Domestic Yield for Eight Major Airlines *Percent Change in Airline Yield from 2000 (ATA Data)*

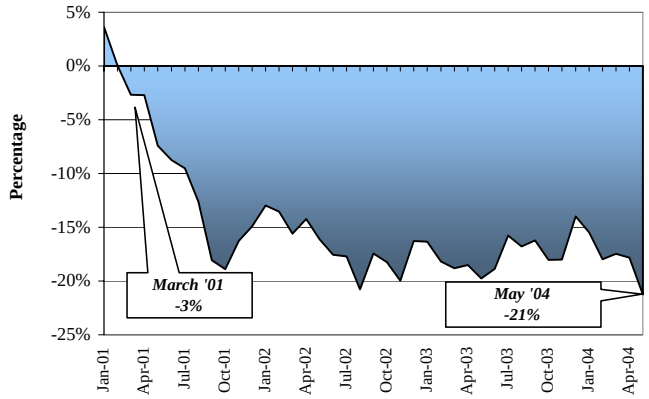


Figure 27: Business and Leisure Travel at the Five Busiest U.S. Airports *Passengers Using Business Fares as a Percent of All Passengers 1Q 2000 through 4Q 2003 (BTS Data)*

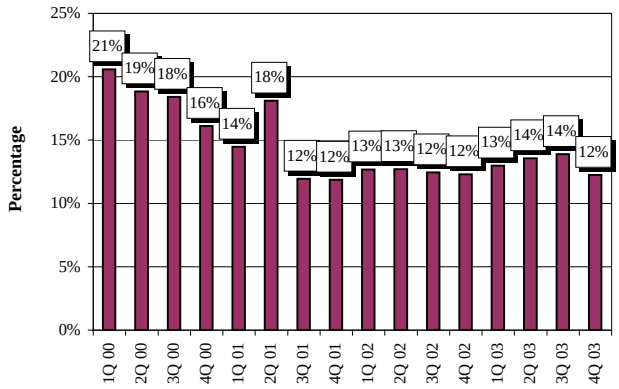


Figure 28: Passenger Load Factors- *Actual vs. Breakeven Percentages 1Q 2000 through 1Q 2004 (DOT Data)*

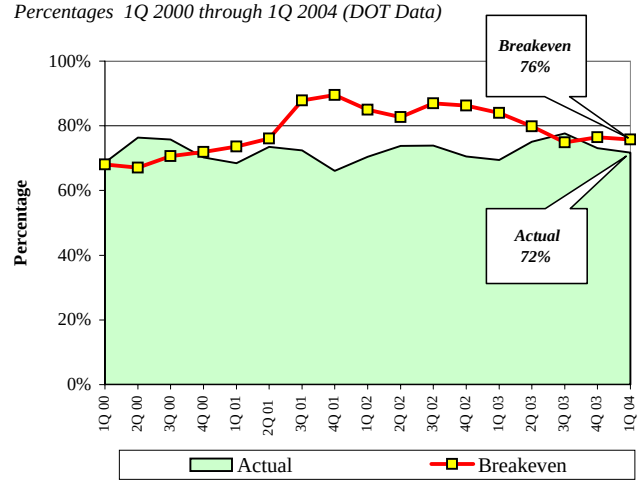


Figure 29: Individual Airline Load Factors
Actual vs. Breakeven Percentages for Quarter Ending 3/31/04 (DOT Data)

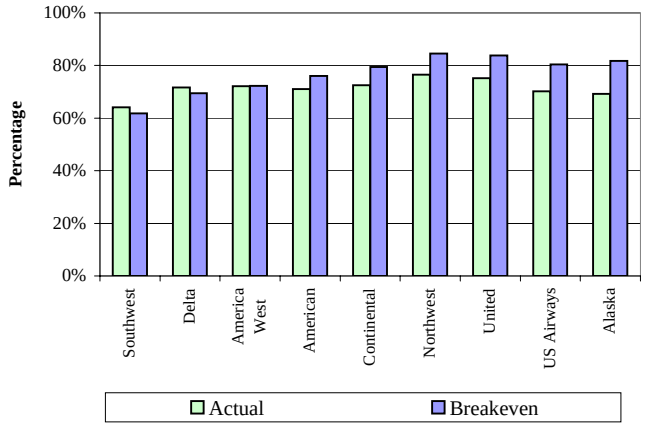
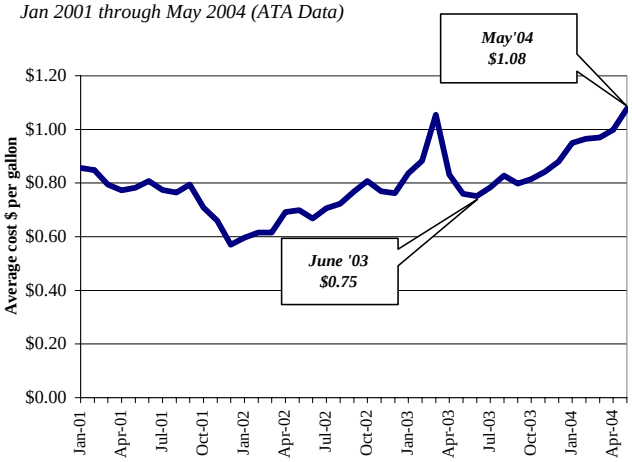


Figure 30: Cost Per Gallon Domestic Jet Fuel
Jan 2001 through May 2004 (ATA Data)



Airline Industry Metrics

Figure 31: Debt to Investment Ratio

Airline Debt to Investment Ratio for All Major Airlines 3Q 2000 through 1Q 2004 (DOT Data)

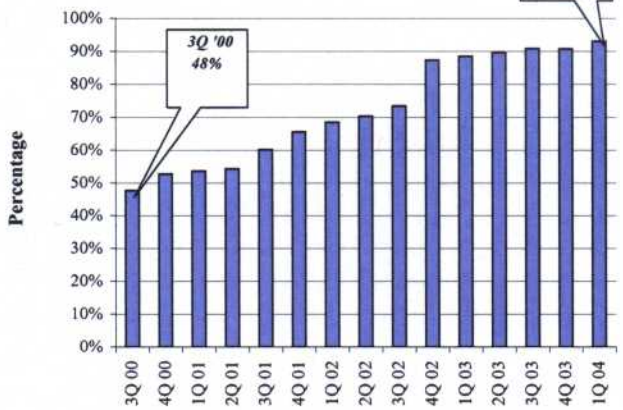


Figure 32: Debt to Investment Ratio by Airline

Airline Debt to Investment Ratio for Quarter Ending 3/31/04 (DOT Data)

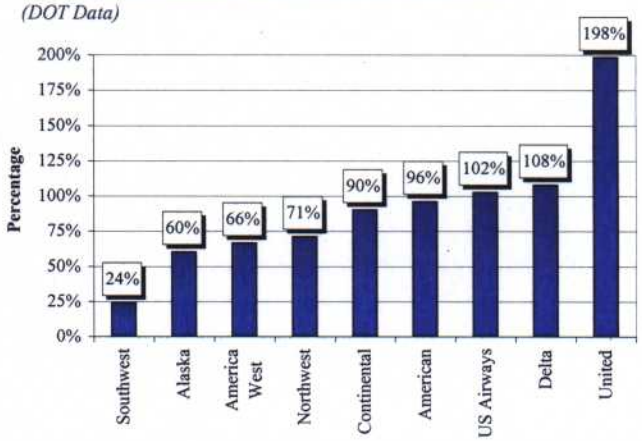


Figure 33: Airport and Airway Trust Fund

Estimated Trust Fund Receipts as of 8/04 vs. Pre-9/11 (FAA Data)

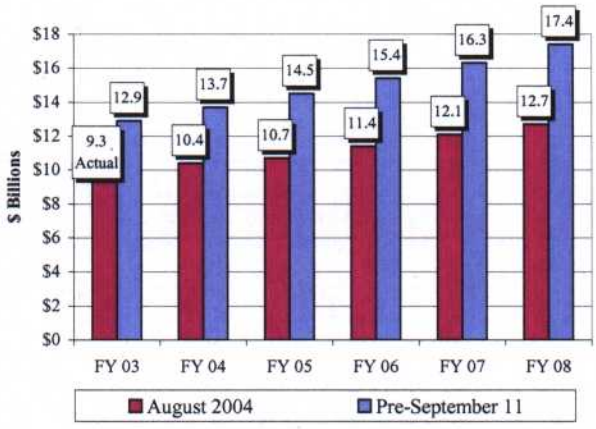


Figure 34: Non-Hub vs. Larger Airports

Percent Change in Scheduled Available Seats from 1998 (FAA Data)

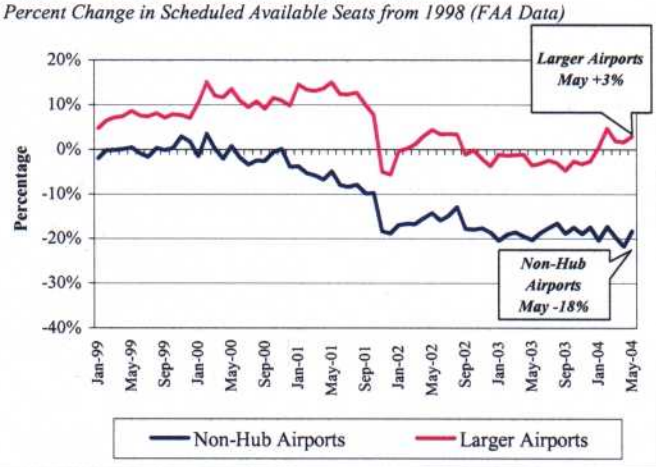


Figure 35: Regional Differences at Non-Hubs

Percent Change in Available Seats at Non-Hub Airports 5/04 vs. 5/00 (FAA Data)

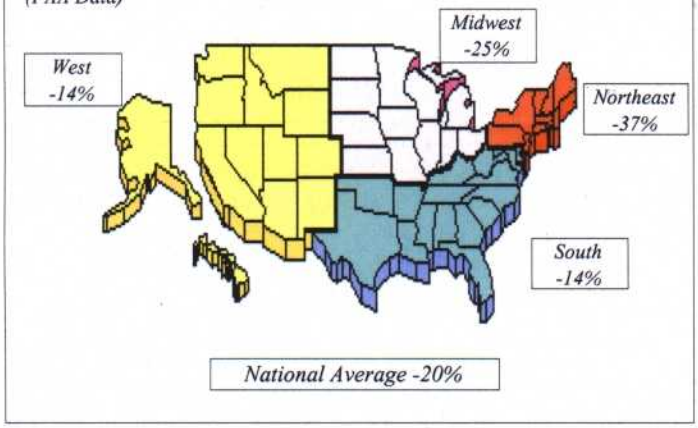
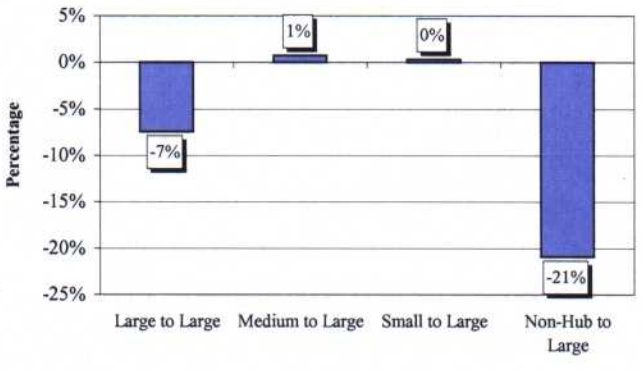


Figure 36: Access to Large Airports

Percent Change in Number of Scheduled Flights 5/04 vs. 5/00 (FAA Data)



Airline Industry Metrics

Figure 37: Type of Aircraft at Non-Hub Airports

Percent Change in Scheduled Flights by Type of Aircraft 5/04 vs. 5/00 (FAA Data)

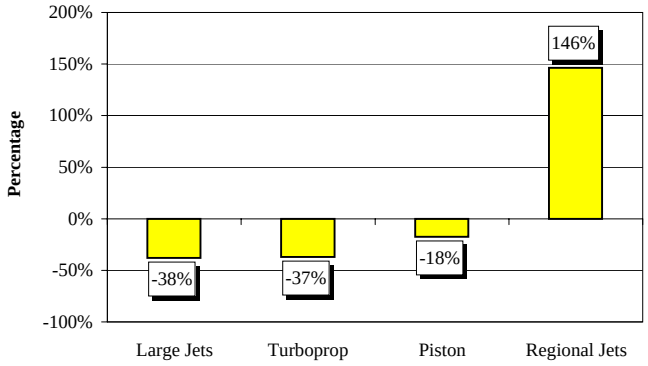


Figure 38: Airline Market Share at Non-Hubs

Airline Market Share by Available Seats at Non-Hub Airports (FAA Data)

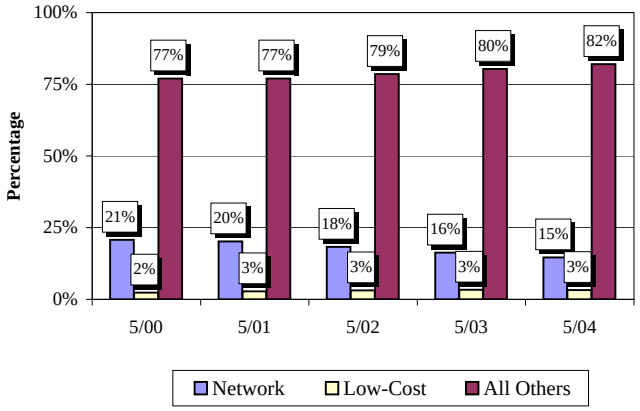
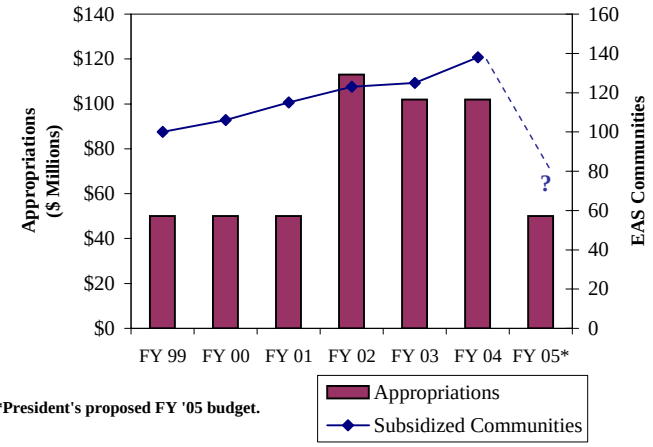


Figure 39: Essential Air Service

Congressional Funding and Subsidized Communities (DOT Data)



***President's proposed FY '05 budget.**

EXHIBIT B. SCOPE AND METHODOLOGY

Data represented graphically in the report were collected from the following primary sources: the Air Transport Association (ATA), the Federal Aviation Administration (FAA), the Bureau of Transportation Statistics (BTS), and the Office of Aviation Analysis (OAA). The ATA is a trade association of U.S. certificated air carriers. FAA, BTS, and OAA are organizations within the Department of Transportation. These sources were used to perform the analyses detailed below.

We note that we did not systematically audit or validate the data contained in any of the databases. However, we conducted trend analyses and sporadic checks of the data to assess reasonableness and comprehensiveness. When our judgmental sampling identified anomalies or apparent limitations in the data, we held discussions with managers responsible for maintaining the databases to understand and attempt to resolve the inconsistencies. Consequently, we did not perform sufficient tests to draw conclusions or form an opinion on the completeness or accuracy of the data sources.

We met periodically with staff from ATA, FAA, BTS, and OAA to discuss data issues and obtain feedback on modifications we made to existing data in order to more accurately represent industry trends. For example, we proposed a definition of a regional jet based on size, operational, and ownership criteria that differs from those used by other industry and government entities. We sought feedback on the definition and adjusted data sets to reflect our revised definition. In addition, we also reclassified our set of low-cost carriers to eliminate wholly-owned operating units ("Song" by Delta and "Ted" by United) and include America West Airlines, whose costs per available seat mile are consistent with other low-cost carriers. In our prior reports on industry conditions, we included America West Airlines as a network carrier.

A. Analysis Performed With ATA Data

Financial, traffic, and operational statistics obtained from ATA sources were used in financial and statistical analysis of history, trends, status, and performance of airline capacity, traffic, fuel expense, and unit revenues.

1. ATA Monthly Traffic Report. A collection of current and historic airline traffic and capacity statistics. Scope: member airlines of the ATA, 2000 through May 2004.[15]

[15] Data for "Domestic Passenger Enplanements" (Figure 1) and "Domestic Passenger Capacity vs. Demand" (Figure 2) includes the following air carriers: Alaska Airlines, Aloha Airlines, America West

2. ATA Monthly Passenger Yield Report. A collection of current and historic airline yield statistics (passenger revenue per revenue passenger-mile). Scope: selected member airlines of the ATA, 1980 through May 2004.[16]

3. ATA Monthly Fuel Report. A republication of monthly airline fuel consumption and cost data collected and reported by BTS. Scope: all U.S. certificated airlines required to report fuel cost and consumption reports (DOT Form 41, Schedule P-12), 1986 through May 2004.[17]

B. Analysis Performed With BTS Data

Financial, traffic, operational statistics, and passenger ticket survey information obtained from BTS sources were used in financial and statistical analysis of history, trends, status and performance of financial condition, net profits and losses, debt and investment, load factors, and business and leisure travel characteristics.

1. Air Carrier Financial Statistics. A compilation of financial reports submitted by air carriers as required under Title 14 Code of Federal Regulations (CFR) Part 241 (Form 41) and accessible through the BTS TranStats website (http://www.transtats.bts.gov/) and through hardcopy in the public reference room of the Office of Airline Information. Scope: all certificated U.S. air carriers, 2001 through the quarter ended March 31, 2004.

2. Air Carrier Traffic Statistics. Compilation of traffic and capacity reports submitted by air carriers as required under 14 CFR Part 241 (Form 41) and accessible through the BTS TranStats website. Scope: all certificated U.S. air carriers, 2000 through March 2004.

3. Origin and Destination Survey of Passenger Travel (O&D Survey). Compilation of surveyed ticket information submitted quarterly as required under 14 CFR Part 241 (Form 41) and accessible through the BTS

Airlines, American Airlines, ATA (American Trans Air), Continental Airlines (including Micronesia), Delta Airlines, Hawaiian Airlines, JetBlue, Midwest Airlines, Northwest Airlines, Southwest Airlines, United Airlines, and US Airways.

[16] Data for "Domestic Air Fares for Eight Major Airlines" (Figure 25) and "Domestic Yield for Eight Major Airlines" (Figure 26) include the following major air carriers: Alaska Airlines, American West Airlines, American Airlines, Continental Airlines, Delta Airlines, Northwest Airlines, United Airlines, and US Airways.

[17] Data for "Cost per Gallon Domestic Jet Fuel" (Figure 30) include all major, national, and large regional U.S. airlines that report to DOT.

TranStats website. Scope: 10-percent sample of tickets used by passengers; 1993 through the fourth quarter 2003.

C. Analysis Performed With DOT-OAA Data

Financial, traffic and operational statistics obtained from DOT sources were used in financial and statistical analysis of history, trends, status and performance of airline revenues, expenses, profits, traffic and capacity and of the Essential Air Service Program.

1. Airlines Quarterly Financial Review. A quarterly report analyzing the financial and operating performance and condition of the major airlines in the U.S. Prepared using financial and traffic statistics reported to BTS by the airlines. Scope: 13 major air carriers (11 passenger and 2 all-cargo carriers), second quarter 1995 through the first quarter 2004.

2. Essential Air Service Program (EAS). Information on EAS budgets and number of communities served was supplied to the OIG by EAS program administrators. Scope: budget and program activity for Fiscal Years 1999 through 2004 as well as the Administration's budget proposal for Fiscal Year 2005.

D. Analysis Performed With FAA Data

Air Traffic Control (ATC) delay and operational statistics as well as airline flight schedule data obtained from FAA sources were used in statistical analysis of history, trends, status and performance of air traffic control management and delays; airline scheduled capacity, operations and market share; aircraft type usage; and the Aviation Airport and Airway Trust Fund.

1. Flight Schedule Data System (FSDS). A database of published airline flight schedules. Scope: worldwide, 1995 through May 2004.

2. Aviation System Performance Metrics (ASPM). A database of FAA air traffic control performance measures including delays, cancellations, operations, and causes for delays. Scope: 55 major airports across the country and all enroute control centers, 1998 through May 2004 and preliminary data for June 2004.

3. Operations Net (OPSNET) – Center. A database of enroute air traffic control center aircraft movement operations handled by the various enroute air traffic control centers. Scope: 22 enroute air traffic control centers, 1990 through May 2004.

4. Aviation Airport and Airway Trust Fund. Actual and estimated revenues for the trust fund were obtained by OIG staff from the FAA. Scope: revenue estimates prepared in April 2001 (i.e. pre-September 11, 2001) and in August 2004; actual revenues for Fiscal Year 2003.

Terms and Definitions for the Current Report

Hub airport – A ranking designation of U.S. airports by the FAA based on the airport's percentage share of total passenger enplanements at all U.S. airports. The FAA categorizes airports based on the following criteria:

Percentage of Annual Passenger Enplanements in the U.S. by Hub Type:

Large Hub	1.0% or more of total enplanements
Medium Hub	at least 0.25%, but less than 1%
Small Hub	at least 0.05%, but less than 0.25%
Non-hub	at least 2,500, but less than 0.05%

Large jet – For the purposes of the airline metrics report, large jets are all commercially operated jet transport aircraft other than those defined as regional jets.

Low-cost carrier – For the purposes of the airline metrics report, the category low-cost carrier includes: AirTran, America West, American Trans Air (ATA), Frontier Airlines, JetBlue Airways, National Airlines, Pan American Airways, Southwest Airlines, Spirit Airlines, Sun Country, and Vanguard Airlines. However, Vanguard Airlines and National Airlines ceased operations in July 2002 and November 2002, respectively.

Major passenger airline – For the purposes of the airline metrics report, the category major passenger airline includes: Alaska Airlines, America West Airlines, American Airlines, American Eagle Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, Southwest Airlines, United Airlines, and US Airways.

Network airline – For the purposes of the airline metrics report, the category network airline includes: Alaska Airlines, American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways. For the purposes of consistency over time, the financial and operating statistics for the former Trans World Airlines have been merged with those of the acquirer American Airlines.

Other airlines – For the purposes of the airline metrics report, the category other airlines includes: all scheduled U.S. airlines not included in the network and low-cost categories, mostly smaller scheduled regional, commuter, and national airlines (many of which are affiliated with the major network carriers).

Regional carrier – We define a regional carrier as an entity whose fleet is principally comprised of aircraft configured with fewer than 100 seats, operated within a limited geographic scope (may have multiple regions, though not interlinked across the country under its own single brand), principally serves hub-and-spoke networks, and conducts most of its operations under the affiliation(s) of larger branded airlines (network carriers). For the purposes of this report, we also consider internal mainline operating units that are principally involved in regional operations as regional carriers.

Regional jet (RJ) – All turbofan jet-powered aircraft configured to seat 77 or fewer passengers, operated by either a regional or network carrier, and all turbofan jet-powered aircraft configured to seat between 78 and 100 passengers and operated by regional carriers.

EXHIBIT C. MAJOR CONTRIBUTORS TO THIS REPORT

THE FOLLOWING INDIVIDUALS CONTRIBUTED TO THIS REPORT.

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The following pages contain textual versions of the graphs and charts found in this document. These pages were not part of the original document but have been added here to accommodate assistive technology.

Chart A: Percent Change in Scheduled Domestic Flights Between January 2000 and May 2004 (Base Year 1999)

Month	2000 (Percent Change from 1999)	2001 (Percent Change from 1999)	2002 (Percent Change from 1999)	2003 (Percent Change from 1999)	2004 (Percent Change from 1999)
January	4%	7%	-7%	-7%	-5%
February	7%	4%	-8%	-9%	-2%
March	3%	2%	-9%	-10%	-6%
April	2%	3%	-7%	-9%	-6%
May	3%	3%	-6%	-11%	-6%
June	2%	2%	-7%	-10%	
July	1%	2%	-6%	-9%	
August	1%	1%	-6%	-9%	
September	1%	-1%	-9%	-10%	
October	3%	-2%	-9%	-8%	
November	1%	-14%	-11%	-9%	
December	0%	-15%	-12%	-8%	

Note: January 2001 Start of 3 Quarters of Negative Gross Domestic Product
Note: March 2001 Business Travel Begins to Decline
Note: September 2001 9/11 Terrorist Attacks
Note: December 2001 Flight Schedules Reach Lowest Point Down 15%
Note: April 2003 Iraq War and Severe Acute Respiratory Syndrome
Note: July 2003 Flight Schedules Down 9% to 11% During Summer 2003
Note: May 2004 Flight Schedules Down 6%
Note: Source: FAA Data

Chart B: Number of Flights with Arrival Delays
June 2000 through June 2004

June 2000	June 2001	June 2002	June 2003	June 2004
200,301	152,162	127,174	113,408	178,973
2004 (Percent Change from 2000)	2004 (Percent Change from 2003)			
-11%	58%			

Figure 1: Domestic Passenger Enplanements
Percent Change in Revenue Passenger Enplanements from 2000
(ATA Data)

Month	2001 (Percent Change from 2000)	2002 (Percent Change from 2000)	2003 (Percent Change from 2000)	2004 (Percent Change from 2000)
January	4%	-10%	-8%	-10%
February	-3%	-15%	-16%	-12%
March	-2%	-12%	-16%	-13%
April	0%	-13%	-18%	-10%
May	-2%	-13%	-17%	-13%
June	-2%	-13%	-16%	Not Given
July	0%	-11%	-11%	Not Given
August	3%	-8%	-13%	Not Given
September	-34%	-16%	-17%	Not Given
October	-22%	-14%	-14%	Not Given
November	-19%	-18%	-17%	Not Given
December	-14%	-4%	-8%	Not Given

Note: September 2001 Enplanements Down 34 Percent
Note: May 2004 Enplanements Down 13 Percent

Figure 2: Domestic Capacity versus Demand
Percent Change in Available Seat Miles versus Revenue Passenger Miles from 2000 (ATA Data)

Month	2001 Change in Available Seat Miles	2002 Change in Available Seat Miles	2003 Change in Available Seat Miles	2004 Change in Available Seat Miles
January	5%	-8%	-6%	-5%
February	-1%	-12%	-14%	-5%
March	0%	-9%	-10%	-5%
April	2%	-7%	-11%	-4%
May	3%	-6%	-12%	-5%
June	3%	-4%	-9%	Not Given
July	4%	-3%	-8%	Not Given
August	4%	-4%	-9%	Not Given
September	-19%	-8%	-11%	Not Given
October	-15%	-9%	-11%	Not Given
November	-14%	-10%	-10%	Not Given
December	-10%	-6%	-6%	Not Given

Month	2001 Change in Revenue Passenger Miles	2002 Change in Revenue Passenger Miles	2003 Change in Revenue Passenger Miles	2004 Change in Revenue Passenger Miles
January	6%	-7%	-1%	0%
February	-2%	-11%	-11%	-2%
March	0%	-7%	-10%	-3%
April	0%	-10%	-12%	0%
May	-2%	-9%	-11%	-3%
June	-1%	-8%	-9%	Not Given
July	1%	-6%	-4%	Not Given
August	4%	-4%	-5%	Not Given
September	-32%	-12%	-10%	Not Given
October	-20%	-10%	-7%	Not Given
November	-17%	-14%	-10%	Not Given
December	-12%	0%	0%	Not Given

Note: May 2004 Revenue Passenger Miles Down 3 Percent
Note: May 2004 Available Seat Miles Down 5 Percent

Figure 3: Actual Flight Operations
Percent Change in Air Route Traffic Control Center Operations from 2000 (FAA Data)

Month	2001 Percent Change in Operations	2002 Percent Change in Operations	2003 Percent Change in Operations	2004 Percent Change in Operations
January	5%	-3%	0%	2%
March	-4%	-8%	-10%	0%
March	-2%	-7%	-7%	1%
April	0%	-3%	-5%	3%
May	-1%	-4%	-7%	-1%
June	-3%	-4%	-6%	Not Given
July	1%	-1%	-2%	Not Given
August	0%	-4%	-6%	Not Given
September	-16%	-5%	-5%	Not Given
October	-8%	-4%	-3%	Not Given
November	-8%	-7%	-4%	Not Given
December	-5%	-1%	3%	Not Given

Note: September 2001 Actual Flight Operations Down 16 Percent
Note: May 2004 Actual Flight Operations Down 1 Percent

Figure 4: Nine Major Airlines Reported Arrivals
Percent Change in Actual Arrivals by Airline May 2004 versus May 2000 (FAA Data 32 major airports)

Airline	2004 Percentage Change
Alaska	19%
Southwest	12%
America West	-1%
Northwest	-4%
Delta	-18%
Continental	-19%
United	-22%
American	-26%
US Airways	-40%

Figure 5: Domestic Scheduled Capacity
Percent Change in Scheduled Flights and Available Seats at All Airports from 2000 (FAA Data)

Month	Percent Change in Flights	Percent Change in Seats
January 2001	2%	3%
February 2001	-3%	-2%
March 2001	-1%	1%
April 2001	1%	1%
May 2001	0%	1%
June 2001	0%	1%
July 2001	1%	2%
August 2001	0%	1%
September 2001	-1%	0%
October 2001	-5%	-4%
November 2001	-15%	-15%
December 2001	-14%	-14%
January 2002	-11%	-10%
February 2002	-14%	-13%
March 2002	-11%	-10%
April 2002	-9%	-8%
May 2002	-9%	-8%
June 2002	-9%	-7%
July 2002	-7%	-6%
August 2002	-8%	-7%
September 2002	-10%	-10%
October 2002	-11%	-11%
November 2002	-12%	-12%
December 2002	-12%	-12%
January 2003	-11%	-11%
February 2003	-15%	-15%
March 2003	-12%	-12%
April 2003	-11%	-12%
May 2003	-14%	-15%
June 2003	-11%	-13%
July 2003	-9%	-11%
August 2003	-10%	-13%
September 2003	-10%	-13%

October 2003	**-10%**	**-13%**
November 2003	**-11%**	**-13%**
December 2003	**-8%**	**-11%**
January 2004	**-9%**	**-10%**
February 2004	**-9%**	**-10%**
March 2004	**-9%**	**-10%**
April 2004	**-9%**	**-10%**
May 2004	**-8%**	**-10%**

Figure 6: Regional Differences at All Airports
Percent Change in Available Seats at All Airports May 2004 versus May 2000 (FAA Data)

Region	Percent Change in Available Seats
Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	**-14%**
Midwest (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)	**-14%**
West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)	**-9%**
South (includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)	**-6%**
National Average	**-10%**

Figure 7: Change in Capacity at Large Airports
Percent Change in Scheduled Flights and Available Seats at the 31 Largest Airports May 2004 versus May 2000 (FAA Data)

Largest Airports	Percent Change in Flights	Percent Change in Available Seats
Fort Lauderdale	16%	33%
Kennedy	-27%	16%
Las Vegas	6%	10%
Baltimore	-7%	5%
Atlanta	7%	2%
Orlando	-9%	1%
Houston	5%	-1%
Denver	10%	-1%
Tampa	-14%	-2%
San Diego	-1%	-2%
Minneapolis	5%	-2%
Phoenix	-7%	-4%
Cincinnati	12%	-4%
Chicago O'Hare	10%	-5%
Detroit	3%	-6%
Salt Lake City	20%	-7%
LaGuardia	7%	-7%
Seattle	-16%	-7%
Philadelphia	-6%	-7%
Dallas-Ft. Worth	-2%	-8%
Charlotte	-2%	-8%
Reagan National	1%	13%
Miami	-24%	-18%
Newark	-9%	-19%
Boston	-26%	-20%
Los Angeles	-21%	-21%
Dulles	-36%	-23%
Honolulu	-22%	-27%
San Francisco	-25%	-27%
Pittsburgh	-25%	-37%
St. Louis	-45%	-61%

Figure 8: Length of Flight
Percent Change in Scheduled Flights by Length of Flight
May 2004 versus May 2000 (FAA Data)

Range in Miles	2004 Percent Change in Flights
0 to 249 miles	-27%
250 to 499 miles	-10%
500 to 999 miles	14%
1,000 miles or more	9%

Figure 9: Short Haul Flights by Type of Airline
Percent Change in Scheduled Flights Less Than 250 Miles by Type of Airline May 2004 versus May 2000 (FAA Data)

Type of Air Carrier	2004 Percent Change by Type
Network	-43%
Low-Cost	-14%
All Others	-25%

Figure 10: Airline Domestic Market Share
Airline Market Share by Available Seats (FAA Data)

Carrier Type	May 2000	May 2001	May 2002	May 2003	May 2004
Network	62%	61%	57%	54%	52%
Low-Cost	18%	19%	22%	23%	24%
All Others	20%	20%	21%	23%	24%

Note: All percentages are rounded.

Figure 11: Market Share of Low Cost Carrier Service
Airline Share of Service by Available Seats, May 2004 (FAA Data)

Low-Cost Airline	Market Share Percentage
Southwest	59%
AirTran	8%
America West	12%
Spirit	3%
Frontier	4%
JetBlue	6%
American Trans Air	7%
Other	1%

Note: All Percentages are rounded.

Figure 12: Share of Low-Cost Carrier Service Growth
Airline Share of Growth by Available Seats May 2004 versus May 1998 (FAA Data)

Low- Cost Airline	Service Growth Percentages
Southwest	38%
AirTran	19%
America West	2%
Spirit	5%
Frontier	7%
American Trans Air	11%
JetBlue	16%
Other	1%

Note: All percentages are rounded.

Figure 13: Type of Aircraft
Percent Change in Number of Domestic Scheduled Flights by Type of Aircraft May 2004 versus May 2000 (FAA Data)

Type of Aircraft	Percent Change in Flights
Turboprop	-49%
Large Jets	-19%
Piston	-14%
Regional Jets	180%

Figure 14: Regional Jets at Large Airports
Regional Jets Share of Scheduled Flights at 31 Largest Airports May 2004 versus May 2000 (FAA Data)

Largest Airports	May 2000 Percentage Share of Flights	May 2004 Percentage Share of Flights
Cincinnati	56%	72%
Dulles	19%	44%
Salt Lake City	12%	34%
Chicago O'Hare	20%	41%
Houston	16%	39%
Newark	11%	38%
Reagan National	7%	29%
Dallas-Ft. Worth	8%	35%
St. Louis	7%	36%
LaGuardia	22%	30%
Pittsburgh	3%	24%
Detroit	2%	25%
Boston	9%	29%
Atlanta	9%	28%
Charlotte	5%	20%
Philadelphia	6%	19%
Minneapolis	2%	21%
Denver	2%	8%
Kennedy	5%	16%
Orlando	5%	19%
San Francisco	0%	3%
Phoenix	5%	14%
Los Angeles	0%	3%
San Diego	0%	5%
Miami	4%	6%
Fort Lauderdale	2%	6%
Baltimore	1%	6%
Tampa	0%	6%
Las Vegas	4%	6%
Seattle	0%	5%
Honolulu	0%	3%

Figure 15: Market Share by Aircraft Type
Percent Share of Scheduled Flights by Type of Aircraft (FAA Data)

Aircraft Type	May 2000	May 2002	May 2004
Large Jets	57%	54%	50%
Regional Jets	9%	18%	29%
Turboprop	28%	21%	16%
Piston	6%	6%	5%

Note: All percentages are rounded.

Figure 16: Number of Flights With Delayed Arrivals (FAA Data)
Nine Major Airlines 32 Major Airports

Month	2000 Arrival Delays	2003 Arrival Delays	2004 Arrival Delays
January	71,485	37,552	59,405
February	69,499	45,191	52,286
March	71,757	41,095	49,416
April	74,655	29,885	44,411
May	77,400	37,305	58,047
June	100,115	44,507	Not Given
July	93,399	52,063	Not Given
August	96,550	54,001	Not Given
September	66,251	33,266	Not Given
October	75,543	34,609	Not Given
November	81,731	48,183	Not Given
December	105,180	58,518	Not Given

Note: May 2004 versus May 2000 Down 25 Percent
Note: May 2004 versus May 2003 Up 56 Percent

Figure 17: Cancellations
(FAA Data) Nine major airlines 32 major airports)

Month	2000 Cancellations	2003 Cancellations	2004 Cancellations
January	18,512	2,813	6,766
February	11,477	8,873	3,636
March	7,585	3,743	2,693
April	8,853	2,096	1,535
May	12,835	1,268	3,512
June	14,407	1,432	Not Given
July	11,985	2,919	Not Given
August	11,538	4,006	Not Given
September	8,057	3,450	Not Given
October	7,977	1,905	Not Given
November	8,150	2,629	Not Given
December	21,333	4,637	Not Given

Note: May 2004 versus May 2000 Down 73 Percent
Note: September 2001 Cancellations Totaled 64,947

Figure 18: Percent of Flights Arriving Late
(FAA Data Nine major airlines 32 major airports)

Month	2000	2003	2004
January	23%	14%	23%
February	23%	19%	21%
March	22%	15%	18%
April	23%	12%	17%
May	24%	14%	22%
June	32%	17%	Not Given
July	28%	19%	Not Given
August	29%	20%	Not Given
September	21%	13%	Not Given
October	23%	13%	Not Given
November	26%	19%	Not Given
December	33%	22%	Not Given

Note: May 2004 22 Percent of Flights Arrived Late
Note: December 2000 33 Percent of Flights Arrived Late

Figure 19: Length of Arrival Delays
(FAA Data Nine major airlines 32 major airports)

Month	2000 (In Minutes)	2003 (In Minutes)	2004 (In Minutes)
January	49	45	50
February	51	48	47
March	50	46	48
April	52	46	45
May	58	47	58
June	59	46	Not Given
July	58	56	Not Given
August	55	56	Not Given
September	50	48	Not Given
October	49	43	Not Given
November	48	47	Not Given
December	54	48	Not Given

Note: May 2004 Arrivals Delayed 58 Minutes
Note: June 2000 Arrivals Delayed 59 Minutes

Figure 20: Changes in Arrival Delays by Airport
Percent Change in Arrival Delays
Year to Date May 2004 versus 2000 (FAA Data)

Airport	Percent Change
O'Hare	40%
Salt Lake City	31%
Fort Lauderdale	23%
Los Angeles	-43%
Boston	-41%
Saint Louis	-52%

Figure 21: Revenues versus Expenses
Major Passenger Carriers Operating Revenues
versus Operating Expenses (DOT Data)

Quarter	Operating Revenues In Billions	Operating Expenses In Billions
First Quarter 2000	$22.6	$21.8
Second Quarter 2000	$25.4	$22.6
Third Quarter 2000	$25.9	$24.0
Fourth Quarter 2000	$24.2	$24.1
First Quarter 2001	$23.3	$24.1
Second Quarter 2001	$24.3	$25.0
Third Quarter 2001	$21.2	$24.4
Fourth Quarter 2001	$16.6	$20.9
First Quarter 2002	$18.2	$20.9
Second Quarter 2002	$20.4	$21.9
Third Quarter 2002	$20.2	$22.6
Fourth Quarter 2002	$18.9	$21.8
First Quarter 2003	$18.9	$22.1
Second Quarter 2003	$19.9	$20.7
Third Quarter 2003	$21.5	$21.0
Fourth Quarter 2003	$20.7	$21.4
First Quarter 2004	$21.4	$22.4

Note: First Quarter 2004 Operating Revenues Were $21.4 Billion
Note: First Quarter 2004 Operating Expenses Were $22.4 Billion

Figure 22: Selected Network and Low Cost Airlines
Operating Profit or Loss
System Operations for Quarter Ending March 31 2004 (DOT Data)

Airline	Profit or Loss (In Millions)
Southwest	$46
JetBlue	$33
America West	$19
AirTran	$10
Spirit	-$3
Frontier	-$7
American	-$25
American Trans Air	-$28
Alaska	-$47

Continental	**-$79**
Northwest	**$102**
US Airways	**-$146**
United	**-$304**
Delta	**-$426**

Figure 23: Accumulated Net Losses and Gains
First Quarter 2001 Cumulatively through First Quarter 2004
(DOT Data)

Quarter Year	Network Carriers Cumulative Sum Dollars in Millions	Low-Cost Carriers Cumulative Sum Dollars in Millions
First Quarter 2001	-$1,019	$99
Second Quarter 2001	-$1,811	$239
Third Quarter 2001	-$4,223	$344
Fourth Quarter 2001	-$7,422	$157
First Quarter 2002	-$10,408	-$177
Second Quarter 2002	-$11,927	-$179
Third Quarter 2002	-$14,473	-$228
Fourth Quarter 2002	-$18,485	-$295
First Quarter 2003	-$20,373	-$337
Second Quarter 2003	-$20,675	$153
Third Quarter 2003	-$21,177	$345
Fourth Quarter 2003	-$21,758	$418
First Quarter 2004	-$23,427	$398

Note: First Quarter 2004 - Since the first quarter of 2001 Network Carriers Have Accumulated Net Losses of 23 billion Dollars

Note: First Quarter 2004 - Since the first quarter of 2001 Low-Cost Carriers Have Accumulated 398 million Dollars in Net Profits

Figure 24: Cost Per Available Seat-Mile (CASM)
(DOT) Quarterly Domestic Data

Quarter Year	Network Carriers	Low-Cost Carriers
First Quarter 2000	10.8 cents	7.8 cents
Second Quarter 2000	10.8 cents	7.8 cents
Third Quarter 2000	11 cents	8.0 cents
Fourth Quarter 2000	11.7 cents	8.3 cents
First Quarter 2001	11.9 cents	8.0 cents
Second Quarter 2001	11.8 cents	8.1 cents
Third Quarter 2001	12.3 cents	7.8 cents
Fourth Quarter 2001	12.3 cents	8.3 cents
First Quarter 2002	11.9 cents	7.6 cents
Second Quarter 2002	11.5 cents	7.7 cents
Third Quarter 2002	11.3 cents	7.4 cents
Fourth Quarter 2002	11.8 cents	7.5 cents
First Quarter 2003	12.8 cents	7.6 cents
Second Quarter 2003	12.2 cents	7.5 cents
Third Quarter 2003	11.7 cents	7.3 cents
Fourth Quarter 2003	12.3 cents	7.5 cents
First Quarter 2004	12.6 cents	7.6 cents

Note: First Quarter 2000 Network Carrier Cost Per Available Seat-Mile 10.8 cents
Note: Fourth Quarter 2004 Network Carrier Cost Per Available Seat-Mile 12.6 cents

Note: First Quarter 2000 Low-Cost Carrier Cost Per Available Seat-Mile 7.8 cents
Note: Fourth Quarter 2004 Low-Cost Carrier Cost Per Available Seat-Mile 7.6 cents

Figure 25: Domestic Air Fares for Eight Major Airlines
Average Fare for 1,000 Mile Trip Excluding Taxes (ATA Data)

Month	2000 Average Fare Cost	2001 Average Fare Cost	2002 Average Fare Cost	2003 Average Fare Cost	2004 Average Fare Cost
January	$143	$148	$124	$119	$121
February	$151	$151	$130	$123	$124
March	$149	$145	$126	$121	$123
April	$147	$143	$126	$120	$120
May	$147	$136	$123	$118	$116
June	$145	$133	$120	$118	Not Given
July	$134	$122	$111	$113	Not Given
August	$139	$121	$110	$115	Not Given
September	$147	$120	$121	$123	Not Given
October	$151	$123	$124	$124	Not Given
November	$149	$125	$120	$122	Not Given
December	$146	$119	$117	$120	Not Given

Note: May 2004 Air Fare $116
Note: May 2000 Air Fare $147

Figure 26: Domestic Yield for Eight Major Airlines
Percent Change in Airline Yield from 2000 (ATA Data)

Month	2001 Percent Change in Yield	2002 Percent Change in Yield	2003 Percent Change in Yield	2004 Percent Change in Yield
January	4%	-13%	-16%	-15%
February	0%	-14%	-18%	-18%
March	-3%	-16%	-19%	-17%
April	-3%	-14%	-19%	-18%
May	-7%	-16%	-20%	Not Given
June	-9%	-18%	-19%	Not Given
July	-10%	-18%	-16%	Not Given
August	-13%	-21%	-17%	Not Given
September	-18%	-17%	-16%	Not Given
October	-19%	-18%	-18%	Not Given

November	**-16%**	**-20%**	**-18%**	**Not Given**
December	**-15%**	**-16%**	**-14%**	**Not Given**

Note: April 2001 Yield Down 3 Percent
Note: April 2004 Yield Down 18 Percent

Figure 27: Business and Leisure Travel at the Five Busiest U.S. Airports
Passengers Using Business Fares as a Percent of All Passengers (BTS Data)

Quarter	Percent of Business Fares
First Quarter 2000	**21%**
Second Quarter 2000	**19%**
Third Quarter 2000	**18%**
Fourth Quarter 2000	**16%**
First Quarter 2001	**14%**
Second Quarter 2001	**18%**
Third Quarter 2001	**12%**
Fourth Quarter 2001	**12%**
First Quarter 2002	**13%**
Second Quarter 2002	**13%**
Third Quarter 2002	**12%**
Fourth Quarter 2002	**12%**
First Quarter 2003	**13%**
Second Quarter 2003	**14%**
Third Quarter 2003	**14%**
Fourth Quarter 2003	**12%**

Figure 28: Passenger Load Factors
Actual versus Breakeven Percentages (DOT Data)

Quarter	Actual Load Factor	Breakeven Load Factor
First Quarter 2000	**69%**	**68%**
Second Quarter 2000	**76%**	**67%**
Third Quarter 2000	**76%**	**71%**
Fourth Quarter 2000	**70%**	**72%**
First Quarter 2001	**68%**	**74%**
Second Quarter 2001	**74%**	**76%**
Third Quarter 2001	**72%**	**88%**
Fourth Quarter 2001	**66%**	**90%**

First Quarter 2002	**70%**	**85%**
Second Quarter 2002	**74%**	**83%**
Third Quarter 2002	**74%**	**87%**
Fourth Quarter 2002	**70%**	**85%**
First Quarter 2003	**69%**	**84%**
Second Quarter 2003	**75%**	**80%**
Third Quarter 2003	**78%**	**75%**
Fourth Quarter 2003	**73%**	**77%**
First Quarter 2004	**72%**	**76%**

Note: First Quarter 2004 Actual Load Factor 72 Percent
Note: First Quarter 2004 Breakeven Load Factor 76 Percent

Figure 29: Individual Airline Load Factors
Actual versus Breakeven Percentages for Quarter Ending March 31 2004
(DOT Data)

Airline	Actual Load Factor	Breakeven Load Factor
Southwest	**71%**	**61%**
Delta	**78%**	**69%**
America West	**80%**	**75%**
American	**76%**	**79%**
Continental	**81%**	**76%**
Northwest	**81%**	**78%**
United	**80%**	**80%**
US Airways	**77%**	**83%**

Figure 30: Jet Fuel Cost Per Gallon (ATA Data Domestic Fuel Costs)

Month	2000 Average Cost	2001 Average Cost	2002 Average Cost	2003 Average Cost	2004 Average Cost
January	**$0.70**	**$0.86**	**$0.60**	**$0.84**	**$0.95**
February	**$0.73**	**$0.85**	**$0.62**	**$0.88**	**$0.97**
March	**$0.75**	**$0.80**	**$0.62**	**$1.05**	**$0.97**
April	**$0.74**	**$0.77**	**$0.69**	**$0.83**	**$1.00**
May	**$0.72**	**$0.78**	**$0.70**	**$0.76**	**$1.08**
June	**$0.70**	**$0.81**	**$0.67**	**$0.75**	**Not Given**
July	**$0.77**	**$0.77**	**$0.71**	**$0.78**	**Not Given**

August	**$0.78**	**$0.77**	**$0.72**	**$0.83**	**Not Given**
September	**$0.86**	**$0.79**	**$0.77**	**$0.80**	**Not Given**
October	**$0.89**	**$0.71**	**$0.81**	**$0.82**	**Not Given**
November	**$0.89**	**$0.66**	**$0.77**	**$0.84**	**Not Given**
December	**$0.91**	**$0.57**	**$0.76**	**$0.88**	**Not Given**

Note: March 2004 Jet Fuel Cost Was 29 Percent Higher Than June 2003

Figure 31: Debt to Investment Ratio
Airline Debt to Investment Ratio for All Major Airlines (DOT Data)

Quarter	Ratio (Percentage)
First Quarter 2000	**50%**
Second Quarter 2000	**48%**
Third Quarter 2000	**48%**
Fourth Quarter 2000	**53%**
First Quarter 2001	**54%**
Second Quarter 2001	**54%**
Third Quarter 2001	**60%**
Fourth Quarter 2001	**66%**
First Quarter 2002	**68%**
Second Quarter 2002	**70%**
Third Quarter 2002	**73%**
Fourth Quarter 2002	**87%**
First Quarter 2003	**88%**
Second Quarter 2003	**90%**
Third Quarter 2003	**91%**
Fourth Quarter 2003	**91%**
First Quarter 2004	**93%**

Figure 32: Debt to Investment Ratio by Airline
Airline Debt to Investment Ratio for Quarter Ending March 31 2004 (DOT Data)

Airlines	Ratio (Percentage)
Southwest	**24%**

Alaska	**60%**
America West	**66%**
Northwest	**71%**
Continental	**90%**
American	**96%**
US Airways	**102%**
Delta	**108%**
United	**198%**

Figure 33: Airport and Airway Trust Fund Estimated Trust Fund Receipts of February 2004 versus Pre-September 11, 2001 (FAA Data)

Fiscal Year	August 2004 (In Billions)	Pre-September 11 (In Billions)
2003	**$9.3**	**$12.9**
2004	**$10.4**	**$13.7**
2005	**$10.7**	**$14.5**
2006	**$11.4**	**$15.4**
2007	**$12.1**	**$16.3**
2008	**$12.7**	**$17.4**

Figure 34: Non-Hub versus Larger Airports
Percent Change in Available Seats from 1998 (FAA Data)

Month	Non-Hub Airports	Larger Airports
January 1999	-2%	5%
February 1999	0%	6%
March 1999	0%	7%
April 1999	0%	7%
May 1999	0%	9%
June 1999	-1%	8%
July 1999	-2%	7%
August 1999	0%	8%
September 1999	0%	7%
October 1999	0%	8%
November 1999	3%	8%
December 1999	2%	7%
January 2000	-2%	10%
February 2000	4%	15%
March 2000	0%	12%
April 2000	-2%	12%
May 2000	1%	14%
June 2000	-2%	11%
July 2000	-3%	9%
August 2000	-3%	11%
September 2000	-3%	9%
October 2000	-1%	12%
November 2000	0%	11%
December 2000	-4%	10%
January 2001	-4%	14%
February 2001	-5%	13%
March 2001	-6%	13%
April 2001	-7%	14%
May 2001	-5%	15%
June 2001	-8%	12%
July 2001	-8%	12%
August 2001	-8%	13%
September 2001	-10%	10%
October 2001	-10%	8%
November 2001	-18%	-5%

December 2001	**-19%**	**-6%**
January 2002	**-17%**	**0%**
February 2002	**-17%**	**0%**
March 2002	**-17%**	**1%**
April 2002	**-15%**	**3%**
May 2002	**-14%**	**4%**
June 2002	**-16%**	**3%**
July 2002	**-15%**	**4%**
August 2002	**-13%**	**3%**
September 2002	**-18%**	**-1%**
October 2002	**-18%**	**0%**
November 2002	**-18%**	**-2%**
December 2002	**-19%**	**-4%**
January 2003	**-21%**	**-1%**
February 2003	**-19%**	**-1%**
March 2003	**-19%**	**-1%**
April 2003	**-20%**	**-1%**
May 2003	**-20%**	**-4%**
June 2003	**-19%**	**-3%**
July 2003	**-18%**	**-2%**
August 2003	**-17%**	**-3%**
September 2003	**-19%**	**-5%**
October 2003	**-18%**	**-3%**
November 2003	**-19%**	**-3%**
December 2003	**-17%**	**-3%**
January 2004	**-20%**	**0%**
February 2004	**-17%**	**5%**
March 2004	**-20%**	**2%**
April 2004	**-22%**	**2%**
May 2004	**-18%**	**3%**

Note: May 2004 Larger Airports Up 3 Percent
Note: May 2004 Non-Hub Airports Down 18 Percent

Figure 35: Regional Differences at Non-Hubs
Percent Change in Available Seats at Non-Hub Airports
May 2004 versus May 2000 (FAA Data)

Region	Percent Change in Available Seats
Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	-37%
Midwest (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)	-25%
South (includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)	-14%
West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)	-14%
National Average	-20%

Figure 36: Access to Large Airports
Percent Change in Number of Scheduled Flights May 2004 versus May 2000 (FAA Data)

Hub Access	Percent Change In Flights
Large to Large	-7%
Medium to Large	1%
Small to Large	0%
Non-Hub to Large	-21%

Figure 37: Type of Aircraft at Non-Hub Airports
Percent Change in Scheduled Flights by Type of Aircraft
May 2004 versus May 2000 (FAA Data)

Aircraft Type	Percent Change
Large Jets	-38%
Turboprop	-37%
Piston	-18%
Regional Jets	146%

Figure 38: Airline Market Share at Non-Hubs
Airline Market Share by Available Seats at Non-Hub Airports
(FAA Data)

Airline Market	May 2000	May 2001	May 2002	May 2003	May 2004
Network	21%	20%	18%	16%	15%
Low-Cost	2%	3%	3%	3%	3%
All Others	77%	77%	79%	80%	82%

Note: All Percentages are rounded.

Figure 39: Essential Air Service
Congressional Funding and Subsidized Communities (DOT Data)

Fiscal Year	Appropriations In Millions	Number of Communities Subsidized
1999	$50	100
2000	$50	106
2001	$50	115
2002	$113	123
2003	$102	125
2004	$102	138
President's proposed 2005 budget	$50	$80