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

Second Quarter 2005 Airline Financial Data: Regional Passenger Airlines and Low-Cost Airlines Report Domestic Profit; Network Carriers Report Loss

The seven largest regional airlines and the seven largest low-cost carriers each reported a domestic operating profit margin — an industry measure of profitability — while the network carriers reported another loss during the second quarter of 2005, the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation reported today in a release of preliminary data.

BTS, a part of the Research and Innovative Technology Administration, reported that the group of regional carriers reported a domestic operating profit margin of 10.7 percent for the second quarter and the low-cost group generated a 5.3 percent profit margin, while a 2.2 percent loss margin was reported by the seven network carriers (Table 1). Domestic operating margin measures profit or loss as a percentage of the airline's total domestic operating revenue.

The domestic passenger airline industry operating margin, represented by the 21 selected carriers, improved from a 6.9 percent loss margin in the first quarter of 2005 to a 0.4 percent profit margin in the second quarter. Quarter-to-quarter changes may be affected by seasonal factors.

Both the low-cost and regional carrier groups reported declines in profit margin from the second quarter of 2004 while the network carriers reported a smaller loss margin. From the second quarter of 2004 to the second quarter of 2005, the profit margin for the regional group fell 0.8 percentage points while the low-cost group's dropped 1.8 percentage points. The operating loss margin for the network group improved by 0.6 percentage points for a total operating loss of \$356 million in the second quarter.

The largest percentage operating loss margins were reported by low-cost carriers ATA Airlines— the airline filed for Chapter 11 bankruptcy protection on Oct. 26 – Spirit Airlines (Table 3) and network carrier Continental Airlines (Table 2). The top operating profit margins were all reported by regional airlines – American Eagle Airlines, Mesa Air Group and SkyWest Airlines (Table 4).

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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 regional jets to support the network carriers' hub and spoke systems. The selected groups consist of the seven carriers in each group with the highest reported revenue in the most recent 12-month period.

The regional carriers had the highest unit revenues with 14.3 cents per available seat mile (Table 5). These higher unit revenues generally reflect the shorter flights and smaller aircraft flown by these carriers. Regional carriers average flights of 300 to 450 miles, compared to the 1,000-mile average stage length for the network carriers. Domestic unit revenue measures revenues against capacity by dividing domestic operating revenues by domestic available seat miles.

Overall, the highest unit revenues were reported by regional carriers American Eagle, SkyWest (Table 8) and network airlines Continental and Northwest Airlines (Table 6). The lowest unit revenues were reported by low-cost carriers Southwest Airlines, JetBlue Airways and ATA (Table 7).

The network carriers reported the highest domestic unit costs – 13.6 cents per available seat mile, exceeding the regional airlines' 12.7 cents per available seat mile (Table 9). The low-cost carriers reported the lowest unit costs – 8.3 cents per available seat mile. Domestic unit cost measures expenses against capacity by dividing domestic operating expenses by domestic available seat miles.

The carriers with the highest unit costs were network airlines Continental, Northwest and US Airways (Table 10). The carriers with the lowest unit costs were low-cost carriers JetBlue, Southwest and AirTran Airways (Table 11).

The regional carriers reported the highest domestic passenger revenue yields — 19.4 cents per revenue passenger mile (Table 13). Domestic passenger revenue yield measures passenger revenues against total travel by dividing domestic passenger revenues by domestic revenue passenger miles.

The top passenger revenue yields were reported by regional carriers American Eagle, Comair and SkyWest (Table 16). The lowest passenger revenue yields were reported by low-cost carriers ATA, JetBlue and America West Airlines (Table 15). Northwest reported the highest revenue yield of any network carrier (Table 14). Delta Air Lines' and United Airlines' passenger revenue yields have lagged behind the other network carriers for the past four quarters. These airlines have developed internal low-fare airlines within the operational structure of the mainline carrier marketed specifically to operate in leisure markets – Delta created “Song” and United started “Ted.”

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

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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 Sept. 13. Data are subject to revision.

Data from the first quarter of 2005 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS will release third quarter financial data and revised data from the second quarter on Dec. 19.

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

Passenger Airlines by Group

Ranked by 2nd Quarter 2005 Margin

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

2Q 2005 Rank		2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	Regional Carriers	11.5	11.0	10.4	8.5	10.7	245.3
2	Low-Cost Carriers	7.1	3.6	-11.5	-4.3	5.3	206.4
3	Network Carriers	-2.8	-7.6	-15.8	-9.9	-2.2	-355.6
	21-Carrier Total	0.3	-3.8	-12.2	-6.9	0.4	96.1

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2

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

Network Carriers

Ranked by 2nd Quarter 2005 Margin

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

2Q 2005 Rank	Network Carriers	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	American	-4.6	-8.2	-14.0	-4.7	0.8	26.8
2	Alaska	1.0	6.9	-11.7	-16.0	-0.5	-2.9
3	United	-4.7	-7.7	-22.7	-6.9	-0.9	-24.9
4	US Airways	2.0	-14.3	-10.1	-13.9	-1.0	-16.4
5	Delta	-6.3	-13.0	-17.7	-13.6	-4.1	-137.0
6	Northwest	4.3	1.6	-11.7	-10.4	-4.8	-103.2
7	Continental	-4.4	-7.0	-15.4	-12.0	-5.2	-98.0
	Seven-Carrier Total	-2.8	-7.6	-15.8	-9.9	-2.2	-355.6

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2

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

Low-Cost Carriers

Ranked by 2nd Quarter 2005 Margin

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

2Q 2005 Rank	Low-Cost Carriers	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	Southwest	11.5	11.4	7.2	6.4	11.5	196.7
2	JetBlue	14.1	7.1	3.7	6.9	9.3	39.7
3	AirTran	11.3	-4.9	1.3	-3.2	5.3	19.5
4	America West	2.6	-4.7	-6.9	6.6	3.4	28.9
5	Frontier	-3.8	-0.3	-7.3	-1.3	-0.2	-0.5
6	Spirit	-3.0	-13.3	-31.6	-3.8	-10.7	-13.5
7	ATA	-9.1	-12.5	-187.0	-185.0	-38.9	-64.4
	Seven-Carrier Total	7.1	3.6	-11.5	-4.3	5.3	206.4

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2

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

Regional Carriers

Ranked by 2nd Quarter 2005 Margin

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

2Q 2005 Rank	Regional Carriers	2nd Quarter 2004 (%)	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	American Eagle	15.5	14.1	14.9	13.5	14.3	62.5
2	Mesa	11.1	7.9	11.9	13.2	13.9	39.2
3	SkyWest	13.2	12.3	11.3	10.1	11.6	44.6
4	Pinnacle	11.1	11.0	9.7	10.3	10.7	22.8
5	Atlantic Southeast	6.7	9.0	9.4	-0.2	10.2	29.5
6	ExpressJet	12.6	12.4	13.3	9.1	9.2	32.4
7	Comair	7.9	8.1	-0.2	1.6	4.4	14.3
	Seven-Carrier Total	11.5	11.0	10.4	8.5	10.7	245.3

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2

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

Passenger Airlines by Group

Ranked by 2nd Quarter 2005 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

2Q 2005 Rank		2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Revenue \$(Millions)
1	Regional Carriers	14.1	14.2	14.6	14.5	14.3	2,289.6
2	Network Carriers	12.1	11.7	11.8	12.0	13.3	15,844.5
3	Low-Cost Carriers	8.5	8.0	7.9	8.4	8.7	3,868.9
	21-Carrier Total	11.4	11.0	11.0	11.3	12.3	22,003.0

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data

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

Network Carriers

Ranked by 2nd Quarter 2005 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

2Q 2005 Rank	Network Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Revenue \$(Millions)
1	US Airways	16.3	14.1	13.7	13.0	15.2	1,625.5
2	Northwest	14.1	14.1	13.7	13.7	15.0	2,160.3
3	Continental	10.6	10.3	13.2	14.1	14.9	1,896.6
4	United	11.4	11.4	11.3	11.4	13.7	2,874.1
5	Delta	12.7	12.3	11.9	12.0	13.0	3,313.0
6	American	10.7	10.1	10.2	10.8	11.6	3,404.7
7	Alaska	10.3	10.8	9.9	9.9	11.3	570.3
	Seven-Carrier Total	12.1	11.7	11.8	12.0	13.3	15,844.5

Source: Bureau of Transportation Statistics; 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 2nd Quarter 2005 Domestic Unit Revenue
(Domestic Operating Revenue Per Available Seat Mile)**

2Q 2005 Rank	Low-Cost Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Revenue \$(Millions)
1	America West	8.5	8.1	8.0	10.4	11.4	849.0
2	Frontier	9.3	9.5	10.2	11.1	10.7	221.7
3	AirTran	9.5	8.2	8.4	8.5	9.6	365.1
4	Spirit	7.9	7.6	7.2	8.5	9.2	126.9
5	Southwest	9.1	8.6	8.2	8.2	8.0	1,716.2
6	JetBlue	6.9	6.6	6.7	7.2	7.4	424.5
7	ATA	6.6	6.5	5.9	5.8	6.7	165.5
	Seven-Carrier Total	8.5	8.0	7.9	8.4	8.7	3,868.9

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data

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

Regional Carriers

**Ranked by 2nd Quarter 2005 Domestic Unit Revenue
(Domestic Operating Revenue Per Available Seat Mile)**

2Q 2005 Rank	Regional Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Revenue \$(Millions)
1	American Eagle	16.9	16.5	17.2	17.2	16.6	438.4
2	SkyWest	15.4	15.1	15.5	15.3	15.0	384.0
3	Comair	12.5	13.3	13.3	14.1	14.8	328.1
4	Pinnacle	15.4	14.5	14.5	15.1	14.3	212.9
5	Atlantic Southeast	12.9	13.6	14.7	13.6	13.7	290.3
6	ExpressJet	14.3	14.5	14.4	13.9	13.0	353.9
7	Mesa	11.6	11.7	12.4	12.2	12.2	282.0
	Seven-Carrier Total	14.1	14.2	14.6	14.5	14.3	2,289.6

Source: Bureau of Transportation Statistics; 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 2nd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Expenses \$(Millions)
Network Carriers	12.4	12.6	13.7	13.2	13.6	16,200.0
Regional Carriers	12.5	12.6	13.1	13.3	12.7	2,044.2
Low Cost Carriers	7.9	7.8	8.8	8.8	8.3	3,662.5
21-Carrier Total	11.3	11.4	12.4	12.1	12.2	21,906.7

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data

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

Network Carriers

Ranked by 2nd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

2Q 2005 Rank	Network Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Expenses \$(Millions)
1	Continental	11.0	11.0	15.3	15.8	15.7	1,994.6
2	Northwest	13.5	13.9	15.4	15.1	15.7	2,263.5
3	US Airways	16.0	16.1	15.0	14.8	15.3	1,642.0
4	United	11.9	12.3	13.9	12.2	13.8	2,899.0
5	Delta	13.5	13.9	14.1	13.7	13.5	3,450.0
6	American	11.2	10.9	11.6	11.3	11.5	3,377.8
7	Alaska	10.2	10.1	11.1	11.4	11.3	573.1
	Seven-Carrier Total	12.4	12.6	13.7	13.2	13.6	16,200.0

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data

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

Low-Cost Carriers

Ranked by 2nd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

2Q 2005 Rank	Low-Cost Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Expenses \$(Millions)
1	America West	8.3	8.5	8.6	9.7	11.4	820.1
2	Frontier	9.7	9.5	10.9	11.3	10.7	222.2
3	Spirit	8.2	8.6	9.5	8.8	10.2	140.4
4	ATA	7.2	7.3	16.9	16.4	9.3	229.9
5	AirTran	8.5	8.6	8.3	8.7	9.0	345.6
6	Southwest	8.1	7.6	7.6	7.7	7.1	1,519.5
7	JetBlue	5.9	6.1	6.5	6.7	6.7	384.8
	Seven-Carrier Total	7.9	7.8	8.8	8.8	8.3	3,662.5

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data.

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

Regionals

Ranked by 2nd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

2Q 2005 Rank	Regional Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Operating Expenses \$(Millions)
1	American Eagle	14.3	14.2	14.6	14.8	14.2	375.9
2	Comair	11.5	12.2	13.3	13.8	14.1	313.8
3	SkyWest	13.4	13.2	13.8	13.7	13.3	339.4
4	Pinnacle	13.7	12.9	13.1	13.5	12.8	190.1
5	Atlantic Southeast	12.0	12.3	13.3	13.7	12.3	260.8
6	ExpressJet	12.6	12.7	12.5	12.7	11.8	321.4
7	Mesa	10.3	10.8	10.9	10.6	10.5	242.8
	Seven-Carrier Total	12.5	12.6	13.1	13.3	12.7	2,044.2

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data.

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

Passenger Airlines by Group

Ranked by 2nd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

2Q 2005 Rank		2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Passenger Revenue \$(Millions)
1	Regional Carriers	19.3	19.5	20.7	21.1	19.4	2,278.6
2	Network Carriers	11.9	11.1	11.3	11.6	11.9	11,404.5
3	Low-Cost Carriers	10.2	9.7	10.2	10.6	10.8	3,680.4
	21-Carrier Total	12.0	11.4	11.8	12.1	12.3	17,363.5

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data

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

Network Carriers

Ranked by 2nd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

2Q 2005 Rank	Network Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Passenger Revenue \$(Millions)
1	Northwest	13.5	12.9	12.8	12.8	13.3	1,547.4
2	US Airways	14.0	12.4	12.9	12.4	13.2	1,080.8
3	Alaska	12.4	12.3	11.9	11.9	12.8	505.1
4	Continental	12.0	11.2	11.4	12.1	12.2	1,271.1
5	American	11.5	10.7	11.1	11.6	11.7	2,788.8
6	Delta	11.6	10.7	11.0	11.1	11.2	2,250.3
7	United	10.8	10.1	10.5	10.8	11.1	1,961.1
	Seven-Carrier Total	11.9	11.1	11.4	11.6	11.9	11,404.5

Source: Bureau of Transportation Statistics; 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 2nd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

2Q 2005 Rank	Low-Cost Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Passenger Revenue \$(Millions)
1	AirTran	12.2	11.3	11.7	11.8	12.2	352.5
2	Southwest	11.2	11.1	11.7	11.7	11.7	1,821.3
3	Spirit	10.1	8.8	9.4	10.5	11.1	126.8
4	Frontier	11.0	10.7	11.3	12.2	10.9	187.3
5	America West	9.5	8.6	9.2	10.0	10.2	625.8
6	ATA	8.2	7.7	7.6	8.4	10.0	160.0
7	JetBlue	7.9	7.6	7.7	8.1	8.1	406.8
	Seven-Carrier Total	10.2	9.7	10.2	10.6	10.8	3,680.4

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data

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

Regionals

Ranked by 2nd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

2Q 2005 Rank	Regional Carriers	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	2nd Quarter Passenger Revenue \$(Millions)
1	American Eagle	23.8	23.4	25.0	25.9	22.6	436.7
2	Comair	17.6	19.1	19.7	21.9	20.7	328.1
3	SkyWest	20.3	19.5	21.1	20.6	19.7	378.2
4	Pinnacle	20.7	20.0	21.7	23.6	19.4	211.0
5	Atlantic Southeast	18.1	19.2	20.6	19.4	19.0	290.3
6	ExpressJet	19.5	19.4	19.7	19.4	17.2	353.3
7	Mesa	15.6	15.6	17.4	17.9	16.8	281.0
	Seven-Carrier Total	19.3	19.5	20.7	21.1	19.4	2,278.6

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

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