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Third Quarter 2005 Airline Financial Data: Regional Passenger Airlines and Low-Cost Airlines Report Domestic Profit; Network Carriers Report Smaller 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 a smaller loss during the third quarter of 2005 than a year earlier, 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 7.4 percent for the third quarter and the low-cost group generated a 2.1 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, declined from a 0.4 percent profit margin in the second quarter of 2005 to a 2.0 percent loss margin in the third 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 third quarter of 2004 while the network carriers reported a smaller loss margin. From the third quarter of 2004 to the third quarter of 2005, the profit margin for the regional group fell 3.6 percentage points while the low-cost group's dropped 1.5 percentage points. The operating loss margin for the network group improved 5.4 percentage points for a total operating loss of \$711.4 million in the third quarter (Table 2).

The largest percentage operating loss margins were reported by low-cost carrier ATA Airlines— the airline filed for Chapter 11 bankruptcy protection in 2004 – regional carrier Pinnacle Airlines, which was impacted by the September 14 bankruptcy filing of its partner Northwest Airlines (Table 4) and low-cost carrier Spirit Airlines (Table 3). The top operating profit margins were reported by low-cost carrier Southwest Airlines (Table 3) and regional airlines Mesa Airlines and American Eagle 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 14.5 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.

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

The network carriers reported the highest domestic unit costs – 14.0 cents per available seat mile, exceeding the regional airlines' 13.4 cents per available seat mile (Table 9). The low-cost carriers reported the lowest unit costs – 9.1 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 Northwest and US Airways (Table 10) and regional carrier Pinnacle (Table 12). 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 — 19.6 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 JetBlue, ATA, and Spirit (Table 15). Alaska Airlines 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 Dec. 13. Data are subject to revision.

Data from the third quarter of 2005 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS will release fourth quarter financial data and revised data from the third quarter on May 15, 2006.

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

Passenger Airlines by Group

Ranked by 3rd Quarter 2005 Margin

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

3Q 2005 Rank		3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Regional Carriers	11.0	10.4	8.5	10.7	7.4	177.2
2	Low-Cost Carriers	3.6	-11.5	-4.3	5.3	2.1	89.0
3	Network Carriers	-7.6	-15.8	-9.9	-2.2	-2.2	-711.4
	21-Carrier Total	-3.8	-12.2	-6.9	0.4	-2.0	-445.2

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

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

Network Carriers

Ranked by 3rd Quarter 2005 Margin

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

3Q 2005 Rank	Network Carriers	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Alaska	6.9	-11.7	-16.0	-0.5	11.7	76.5
2	United	-7.7	-22.7	-6.9	-0.9	1.9	59.6
3	American	-8.2	-14.0	-4.7	0.8	-5.4	-184.5
4	Delta	-13.0	-17.7	-13.6	-4.1	-6.0	-194.2
5	US Airways	-14.3	-10.1	-13.9	-1.0	-7.5	-113.3
6	Northwest	1.6	-11.7	-10.4	-4.8	-8.6	-189.5
7	Continental	-7.0	-15.4	-12.0	-5.2	-8.8	-165.2
	Seven-Carrier Total	-7.6	-15.8	-9.9	-2.2	-2.2	-711.4

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 3rd Quarter 2005 Margin

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

3Q 2005 Rank	Low-Cost Carriers	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Southwest	11.4	7.2	6.4	11.5	13.7	273.0
2	Frontier	-0.3	-7.3	-1.3	-0.2	5.2	13.2
3	JetBlue	7.1	3.7	6.9	9.3	3.2	14.4
4	AirTran	-4.9	1.3	-3.2	5.3	0.3	1.2
5	America West	-4.7	-6.9	6.6	3.4	-6.2	-54.1
6	Spirit	-13.3	-31.6	-3.8	-10.7	-14.2	-14.9
7	ATA	-12.5	-187.0	-185.0	-38.9	-81.4	-143.8
	Seven-Carrier Total	3.6	-11.5	-4.3	5.3	2.1	89.0

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

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

Regional Carriers

Ranked by 3rd Quarter 2005 Margin

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

3Q 2005 Rank	Regional Carriers	3rd Quarter 2004 (%)	4th Quarter 2004 (%)	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	3rd Quarter Operating Profit/Loss \$(Millions)
1	Mesa	7.9	11.9	13.2	13.9	13.0	37.8
2	American Eagle	14.1	14.9	13.5	14.3	12.3	56.9
3	SkyWest	12.3	11.3	10.1	11.6	11.1	46.1
4	Atlantic Southeast	9.0	9.4	-0.2	10.2	9.6	29.3
5	ExpressJet	12.4	13.3	9.1	9.2	8.5	30.1
6	Comair	8.1	-0.2	1.6	4.4	2.6	9.2
7	Pinnacle	11.0	9.7	10.3	10.7	-14.6	-32.4
	Seven-Carrier Total	11.0	10.4	8.5	10.7	7.4	177.2

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 3rd Quarter 2005 Domestic Unit Revenue
(Domestic Operating Revenue Per Available Seat Mile)

3Q 2005 Rank		3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Revenue \$(Millions)
1	Regional Carriers	14.2	14.6	14.5	14.3	14.5	2,408.6
2	Network Carriers	11.7	11.8	12.0	13.3	13.4	15,980.4
3	Low-Cost Carriers	8.0	7.9	8.4	8.7	9.3	4,216.4
	21-Carrier Total	11.0	11.0	11.3	12.3	12.5	22,605.4

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 3rd Quarter 2005 Domestic Unit Revenue
(Domestic Operating Revenue Per Available Seat Mile)

3Q 2005 Rank	Network Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Revenue \$(Millions)
1	Northwest	14.1	13.7	13.7	15.0	15.4	2,202.1
2	US Airways	14.1	13.7	13.0	15.2	15.2	1,511.0
3	Continental	10.3	13.2	14.1	14.9	14.6	1,880.1
4	United	11.4	11.3	11.4	13.7	14.1	3,064.8
5	Delta	12.3	11.9	12.0	13.0	12.9	3,265.8
6	Alaska	10.8	9.9	9.9	11.3	12.1	652.3
7	American	10.1	10.2	10.8	11.6	11.5	3,404.3
	Seven-Carrier Total	11.7	11.8	12.0	13.3	13.4	15,980.4

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 3rd Quarter 2005 Domestic Unit Revenue
(Domestic Operating Revenue Per Available Seat Mile)**

3Q 2005 Rank	Low-Cost Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Revenue \$(Millions)
1	America West	8.1	8.0	10.4	11.4	11.5	868.3
2	Frontier	9.5	10.2	11.1	10.7	10.9	251.4
3	AirTran	8.2	8.4	8.5	9.6	9.6	373.6
4	Southwest	8.6	8.2	8.2	8.0	9.1	1,988.6
5	Spirit	7.6	7.2	8.5	9.2	8.5	104.9
6	ATA	6.5	5.9	5.8	6.7	7.6	176.7
7	JetBlue	6.6	6.7	7.2	7.4	7.2	452.9
	Seven-Carrier Total	8.0	7.9	8.4	8.7	9.3	4,216.4

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 3rd Quarter 2005 Domestic Unit Revenue
(Domestic Operating Revenue Per Available Seat Mile)**

3Q 2005 Rank	Regional Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Revenue \$(Millions)
1	American Eagle	16.5	17.2	17.2	16.6	16.7	463.5
2	SkyWest	15.1	15.5	15.3	15.0	15.4	417.7
3	Comair	13.3	13.3	14.1	14.8	15.0	354.9
4	Atlantic Southeast	13.6	14.7	13.6	13.7	14.7	304.8
5	Pinnacle	14.5	14.5	15.1	14.3	14.1	220.9
6	ExpressJet	14.5	14.4	13.9	13.0	12.8	355.5
7	Mesa	11.7	12.4	12.2	12.2	12.3	291.1
	Seven-Carrier Total	14.2	14.6	14.5	14.3	14.5	2,408.6

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 3rd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2005 Rank		3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Expenses \$(Millions)
1	Network Carriers	12.6	13.7	13.2	13.6	14.0	16,691.7
2	Regional Carriers	12.6	13.1	13.3	12.7	13.4	2,231.4
3	Low Cost Carriers	7.8	8.8	8.8	8.3	9.1	4,127.4
	21-Carrier Total	11.4	12.4	12.1	12.2	12.7	23,050.5

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 3rd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2005 Rank	Network Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Expenses \$(Millions)
1	Northwest	13.9	15.4	15.1	15.7	16.7	2,391.5
2	US Airways	16.1	15.0	14.8	15.3	16.3	1,624.4
3	Continental	11.0	15.3	15.8	15.7	15.9	2,045.3
4	United	12.3	13.9	12.2	13.8	13.8	3,005.2
5	Delta	13.9	14.1	13.7	13.5	13.7	3,460.0
6	American	10.9	11.6	11.3	11.5	12.1	3,588.8
7	Alaska	10.1	11.1	11.4	11.3	10.6	575.8
	Seven-Carrier Total	12.6	13.7	13.2	13.6	14.0	16,691.7

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 3rd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2005 Rank	Low-Cost Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Expenses \$(Millions)
1	ATA	7.3	16.9	16.4	9.3	13.8	320.5
2	America West	8.5	8.6	9.7	11.4	12.2	922.4
3	Frontier	9.5	10.9	11.3	10.7	10.3	238.2
4	Spirit	8.6	9.5	8.8	10.2	9.7	119.8
5	AirTran	8.6	8.3	8.7	9.0	9.6	372.4
6	Southwest	7.6	7.6	7.7	7.1	7.8	1,715.6
7	JetBlue	6.1	6.5	6.7	6.7	7.0	438.5
	Seven-Carrier Total	7.8	8.8	8.8	8.3	9.1	4,127.4

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 3rd Quarter 2005 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

3Q 2005 Rank	Regional Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Operating Expenses \$(Millions)
1	Pinnacle	12.9	13.1	13.5	12.8	16.2	253.3
2	Comair	12.2	13.3	13.8	14.1	14.7	345.7
3	American Eagle	14.2	14.6	14.8	14.2	14.6	406.6
4	SkyWest	13.2	13.8	13.7	13.3	13.7	371.6
5	Atlantic Southeast	12.3	13.3	13.7	12.3	13.3	275.5
6	ExpressJet	12.7	12.5	12.7	11.8	11.7	325.4
7	Mesa	10.8	10.9	10.6	10.5	10.7	253.3
	Seven-Carrier Total	12.6	13.1	13.3	12.7	13.4	2,231.4

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

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

Passenger Airlines by Group

Ranked by 3rd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2005 Rank		3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Passenger Revenue \$(Millions)
1	Regional Carriers	19.5	20.7	21.1	19.4	19.6	2,396.4
2	Network Carriers	11.1	11.3	11.6	11.9	11.7	11,334.5
3	Low-Cost Carriers	9.7	10.2	10.6	10.8	10.6	3,759.2
	21-Carrier Total	11.4	11.8	12.1	12.3	12.1	17,490.1

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 3rd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2005 Rank	Network Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Passenger Revenue \$(Millions)
1	Alaska	12.3	11.9	11.9	12.8	13.4	573.9
2	US Airways	12.4	12.9	12.4	13.2	13.0	980.3
3	Northwest	12.9	12.8	12.8	13.3	12.9	1,519.0
4	Continental	11.2	11.4	12.1	12.2	11.6	1,246.5
5	American	10.7	11.1	11.6	11.7	11.5	2,794.5
6	United	10.1	10.5	10.8	11.1	11.3	2,062.4
7	Delta	10.7	11.0	11.1	11.2	10.6	2,157.8
	Seven-Carrier Total	11.1	11.4	11.6	11.9	11.7	11,334.5

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 3rd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2005 Rank	Low-Cost Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Passenger Revenue \$(Millions)
1	AirTran	11.3	11.7	11.8	12.2	12.1	357.4
2	Southwest	11.1	11.7	11.7	11.7	11.4	1,865.1
3	Frontier	10.7	11.3	12.2	10.9	11.3	213.4
4	America West	8.6	9.2	10.0	10.2	10.2	624.6
5	Spirit	8.8	9.4	10.5	11.1	9.8	101.0
6	ATA	7.7	7.6	8.4	10.0	9.2	166.3
7	JetBlue	7.6	7.7	8.1	8.1	8.0	431.5
	Seven-Carrier Total	9.7	10.2	10.6	10.8	10.6	3,759.2

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 3rd Quarter 2005 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

3Q 2005 Rank	Regional Carriers	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	3rd Quarter Passenger Revenue \$(Millions)
1	American Eagle	23.4	25.0	25.9	22.6	23.0	461.5
2	Comair	19.1	19.7	21.9	20.7	21.7	354.9
3	SkyWest	19.5	21.1	20.6	19.7	19.8	410.6
4	Atlantic Southeast	19.2	20.6	19.4	19.0	19.7	302.8
5	Pinnacle	20.0	21.7	23.6	19.4	18.8	218.8
6	Mesa	15.6	17.4	17.9	16.8	17.9	292.4
7	ExpressJet	19.4	19.7	19.4	17.2	16.6	355.4
	Seven-Carrier Total	19.5	20.7	21.1	19.4	19.6	2,396.4

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

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