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First-Quarter 2007 System Airline Financial Data: Passenger Airlines Report First Profitable First Quarter Since 2000

A group of 21 selected passenger airlines reported a system operating profit margin of 2.7 percent in the first quarter of 2007 for the first profitable January-to-March quarter since the first quarter of 2000, the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation reported today in a release of preliminary data. The 21-carrier group consists of the seven largest network, low-cost and regional carriers based on operating revenue.

BTS, a part of the Research and Innovative Technology Administration, reported that the profit margin in the January-to-March period was the fourth consecutive quarter with a profit margin for the group after a loss margin of 1.3 percent in the first quarter of 2006. The group of regional carriers reported an operating profit margin of 6.3 percent, the network carrier group reported a 2.5 percent margin and the low-cost carriers reported a 2.3 percent profit margin (Table 1). Operating margin measures profit or loss as a percentage of the airline's total operating revenue.

This release consists of domestic plus international, or system, financial reports for the airlines.

The network group's profit margin of 2.5 percent in the first quarter was a 5.8 percentage point improvement from the -3.3 percent loss margin in the first quarter of 2006 (Table 1). The seven network carriers reported a combined operating profit of \$559 million in the first quarter for the group's fourth consecutive quarterly profit margin. In the first quarter of 2006, the seven network carriers' operating loss was \$711 million.

The low-cost group's profit margin of 2.3 percent in the first quarter was a 0.2 percentage point decrease from a 2.5 percent profit margin in the first quarter of 2006. The seven carriers reported a combined \$109 million operating profit in the first quarter of 2007 (Table 1).

The regional group's profit margin of 6.3 percent in the fourth quarter was a 3.0 percentage point decrease from the 9.3 percent profit margin in the first quarter of 2006. The seven regional carriers reported a \$149 million operating profit in the first quarter of 2007 (Table 1).

- more -

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The top operating profit margins were reported by regional carriers Atlantic Southeast Airlines, Pinnacle Airlines and American Eagle Airlines (Table 4). Northwest Airlines reported the top profit margin of the network carriers (Table 2). Low-cost carrier ATA Airlines, regional carrier Mesa Airlines and network carrier Alaska Airlines reported the largest operating loss margins (Tables 2-4). The only other carriers to report operating loss margins were network carrier United Airlines and low-cost carriers Frontier Airlines and JetBlue Airways (Tables 2-3).

America West Airlines and US Airways report financial data separately because the carriers hold two operating certificates despite the merged business operations. They will begin filing a merged financial report later this year.

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 recognizes as operating under a low-cost business model, with fewer infrastructure costs and greater expectations of productivity. 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 operating revenue in the most recent 12-month period.

The network and low-cost groups reported higher unit revenues in the first quarter of 2007 compared to the first quarter of 2006 with the network airlines registering the biggest gains at 0.4 cents per available seat-mile (ASM). The regional carriers continue to report the highest unit revenues but their fourth quarter revenue of 14.9 cents per ASM was down 0.5 cents per ASM from the first quarter of 2006. Network carriers' unit revenues were 13.5 cents per ASM followed by the low-cost carrier group at 9.6 cents per ASM (Table 5).

The highest unit revenues were reported by regional carriers Comair, Atlantic Southeast and American Eagle (Table 8). The lowest unit revenues were reported by low-cost carriers JetBlue, Spirit Airlines and ATA (Table 7).

The regional carriers reported the highest unit costs in the first quarter at 14.0 cents per ASM. Network carriers' unit costs were 13.1 cents per ASM followed by the low-cost carriers at 9.4 cents per ASM. Only the network group reported lower unit costs in the first quarter of 2007 than in the first quarter of 2006, reporting a decrease of 0.4 cents per ASM (Table 9).

The carriers with the highest unit costs were network airline US Airways (Table 10) and regional airlines Comair and American Eagle (Table 12). The carriers with the lowest unit costs were low-cost carriers JetBlue, Southwest Airlines and Spirit (Table 11).

The regional airlines reported the highest average passenger yield at 20.3 cents per revenue passenger-mile (RPM). The regional carriers reported lower passenger yields than in the first quarter of 2006 while the network carriers at 12.5 cents per RPM and the low-cost carriers at 11.9 cents per RPM reported year-to-year yield gains (Table 13). Passenger revenue yield measures passenger revenues against total travel by dividing passenger revenues by RPMs.

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ADD TWO

The top passenger revenue yields were reported by regional carriers American Eagle, Comair and Atlantic Southeast (Table 16). The lowest passenger revenue yields were reported by low-cost carriers JetBlue, Spirit and Frontier (Table 15) and network carrier United (Table 14). US Airways reported the highest revenue yield of any network carrier (Table 14).

Airline financial data from the first quarter of 2007 and previous quarters are posted on the BTS website at TranStats, the Intermodal Transportation Database, http://www.transtats.bts.gov/Fields.asp?Table_ID=295. 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 June 14. Data are subject to revision. BTS will release second quarter financial data on Sept. 17.

**Table 1: System* Quarterly Operating profit/loss margin (in percent)
Passenger Airlines by Group
Ranked by 1st Quarter 2007 Margin
(Operating Profit/Loss as Percent of Total Operating Revenue)**

1Q 2007 Rank	Carrier Group	1st Quarter 2006 (%)	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Regional	9.3	8.1	8.9	10.0	6.3	149
2	Network	-3.3	7.5	5.4	1.7	2.5	559
3	Low-Cost	2.5	10.8	3.3	2.7	2.3	109
	21-Carrier Total	-1.3	8.1	5.4	2.6	2.7	817

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

* System = domestic + international

- more -

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ADD THREE

Table 2: System* Quarterly Operating profit/loss margin (in percent)
Network Carriers
Ranked by 1st Quarter 2007 Margin
(Operating Profit/Loss as Percent of Total Operating Revenue)

1Q 2007 Rank	Network Carriers	1st Quarter 2006 (%)	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Northwest	-0.2	9.2	11.1	3.7	7.2	205
2	US Airways	2.4	12.6	5.9	7.4	4.4	84
3	Delta	-12.8	8.0	3.0	-0.1	3.5	147
4	American	1.0	7.0	3.8	2.3	3.4	183
5	Continental	-0.1	6.8	4.9	0.2	1.5	45
6	United	-3.8	5.1	6.6	0.3	-2.0	-89
7	Alaska	-25.1	6.3	0.5	-0.7	-2.7	-18
	Seven-Carrier Total	-3.3	7.5	5.4	1.7	2.5	559

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2
* System = domestic + international

Table 3: System* Quarterly Operating profit/loss margin (in percent)
Low-Cost Carriers
Ranked by 1st Quarter 2007 Margin
(Operating Profit/Loss as Percent of Total Operating Revenue)

1Q 2007 Rank	Low-Cost Carriers	1st Quarter 2006 (%)	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Spirit	-7.3	-3.2	-20.3	-20.1	7.0	12
2	America West	9.4	5.9	-11.2	-7.9	5.1	46
3	Southwest	4.9	16.4	11.2	7.6	3.8	84
4	AirTran	-1.1	10.3	-0.7	0.5	2.7	14
5	Frontier	-3.4	3.5	1.0	-6.9	-2.1	-6
6	JetBlue	-5.1	7.7	5.5	9.6	-2.2	-13
7	ATA	-13.1	-0.7	2.2	-6.6	-16.9	-27
	Seven-Carrier Total	2.5	10.8	3.3	2.7	2.3	109

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2
* System = domestic + international

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ADD FOUR

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

Regional Carriers

Ranked by 1st Quarter 2007 Margin

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

1Q 2007 Rank	Regional Carriers	1st Quarter 2006 (%)	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Atlantic Southeast	13.6	13.2	12.1	13.1	12.9	42
2	American Eagle	11.0	8.1	9.8	10.1	11.2	53
3	Pinnacle	10.4	9.5	12.3	29.8	9.0	13
4	Sky West	9.4	10.0	9.6	7.3	7.6	37
5	Express Jet	9.4	8.5	8.4	8.3	3.8	16
6	Comair	1.5	2.1	6.8	4.6	2.5	7
7	Mesa	8.9	4.1	3.7	4.3	-8.2	-20
	Seven-Carrier Total	9.3	8.1	8.9	10.0	6.3	149

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

* System = domestic + international

Table 5. System* Airline Unit Revenue (Cents Per Mile)

Passenger Airlines by Group

Ranked by 1st Quarter 2007 Unit Revenue

(Operating Revenue Per Available Seat Mile)

1Q 2007 Rank	Carrier Group	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Revenue \$(Millions)
1	Regional	15.4	15.2	15.0	15.0	14.9	2,357
2	Network	13.1	14.4	14.1	13.5	13.5	22,536
3	Low-Cost	9.5	10.9	10.1	9.8	9.6	4,825
	21-Carrier Total	12.5	13.8	13.3	12.8	12.7	29,718

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

* System = domestic + international

- more -

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ADD FIVE

**Table 6. System* Airline Unit Revenue (Cents Per Mile)
Network Carriers
Ranked by 1st Quarter 2007 Unit Revenue
(Operating Revenue Per Available Seat Mile)**

1Q 2007 Rank	Network Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Revenue \$(Millions)
1	US Airways	15.9	18.4	16.7	16.6	16.6	1,902
2	Delta	12.8	14.6	14.0	13.9	14.2	4,189
3	Continental	13.2	14.6	14.1	13.6	13.6	3,145
4	Northwest	14.1	15.2	15.3	13.9	13.5	2,863
5	American	12.5	13.4	13.1	12.8	13.0	5,402
6	United	12.9	14.1	14.0	13.0	12.7	4,374
7	Alaska	10.7	12.2	12.4	11.0	11.6	660
	Seven-Carrier Total	13.1	14.4	14.1	13.5	13.5	22,536

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data
* System = domestic + international

**Table 7. System* Airline Unit Revenue (Cents Per Mile)
Low-Cost Carriers
Ranked by 1st Quarter 2007 Unit Revenue
(Operating Revenue Per Available Seat Mile)**

1Q 2007 Rank	Low-Cost Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Revenue \$(Millions)
1	America West	12.3	13.5	12.6	12.6	12.7	899
2	AirTran	9.6	11.2	9.8	9.3	9.7	505
3	Frontier	10.3	11.4	11.2	10.1	9.5	282
4	Southwest	9.1	10.7	9.8	9.5	9.3	2,198
5	Spirit	8.8	11.1	9.7	9.1	9.0	173
6	ATA	8.9	9.9	9.7	8.6	8.5	160
7	JetBlue	7.5	8.5	8.3	8.7	8.1	608
	Seven-Carrier Total	9.5	10.9	10.1	9.8	9.8	4,825

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data
* System = domestic + international

- more -

AIRLINE FINANCES QUARTERLY RELEASE
ADD SIX

Table 8. System* Airline Unit Revenue (Cents Per Mile)
Regional Carriers
Ranked by 1st Quarter 2007 Unit Revenue
(Operating Revenue Per Available Seat Mile)

1Q 2007 Rank	Regional Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Revenue \$(Millions)
1	Comair	16.7	16.7	17.2	16.9	18.1	277
2	American Eagle	17.1	16.9	17.2	16.5	17.6	480
3	Atlantic Southeast	15.9	15.9	14.4	16.0	17.0	330
4	Sky West	15.9	15.7	15.5	14.9	14.3	477
5	Express Jet	13.1	12.5	12.3	12.9	13.7	411
6	Mesa	14.0	14.7	14.9	14.3	12.9	238
7	Pinnacle	15.4	14.8	14.2	13.9	10.0	144
	Seven-Carrier Total	15.4	15.2	15.0	15.0	14.9	2,357

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data
* System = domestic + international

Table 9. System* Airline Unit Costs (Cents per Mile)
Passenger Airlines by Group
Ranked by 1st Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)

1Q 2007 Rank	Carrier Group	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Expenses \$(Millions)
1	Regional	13.9	13.9	13.7	13.5	14.0	2,208
2	Network	13.5	13.4	13.3	13.2	13.1	21,977
3	Low-Cost	9.2	9.7	9.8	9.5	9.4	4,716
	21-Carrier Total	12.7	12.7	12.6	12.5	12.4	28,901

Source: Bureau of Transportation Statistics; Form 41, Schedule P1.2. T100; T2 Data
* System = domestic + international

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ADD SEVEN

**Table 10. System* Airline Unit Costs (Cents per Mile)
Network Carriers
Ranked by 1st Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)**

1Q 2007 Rank	Network Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Expenses \$(Millions)
1	US Airways	15.6	16.1	15.7	15.4	15.9	1,818
2	Delta	14.4	13.4	13.6	13.9	13.7	4,042
3	Continental	13.3	13.6	13.4	13.6	13.4	3,100
4	United	13.4	13.4	13.0	13.0	12.9	4,463
5	American	12.3	12.4	12.6	12.5	12.5	5,219
6	Northwest	14.2	13.8	13.6	13.4	12.5	2,658
7	Alaska	13.3	11.4	12.3	11.1	11.9	678
	Seven-Carrier Total	13.5	13.4	13.3	13.2	13.1	21,977

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data
* System = domestic + international

**Table 11. System* Airline Unit Costs (Cents per Mile)
Low-Cost Carriers
Ranked by 1st Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)**

1Q 2007 Rank	Low-Cost Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Expenses \$(Millions)
1	America West	11.1	12.7	14.1	13.6	12.1	853
2	ATA	10.0	10.0	9.5	9.1	9.9	187
3	Frontier	10.7	11.0	11.1	10.8	9.7	288
4	AirTran	9.7	10.0	9.9	9.2	9.4	491
5	Southwest	8.7	8.9	8.7	8.8	8.9	2,114
6	Spirit	9.5	11.5	11.7	10.9	8.3	161
7	JetBlue	7.8	7.8	7.9	7.9	8.3	621
	Seven-Carrier Total	9.2	9.7	9.8	9.5	9.4	4,716

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data
* System = domestic + international

AIRLINE FINANCES QUARTERLY RELEASE
ADD EIGHT

**Table 12. System* Airline Unit Costs (Cents per Mile)
Regional Carriers
Ranked by 1st Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)**

1Q 2007 Rank	Regional Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Operating Expenses \$(Millions)
1	Comair	16.4	16.4	16.0	16.1	17.6	270
2	American Eagle	15.2	15.5	15.5	14.8	15.7	427
3	Atlantic Southeast	13.8	13.8	12.6	13.9	14.8	288
4	Mesa	12.7	14.1	14.4	13.7	13.9	258
5	Sky West	14.4	14.1	14.0	13.8	13.2	440
6	Express Jet	11.9	11.4	11.2	11.9	13.1	395
7	Pinnacle	13.8	13.4	12.5	9.7	9.1	131
	Seven-Carrier Total	13.9	13.9	13.7	13.5	14.0	2,208

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data
* System = domestic + international

**Table 13. System* Passenger Revenue Yield (Cents per Mile)
Passenger Airlines by Group
Ranked by 1st Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

1Q 2007 Rank	Carrier Group	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Passenger Revenue \$(Millions)
1	Regional	20.5	18.9	19.3	19.7	20.3	2,358
2	Network	12.1	12.7	12.6	12.3	12.5	16,494
3	Low-Cost	11.6	12.3	11.9	12.1	11.9	4,300
	21-Carrier Total	12.5	13.0	12.9	12.7	12.9	23,152

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data
* System = domestic + international

- more -

AIRLINE FINANCES QUARTERLY RELEASE
ADD NINE

**Table 14. System* Passenger Revenue Yield (Cents per Mile)
Network Carriers
Ranked by 1st Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

1Q 2007 Rank	Network Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Passenger Revenue \$(Millions)
1	US Airways	13.5	14.1	13.2	13.5	13.7	1,200
2	American	12.9	12.8	12.8	12.8	13.3	4,326
3	Alaska	12.8	13.6	13.9	13.0	13.0	528
4	Northwest	11.9	12.7	13.1	12.2	12.5	2,192
5	Continental	12.0	12.6	12.2	12.1	12.5	2,286
6	Delta	11.2	12.5	11.9	11.8	12.2	2,804
7	United	11.5	12.0	12.3	11.6	11.4	3,158
	Seven-Carrier Total	12.1	12.7	12.6	12.3	12.5	16,494

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data
* System = domestic + international

**Table 15. System* Passenger Revenue Yield (Cents per Mile)
Low-Cost Carriers
Ranked by 1st Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

1Q 2007 Rank	Low-Cost Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Passenger Revenue \$(Millions)
1	AirTran	13.1	13.8	12.9	12.8	13.2	479
2	Southwest	12.4	13.0	12.4	12.7	12.7	2,042
3	ATA	13.4	13.0	13.1	12.3	12.0	156
4	America West	11.5	12.0	11.6	11.7	11.7	659
5	Frontier	11.3	11.3	11.8	11.7	11.4	239
6	Spirit	11.0	12.2	10.9	11.1	10.8	162
7	JetBlue	8.4	9.8	9.7	10.2	9.5	563
	Seven-Carrier Total	11.6	12.3	11.9	12.1	11.9	4,300

Source: Bureau of Transportation Statistics; Form 41; Schedule P1.2. T100; T2 Data
* System = domestic + international

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ADD TEN

**Table 16. System* Passenger Revenue Yield (Cents per Mile)
Regional Carriers
Ranked by 1st Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

1Q 2007 Rank	Regional Carriers	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	1st Quarter Passenger Revenue \$(Millions)
1	Comair	23.7	21.8	22.8	22.7	26.4	277
2	American Eagle	24.1	21.5	22.8	22.5	25.1	478
3	Atlantic Southeast	20.3	19.9	19.0	21.6	22.7	328
4	Sky West	20.0	19.0	19.0	18.9	18.5	470
5	Mesa	18.9	17.9	19.2	18.5	18.4	258
6	Express Jet	17.4	15.3	15.7	16.7	17.9	405
7	Pinnacle	21.1	18.2	18.5	18.4	14.0	141
	Seven-Carrier Total	20.5	18.9	19.3	19.7	20.3	2,358

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

* System = domestic + international

- end -