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

A group of 21 selected passenger airlines reported a system operating profit margin of 8.8 percent in the second quarter of 2007, the highest profit margin since 2000 and the first time since 2000 that airlines have had five consecutive profitable quarters, 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 April-to-June period was the fifth consecutive quarter with a profit margin for the group after a loss margin in the first quarter of 2006. The industry's largest airlines, the network carriers, were the only group to report a higher profit margin in the second quarter of 2007 than in the same period in 2006. The network group reported an operating profit margin of 9.2 percent, its highest since 2000.

The low-cost carrier group reported a 8.1 percent margin and the regional carriers reported a 5.7 percent profit margin, both down from the second quarter of 2006 (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 9.2 percent in the second quarter was a 1.7 percentage point improvement from the 7.5 percent profit margin in the second quarter of 2006 (Table 1). The seven network carriers reported a combined operating profit of \$2,406 million in the second quarter for the group's fifth consecutive quarterly profit margin. In the second quarter of 2006, the seven network carriers' operating profit was \$1,916 million.

The low-cost group's profit margin of 8.1 percent in the second quarter was a 2.7 percentage point decrease from a 10.8 percent profit margin in the second quarter of 2006. The seven carriers reported a combined \$451 million operating profit in the second quarter of 2007 (Table 1).

The regional group's profit margin of 5.7 percent in the second quarter was a 2.4 percentage point decrease from the 8.1 percent profit margin in the second quarter of 2006. The seven regional carriers reported a \$143 million operating profit in the second quarter of 2007 (Table 1).

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The top operating profit margins were reported by network carrier US Airways and low-cost carriers Southwest Airlines and AirTran Airways (Tables 2-3). Regional carrier ExpressJet Airlines and low-cost carriers ATA Airlines and America West Airlines reported the largest operating loss margins (Tables 3-4). ExpressJet has added point-to-point service under its own brand in addition to the regional service it provides under contract for network carriers. No other carriers reported operating loss margins in the second quarter.

America West 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 carriers, with a gain of 0.4 cents per available seat-mile (ASM) to 14.8 cents per ASM, were the only group to report higher unit revenues in the second quarter of 2007 compared to the second quarter of 2006. The regional carriers continue to report the highest unit revenues but their second quarter revenue of 14.9 cents per ASM was down 0.3 cents per ASM from the second quarter of 2006. The low-cost carriers reported unit revenues of 10.4 cents per ASM (Table 5).

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

The regional carriers reported the highest unit costs in the second quarter at 14.1 cents per ASM. Network carriers' unit costs were 13.4 cents per ASM followed by the low-cost carriers at 9.6 cents per ASM. Only the low-cost group carriers reported lower unit costs in the second quarter of 2007 than in the second quarter of 2006, reporting a decrease of 0.1 cents per ASM (Table 9).

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

The regional airlines reported the highest average passenger yield at 18.8 cents per revenue passenger-mile (RPM). The regional carriers and the low-cost group reported lower passenger yields than in the second quarter of 2006 while the network carriers at 12.9 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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The top passenger revenue yields were reported by regional carriers American Eagle, Comair and Atlantic Southeast Airlines (Table 16). The lowest passenger revenue yields were reported by low-cost carriers JetBlue, Spirit and America West (Table 15). US Airways reported the highest passenger yield of any network carrier (Table 14).

Airline financial data from the second 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 Sept. 5. Data are subject to revision. BTS will release third quarter financial data on Dec. 17.

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

2Q 2007 Rank	Carrier Group	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	2nd Quarter 2007 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	Network	7.5	5.4	1.7	2.5	9.2	2,406
2	Low-Cost	10.8	3.3	2.3	2.3	8.1	451
3	Regional	8.1	8.9	10.0	6.3	5.7	143
	21-Carrier Total	8.1	5.4	2.5	2.7	8.8	3,000

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

* System = domestic + international

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

2Q 2007 Rank	Network Carriers	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	2nd Quarter 2007 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	US Airways	12.6	5.9	7.4	4.4	13.9	319
2	Northwest	9.2	11.1	3.7	7.2	11.3	364
3	United	5.1	6.6	0.3	-2.0	10.1	526
4	Alaska	6.3	0.5	-0.7	-2.7	9.6	76
5	Delta	8.0	3.0	-0.1	3.5	9.3	470
6	Continental	6.8	4.9	0.2	1.5	7.0	257
7	American	7.0	3.8	2.3	3.4	6.7	394
	Seven-Carrier Total	7.5	5.4	1.7	2.5	9.2	2,406

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 2nd Quarter 2007 Margin
(Operating Profit/Loss as Percent of Total Operating Revenue)

2Q 2007 Rank	Low-Cost Carriers	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	2nd Quarter 2007 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	Southwest	16.4	11.2	7.6	3.8	12.7	329
2	AirTran	10.3	-0.7	0.5	2.7	11.7	72
3	JetBlue	7.7	5.5	9.6	-2.2	10.2	75
4	Spirit	-3.2	-20.3	-20.1	7.0	5.5	10
5	Frontier	3.5	1.3	-6.9	-2.1	0.5	2
6	America West	5.9	-11.2	-7.9	5.1	-2.6	-25
7	ATA	-0.7	2.2	-6.6	-16.9	-6.0	-11
	Seven-Carrier Total	10.8	3.3	2.3	2.3	8.1	451

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

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

Regional Carriers

Ranked by 2nd Quarter 2007 Margin

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

2Q 2007 Rank	Regional Carriers	2nd Quarter 2006 (%)	3rd Quarter 2006 (%)	4th Quarter 2006 (%)	1st Quarter 2007 (%)	2nd Quarter 2007 (%)	2nd Quarter Operating Profit/Loss \$(Millions)
1	Atlantic Southeast	13.2	12.1	13.1	12.9	11.6	40
2	American Eagle	8.1	9.8	10.1	11.2	10.3	53
3	Pinnacle	9.5	12.3	29.8	9.0	9.1	14
4	Sky West	10.0	9.6	7.3	7.6	9.1	48
5	Comair	2.1	6.8	4.6	2.5	7.0	20
6	Mesa	4.1	3.7	4.3	-8.2	3.1	9
7	Express Jet	8.5	8.4	8.3	3.8	-10.3	-40
	Seven-Carrier Total	8.1	8.9	10.0	6.3	5.7	143

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 2nd Quarter 2007 Unit Revenue

(Operating Revenue Per Available Seat Mile)

2Q 2007 Rank	Carrier Group	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Revenue \$(Millions)
1	Regional	15.2	15.0	15.0	14.9	14.9	2,489
2	Network	14.4	14.1	13.5	13.5	14.8	26,096
3	Low-Cost	10.9	10.1	9.8	9.6	10.4	5,596
	21-Carrier Total	13.8	13.3	12.8	12.7	13.9	34,181

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

* System = domestic + international

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**Table 6. System* Airline Unit Revenue (Cents Per Mile)
Network Carriers
Ranked by 2nd Quarter 2007 Unit Revenue
(Operating Revenue Per Available Seat Mile)**

2Q 2007 Rank	Network Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Revenue \$(Millions)
1	US Airways	18.4	16.7	16.6	16.6	19.0	2,293
2	Delta	14.6	14.0	13.9	14.2	15.7	5,051
3	Northwest	15.2	15.3	13.9	13.5	14.7	3,215
4	Continental	14.6	14.1	13.6	13.6	14.5	3,692
5	United	14.1	14.0	13.0	12.7	14.5	5,196
6	American	13.4	13.1	12.8	13.0	13.7	5,853
7	Alaska	12.2	12.4	11.0	11.6	13.0	795
	Seven-Carrier Total	14.4	14.1	13.5	13.5	14.8	26,096

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 2nd Quarter 2007 Unit Revenue
(Operating Revenue Per Available Seat Mile)**

2Q 2007 Rank	Low-Cost Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Revenue \$(Millions)
1	America West	13.5	12.6	12.6	12.7	12.8	947
2	Frontier	11.4	11.3	10.1	9.5	10.7	345
3	AirTran	11.2	9.8	9.3	9.7	10.7	614
4	Southwest	10.7	9.8	9.5	9.3	10.3	2,583
5	Spirit	11.1	9.7	9.1	9.0	9.0	197
6	JetBlue	8.5	8.3	8.7	8.1	9.0	730
7	ATA	9.9	9.7	8.6	8.5	8.7	181
	Seven-Carrier Total	10.9	10.1	9.8	9.6	10.4	5,596

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

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Table 8. System* Airline Unit Revenue (Cents Per Mile)
Regional Carriers
Ranked by 2nd Quarter 2007 Unit Revenue
(Operating Revenue Per Available Seat Mile)

2Q 2007 Rank	Regional Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Revenue \$(Millions)
1	Comair	16.7	17.2	16.9	18.1	18.6	281
2	American Eagle	16.9	17.2	16.5	17.6	18.2	514
3	Atlantic Southeast	15.9	14.4	16.0	17.0	16.9	347
4	Mesa	14.7	14.9	14.3	12.9	14.5	279
5	Sky West	15.7	15.5	14.9	14.3	14.0	525
6	Express Jet	12.5	12.3	12.9	13.7	12.8	394
7	Pinnacle	14.8	14.2	13.9	10.0	9.7	149
	Seven-Carrier Total	15.2	15.0	15.0	14.9	14.9	2,489

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 2nd Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)

2Q 2007 Rank	Carrier Group	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Expenses \$(Millions)
1	Regional	13.9	13.7	13.5	14.0	14.1	2,346
2	Network	13.4	13.3	13.2	13.1	13.4	23,690
3	Low-Cost	9.7	9.8	9.5	9.4	9.6	5,145
	21-Carrier Total	12.7	12.6	12.5	12.4	12.6	31,181

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

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**Table 10. System* Airline Unit Costs (Cents per Mile)
Network Carriers
Ranked by 2nd Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)**

2Q 2007 Rank	Network Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Expenses \$(Millions)
1	US Airways	16.1	15.7	15.4	15.9	16.3	1,974
2	Delta	13.4	13.6	13.9	13.7	14.3	4,581
3	Continental	13.6	13.4	13.6	13.4	13.5	3,435
4	United	13.4	13.0	13.0	12.9	13.0	4,670
5	Northwest	13.8	13.6	13.4	12.5	13.0	2,851
6	American	12.4	12.6	12.5	12.5	12.8	5,460
7	Alaska	11.4	12.3	11.1	11.9	11.7	719
	Seven-Carrier Total	13.4	13.3	13.2	13.1	13.4	23,690

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 2nd Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)**

2Q 2007 Rank	Low-Cost Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Expenses \$(Millions)
1	America West	12.7	14.1	13.6	12.1	13.1	972
2	Frontier	11.0	11.1	10.8	9.7	10.7	343
3	AirTran	10.9	9.9	9.2	9.4	9.4	542
4	ATA	10.0	9.5	9.1	9.9	9.3	191
5	Southwest	8.9	8.7	8.8	8.9	9.0	2,255
6	Spirit	11.5	11.7	10.9	8.4	8.5	187
7	JetBlue	7.8	7.9	7.9	8.3	8.0	655
	Seven-Carrier Total	9.7	9.8	9.6	9.4	9.6	5,145

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

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**Table 12. System* Airline Unit Costs (Cents per Mile)
Regional Carriers
Ranked by 2nd Quarter 2007 Unit Costs
(Operating Expenses per Available Seat Mile in cents)**

2Q 2007 Rank	Regional Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Operating Expenses \$(Millions)
1	Comair	16.4	16.0	16.1	17.6	17.3	262
2	American Eagle	15.5	15.5	14.8	15.7	16.3	461
3	Atlantic Southeast	13.8	12.6	13.9	14.8	14.9	306
4	Express Jet	11.4	11.2	11.9	13.1	14.2	434
5	Mesa	14.1	14.4	13.7	13.9	14.1	270
6	Sky West	14.1	14.0	13.8	13.2	12.7	478
7	Pinnacle	13.4	12.5	9.7	9.1	8.8	136
	Seven-Carrier Total	13.9	13.7	13.5	14.0	14.1	2,346

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 2nd Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

2Q 2007 Rank	Carrier Group	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Passenger Revenue \$(Millions)
1	Regional	18.9	19.3	19.7	20.3	18.8	2,465
2	Network	12.7	12.6	12.3	12.5	12.9	19,163
3	Low-Cost	12.3	11.9	12.1	11.9	11.8	5,019
	21-Carrier Total	13.0	12.9	12.7	12.9	13.1	26,647

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

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**Table 14. System* Passenger Revenue Yield (Cents per Mile)
Network Carriers
Ranked by 2nd Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

2Q 2007 Rank	Network Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Passenger Revenue \$(Millions)
1	US Airways	14.1	13.2	13.5	13.7	14.5	1,456
2	Alaska	13.6	13.9	13.0	13.0	13.4	647
3	American	12.8	12.8	12.8	13.3	13.1	4,673
4	Northwest	12.7	13.1	12.2	12.5	12.8	2,402
5	Continental	12.6	12.2	12.1	12.5	12.8	2,726
6	Delta	12.5	11.9	11.8	12.2	12.7	3,401
7	United	12.0	12.3	11.6	11.4	12.5	3,860

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 2nd Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

2Q 2007 Rank	Low-Cost Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Passenger Revenue \$(Millions)
1	AirTran	13.8	12.9	12.8	13.2	13.0	586
2	Southwest	13.0	12.4	12.7	12.7	12.7	2,414
3	ATA	13.0	13.1	12.3	12.0	11.3	176
4	Frontier	11.3	11.8	11.7	11.4	11.1	290
5	America West	12.0	11.6	11.7	11.7	11.0	689
6	Spirit	12.2	10.9	11.1	10.8	10.2	180
7	JetBlue	9.8	9.7	10.2	9.5	10.1	682
	Seven-Carrier Total	12.3	11.9	12.1	11.9	11.8	5,019

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

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**Table 16. System* Passenger Revenue Yield (Cents per Mile)
Regional Carriers
Ranked by 2nd Quarter 2007 Revenue Yield
(Passenger Revenue per Revenue Passenger Mile in cents)**

2Q 2007 Rank	Regional Carriers	2nd Quarter 2006	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	2nd Quarter Passenger Revenue \$(Millions)
1	Comair	21.8	22.8	22.7	26.4	23.6	281
2	American Eagle	21.5	22.8	22.5	25.1	23.3	513
3	Atlantic Southeast	19.9	19.0	21.6	22.7	21.4	345
4	Mesa	17.9	19.2	18.5	18.4	17.5	273
5	Sky West	19.0	19.0	18.9	18.5	17.3	518
6	Express Jet	15.3	15.7	16.7	17.9	16.6	388
7	Pinnacle	18.2	18.5	18.4	14.0	11.9	147
	Seven-Carrier Total	18.9	19.3	19.7	20.3	18.8	2,465

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

* System = domestic + international

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