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First Quarter 2006 Airline Financial Data: Regional and Low-Cost Passenger Airlines Report Domestic Profit; Network Carriers Report Smaller Loss

The seven largest regional and the low-cost airline group reported domestic operating profit margins — an industry measure of profitability — while the seven network carriers reported a smaller loss during the first quarter of 2006 compared to the same period a year earlier, the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation reported today in a release of preliminary data.

The low-cost group's results for the first quarter of 2006 do not include ATA Airlines. The carrier delayed filing its first quarter financial report due to fresh start accounting issues related to the airline's emergence from bankruptcy protection earlier this year. BTS will release revised numbers following ATA's filing later this month.

BTS, a part of the Research and Innovative Technology Administration, reported that the group of regional carriers reported a domestic operating profit margin of 9.1 percent for the first quarter while a 4.2 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 network group reported a loss margin improvement to 4.2 percent in the first quarter of 2006 from 9.9 percent in the first quarter of 2005. The operating loss margin for the network group improved 5.7 percentage points for a total operating loss of \$0.6 billion in the first quarter (Table 1). In the first quarter of 2005, the seven network carriers lost \$1.4 billion.

The regional carrier group reported a 9.1 percent profit margin in the first quarter of 2006, a gain of 0.6 percentage points from the 8.5 percent profit margin in the first quarter of 2005. The seven regional carriers reported a \$213 million operating profit in the first quarter of 2006 (Table 1). The low-cost group, without ATA, reported a 7.4 percentage point profit margin improvement over 2005 results, and a \$129 domestic operating margin.

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The largest percentage operating loss margins were reported by network carriers Alaska Airlines, Delta Airlines and Continental Airlines (Table 2). The top operating profit margin was reported by regional carrier Atlantic Southeast (Table 4). The other top margins were reported by regional airlines Pinnacle Airlines and American Eagle Airlines (Table 4).

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 reported the highest unit revenues in the first quarter at 15.4 cents per available seat-mile (ASM). Network carriers' unit revenues were 14.4 cents followed by the low-cost carrier group, without ATA, at 9.5 cents per ASM. All three groups exhibited increases in unit revenues over the year earlier period with the network airlines registering the sharpest gains at 2.4 cents.

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

Unit costs (operating expenses divided by ASMs) were highest at the network airlines followed by the regional carriers. The low-cost carriers, without ATA, had the lowest unit costs per ASM. The network carriers also had the largest year over year gain in unit costs at 1.8 cents per ASM compared to 0.7 cents for the regional group and 0.4 cents for the low-cost carriers.

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

Although the regional airlines domestic passenger yield declined from the first quarter of 2005, the group still registered the highest average yield at 20.6 cents per revenue passenger-mile (RPM). The network and low-cost carrier groups both reported yield gains over the prior year at 12.7 and 11.5 cents respectively. Domestic passenger revenue yield measures passenger revenues against total travel by dividing domestic passenger revenues by domestic RPMs.

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The top passenger revenue yields were reported by regional carriers American Eagle, Comair and Pinnacle (Table 16). The lowest passenger revenue yields were reported by low-cost carriers JetBlue, Spirit, and America West Airlines (Table 15). US Airways reported the highest revenue yield of any network carrier (Table 14). Passenger revenue yields for Delta Air Lines and United Airlines have lagged behind the other network carriers for the past seven quarters. The two airlines 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.” Delta recently announced that Song will be reintegrated into its mainline operations.

Additional airline financial data are 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.” 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 13. Data are subject to revision.

Data from the first quarter of 2006 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS will release second quarter 2006 financial data and revised data from the first quarter on Sept. 18.

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

Passenger Airlines by Group

Ranked by 1st Quarter 2006 Margin

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

1Q 2006 Rank		1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	4th Quarter 2005 (%)	1st Quarter 2006 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Regional Carriers	8.5	10.7	7.4	8.7	9.1	213.1
2	Low-Cost Carriers*	-4.3	5.3	2.1	1.2	3.1	128.6
3	Network Carriers	-9.9	-2.2	-4.5	-8.4	-4.2	-648.6
	21-Carrier Total*	-6.9	0.4	-2.0	-4.7	-1.4	-306.9

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

* First Quarter 2006 numbers do not include ATA Airlines, which was granted an extension to file until June 30.

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

Network Carriers

Ranked by 1st Quarter 2006 Margin

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

1Q 2006 Rank	Network Carriers	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	4th Quarter 2005 (%)	1st Quarter 2006 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Northwest	-10.4	-4.8	-8.6	-7.0	3.2	63.2
2	American	-4.7	0.8	-5.4	-9.9	-0.2	-6.3
3	US Airways	-13.9	-1.0	-7.5	-4.6	-1.7	-26.3
4	United	-6.9	-0.9	1.9	-5.1	-3.5	-105.4
5	Continental	-12.0	-5.2	-8.8	-12.6	-7.4	-145.4
6	Delta	-13.6	-4.1	-6.0	-10.8	-9.4	-281.6
7	Alaska	-16.0	-0.5	11.7	-3.7	-27.8	-146.8
	Seven-Carrier Total	-9.9	-2.2	-4.5	-8.4	-4.2	-648.6

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

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

Low-Cost Carriers

Ranked by 1st Quarter 2006 Margin

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

1Q 2006 Rank	Low-Cost Carriers	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	4th Quarter 2005 (%)	1st Quarter 2006 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	America West	6.6	3.4	-6.2	-16.5	9.0	77.1
2	Southwest	6.4	11.5	13.7	8.2	4.9	98.1
3	AirTran	-3.2	5.3	0.3	0.9	-1.1	-4.5
4	Frontier	-1.3	-0.2	5.2	-5.5	-3.9	-8.9
5	JetBlue	6.9	9.3	3.2	-4.0	-5.1	-24.9
6	Spirit	-3.8	-10.7	-14.2	-22.3	-7.3	-8.3
7	ATA*	-185.0	-38.9	-81.4	53.8	N/A	N/A
	Seven-Carrier Total**	-4.3	5.3	2.1	1.2	3.1	128.6

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

* ATA Airlines was granted an extension to file until June 30.

** Six-Carrier Total for First Quarter 2006

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

Regional Carriers

Ranked by 1st Quarter 2006 Margin

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

1Q 2006 Rank	Regional Carriers	1st Quarter 2005 (%)	2nd Quarter 2005 (%)	3rd Quarter 2005 (%)	4th Quarter 2005 (%)	1st Quarter 2006 (%)	1st Quarter Operating Profit/Loss \$(Millions)
1	Atlantic Southeast	-0.2	10.2	9.6	13.1	13.6	42.5
2	American Eagle	13.5	14.3	12.3	10.3	11.0	49.9
3	Pinnacle	10.3	10.7	-14.6	7.7	10.4	21.5
4	Sky West	10.1	11.6	11.1	10.3	9.4	40.3
5	Mesa	13.2	13.9	13.0	10.3	8.9	24.6
6	Express Jet	9.1	9.2	8.5	9.0	8.1	29.8
7	Comair	1.6	4.4	2.6	-0.9	1.5	4.3
	Seven-Carrier Total	8.5	10.7	7.4	8.7	9.1	213.1

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

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

Passenger Airlines by Group

Ranked by 1st Quarter 2006 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

1Q 2006 Rank		1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Revenue \$(Millions)
1	Regional Carriers	14.5	14.3	14.5	15.0	15.4	2,331.3
2	Network Carriers	12.0	13.3	13.4	13.9	14.4	15,449.4
3	Low-Cost Carriers*	8.4	8.7	9.3	9.3	9.5	4,125.6
	21-Carrier Total*	11.3	12.3	12.5	12.8	13.2	21,906.3

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

* First Quarter 2006 numbers do not include ATA Airlines, which was granted an extension to file until June 30.

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

Network Carriers

Ranked by 1st Quarter 2006 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

1Q 2006 Rank	Network Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Revenue \$(Millions)
1	US Airways	13.0	15.2	15.2	17.0	18.5	1,537.2
2	Northwest	13.7	15.0	15.4	16.0	16.4	1,996.4
3	Continental	14.1	14.9	14.6	14.8	15.4	1,955.2
4	United	11.4	13.7	14.1	13.8	14.4	3,005.8
5	Delta	12.0	13.0	12.9	13.7	14.4	2,990.5
6	American	10.8	11.6	11.5	12.0	12.4	3,436.9
7	Alaska	9.9	11.3	12.1	11.8	10.9	527.4
	Seven-Carrier Total	12.0	13.3	13.4	13.9	14.4	15,449.4

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

Table 7. Airline Domestic Unit Revenue (Cents Per Mile)

Low-Cost Carriers

Ranked by 1st Quarter 2006 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

1Q 2006 Rank	Low-Cost Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Revenue \$(Millions)
1	America West	10.4	11.4	11.5	11.5	12.4	856.0
2	Frontier	11.1	10.7	10.9	10.6	10.7	229.9
3	AirTran	8.5	9.6	9.6	9.9	9.7	414.9
4	Southwest	8.2	8.0	9.1	9.1	9.1	2,019.5
5	Spirit	8.5	9.2	8.5	8.7	8.9	114.8
6	JetBlue	7.2	7.4	7.2	7.0	7.5	490.5
7	ATA*	5.8	6.7	7.6	7.4	N/A	N/A
	Seven-Carrier Total**	8.4	8.7	9.3	9.3	9.5	4,125.6

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

* ATA Airlines was granted an extension to file until June 30.

** Six-Carrier Total for First Quarter 2006

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

Regional Carriers

Ranked by 1st Quarter 2006 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

1Q 2006 Rank	Regional Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Revenue \$(Millions)
1	American Eagle	17.2	16.6	16.7	17.2	16.8	455.6
2	Comair	14.1	14.8	15.0	15.3	16.7	283.3
3	Atlantic Southeast	13.6	13.7	14.7	15.9	16.2	313.6
4	Sky West	15.3	15.0	15.4	15.9	15.9	429.3
5	Pinnacle	15.1	14.3	14.1	15.0	15.4	207.1
6	Mesa	12.2	12.2	12.3	12.7	14.0	276.3
7	Express Jet	13.9	13.0	12.8	13.2	13.3	366.2
	Seven-Carrier Total	14.5	14.3	14.5	15.0	15.4	2,331.3

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

Table 9. Airline Domestic Unit Costs (Cents per Mile)

Passenger Airlines by Group

Ranked by 1st Quarter 2006 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

1Q 2006 Rank		1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Expenses \$(Millions)
1	Network Carriers	13.2	13.6	14.0	15.0	15.0	16,098.0
2	Regional Carriers	13.3	12.7	13.4	13.7	14.0	2,118.3
3	Low-Cost Carriers*	8.8	8.3	9.1	9.2	9.2	3,997.0
	21-Carrier Total*	12.1	12.2	12.7	13.4	13.4	22,213.3

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

* First Quarter 2006 numbers do not include ATA Airlines, which was granted an extension to file until June 30.

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

Network Carriers

Ranked by 1st Quarter 2006 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

1Q 2006 Rank	Network Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Expenses \$(Millions)
1	US Airways	14.8	15.3	16.3	17.8	18.8	1,563.5
2	Continental	15.8	15.7	15.9	16.7	16.6	2,100.6
3	Northwest	15.1	15.7	16.7	17.1	15.8	1,933.2
4	Delta	13.7	13.5	13.7	15.1	15.8	3,272.1
5	United	12.2	13.8	13.8	14.5	15.0	3,111.2
6	Alaska	11.4	11.3	10.6	12.2	13.9	674.1
7	American	11.3	11.5	12.1	13.2	12.5	3,443.3
	Seven-Carrier Total	13.2	13.6	14.0	15.0	15.0	16,098.0

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

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

Low-Cost Carriers

Ranked by 1st Quarter 2006 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

1Q 2006 Rank	Low-Cost Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Expenses \$(Millions)
1	America West	9.7	11.4	12.2	13.4	11.3	779.0
2	Frontier	11.3	10.7	10.3	11.2	11.1	238.7
3	AirTran	8.7	9.0	9.6	9.8	9.8	419.4
4	Spirit	8.8	10.2	9.7	10.6	9.5	123.2
5	Southwest	7.7	7.1	7.8	8.4	8.7	1,921.3
6	JetBlue	6.7	6.7	7.0	7.3	7.8	515.4
7	ATA*	16.4	9.3	13.8	3.4	N/A	N/A
	Seven-Carrier Total**	8.8	8.3	9.1	9.2	9.2	3,997.0

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

* ATA Airlines was granted an extension to file until June 30.

** Six-Carrier Total for First Quarter 2006

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

Regionals

Ranked by 1st Quarter 2006 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

1Q 2006 Rank	Regional Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Operating Expenses \$(Millions)
1	Comair	13.8	14.1	14.7	15.4	16.4	279.0
2	American Eagle	14.8	14.2	14.6	15.4	15.0	405.7
3	Sky West	13.7	13.3	13.7	14.3	14.4	388.9
4	Atlantic Southeast	13.7	12.3	13.3	13.8	14.0	271.1
5	Pinnacle	13.5	12.8	16.2	13.9	13.8	185.6
6	Mesa	10.6	10.5	10.7	11.4	12.7	251.6
7	Express Jet	12.7	11.8	11.7	12.1	12.2	336.4
	Seven-Carrier Total	13.3	12.7	13.4	13.7	14.0	2,118.3

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

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

Passenger Airlines by Group

Ranked by 1st Quarter 2006 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

1Q 2006 Rank		1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Passenger Revenue \$(Millions)
1	Regional Carriers	21.1	19.4	19.6	20.4	20.6	2,318.9
2	Network Carriers	11.6	11.9	11.7	12.2	12.7	10,695.3
3	Low-Cost Carriers*	10.6	10.8	10.6	11.2	11.5	3,672.9
	21-Carrier Total	12.1	12.3	12.1	12.7	13.1	16,687.1

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

* First Quarter 2006 numbers do not include ATA Airlines, which was granted an extension to file until June 30.

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

Network Carriers

Ranked by 1st Quarter 2006 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

1Q 2006 Rank	Network Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Passenger Revenue \$(Millions)
1	US Airways	12.4	13.2	13.0	14.8	15.6	997.5
2	Northwest	12.8	13.3	12.9	13.1	13.5	1,328.5
3	Alaska	11.9	12.8	13.4	14.0	13.2	464.8
4	American	11.6	11.7	11.5	12.1	12.7	2,790.2
5	Continental	12.1	12.2	11.6	11.9	12.5	1,285.1
6	United	10.8	11.1	11.3	11.6	11.9	1,978.7
7	Delta	11.1	11.2	10.6	11.5	11.5	1,850.6
	Seven-Carrier Total	11.6	11.9	11.7	12.2	12.7	10,695.3

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

Table 15. Domestic Passenger Revenue Yield (Cents per Mile)

Low-Cost Carriers

Ranked by 1st Quarter 2006 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

1Q 2006 Rank	Low-Cost Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Passenger Revenue \$(Millions)
1	AirTran	11.8	12.2	12.1	13.2	13.0	396.6
2	Southwest	11.7	11.7	11.4	12.3	12.4	1889.6
3	Frontier	12.2	10.9	11.3	11.6	11.5	191.7
4	America West	10.0	10.2	10.2	10.7	11.4	620.7
5	Spirit	10.5	11.1	9.8	10.9	10.7	111.1
6	JetBlue	8.1	8.1	8.0	8.2	8.4	463.2
7	ATA*	8.4	10.0	9.2	9.2	N/A	N/A
	Seven-Carrier Total**	10.6	10.8	10.6	11.2	11.5	3672.9

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

* ATA Airlines was granted an extension to file until June 30.

** Six-Carrier Total for First Quarter 2006

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

Regionals

Ranked by 1st Quarter 2006 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

1Q 2006 Rank	Regional Carriers	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	1st Quarter Passenger Revenue \$(Millions)
1	American Eagle	25.9	22.6	23.0	23.4	23.8	455.7
2	Comair	21.9	20.7	21.7	22.2	23.7	283.3
3	Pinnacle	23.6	19.4	18.8	19.7	21.1	205.0
4	Atlantic Southeast	19.4	19.0	19.7	21.3	20.7	313.6
5	Sky West	20.6	19.7	19.8	20.7	20.0	420.8
6	Mesa	17.9	16.8	17.9	18.6	18.9	274.5
7	Express Jet	19.4	17.2	16.6	17.3	17.6	365.9
	Seven-Carrier Total	21.1	19.4	19.6	20.4	20.6	2,318.9

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

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