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BTS Releases Second Quarter 2003 Airline Financial Data; Regional Passenger Airlines Report Highest Rate of Domestic Profit

The seven largest regional/commuter airlines had the highest domestic operating margins — an industry measure of profitability — of any carrier groups during the second quarter of 2003, the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation reported today in a release of preliminary data.

This group of regional/commuter carriers reported a domestic operating profit of 14.2 percent for the second quarter, above the margin of 8.4 percent reported by seven selected low-cost air carriers and the 5.4 percent loss reported by seven selected network carriers (Table 1). Domestic operating margin measures the operating profit or loss as a percentage of the airline's total domestic operating revenue.

The selected low-cost carriers showed an improved profit margin over the second quarter of 2002 while the selected network carriers reduced their operating loss margin from a year earlier. Some regional carriers were not required to file detailed financial reports with BTS during the second quarter of 2002.

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/commuter carriers provide service from small cities, using primarily smaller regional jets to help support the network carriers' hub and spoke systems. The selected groups consist of the seven carriers with the highest annual revenue in each group except that recently bankrupt Hawaiian Airlines has been excluded from the low-cost carriers.

The largest operating loss margins were reported by United Airlines, American Airlines and US Airways, all network carriers (Table 2). The top operating profit margins were reported by JetBlue, a low-cost carrier, (Table 3) Atlantic Coast and American Eagle Airlines, both regional carriers (Table 4).

Although the regional/commuter carriers reported the lowest total domestic revenue of the three groups, they had the highest unit revenues of 15.6 cents per available seat mile (Table 5). These higher unit revenues generally reflect the shorter flights flown by the regional/commuter carriers. They average flights of 250 to 400 miles, compared to 900 miles 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 Atlantic Coast, Air Wisconsin and American Eagle (Table 8). The lowest unit revenues were reported by ATA Airlines, JetBlue and Spirit Airlines (Table 7.) US Airways reported the top unit revenues among the selected network carriers (Table 6).

The regional/commuter carriers also reported the highest unit costs, 13.3 cents per available seat mile, despite having the lowest total operating expenses of the three selected groups (Table 9). The low-cost carriers reported the lowest unit costs, 7.5 cents per available seat mile. All of the selected low-cost carriers had lower unit costs than any of the regional/commuter or network carriers (Tables 10, 11 and 12). Domestic unit cost measures expenses against capacity by dividing domestic operating expenses by domestic available seat miles.

The carriers with the top unit costs were Atlantic Coast, US Airways and Air Wisconsin. The carriers with the lowest unit costs were JetBlue, ATA and Spirit.

The regional/commuter carriers reported the highest passenger revenue yields — at 24.9 cents per revenue passenger mile more than twice the rate for the network and low-cost carriers (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 Atlantic Coast, American Eagle and Air Wisconsin (Table 16). The lowest passenger revenue yields were reported by ATA, Jet Blue and America West Airlines (Table 15). US Airways reported the top revenue yield of any network carrier (Table 14).

Note: Second-quarter 2003 operating expenses for Continental Airlines, American, and ATA include a one-time Wartime Emergency Appropriation. The carriers' security payment refund was booked as an expense offset. Also, in the following tables, "N/A" indicates data are not yet allowed to be released because of confidentiality limits or data were not yet in the BTS computer system at the time of the data runs.

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

Passenger Airlines by Group

Ranked by 2nd Quarter 2003 Margin

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

2Q 2003 Rank	Group	2nd Quarter 2002 (%)	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Regionals	N/A	N/A	N/A	N/A	14.2	228.8
2	Low-Cost	7.0	1.6	1.9	0.7	8.4	258.9
3	Network	-11.5	-18.7	-18.2	-18.7	-5.4	-695.1
4	Total	N/A	N/A	N/A	N/A	-1.2	-207.4

Source: Form 41; Schedule P1.2

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

Network Carriers

Ranked by 2nd Quarter 2003 Margin

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

2Q 2003 Rank	Network Carriers	2nd Quarter 2002 (%)	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Continental	-20.5	-14.8	-13.2	-19.1	8.8	113.4
2	Alaska	-0.5	3.5	-12.3	-13.5	1.6	7.6
3	Northwest	-0.1	-2.7	-16.6	-12.0	0.2	3.4
4	Delta	-3.6	-6.4	-6.2	-12.1	-6.0	-173.7
5	US Airways	-12.5	-15.8	-13.1	-13.9	-7.1	-106.9
6	American	-18.5	-42.3	-22.2	-23.0	-9.2	-283.6
7	United	-15.2	-22.1	-34.7	-30.3	-12.1	-255.4
	Group Total	-11.5	-18.7	-18.2	-18.7	-5.4	-695.1

Source: Form 41; Schedule P1.2

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

Low-Cost Carriers

Ranked by 2nd Quarter 2003 Margin

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

2Q 2003 Rank	Low-Cost Carriers	2nd Quarter 2002 (%)	3rd Quarter 2002 (%)	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	Operating Profit/(Loss) \$(Millions)
1	Jet Blue	18.6	13.7	17.0	15.9	18.7	45.6
2	AirTran	6.4	4.2	7.2	4.0	13.1	30.7
3	Southwest	12.8	6.6	6.3	3.4	9.3	140.3
4	Spirit	-0.2	-6.1	-3.7	1.0	6.8	7.5
5	ATA	-11.8	-10.3	-13.9	-3.5	5.6	15.6
6	Frontier	-3.4	-3.9	-5.0	-13.6	4.3	6.1
7	America West	-0.6	-8.6	-7.9	-9.4	2.4	13.0
	Group Total	7.0	1.6	1.9	0.7	8.4	258.9

Source: Form 41; Schedule P1.2

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

Commuter/Regional Carriers

Ranked by 2nd Quarter 2003 Margin

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

2Q 2003 Rank	Reg/Commuter Carriers	2nd Quarter 2002	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Profit/(Loss) \$(Millions)
1	Atlantic Coast	N/A	N/A	N/A	N/A	18.3	41.5
2	American Eagle	5.6	-23.0	8.5	9.6	16.2	44.9
3	Atlantic Southeast	13.7	10.5	11.7	11.2	15.3	32.1
4	Comair	N/A	N/A	-1.7	5.6	13.6	33.8
5	Express Jet	N/A	N/A	N/A	13.4	12.4	37.7
6	Air Wisconsin	6.3	8.7	8.2	6.8	11.6	14.5
7	Sky West	N/A	N/A	N/A	N/A	11.4	24.3
	Group Total	N/A	N/A	N/A	N/A	14.2	228.8

Source: Form 41; Schedule P1.2

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

Passenger Airlines by Group

Ranked by 2nd Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Revenue \$(Millions)
1	Commuter/Regional	N/A	N/A	N/A	N/A	15.6	1,606.1
2	Network	10.3	9.6	10.0	10.6	11.4	12,879.2
3	Low-Cost	8.2	7.7	7.7	7.6	8.2	3,074.0
	Industry Total	N/A	N/A	N/A	N/A	10.90	17,559.3

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

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

Network Carriers

Ranked by 2nd Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Revenue \$(Millions)
1	US Airways	14.0	12.4	13.9	13.8	15.1	1,510.1
2	Delta	9.9	9.4	10.5	11.9	13.0	2,907.6
3	Northwest	11.0	10.6	10.9	10.5	11.3	1,520.1
4	Continental	10.2	9.4	9.7	9.9	10.7	1,286.8
5	American	9.2	8.5	8.8	10.3	10.6	3,067.6
6	Alaska	9.9	10.0	9.3	9.4	10.0	472.6
7	United	10.2	9.1	9.2	9.2	9.8	2,114.5
	Group Total	10.3	9.5	10.0	10.7	11.4	12,879.2

Source: 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 2003 Domestic Unit Revenue
 (Domestic Operating Revenue Per Available Seat Mile)**

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Revenue \$(Millions)
1	AirTran	9.1	8.5	9.0	8.9	9.5	233.9
2	Frontier	8.2	11.2	7.9	7.8	8.7	142.4
3	Southwest	8.6	7.9	8.0	7.8	8.5	1,515.1
4	America West	7.8	7.2	7.4	7.5	8.1	548.1
5	Spirit	7.3	6.7	7.2	7.6	7.8	109.7
6	Jet Blue	7.7	7.4	7.6	7.4	7.5	244.7
7	ATA	6.9	6.5	6.2	6.5	6.8	280.1
	Group Total	8.2	7.7	7.7	7.6	8.2	3,074.0

Source: Form 41; Schedule p1.2. T100; T2 Data.

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

Commuter/Regional Carriers

**Ranked by 2nd Quarter 2003 Domestic Unit Revenue
 (Domestic Operating Revenue Per Available Seat Mile)**

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Revenue \$(Millions)
1	Atlantic Coast	N/A	N/A	N/A	N/A	20.0	227.1
2	Air Wisconsin	13.3	18.4	19.1	20.2	17.7	125.6
3	American Eagle	21.9	20.9	19.5	18.3	17.6	277.2
4	Express Jet	N/A	N/A	N/A	17.5	15.6	304.9
5	Atlantic Southeast	16.0	14.3	15.2	15.1	14.1	210.5
6	Sky West	N/A	N/A	N/A	14.3	13.8	212.7
7	Comair	N/A	N/A	N/A	13.5	13.0	248.1
	Group Total	N/A	N/A	N/A	N/A	15.6	1,606.1

Source: 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 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Expenses \$(Millions)
1	Regionals	N/A	N/A	N/A	N/A	13.3	1,377.3
2	Network	11.5	11.3	11.8	12.6	12.0	13,574.3
3	Low-Cost	7.6	7.5	7.5	7.6	7.5	2,815.1
	Industry Total	N/A	N/A	N/A	N/A	11.0	17,766.7

Source: Form 41; Schedule p1.2. T100; T2 Data.

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

Network Carriers

Ranked by 2nd Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Expenses \$(Millions)
1	US Airways	15.7	14.3	15.7	15.7	16.2	1,617.0
2	Delta	10.3	10.0	11.1	13.4	13.8	3,081.3
3	American	10.9	12.1	10.8	12.6	11.6	3,351.1
4	Northwest	11.0	10.8	12.7	11.7	11.3	1,516.7
5	United	11.7	11.2	12.4	11.9	11.0	2,369.8
6	Alaska	9.9	9.6	10.4	10.7	9.8	465.0
7	Continental	12.3	10.8	11.0	11.8	9.7	1,173.4
	Group Total	11.5	11.3	11.8	12.6	12.0	13,574.3

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

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

Low Cost Carriers

Ranked by 2nd Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Expenses \$(Millions)
1	Frontier	8.5	11.6	8.3	8.9	8.3	136.2
2	AirTran	8.5	8.2	8.4	8.6	8.2	203.2
3	America West	7.8	7.8	8.0	8.2	7.9	535.1
4	Southwest	7.5	7.4	7.5	7.5	7.7	1,374.8
5	Spirit	7.4	7.1	7.4	7.6	7.3	102.2
6	ATA	7.7	7.2	7.0	6.7	6.4	264.6
7	Jet Blue	6.3	6.4	6.3	6.2	6.1	199.1
	Group Total	7.6	7.5	7.5	7.6	7.5	2,815.1

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

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Table 12. Airline Domestic Unit Costs (Cents per Mile)
Regional/Commuter Carriers
Ranked by 2nd Quarter 2003 Domestic Unit Costs
(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Operating Expenses \$(Millions)
1	Atlantic Coast	N/A	N/A	N/A	N/A	16.3	185.6
2	Air Wisconsin	12.5	16.8	17.5	18.8	15.7	111.1
3	American Eagle	20.7	25.6	17.9	16.5	14.7	232.3
4	Express Jet	N/A	N/A	N/A	15.2	13.7	267.3
5	Sky West	N/A	N/A	N/A	11.9	12.2	188.4
6	Atlantic Southeast	13.8	12.8	13.4	13.4	11.9	178.4
7	Comair	N/A	N/A	N/A	12.7	11.2	214.2
	Group Total	N/A	N/A	N/A	N/A	13.3	1,377.3

Source: Form 41; Schedule p1.2. T100; T2 Data.

Table 13. Domestic Passenger Revenue Yield (Cents per Mile)
Passenger Airlines by Group
Ranked by 2nd Quarter 2003 Domestic Revenue Yield
(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Passenger Revenue \$(Millions)
1	Regionals	N/A	N/A	N/A	N/A	24.9	1,595.7
2	Network	12.4	11.4	12.2	12.4	11.9	10,229.7
3	Low-Cost	10.6	10.2	10.8	10.7	10.4	2,906.4
	Industry Total	N/A	N/A	N/A	N/A	12.3	14,731.8

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

Table 14. Domestic Passenger Revenue Yield (Cents per Mile)
Network Carriers
Ranked by 2nd Quarter 2003 Domestic Revenue Yield
(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Passenger Revenue \$(Millions)
1	US Airways	14.2	13.1	14.8	14.9	14.4	1,064.9
2	Northwest	12.8	12.5	13.3	12.8	13.2	1,331.7
3	Alaska	12.8	12.5	12.3	12.5	12.4	412.9
4	Delta	12.1	11.2	12.5	13.0	11.8	1,989.2
5	Continental	12.1	11.2	12.0	12.8	11.8	1,118.8
6	American	12.0	11.0	11.7	12.5	11.5	2,504.5
7	United	12.1	10.6	10.8	10.4	10.6	1,807.7
	Group Total	12.4	11.4	12.2	12.5	11.9	10,229.7

Source: 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 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Passenger Revenue \$(Millions)
1	AirTran	12.4	12.4	13.3	12.8	12.5	226.1
2	Frontier	12.6	19.0	12.9	12.7	12.3	134.9
3	Southwest	11.6	11.0	12.0	11.7	11.4	1,434.7
4	Spirit	9.5	8.6	9.0	9.9	10.1	107.4
5	America West	9.7	9.0	9.6	10.1	9.7	518.5
6	Jet Blue	8.9	8.5	9.0	8.9	8.5	237.0
7	ATA	7.5	7.3	7.6	7.9	7.8	247.7
	Group Total	10.6	10.1	10.8	10.7	10.4	2,906.4

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

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

Regional/Commuter Carriers

Ranked by 2nd Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	2nd Quarter 2002	3rd Quarter 2002	4 th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	Passenger Revenue \$(Millions)
1	Atlantic Coast	N/A	N/A	N/A	N/A	26.1	223.7
2	American Eagle	31.7	30.9	29.8	30.5	25.9	273.6
3	Air Wisconsin	18.6	26.0	29.1	28.3	22.1	124.1
4	Express Jet	N/A	N/A	N/A	28.7	22.0	304.2
5	Atlantic Southeast	23.3	15.9	22.2	23.6	20.5	210.5
6	Comair	N/A	N/A	N/A	22.3	19.4	248.1
7	Sky West	N/A	N/A	N/A	20.7	19.2	211.5
	Group Total	N/A	N/A	N/A	N/A	24.9	1,595.7

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

Additional airline financial data can be found on the BTS website at TranStats, the Intermodal Transportation Database, at <http://transtats.bts.gov>. Click on “aviation”, then on “Air Carrier Financial Reports (Form 41 Financial Data)”, then click on “Schedule P-12.” Note that this data source is actually BTS Form 41 Schedule P-1.2 but the period is omitted, for technical reasons, in the TranStats data application.

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. 16. Data are subject to revision. Revised data from first-quarter 2003 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS has targeted Dec. 18 for release of third-quarter data.

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