AIRLINE INDUSTRY METRICS

Trends on Demand and Capacity,
Aviation System Performance,
Airline Finances, and Service to Small Airports

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Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

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From: Kenneth M. Mead
Inspector General

Reply to Attn of: JA-50 x69970

To: The Secretary
Federal Aviation Administrator
Congressional Recipients

Attached is the fifth in a series of periodic updates to our airline industry metrics report.[1] Over the past 3 years, the airline industry has faced a number of major challenges, including: September 11, 2001 terrorist attacks, the war in Iraq, Severe Acute Respiratory Syndrome (SARS) epidemic, and the weakness in business travel that has persisted since early 2001. The attached metrics were developed as a means for monitoring airline industry trends relating to domestic system demand and capacity, performance, finances, and air service at small airports. Some of the more important indicators of the changes in air travel during this period include:

- **Reduced Costs Drive Financial Improvements, but Some Network Carriers Still Report Significant Operating Losses.** The industry has had some success on the financial front, with increases in average air fares, aircraft load factors, and operating revenues – while at the same time reducing operating expenses. As a result, the break-even load factors (the average percent of paying passengers needed on all flights to cover airline costs) have continued to decline. In the quarter ending September 2003 – and for the first time since the third quarter of 2000 – actual load factors for the carriers as a group exceeded the break-even point (78 percent actual versus 75 percent break-even). In contrast, during the quarter following the terrorist attacks, there was a 23 point differential between actual load factors (66 percent) and break-even levels (89 percent).

[1] Data supporting the metrics in this report are from a variety of sources and reflect the most current information available at the time this report was prepared. Full Fourth Quarter 2003 data was not yet available.

The differential between break-even and actual load factors varies markedly within the group of carriers. For example, Southwest reports break-even load factors of 61 percent with actual load factors of 71 percent. In contrast, US Airways' break-even level of 83 percent still exceeds actuals (77 percent) by 6 percent.

While all of the airlines have been hurt by the economic downturn and lingering terrorism concerns, the severity of the impacts and the airlines' ability to weather the financial consequences have not been felt uniformly within the industry. For example, both Southwest and JetBlue have reported a profit in every quarter since the downturn in the first quarter of 2001, while several network carriers, with their high cost structures, have reported losses that range in the hundreds of millions. In the third quarter of 2003, both Southwest and JetBlue continued to report profits—$185 million and $54 million, respectively—while Continental, American, US Airways, and Delta all reported losses on domestic operations ranging from $54 million to $175 million. During this period, United reported a modest operating profit of $1 million on domestic operations.

- **Scheduled Flights, Available Seats, and Enplanements Continued to Decline.** In the first 10 months of 2003, scheduled flights were down 11 percent from the same period in 2000, available seats were down 13 percent, and domestic revenue passenger enplanements were 15 percent below 2000 levels. The number of scheduled flights, available seats, and enplanements during the first 10 months of 2003 represented reductions from 2002 levels, with decreases of 2 percent, 4 percent, and 3 percent, respectively.

  The capacity reductions and decreases in passenger enplanements has occurred, in part, as airlines continue their efforts to "right size" their fleets to existing markets, with the number of flights using regional jets increasing 140 percent between December 2000 and December 2003. In contrast, flights using large jets have declined 19 percent during this period.

- **Available Capacity Still Down at Most Airports.** The rebound in offered capacity among the nation's airports continues to vary significantly. For example, only three of the nation's largest airports saw an increase in scheduled passenger seats in the period from December 2000 through December 2003—Fort Lauderdale +16 percent, Kennedy +7 percent, and Las Vegas +1 percent. All other large airports experienced varying levels of decline in scheduled passenger seats during this period. The three worst declines were at St. Louis -59 percent, Pittsburgh -34 percent, and San Francisco -28 percent. In 2003, annual

scheduled passenger seats at the nation's largest airports were down collectively nearly 4 percent from 2002.

The smallest airports (non-hub), which have experienced a disproportionate reduction in air service as compared to larger-sized airports over the past 5 years, continued to lose scheduled service between 2002 and 2003. During this period, scheduled service to non-hub airports declined by nearly 3 percent. Overall, the non-hub airports have lost 19 percent of their scheduled air service since 1998.

- **Mainline Operations Account for Fewer Available Passenger Seats**. Low-fare and other airlines' share of the domestic market has continued to grow in comparison to the mainline operations of the network carriers. Between December 2000 and December 2003, the market share of low-fare and other airlines (including regional and commuter operators flying on behalf of the network carriers) increased 11 percentage points as measured by available passenger seats. In total, service offered by low-fare and other airlines accounted for 46 percent of all domestic air service, as measured by available passenger seats.

- **Delays at Some Airports are Increasing.** Although systemwide delays and cancellations for the first 10 months of 2003 (441,792) are less than one-half the number of delays for the same period in 2000 (909,880), some airports are beginning to experience increases over the past year. For example, Chicago O'Hare reported 44,230 arrival delays during the first 11 months of 2003, a 3-percent increase over the 43,130 reported during the same period in 2002. In some months, however, the number of delays was significantly greater.[2]

  Federal Aviation Administration (FAA) officials also cite growing concerns with the airspace in the New York City area, with growth in regional jets, general aviation, new low-fare service, and returning domestic and international demand. In the first 11 months of 2003, for example, the number of arrival delays at Newark (19,817) exceeded 2002 levels (14,855) by more than 33 percent.

  Although traffic levels remain well below the peaks experienced in 2000, FAA needs to closely monitor traffic at major hubs as economically

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[2] According to FAA, the problems at O'Hare stem from aggressive scheduling by the airlines as American has shifted many of its prior St. Louis connections to Chicago and United has responded competitively by scheduling head-to-head operations. FAA also attributes United's use of regional jets to match American's schedule with further reductions in airport capacity, as regional jets require greater separation times between operations than do larger jets.

driven changes in airline operations are likely to pose new challenges to airports, en route airspace, and air traffic control. The effects of congestion in major hubs are likely to cascade into the rest of the system and FAA should proactively approach solutions to preempt the return of the same debilitating conditions experienced by system users in 2000. For example, airlines are now required to report causes of delays, and these data should be monitored to determine where to best focus resources. Additionally, capacity benchmarks that were developed in 2001 should be revisited to ensure that they reflect current operating conditions.

The attachment to this memorandum contains graphics and narrative that illustrate and discuss these and other changes in the airline industry. The graphics are listed below by category

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If you have any questions or if I can be of further assistance, please feel free to contact me at (202) 366-1959, or Mark R. Dayton, Assistant Inspector General for Competition and Economic Analysis, at (202) 366-9970.

Attachment

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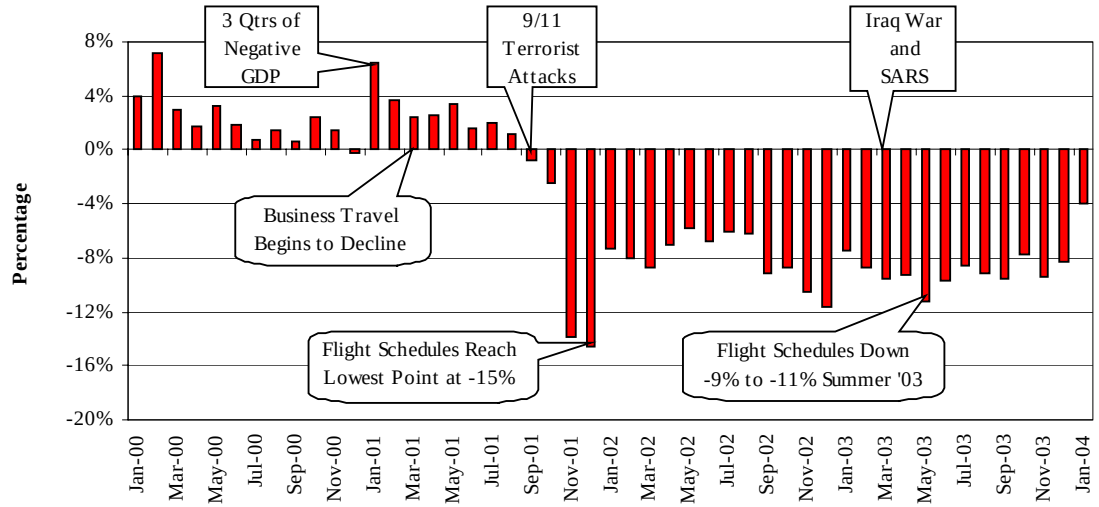
AIRLINE INDUSTRY METRICS

This is the fifth in a series of periodic updates to our airline industry metrics. At the beginning of 2000, domestic air travel in the United States was at an all time high, with the Federal Aviation Administration (FAA) reporting record numbers of commercial flights and passengers. Yet, such demand was not without consequences, as it placed enormous strains on the existing national aviation system—leading to the highest number of flight delays and cancellations ever reported by the major airlines. All of this was to change, however, as a series of events rocked the airline industry, including: a persistent slowdown in economic growth, decline in high-fare business travelers, the terrorist attacks of September 11, 2001, the March-April 2003 war in Iraq, and the Severe Acute Respiratory Syndrome (SARS) epidemic. Chart A illustrates the corresponding impact each of these events had on scheduled domestic flights between January 2000 and January 2004.

Chart A: Percent Change in Scheduled Domestic Flights at All Airports Between January 2000 and January 2004 (Base Year 1999)



Source: FAA Data

Based on data obtained from the U.S. Department of Transportation (DOT), FAA, Bureau of Transportation Statistics (BTS) and Air Transport Association (ATA), the Office of Inspector General has developed 40 metrics (see Figures 1 through 40, pages 8 through 15) for monitoring airline industry trends relating to domestic system demand and capacity, performance, finances, and air service at small airports. Although subject to change, these metrics provide decisionmakers with past, present, and future indicators of domestic service levels and the general state of the airline industry.

SUMMARY OF AIRLINE INDUSTRY METRICS

I. Air Service Demand and Capacity

- ✓ **AIR TRAFFIC DEMAND:** The number of air travelers continues to show some improvement from the sharp declines following September 11, 2001 (down 34 percent) and the war in Iraq. Nevertheless, passenger enplanements for October 2003 still remained down 13.6 percent from October 2000.[1] Enplanements were also down from last year, with the number of passengers declining 3 percent during the first 10 months of 2003, as compared to the same period in 2002. *[Figure 1]*

- ✓ **CAPACITY VERSUS DEMAND:** Actual domestic capacity as measured in available seat miles (ASMs) increased after September 11, 2001, at a faster rate than passenger demand as measured by revenue passenger miles (RPMs)—especially during the spring and early summer of 2002. However, during the latter part of 2002 and much of 2003, the reverse appeared to be the case as airlines brought capacity in line with travel demand. As of October 2003, passenger demand (RPMs) and actual capacity (ASMs) were down 7 percent and 11 percent, respectively, from October 2000. *[Figure 2]*

- ✓ **FLIGHT OPERATIONS:** FAA's Air Route Traffic Control Centers reported handling nearly the same number of flight operations in January 2003 as in January 2000.[2] This recovery, however, was short-lived, as the war in Iraq caused a renewed drop-off in flights. Although the numbers improved somewhat during the summer, they were still down 3 percent in October 2003 from October 2000. *[Figure 3]*

- ✓ **FLIGHT ARRIVALS:** The much anticipated recovery has not been uniform among the nine largest airlines as shown roughly by flight arrivals. Only Alaska Airlines and Southwest Airlines reported increases in the number of flight arrivals (i.e., 6 percent) between October 2000 and October 2003. In comparison, the other seven airlines reported declines ranging from 6 percent for America West Airlines to 41 percent for US Airways. *[Figure 4]*

- ✓ **AIRLINE SCHEDULES—FALL 2003:** Although the number of flights offered in airline schedules increased in 2002 after initially dropping in the months following September 11, 2001, this trend reversed in August 2002. The war in Iraq worsened this reversal so that by May 2003 the number of scheduled flights nearly equaled the lows reached in November 2001. However, flight schedules began to recover in the fall of 2003 so that in October, November, and December, the number of scheduled flights exceeded 2002 levels. *[Figure 5]*

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[1] Due to the sizable impact that the terrorist attacks had on domestic flight service during the latter part of 2001, we used 2000 as the base year in many of our metrics.

[2] Includes both scheduled and non-scheduled (for example, general aviation and military) air traffic.

- ✓ **REGIONAL DIFFERENCES:** When comparing all airports, the northeast region continues to experience the largest decline in air service as compared to other parts of the country. For example, between December 2000 and December 2003, the northeast experienced a 19 percent drop in scheduled available passenger seats, versus the midwest (-13 percent), west (-11 percent), and south (-8 percent). *[Figure 6]*

- ✓ **AIRPORT CAPACITY:** The rebound in offered capacity among the nation's airports continues to vary significantly. For example, only three of the nation's largest airports saw an increase in scheduled passenger seats in the period from December 2000 through December 2003—Fort Lauderdale +16 percent, Kennedy +7 percent, and Las Vegas +1 percent. All other large airports experienced varying levels of decline during this period. The 10 worst declines were: St. Louis (-59 percent), Pittsburgh (-34 percent), San Francisco (-28 percent), Honolulu (-26 percent), Boston (-26 percent), Los Angeles (-23 percent), LaGuardia (-20 percent), Dulles (-18 percent), Reagan National (-18 percent), and Newark (-15 percent). *[Figure 7]*

- ✓ **LOSS OF SHORT HAUL AIR SERVICE:** For scheduled flights of less than 250 miles, one in five (or 20 percent) was dropped between December 2000 and December 2003. In comparison, flights of 500 miles or more experienced far less change in service levels. Moreover, during this period, the network airlines were more likely to cut their short haul flights, which declined 43 percent, than either the low-fare (-10 percent) or other smaller airlines (-16 percent).[3] *[Figures 8 and 9]*

- ✓ **LOW-FARE AND OTHER AIRLINES GAIN MARKET SHARE:** In contrast to the mainline operations of network airlines, many low-fare and other airlines — including regional and commuter operators flying on behalf of the network carriers — have continued to expand their market shares (as measured in scheduled available passenger seats), increasing approximately 6 percentage points for low-fare carriers and 4 percentage points for other carriers, between December 2000 and December 2003. Consequently, the mainline operations of the network carriers have seen their share of domestic air service decline from 64 percent to 54 percent during this same period. *[Figure 10]*

- ✓ **MARKET SHARE AND GROWTH OF LOW-FARE AIRLINES:** Of the total number of passenger seats scheduled by the nine low-fare airlines, Southwest Airlines represented approximately 64 percent in December 2003. Southwest Airlines also provided 37 percent of the total growth in low-fare service over the last 5 years, followed by JetBlue Airways (16 percent), Delta Song (13 percent), American Trans Air

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[3] ***Network airlines*** include American Airlines, Alaska Airlines, America West Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways.

Low-fare airlines include AirTran Airways, American Trans Air, Delta Song, Frontier Airlines, JetBlue Airways, National Airlines, Pan American Airways, Southwest Airlines, Spirit Airlines, Sun Country, and Vanguard Airlines. However, Vanguard Airlines and National Airlines ceased operations in July and November 2002, respectively.

Other airlines include smaller regional, commuter, and national airlines (many of which are affiliated with the major network carriers).

(11 percent), AirTran Airways (9 percent), Frontier Airlines (7 percent), and Spirit Airlines (6 percent).[4] *[Figures 11 and 12]*

- ✓ **GROWTH IN REGIONAL JET (RJ) FLIGHTS:** Another significant development involves the phenomenal growth in RJ flights.[5] Scheduled flights involving RJs increased 140 percent (from 88,474 to 212,126) between December 2000 and December 2003. Flights involving other aircraft types experienced far less growth or sharp declines, including piston (+10 percent), large jets (-19 percent), and turboprop (-41 percent). Overall, the portion of scheduled flights involving RJs has grown from 10 percent to 25 percent between December 2000 and December 2003. *[Figures 13 and 15]*

- ✓ **RJ FLIGHTS AT LARGE AIRPORTS:** RJs are also assuming a larger share of the total number of scheduled flights at the 31 largest airports. Those airports with the highest percentages of RJ flights as of December 2003 are: Cincinnati (72 percent), Dulles (44 percent), Chicago O'Hare (41 percent), Houston (39 percent), Newark (38 percent), St. Louis (36 percent), Dallas-Ft. Worth (35 percent), Salt Lake City (34 percent), LaGuardia (30 percent), and Reagan National (29 percent). *[Figure 14]*

II. Air System Performance

- ✓ **FLIGHT DELAYS AND CANCELLATIONS:** For most of the last 3 years, flight delays and cancellations have remained well below levels reached in 2000.[6] For example, between October 2000 and October 2003, gate arrival delays were down 54 percent (from 75,543 to 34,422), while cancellations dropped 76 percent (from 7,977 to 1,905). Likewise, gate departure delays were down approximately 60 percent (from 63,742 to 25,794). *[Figures 16, 17, and 18]*

- ✓ **OTHER INDICATORS OF DELAYS:** Other indicators of flight delays were also down in October 2003 from October 2000, including the percentage of flights arriving late (from 23 percent to 13 percent), the percentage of flights departing late (from 19 percent to 10 percent), the average length of gate arrival delays (from 49 minutes to 43 minutes), and the average length of gate departure delays (from 52 minutes to 47 minutes). *[Figures 19, 20, 21, and 22]*

- ✓ **DELAYS AT SELECTED AIRPORTS:** Although most delay indicators remain down, especially when compared to the highs reported in 2000, some airports began to experience increases over the last year. For instance, Chicago O'Hare and Newark reported increases of 3 percent and 33 percent, respectively, in the number of arrival delays during the first 11 months of 2003 as compared to the same period in 2002. In

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[4] Beginning in August 2003, FAA data included America West as both a network and low-fare carrier. To prevent double counting, we included America West as a network carrier for only those metrics citing either network or low-fare data.

[5] For this analysis, we defined RJs as those jet aircraft seating from 30 to 80 passengers.

[6] Although all flight delay indicators experienced increases during the summer of 2003, they still remained far below 2000 levels.

comparison, Dallas-Ft. Worth, Atlanta, and San Francisco experienced declines in arrival delays of 5 percent, 18 percent, and 28 percent, respectively. *[Figure 23]*

III. Airline Finances

- ✓ **BUSINESS AND LEISURE TRAVEL:** The drop in higher-fare business travelers, which began before September 11, has especially hurt the airlines. At the five busiest domestic airports, as measured by the number of arriving and departing passengers, the percent of passengers traveling on first, business, or unrestricted coach tickets declined from 21 percent in the first quarter of 2000 to 13 percent in the first quarter of 2003.[7] *[Figure 24]*

- ✓ **AIR FARES AND YIELDS:** The decline in high-fare business travel, coupled with an overall drop in average air fares, has significantly affected yields for the network airlines. Between October 2000 and October 2003, for instance, the average air fare for a 1,000-mile flight dropped from $151 to $124, resulting in an 18-percent decline in network airline yields from passenger traffic. Yet, one potential sign of recovery in yields was a small increase in average air fares in July, August, September, and October 2003 from the prior year. *[Figures 25 and 26]*

- ✓ **AIRLINE LOAD FACTORS:** Because of continuing efforts by airlines to constrain capacity and the gradual return of passengers in response to fare discounting, aircraft load factors for the largest airlines reached 78 percent for the quarter ending September 2003—surpassing the highest level achieved during any period in 2000. Moreover, the gap between actual and break-even load factors (the average percent of paying passengers needed on all flights to cover airline costs) continued to shrink from a high of 23 percentage points for the quarter following the terrorist attacks, to plus 3 percentage points for the quarter ending September 2003 (78 percent actual versus 75 percent break-even). Yet, two of the nine largest airlines continued to have negative gaps, including: US Airways—6 percentage points (83 versus 77), and American Airlines—3 percentage points (79 versus 76). *[Figures 27 and 28]*

- ✓ **AIRLINE REVENUES AND EXPENSES:** Airline operating revenues were down more than expenses in 2001 and 2002. For the quarter ending September 2003 as compared to the same period in 2000, operating revenues declined nearly 17 percent, whereas operating expenses decreased only 12 percent.[8] One factor hampering the network airlines' efforts to reduce expenses has been the increase in average labor costs, which rose 25 percent between the second quarters of 2000 and 2003. Another factor was the rise in jet fuel costs, which grew an average of 24 percent during the first 9 months of 2003, versus the same period in 2002. *[Figures 29 and 31]*

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[7] Business fares include all restricted and unrestricted first class and business class fare codes, and all unrestricted coach fare codes. Leisure fares include only restricted coach fares.

[8] Airline operating revenue was also affected by a sharp drop in domestic mail shipments, which declined 65 percent during the first 10 months of 2003, versus the same period in 2000.

- ✓ **AIRLINE OPERATING PROFITS AND LOSSES:** Operating profits on domestic operations tended to vary among the airlines, with the low-fare carriers experiencing generally higher profit levels than many of the network carriers. Overall, Southwest Airlines reported $185 million in operating profits during the third quarter of 2003, the highest of any airline. In comparison, Delta Air Lines reported the largest loss of $175 million during this same period. In addition to Southwest Airlines, those carriers reporting significant profits included: Northwest Airlines ($87 million), Alaska Airlines ($59 million), JetBlue Airways ($54 million), America West Airlines ($46 million), AirTran Airways ($26 million), American Trans Air ($23 million), and Frontier Airlines ($22 million). Those reporting losses included: US Airways ($83 million), American Airlines ($59 million), and Continental Airlines ($54 million). *[Figure 30]*

- ✓ **AIRLINE DEBT TO INVESTMENT:** Due to large operating losses, airline debt to investment ratios climbed from a low of 48 percent in 2000 to a high of 91 percent for the quarter ending September 2003.[9] Moreover, four of the nine largest airlines have debt to investment ratios at 90 percent or greater, including US Airways (93 percent), Delta Air Lines (94 percent), American Airlines (102 percent), and United Airlines (166 percent). US Airways, which had been at 314 percent at the end of 2002, was able to reduce its ratio to 93 percent as a result of unusual gains and accounting adjustments associated with the company's completion of Chapter 11 reorganization. In comparison, United Airlines (which remains in Chapter 11) saw its ratio increase from 108 percent to 166 percent during this period. Debt to investment, in part, measures an airline's ability to finance operations, given fluctuations in demand and revenue. *[Figures 32 and 33]*

- ✓ **AIRPORT AND AIRWAY TRUST FUND:** Lower demand and lower ticket prices have also reduced tax collections for the Airport and Airway Trust Fund. Before September 11, 2001, FAA projected overall collections of $12.6 billion for Fiscal Year (FY) 2004. FAA now estimates $9.8 billion in tax collections in FY 2004, a drop of more than 22 percent. Current estimates also show that over the next 4 years (FY 2005 through FY 2008) Airport and Airway Trust Fund tax revenues are expected to be about $12 billion less than projections made in April 2001. *[Figure 34]*

IV. Air Service at Small Airports

- ✓ **CHANGES IN AIR SERVICE:** Over the last 5 years, the smallest airports (non-hubs) have experienced deeper cuts in air service than their larger counterparts.[10] As of December 2003, for instance, non-hub airports saw a 17-percent reduction in scheduled available passenger seats from December 1998. This compares to a 3-percent reduction for the larger airports. Moreover, airline schedules for January 2004 versus

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[9] DOT publishes debt to total investment ratios in the Major Airline Quarterly Financial Review. Debt is defined as long-term debt, capital leases, and advances from associated companies, less unamortized debt expenses. Total investment includes all the debt items plus stockholder's equity.

[10] We used FAA's definition of a non-hub airport, which includes those airports having less than 0.05 percent of total U.S. enplanements.

January 1998 currently project further declines in air service for the non-hub airports (-19 percent) in contrast to a small improvement for the larger airports (+1 percent). *[Figure 35]*

- ✓ **REGIONAL DIFFERENCES:** Non-hub airports in the northeast and midwest have had far larger drops in air service than other parts of the country in the last 3 years. Between December 2000 and December 2003, these two regions lost 34 percent and 21 percent, respectively, of their scheduled available passenger seats versus an 11 percent decline in the south and an 8 percent decline in the west. *[Figure 36]*

- ✓ **ACCESS TO LARGE AIRPORTS:** Non-hub airports also experienced a greater loss of direct service to and from the largest airports than did other airports. Non-hub airports lost 19 percent of scheduled flights to the largest airports between December 2000 and December 2003. In comparison, small, medium, and large airports experienced reductions of only 3 percent to 9 percent. *[Figure 37]*

- ✓ **REGIONAL JET (RJ) GROWTH:** Overall, scheduled flights at non-hub airports involving RJs increased 161 percent between December 2000 and December 2003. In comparison, flights involving other aircraft types experienced either far less growth or sharp declines, including piston (+11 percent), turboprop (-30 percent), and large jets (-36 percent). *[Figure 38]*

- ✓ **LOW-FARE SERVICE:** Although low-fare airlines are one of the few segments of the industry experiencing continued expansion, this growth has not been targeted to non-hub airports. Overall, low-fare airlines scheduled service to only 7 of the more than 400 non-hub airports in December 2003,[11] representing approximately 3 percent of the total available passenger seats to these airports. In comparison, the network and other smaller airlines comprised roughly 17 percent and 80 percent, respectively, of scheduled service to non-hub airports. *[Figure 39]*

- ✓ **ESSENTIAL AIR SERVICE (EAS):** In the aftermath of September 11, 2001, congressional funding and the number of small communities requesting EAS subsidies increased significantly. For example, between FYs 2001 and 2003, funding rose 126 percent (from $50 million to $113 million), while the number of subsidized communities increased 9 percent (from 115 to 125). For FY 2004, the President's budget request called for a return to the $50 million level and proposed significant changes in how subsidies are allocated. The pending Consolidated Appropriations Bill, however, provides $102 million in FY 2004 EAS funding. *[Figure 40]*

[11] These data include only those non-hub airports that receive at least one scheduled flight per week.

Airline Industry Metrics

Figure 1: Passenger Enplanements

Percent Change in Revenue Passenger Enplanements from 2000 (ATA Data)

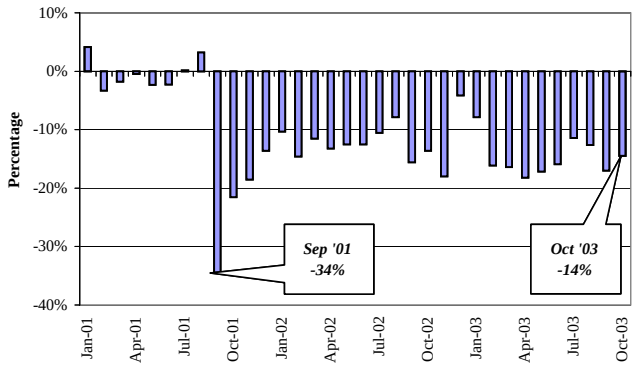


Figure 2: Capacity vs. Demand

Percent Change in Available Seat Miles vs. Revenue Passenger Miles from 2000 (ATA Data)

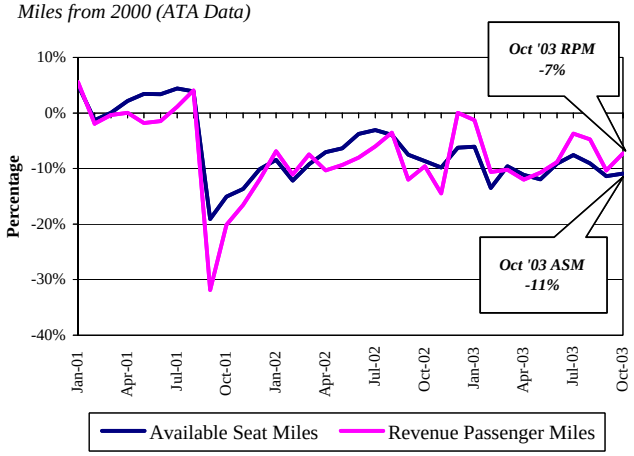


Figure 3: Actual Flight Operations

Percent Change in Air Route Traffic Control Center Operations from 2000 (FAA Data)

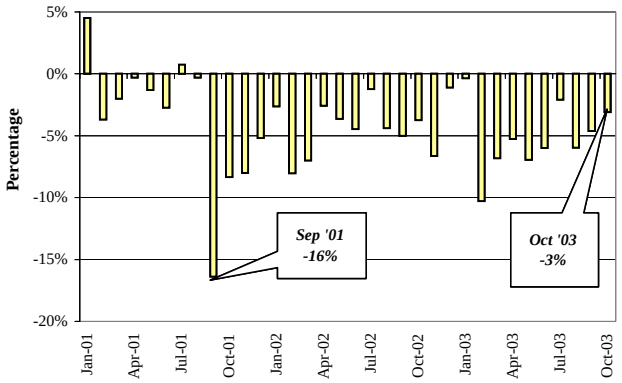


Figure 4: Larger Airlines Actual Arrivals

Percent Change in Actual Arrivals by Airline 10/03 vs. 10/00 (FAA Data)

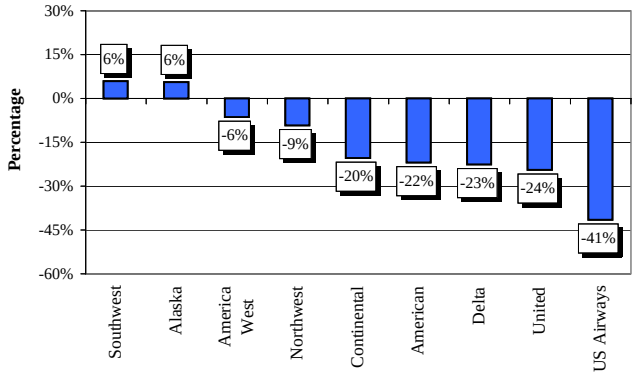


Figure 5: Scheduled Capacity

Percent Change in Scheduled Flights and Available Seats at All Airports from 2000 (FAA Data)

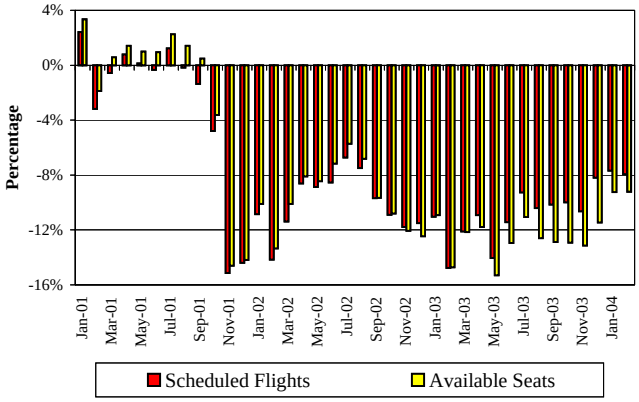
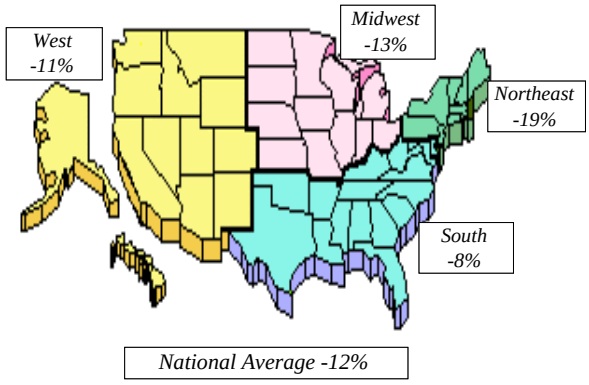


Figure 6: Regional Differences at All Airports

Percent Change in Available Seats at All Airports 12/03 vs. 12/00 (FAA Data)



Airline Industry Metrics

Figure 7: Large Airports

Percent Change in Scheduled Flights and Available Seats at the 31 Largest Airports 12/03 vs. 12/00 (FAA Data)

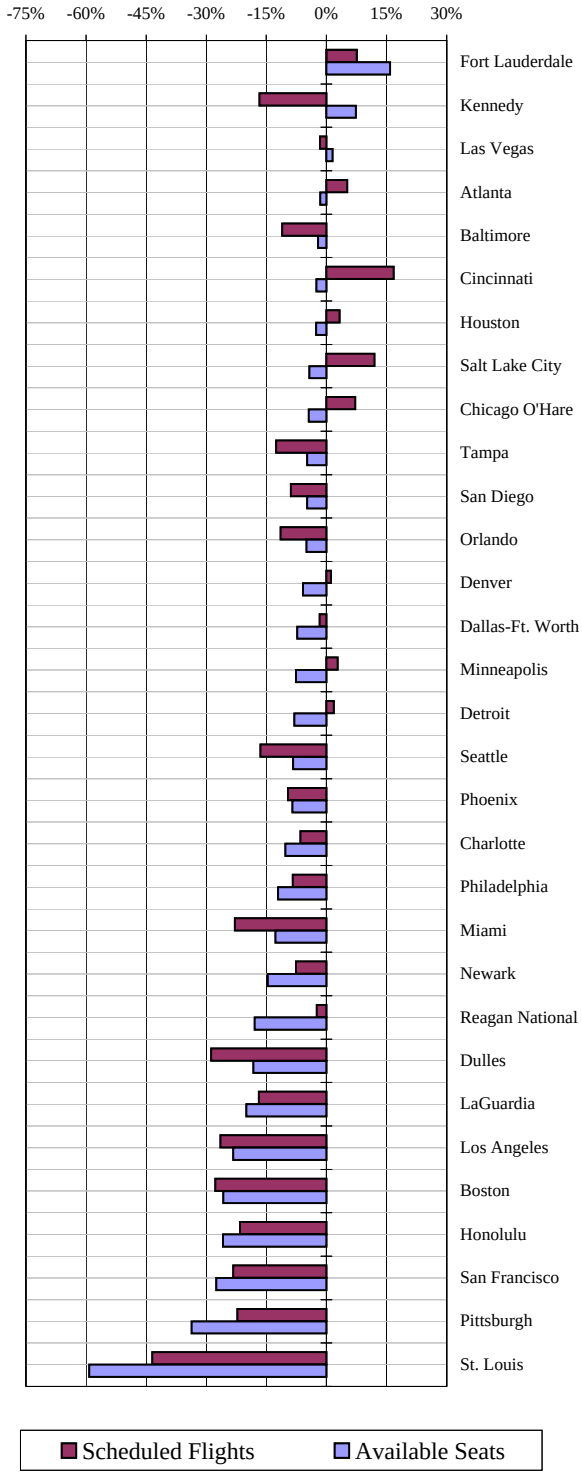


Figure 8: Length of Flight

Percent Change in Scheduled Flights by Length of Flight 12/03 vs. 12/00 (FAA Data)

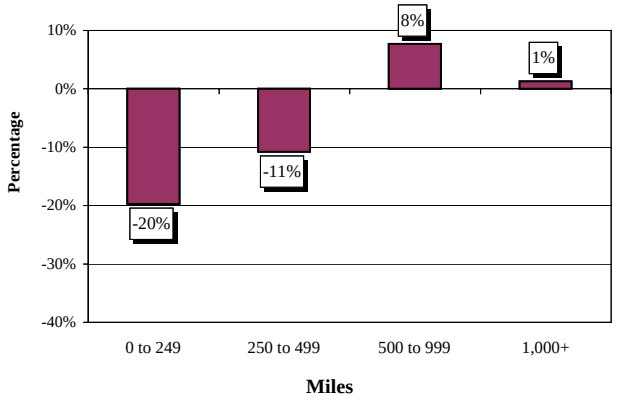


Figure 9: Short Haul Flights by Type of Airline

Percent Change in Scheduled Flights Less Than 250 Miles by Type of Airline 12/03 vs. 12/00 (FAA Data)

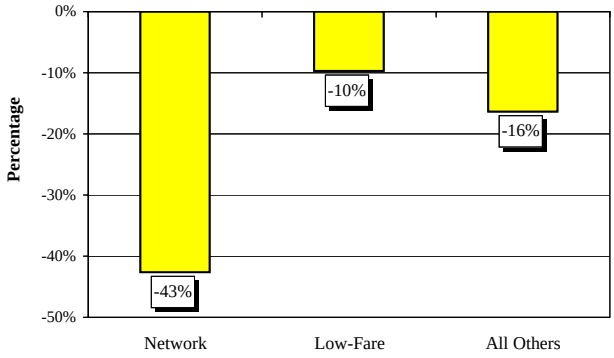
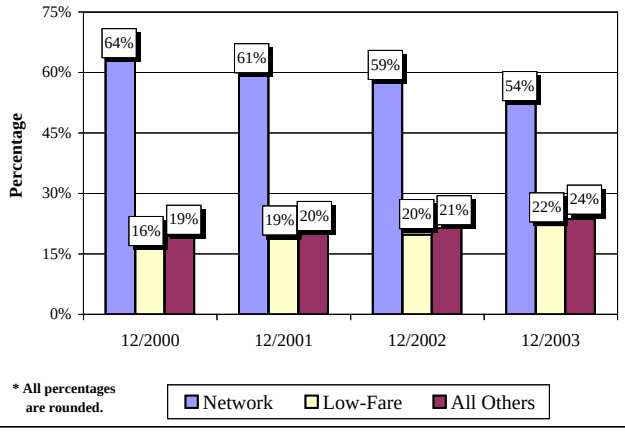


Figure 10: Airline Market Share

*Airline Market Share by Available Seats (FAA Data)**

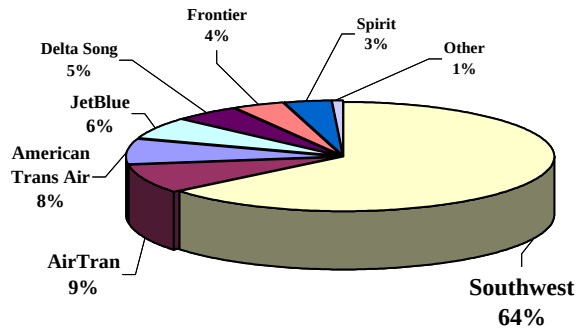


*** All percentages are rounded.**

Airline Industry Metrics

Figure 11: Market Share of Low-Fare Service

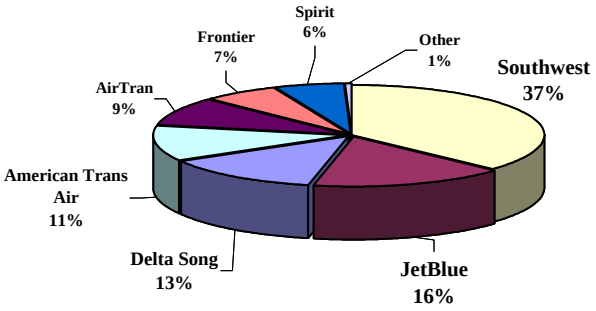
*Airline Share of Service by Available Seats, 12/03 (FAA Data)**



*** All percentages are rounded.**

Figure 12: Low-Fare Service Growth

*Airline Share of Growth by Available Seats, 12/03 vs. 12/98 (FAA Data)**



*** All percentages are rounded.**

Figure 13: Type of Aircraft

Percent Change in Number of Scheduled Flights by Type of Aircraft 12/03 vs. 12/00 (FAA Data)

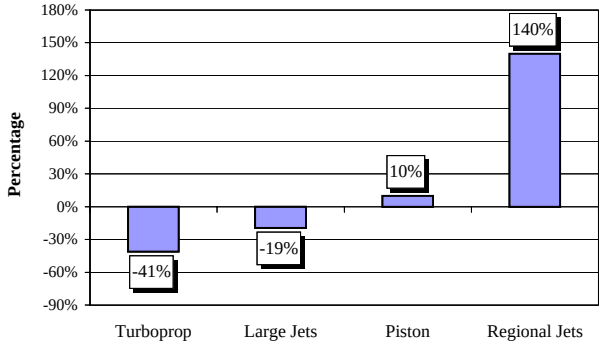
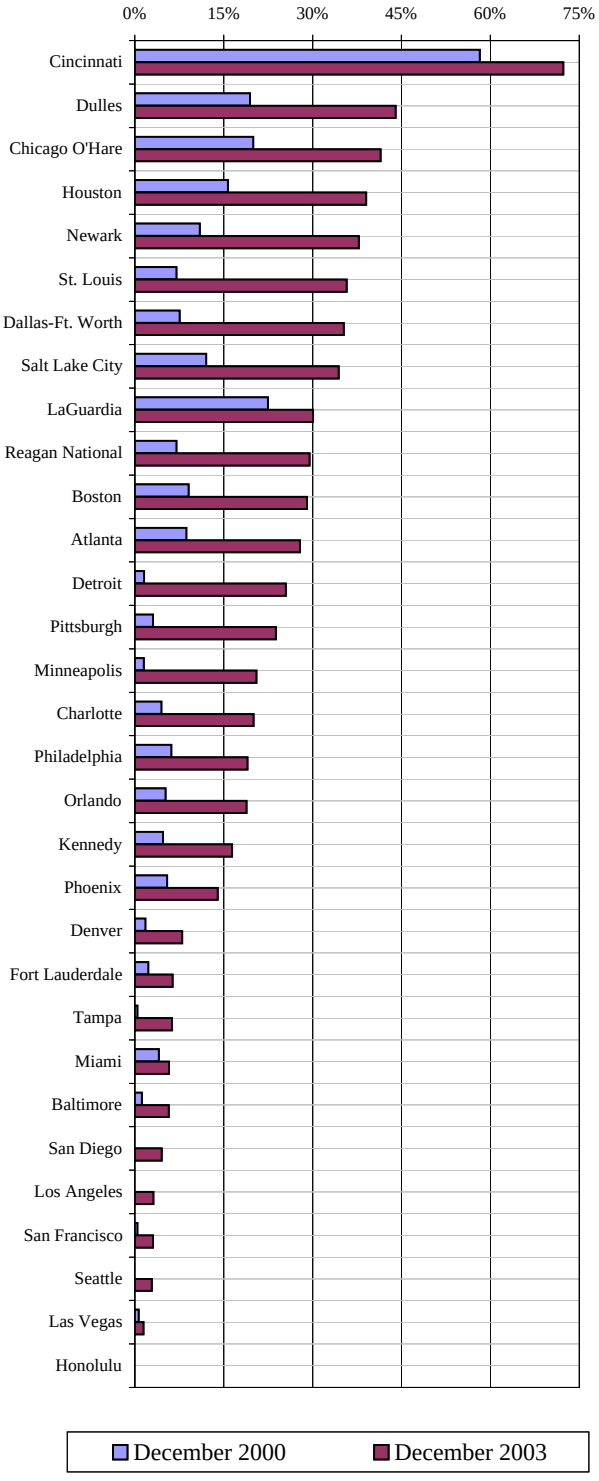


Figure 14: RJs at Large Airports

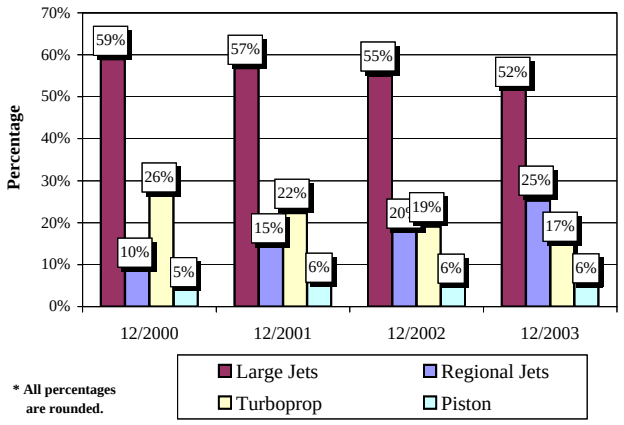
RJs Share of Scheduled Flights at 31 Largest Airports 12/03 vs. 12/00 (FAA Data)



Airline Industry Metrics

Figure 15: Market Share by Aircraft Type

*Percent Share of Scheduled Flights by Type of Aircraft (FAA Data)**



*** All percentages are rounded.**

Figure 16: Arrival Delays *(FAA Data)*

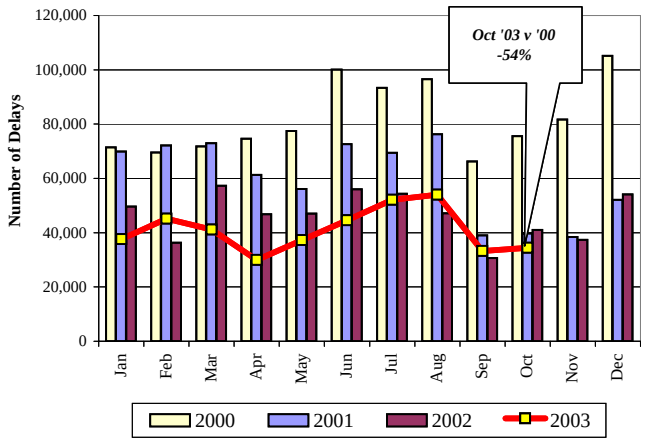


Figure 17: Departure Delays *(FAA Data)*

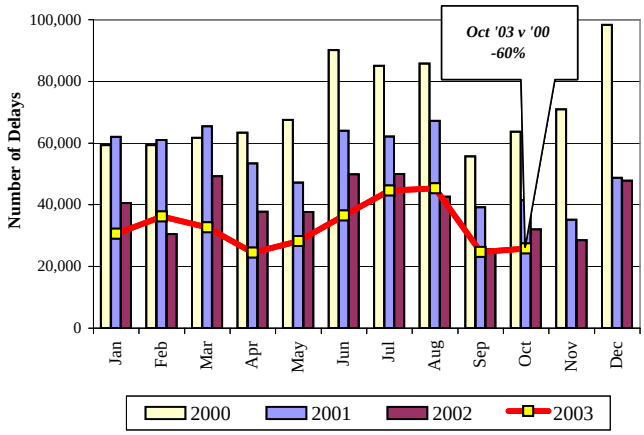


Figure 18: Cancellations *(FAA Data)*

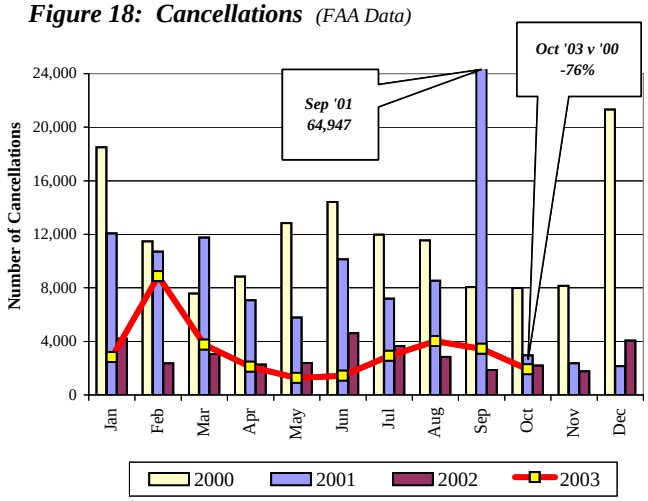


Figure 19: Percent of Flights Arriving Late

(FAA Data)

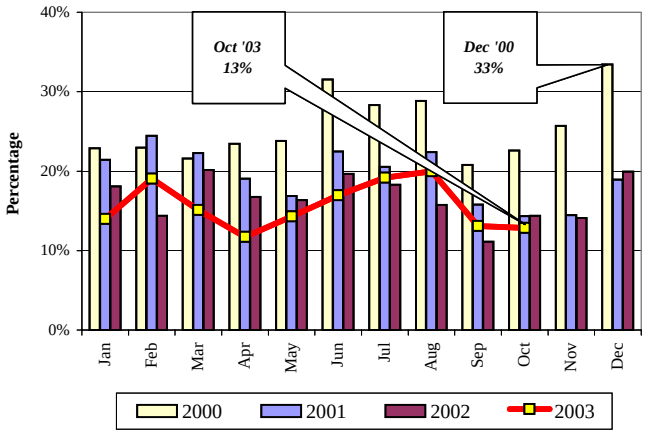
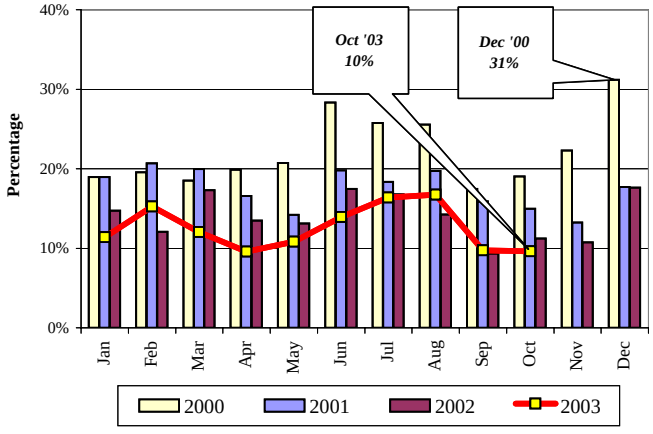


Figure 20: Percent of Flights Departing Late

(FAA Data)



Airline Industry Metrics

Figure 21: Length of Arrival Delays *(FAA Data)*

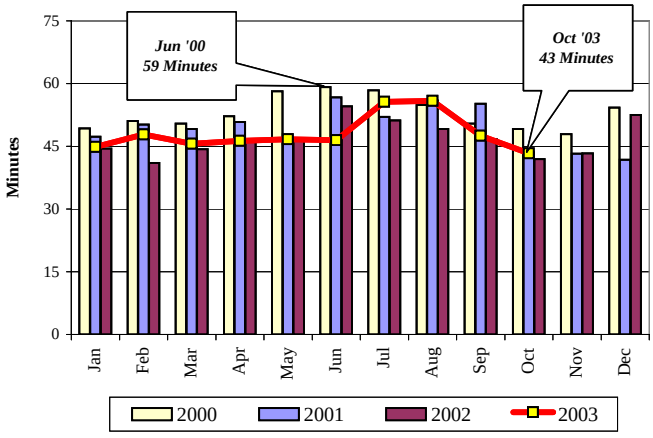


Figure 22: Length of Departure Delays *(FAA Data)*

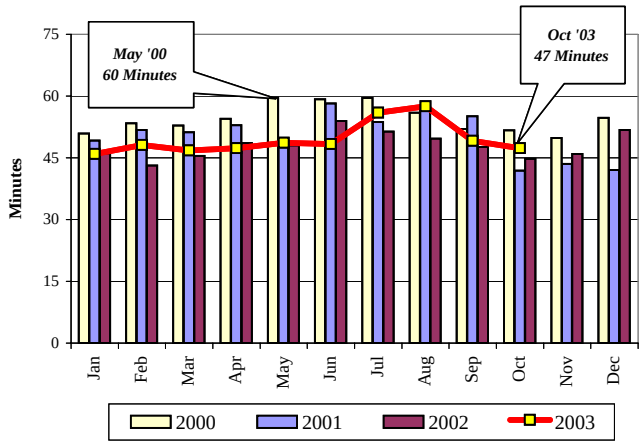


Figure 23: Arrival Delays by Airport

Percent Change in Arrival Delays for the First 11 Months of 2003 vs. 2002 (FAA Data)

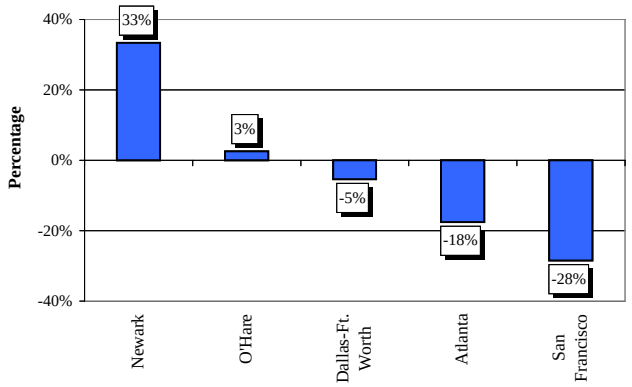


Figure 24: Business and Leisure Travel at the Five Busiest U.S. Airports

Percent Business Fares as a Percent of All Fares (BTS Data)

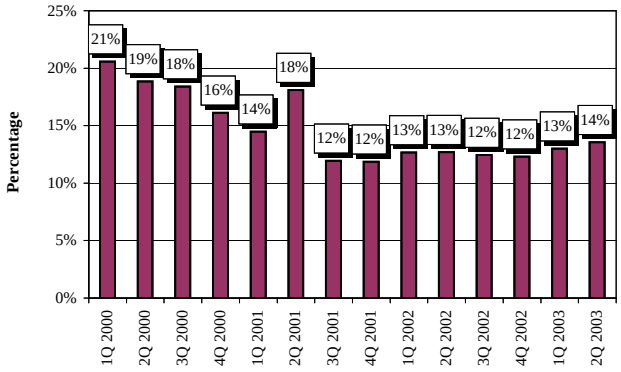


Figure 25: Air Fares for Network Airlines

Average Fare for 1,000 Mile Trip, Excluding Taxes (ATA Data)

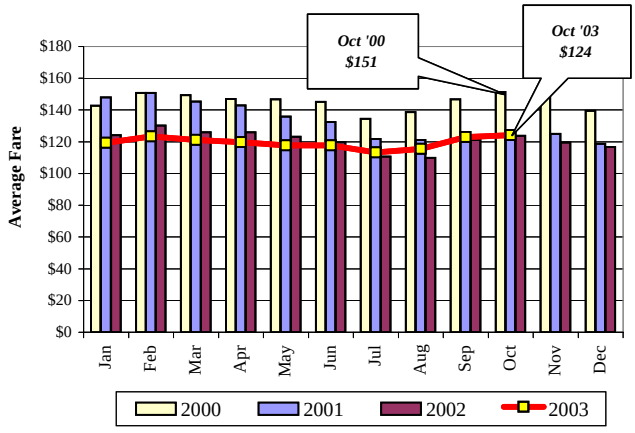
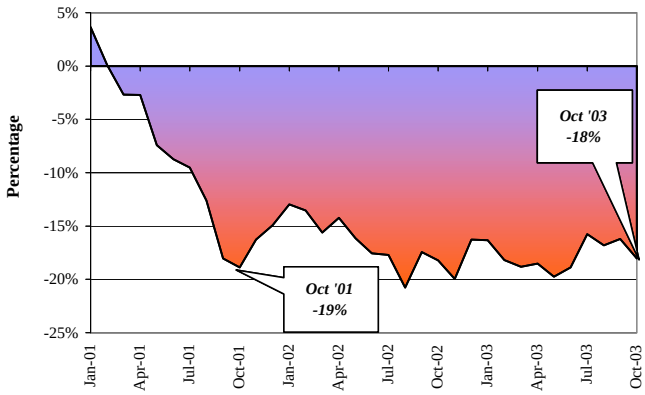


Figure 26: Network Airline Yield

Percent Change in Airline Yield from 2000 (ATA Data)



Airline Industry Metrics

Figure 27: Passenger Load Factors

Actual vs. Breakeven Percentages (DOT Data)

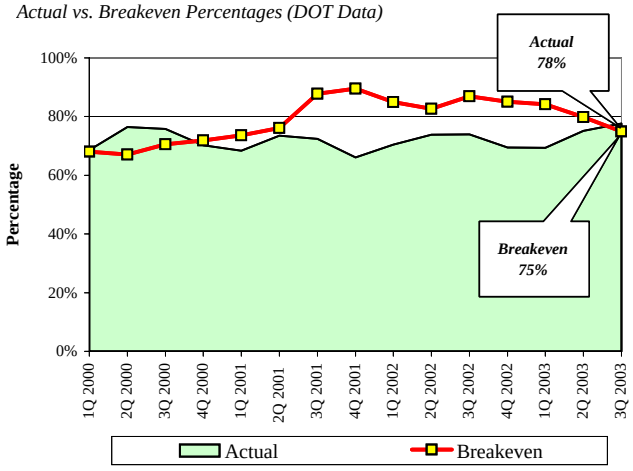


Figure 28: Individual Airline Load Factors

Actual vs. Breakeven Percentages for Quarter Ending 9/03 (DOT Data)

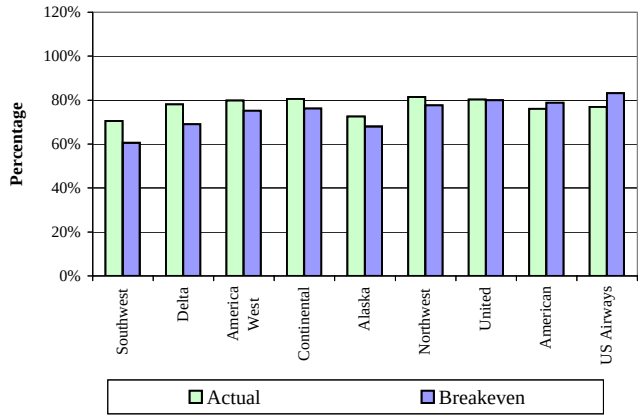


Figure 29: Revenues vs. Expenses

Airline Operating Revenues vs. Operating Expenses (DOT Data)

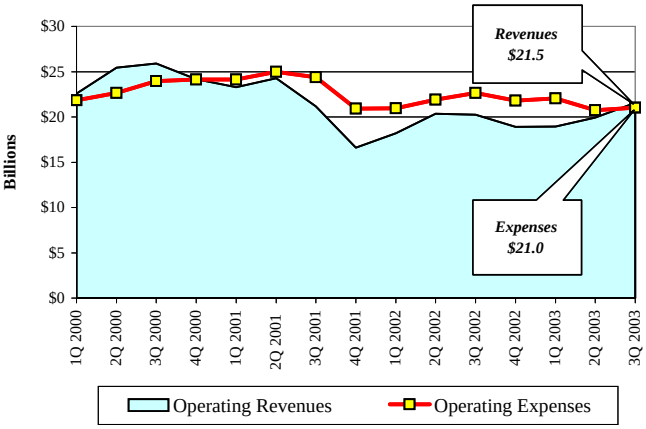


Figure 30: Selected Network and Low-Fare Airlines Operating Profit or Loss

Domestic Operations for Quarter Ending 9/03 (DOT Data)

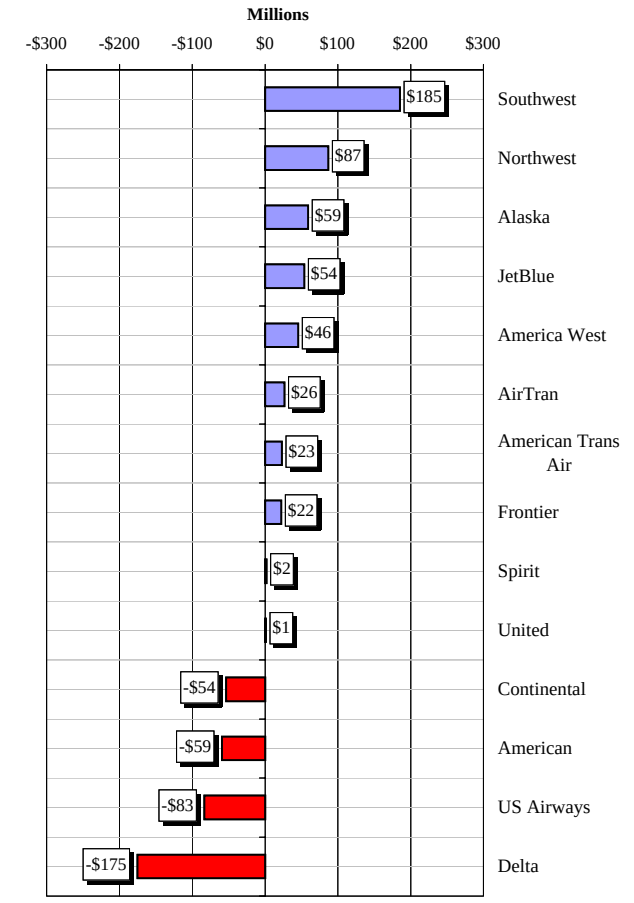
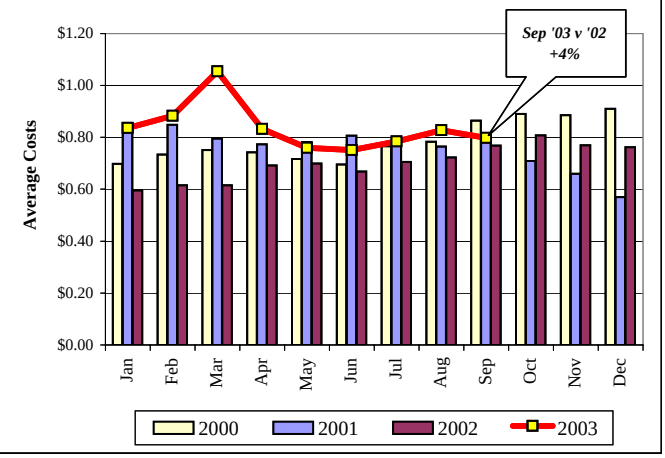


Figure 31: Cost Per Gallon for Jet Fuel *(ATA Data)*



Airline Industry Metrics

Figure 32: Debt to Investment Ratio

Airline Debt to Investment Ratio for All Major Airlines (DOT Data)

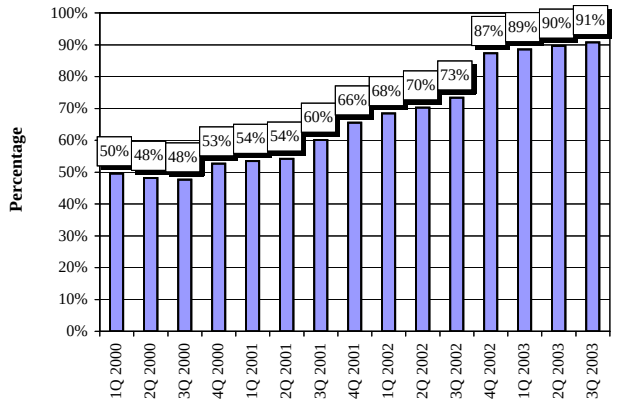


Figure 33: Debt to Investment Ratio by Airline

Airline Debt to Investment Ratio for Quarter Ending 9/03 (DOT Data)

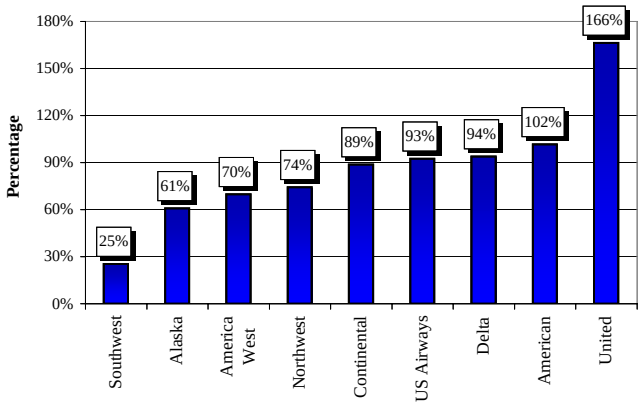


Figure 34: Airport and Airway Trust Fund

Estimated Revenues 12/03 vs. Pre-9/11 (FAA Data)

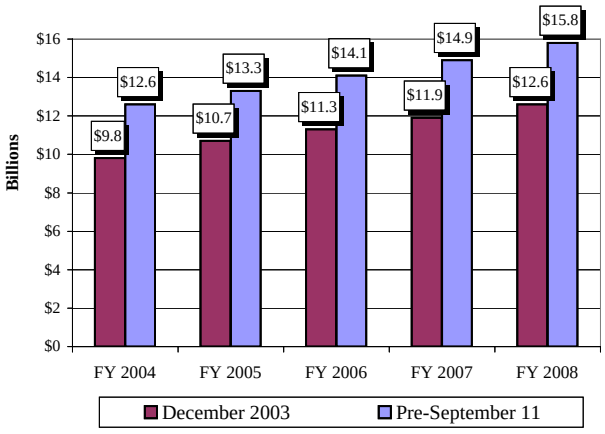


Figure 35: Non-Hub vs. Larger Airports

Percent Change in Available Seats from 1998 (FAA Data)

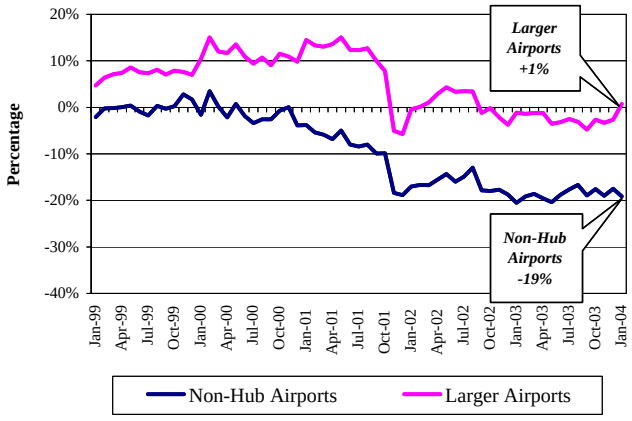


Figure 36: Regional Differences at Non-Hubs

Percent Change in Available Seats at Non-Hub Airports 12/03 vs. 12/00 (FAA Data)

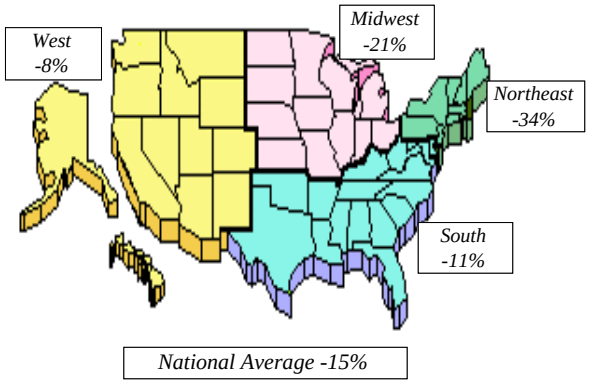
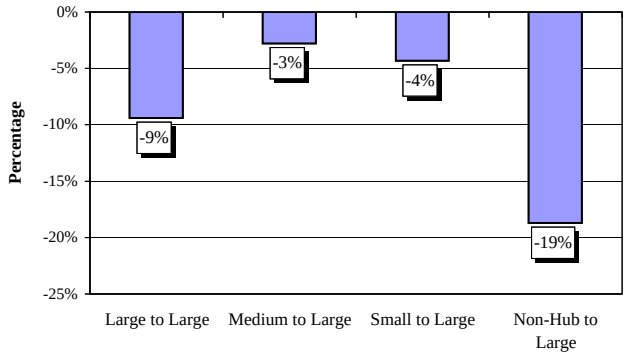


Figure 37: Access to Large Airports

Percent Change in Number of Scheduled Flights 12/03 vs. 12/00 (FAA Data)



Airline Industry Metrics

Figure 38: Type of Aircraft at Non-Hub Airports

Percent Change in Scheduled Flights by Type of Aircraft 12/03 vs. 12/00 (FAA Data)

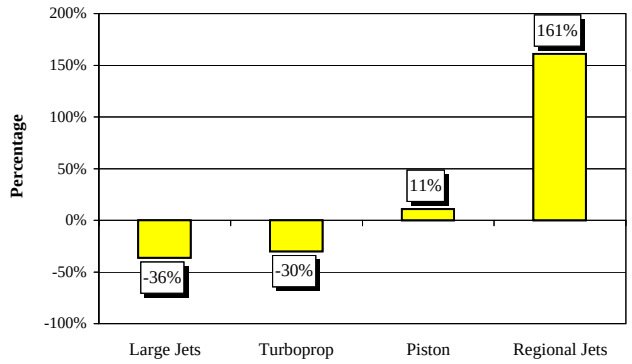
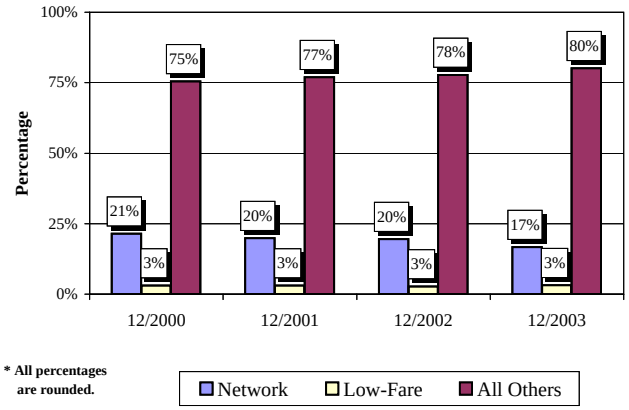


Figure 39: Airline Market Share at Non-Hubs

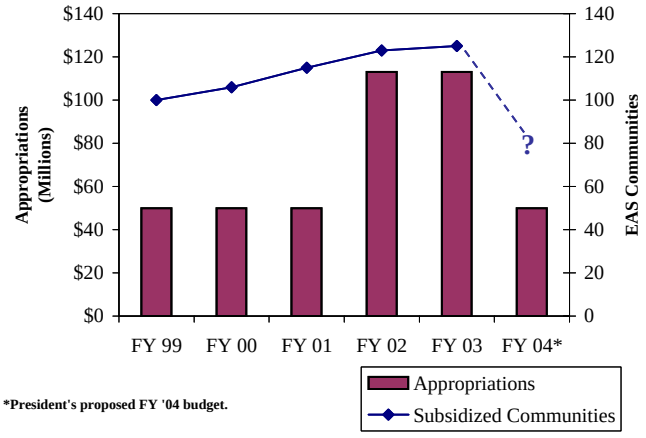
*Airline Market Share by Available Seats at Non-Hub Airports (FAA Data)**



*** All percentages are rounded.**

Figure 40: Essential Air Service

Congressional Funding and Subsidized Communities (DOT Data)



***President's proposed FY '04 budget.**

The following pages contain textual versions of the graphs and charts found in this document. These pages were not in the original document but have been added here to assist screenreaders.

Chart A: Percent Change in Scheduled Domestic Flights at All Airports Between January 2000 and January 2004 (Base Year 1999)

Month	2000 (Percent Change from 1999)	2001 (Percent Change from 1999)	2002 (Percent Change from 1999)	2003 (Percent Change from 1999)	2004 (Percent Change from 1999)
January	4%	7%	-7%	-7%	-4%
February	7%	4%	-8%	-9%	
March	3%	2%	-9%	-10%	
April	2%	3%	-7%	-9%	
May	3%	3%	-6%	-11%	
June	2%	2%	-7%	-10%	
July	1%	2%	-6%	-9%	
August	1%	1%	-6%	-9%	
September	1%	-1%	-9%	-10%	
October	3%	-2%	-9%	-8%	
November	1%	-14%	-11%	-9%	
December	0%	-15%	-12%	-8%	

Note: January 2001 Start of 3 Quarters of Negative Gross Domestic Product
Note: March 2001 Business Travel Begins to Decline
Note: September 2001 9/11 Terrorist Attacks
Note: December 2001 Flight Schedules Reach Lowest Point Down 15%
Note: March 2003 Iraq War and Severe Acute Respiratory Syndrome
Note: May 2003 Flight Schedules Down 9% to 11% During Summer 2003
Note: Source: FAA Data

Airline Industry Metrics

Figure 1: Passenger Enplanements
Percent Change in Revenue Passenger Enplanements from 2000
(ATA Data)

Month	2001 (Percent Change from 2000)	2002 (Percent Change from 2000)	2003 (Percent Change from 2000)
January	4%	-10%	-8%
February	-3%	-15%	-16%
March	-2%	-12%	-16%
April	0%	-13%	-18%
May	-2%	-13%	-17%
June	-2%	-13%	-16%
July	0%	-11%	-11%
August	3%	-8%	-13%
September	-34%	-16%	-17%
October	-22%	-14%	-14%
November	-19%	-18%	Not Given
December	-14%	-4%	Not Given

Note: September 2001 Enplanements Down 34 Percent
Note: October 2003 Enplanements Down 14 Percent

Figure 2: Capacity versus Demand
Percent Change in Available Seat Miles versus Revenue Passenger Miles from 2000 (ATA Data)

Month	2001 Change in Available Seat Miles	2001 Change in Revenue Passenger Miles	2002 Change in Available Seat Miles	2002 Change in Revenue Passenger Miles	2003 Change in Available Seat Miles	2003 Change in Revenue Passenger Miles
January	5%	6%	-8%	-7%	-6%	-1%
February	-1%	-2%	-12%	-11%	-14%	-11%
March	0%	0%	-9%	-7%	-10%	-10%
April	2%	0%	-7%	-10%	-11%	-12%
May	3%	-2%	-6%	-9%	-12%	-11%
June	3%	-1%	-4%	-8%	-9%	-9%
July	4%	1%	-3%	-6%	-8%	-4%
August	4%	4%	-4%	-4%	-9%	-5%
September	-19%	-32%	-8%	-12%	-11%	-10%
October	-15%	-20%	-9%	-10%	-11%	-7%
November	-14%	-17%	-10%	-14%	Not Given	Not Given
December	-10%	-12%	-6%	0%	Not Given	Not Given

Note: October 2003 Available Seat Miles Down 11 Percent
Note: October 2003 Revenue Passenger Miles Down 7 Percent

Figure 3: Actual Flight Operations
Percent Change in Air Route Traffic Control Center Operations from 2000 (FAA Data)

Month	2001 Percent Change in Operations	2002 Percent Change in Operations	2003 Percent Change in Operations
January	5%	-3%	0%
February	-4%	-8%	-10%
March	-2%	-7%	-7%
April	0%	-3%	-5%
May	-1%	-4%	-7%
June	-3%	-4%	-6%
July	1%	-1%	-2%
August	0%	-4%	-6%
September	-16%	-5%	-5%
October	-8%	-4%	-3%
November	-8%	-7%	Not Given
December	-5%	-1%	Not Given

Note: September 2001 Actual Flight Operations Down 16 Percent
Note: October 2003 Actual Flight Operations Down 3 Percent

Figure 4: Larger Airlines Actual Arrivals
Percent Change in Actual Arrivals by Airline October 2003 versus October 2000 (FAA Data)

Airline	2003 Percentage Change
Southwest	6%
Alaska	6%
America West	-6%
Northwest	-9%
Continental	-20%
American	-22%
Delta	-23%
United	-24%
US Airways	-41%

Figure 5: Scheduled Capacity
Percent Change in Scheduled Flights and Available Seats at All Airports from 2000 (FAA Data)

Month	Percent Change in Flights	Percent Change in Seats
January 2001	2%	3%
February 2001	-3%	-2%
March 2001	-1%	1%
April 2001	1%	1%
May 2001	0%	1%
June 2001	0%	1%
July 2001	1%	2%
August 2001	0%	1%
September 2001	-1%	0%
October 2001	-5%	-4%
November 2001	-15%	-15%
December 2001	-14%	-14%
January 2002	-11%	-10%
February 2002	-14%	-13%
March 2002	-11%	-10%
April 2002	-9%	-8%
May 2002	-9%	-8%
June 2002	-9%	-7%
July 2002	-7%	-6%
August 2002	-8%	-7%
September 2002	-10%	-10%
October 2002	-11%	-11%
November 2002	-12%	-12%
December 2002	-12%	-12%
January 2003	-11%	-11%
February 2003	-15%	-15%
March 2003	-12%	-12%
April 2003	-11%	-12%
May 2003	-14%	-15%
June 2003	-11%	-13%
July 2003	-9%	-11%
August 2003	-10%	-13%
September 2003	-10%	-13%

October 2003	**-10%**	**-13%**
November 2003	**-11%**	**-13%**
December 2003	**-8%**	**-11%**
January 2004	**-8%**	**-9%**
February 2004	**-8%**	**-9%**

Figure 6: Regional Differences at All Airports
Percent Change in Available Seats at All Airports December 2003 versus December 2000 (FAA Data)

Region	Percent Change in Available Seats
Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	**-19%**
Midwest (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)	**-13%**
West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)	**-11%**
South (includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)	**-8%**
National Average	**-12%**

Figure 7: Large Airports
Percent Change in Scheduled Flights and Available Seats at the 31 Largest Airports December 2003 versus December 2000 (FAA Data)

Largest Airports	Percent Change in Flights	Percent Change in Available Seats
Fort Lauderdale	8%	16%
Kennedy	-17%	7%
Las Vegas	-2%	1%
Atlanta	5%	-2%
Baltimore	-11%	-2%
Cincinnati	17%	-2%
Houston	3%	-3%
Salt Lake City	12%	-4%
Chicago O'Hare	7%	-4%
Tampa	-13%	-5%
San Diego	-9%	-5%
Orlando	-11%	-5%
Denver	1%	-6%
Dallas-Ft. Worth	-2%	-7%
Minneapolis	3%	-8%
Detroit	2%	-8%
Seattle	-16%	-8%
Phoenix	-10%	-8%
Charlotte	-7%	-10%
Philadelphia	-8%	-12%
Miami	-23%	-13%
Newark	-8%	-15%
Reagan National	-2%	-18%
Dulles	-29%	-18%
LaGuardia	-17%	-20%
Los Angeles	-26%	-23%
Boston	-28%	-26%
Honolulu	-22%	-26%
San Francisco	-23%	-28%
Pittsburgh	-22%	-34%
St. Louis	-43%	-59%

Figure 8: Length of Flight
Percent Change in Scheduled Flights by Length of Flight
December 2003 versus December 2000 (FAA Data)

Range in Miles	2003 Percent Change in Flights
0 to 249 miles	-20%
250 to 499 miles	-11%
500 to 999 miles	8%
1,000 miles or more	1%

Figure 9: Short Haul Flights by Type of Airline
Percent Change in Scheduled Flights Less Than 250 Miles by Type of Airline December 2003 versus December 2000 (FAA Data)

Type of Air Carrier	2003 Percent Change by Type
Network	-43%
Low-Fare	-10%
All Others	-16%

Figure 10: Airline Market Share
Airline Market Share by Available Seats (FAA Data)

Carrier Type	December 2000	December 2001	December 2002	December 2003
Network	64%	61%	59%	54%
Low-Fare	16%	19%	20%	22%
All Others	19%	20%	21%	24%

Note: All percentages are rounded.

Figure 11: Market Share of Low-Fare Service
Airline Share of Service by Available Seats, December 2003 (FAA Data)

Low-Fare Airline	Market Share Percentage
Southwest	64%
AirTran	9%
American Trans Air	8%
JetBlue	6%
Delta Song	5%
Frontier	4%
Spirit	3%
Other	1%

Note: All Percentages are rounded.

Figure 12: Low-Fare Service Growth
Airline Share of Growth by Available Seats, December 2003 versus December 1998 (FAA Data)

Low-Fare Airline	Service Growth Percentages
Southwest	37%
JetBlue	16%
Delta Song	13%
American Trans Air	11%
AirTran	9%
Frontier	7%
Spirit	6%
Other	1%

Note: All percentages are rounded.

Figure 13: Type of Aircraft
Percent Change in Number of Scheduled Flights by Type of Aircraft
December 2003 versus December 2000 (FAA Data)

Type of Aircraft	Percent Change in Flights
Turboprop	-41%
Large Jets	-19%
Piston	10%
Regional Jets	140%

Figure 14: Regional Jets at Large Airports
Regional Jets Share of Scheduled Flights at 31 Largest Airports December 2003 versus December 2000 (FAA Data)

Largest Airports	December 2000 Percentage Share of Flights	December 2003 Percentage Share of Flights
Cincinnati	58%	72%
Dulles	19%	44%
Chicago O'Hare	20%	41%
Houston	16%	39%
Newark	11%	38%
St. Louis	7%	36%
Dallas-Ft. Worth	8%	35%
Salt Lake City	12%	34%
LaGuardia	22%	30%
Reagan National	7%	29%
Boston	9%	29%
Atlanta	9%	28%
Detroit	2%	25%
Pittsburgh	3%	24%
Minneapolis	2%	21%
Charlotte	5%	20%
Philadelphia	6%	19%
Orlando	5%	19%
Kennedy	5%	16%
Phoenix	5%	14%
Denver	2%	8%
Fort Lauderdale	2%	6%
Tampa	0%	6%
Miami	4%	6%
Baltimore	1%	6%
San Diego	0%	5%
Los Angeles	0%	3%
San Francisco	0%	3%
Seattle	0%	3%
Las Vegas	1%	1%
Honolulu	0%	0%

Figure 15: Market Share by Aircraft Type
Percent Share of Scheduled Flights by Type of Aircraft (FAA Data)

Aircraft Type	December 2000	December 2001	December 2002	December 2003
Large Jets	59%	57%	55%	52%
Regional Jets	10%	15%	20%	25%
Turboprop	26%	22%	19%	17%
Piston	5%	6%	6%	6%

Note: All percentages are rounded.

Figure 16: Arrival Delays (FAA Data)

Month	2000 Arrival Delays	2001 Arrival Delays	2002 Arrival Delays	2003 Arrival Delays
January	71,485	69,926	49,657	37,552
February	69,499	72,135	36,355	45,191
March	71,757	73,004	57,281	41,095
April	74,655	61,285	46,842	29,885
May	77,400	56,141	47,038	37,305
June	100,115	72,641	56,011	44,507
July	93,399	69,392	54,355	52,063
August	96,550	76,237	47,160	54,001
September	66,251	38,967	30,598	33,266
October	75,543	39,694	41,050	34,422
November	81,731	38,464	37,357	Not Given
December	105,180	52,064	54,108	Not Given

Note: October 2003 versus October 2000 Down 54 Percent

Figure 17: Departure Delays (FAA Data)

Month	2000 Departure Delays	2001 Departure Delays	2002 Departure Delays	2003 Departure Delays
January	59,344	62,032	40,524	30,598
February	59,316	61,044	30,542	36,228
March	61,678	65,503	49,324	32,712
April	63,372	53,421	37,751	24,496
May	67,571	47,207	37,706	28,216
June	90,115	63,980	49,880	36,561
July	85,049	62,108	49,973	44,590
August	85,760	67,209	42,680	45,359
September	55,667	39,229	25,672	24,698
October	63,742	41,444	32,072	25,794
November	70,997	35,169	28,495	Not Given
December	98,386	48,710	47,855	Not Given

Note: October 2003 versus October 2000 Down 60 Percent

Figure 18: Cancellations (FAA Data)

Month	2000 Cancellations	2001 Cancellations	2002 Cancellations	2003 Cancellations
January	18,512	12,077	4,199	2,813
February	11,477	10,706	2,361	8,873
March	7,585	11,753	3,063	3,743
April	8,853	7,086	2,265	2,096
May	12,835	5,796	2,399	1,268
June	14,407	10,135	4,621	1,432
July	11,985	7,189	3,659	2,919
August	11,538	8,528	2,834	4,006
September	8,057	64,947	1,861	3,450
October	7,977	2,966	2,188	1,905
November	8,150	2,371	1,767	Not Given
December	21,333	2,161	4,057	Not Given

Note: October 2003 versus October 2000 Down 76 Percent
Note: September 2001 Cancellations Totaled 64,947

Figure 19: Percent of Flights Arriving Late
(FAA Data)

Month	2000	2001	2002	2003
January	23%	21%	18%	14%
February	23%	24%	14%	19%
March	22%	22%	20%	15%
April	23%	19%	17%	12%
May	24%	17%	16%	14%
June	32%	22%	20%	17%
July	28%	21%	18%	19%
August	29%	22%	16%	20%
September	21%	16%	11%	13%
October	23%	14%	14%	13%
November	26%	14%	14%	Not Given
December	33%	19%	20%	Not Given

Note: October 2003 13 Percent of Flights Arrived Late
Note: December 2000 33 Percent of Flights Arrived Late

Figure 20: Percent of Flights Departing Late
(FAA Data)

Month	2000	2001	2002	2003
January	19%	19%	15%	11%
February	20%	21%	12%	15%
March	19%	20%	17%	12%
April	20%	17%	14%	10%
May	21%	14%	13%	11%
June	28%	20%	17%	14%
July	26%	18%	17%	16%
August	26%	20%	14%	17%
September	17%	16%	9%	10%
October	19%	15%	11%	10%
November	22%	13%	11%	Not Given
December	31%	18%	18%	Not Given

Note: October 2003 10 Percent of Flights Departed Late
Note: December 2000 31 Percent of Flights Departed Late

Figure 21: Length of Arrival Delays (FAA Data)

Month	2000 (In Minutes)	2001 (In Minutes)	2002 (In Minutes)	2003 (In Minutes)
January	49	47	44	45
February	51	50	41	48
March	50	49	44	46
April	52	51	47	46
May	58	47	47	47
June	59	57	55	46
July	58	52	51	56
August	55	56	49	56
September	50	55	47	48
October	49	44	42	43
November	48	43	43	Not Given
December	54	42	53	Not Given

Note: October 2003 Arrivals Delayed 43 Minutes
Note: June 2000 Arrivals Delayed 59 Minutes

Figure 22: Length of Departure Delays (FAA Data)

Month	2000 (In Minutes)	2001 (In Minutes)	2002 (In Minutes)	2003 (In Minutes)
January	51	49	46	46
February	53	52	43	48
March	53	51	45	47
April	54	53	49	47
May	60	49	48	49
June	59	58	54	48
July	60	54	51	56
August	56	57	50	58
September	52	55	48	49
October	52	42	45	47
November	50	44	46	Not Given
December	55	42	52	Not Given

Note: October 2003 Departures Delayed 47 Minutes
Note: May 2000 Departures Delayed 60 Minutes

Figure 23: Arrival Delays by Airport
Percent Change in Arrival Delays for the First 11 Months of 2003 versus 2002 (FAA Data)

Airport	Percent Change
Newark	33%
O'Hare	3%
Dallas-Ft. Worth	-5%
Atlanta	-18%
San Francisco	-28%

Figure 24: Business and Leisure Travel at the Five Busiest U.S. Airports
Percent Business Fares as a Percent of All Fares (BTS Data)

Quarter	Percent of Business Fares
First Quarter 2000	21%
Second Quarter 2000	19%
Third Quarter 2000	18%
Fourth Quarter 2000	16%
First Quarter 2001	14%
Second Quarter 2001	18%
Third Quarter 2001	12%
Fourth Quarter 2001	12%
First Quarter 2002	13%
Second Quarter 2002	13%
Third Quarter 2002	12%
Fourth Quarter 2002	12%
First Quarter 2003	13%
Second Quarter 2003	14%

Figure 25: Air Fares for Network Airlines
Average Fare for 1,000 Mile Trip, Excluding Taxes (ATA Data)

Month	2000 Average Fare Cost	2001 Average Fare Cost	2002 Average Fare Cost	2003 Average Fare Cost
January	$143	$148	$124	$119
February	$151	$151	$130	$123
March	$149	$145	$126	$121
April	$147	$143	$126	$120
May	$147	$136	$123	$118
June	$145	$133	$120	$118
July	$134	$122	$111	$113
August	$139	$121	$110	$115
September	$147	$120	$121	$123
October	$151	$123	$124	$124
November	$149	$125	$120	Not Given
December	$139	$119	$117	Not Given

Note: October 2003 Air Fare $124
Note: October 2000 Air Fare $151

Figure 26: Network Airline Yield
Percent Change in Airline Yield from 2000 (ATA Data)

Month	2001 Percent Change in Yield	2002 Percent Change in Yield	2003 Percent Change in Yield
January	4%	-13%	-16%
February	0%	-13%	-18%
March	-3%	-16%	-19%
April	-3%	-14%	-19%
May	-7%	-16%	-20%
June	-9%	-17%	-19%
July	-9%	-18%	-16%
August	-13%	-21%	-17%
September	-18%	-17%	-16%
October	-19%	-18%	-18%
November	-16%	-20%	Not Given
December	-15%	-16%	Not Given

Note: October 2001 Yield Down 19 Percent
Note: October 2003 Yield Down 18 Percent

Figure 27: Passenger Load Factors
Actual versus Breakeven Percentages (DOT Data)

Quarter	Actual Load Factor	Breakeven Load Factor
First Quarter 2000	69%	68%
Second Quarter 2000	76%	67%
Third Quarter 2000	76%	71%
Fourth Quarter 2000	70%	72%
First Quarter 2001	68%	74%
Second Quarter 2001	74%	76%
Third Quarter 2001	72%	88%
Fourth Quarter 2001	66%	90%
First Quarter 2002	70%	85%
Second Quarter 2002	74%	83%
Third Quarter 2002	74%	87%
Fourth Quarter 2002	70%	85%
First Quarter 2003	69%	84%
Second Quarter 2003	75%	80%
Third Quarter 2003	78%	75%

Note: Third Quarter 2003 Actual Load Factor 78 Percent
Note: Third Quarter 2003 Breakeven Load Factor 75 Percent

Figure 28: Individual Airline Load Factors
Actual versus Breakeven Percentages for Quarter Ending September 2003 (DOT Data)

Airline	Actual Load Factor	Breakeven Load Factor
Southwest	71%	61%
Delta	78%	69%
America West	80%	75%
Continental	81%	76%
Alaska	73%	68%
Northwest	81%	78%
United	80%	80%

American	**76%**	**79%**
US Airways	**77%**	**83%**

Figure 29: Revenues versus Expenses
Airline Operating Revenues versus Operating Expenses (DOT Data)

Quarter	Operating Revenues In Billions	Operating Expenses In Billions
First Quarter 2000	**$22.6**	**$21.8**
Second Quarter 2000	**$25.4**	**$22.6**
Third Quarter 2000	**$25.9**	**$24.0**
Fourth Quarter 2000	**$24.2**	**$24.1**
First Quarter 2001	**$23.3**	**$24.1**
Second Quarter 2001	**$24.3**	**$25.0**
Third Quarter 2001	**$21.2**	**$24.4**
Fourth Quarter 2001	**$16.6**	**$20.9**
First Quarter 2002	**$18.2**	**$20.9**
Second Quarter 2002	**$20.4**	**$21.9**
Third Quarter 2002	**$20.2**	**$22.6**
Fourth Quarter 2002	**$18.9**	**$21.8**
First Quarter 2003	**$18.9**	**$22.1**
Second Quarter 2003	**$19.9**	**$20.7**
Third Quarter 2003	**$21.5**	**$21.0**

Note: Third Quarter 2003 Operating Revenues Were $21.5 Billion
Note: Third Quarter 2003 Operating Expenses Were $21.0 Billion

Figure 30: Selected Network and Low-Fare Airlines
Operating Profit or Loss
Domestic Operations for Quarter Ending September 2003 (DOT Data)

Airline	Profit or Loss (In Millions)
Southwest	**$185**
Northwest	**$87**
Alaska	**$59**
JetBlue	**$54**
America West	**$46**
AirTran	**$26**
American Trans Air	**$23**
Frontier	**$22**
Spirit	**$2**

United	**$1**
Continental	**-$54**
American	**-$59**
US Airways	**-$83**
Delta	**-$175**

Figure 31: Cost Per Gallon for Jet Fuel (ATA Data)

Month	2000 Average Cost	2001 Average Cost	2002 Average Cost	2003 Average Cost
January	**$0.70**	**$0.86**	**$0.60**	**$0.84**
February	**$0.73**	**$0.85**	**$0.62**	**$0.88**
March	**$0.75**	**$0.80**	**$0.62**	**$1.05**
April	**$0.74**	**$0.77**	**$0.69**	**$0.83**
May	**$0.72**	**$0.78**	**$0.70**	**$0.76**
June	**$0.70**	**$0.81**	**$0.67**	**$0.75**
July	**$0.77**	**$0.77**	**$0.71**	**$0.78**
August	**$0.78**	**$0.77**	**$0.72**	**$0.83**
September	**$0.86**	**$0.79**	**$0.77**	**$0.80**
October	**$0.89**	**$0.71**	**$0.81**	**Not Given**
November	**$0.89**	**$0.66**	**$0.77**	**Not Given**
December	**$0.91**	**$0.57**	**$0.76**	**Not Given**

Note: September 2003 Jet Fuel Cost Was 4 Percent Higher Than September 2002

Figure 32: Debt to Investment Ratio
Airline Debt to Investment Ratio for All Major Airlines (DOT Data)

Quarter	Ratio (Percentage)
First Quarter 2000	**50%**
Second Quarter 2000	**48%**
Third Quarter 2000	**48%**
Fourth Quarter 2000	**53%**
First Quarter 2001	**54%**
Second Quarter 2001	**54%**
Third Quarter 2001	**60%**
Fourth Quarter 2001	**66%**
First Quarter 2002	**68%**
Second Quarter 2002	**70%**

Third Quarter 2002	**73%**
Fourth Quarter 2002	**87%**
First Quarter 2003	**89%**
Second Quarter 2003	**90%**
Third Quarter 2003	**91%**

Figure 33: Debt to Investment Ratio by Airline
Airline Debt to Investment Ratio for Quarter Ending September 2003
(DOT Data)

Airlines	Ratio (Percentage)
Southwest	**25%**
Alaska	**61%**
America West	**70%**
Northwest	**74%**
Continental	**89%**
US Airways	**93%**
Delta	**94%**
American	**102%**
United	**166%**

Figure 34: Airport and Airway Trust Fund
Estimated Revenues December 2003 versus Pre-September 11, 2001 (FAA Data)

Fiscal Year	December 2003 (In Billions)	Pre-September 11 (In Billions)
2004	**$9.8**	**$12.6**
2005	**$10.7**	**$13.3**
2006	**$11.3**	**$14.1**
2007	**$11.9**	**$14.9**
2008	**$12.6**	**$15.8**

Figure 35: Non-Hub versus Larger Airports
Percent Change in Available Seats from 1998 (FAA Data)

Month	Non-Hub Airports	Larger Airports
January 1999	-2%	5%
February 1999	0%	6%
March 1999	0%	7%
April 1999	0%	7%
May 1999	0%	9%
June 1999	-1%	8%
July 1999	-2%	7%
August 1999	0%	8%
September 1999	0%	7%
October 1999	0%	8%
November 1999	3%	8%
December 1999	2%	7%
January 2000	-2%	10%
February 2000	4%	15%
March 2000	0%	12%
April 2000	-2%	12%
May 2000	1%	14%
June 2000	-2%	11%
July 2000	-3%	9%
August 2000	-3%	11%
September 2000	-3%	9%
October 2000	-1%	12%
November 2000	0%	11%
December 2000	-4%	10%
January 2001	-4%	14%
February 2001	-5%	13%
March 2001	-6%	13%
April 2001	-7%	14%
May 2001	-5%	15%
June 2001	-8%	12%
July 2001	-8%	12%
August 2001	-8%	13%
September 2001	-10%	10%
October 2001	-10%	8%
November 2001	-18%	-5%

December 2001	**-19%**	**-6%**
January 2002	**-17%**	**0%**
February 2002	**-17%**	**0%**
March 2002	**-17%**	**1%**
April 2002	**-15%**	**3%**
May 2002	**-14%**	**4%**
June 2002	**-16%**	**3%**
July 2002	**-15%**	**4%**
August 2002	**-13%**	**3%**
September 2002	**-18%**	**-1%**
October 2002	**-18%**	**0%**
November 2002	**-18%**	**-2%**
December 2002	**-19%**	**-4%**
January 2003	**-21%**	**-1%**
February 2003	**-19%**	**-1%**
March 2003	**-19%**	**-1%**
April 2003	**-20%**	**-1%**
May 2003	**-20%**	**-4%**
June 2003	**-19%**	**-3%**
July 2003	**-18%**	**-2%**
August 2003	**-17%**	**-3%**
September 2003	**-19%**	**-5%**
October 2003	**-18%**	**-3%**
November 2003	**-19%**	**-3%**
December 2003	**-17%**	**-3%**
January 2004	**-19%**	**1%**

Note: January 2004 Larger Airports Up 1 Percent
Note: January 2004 Non-Hub Airports Down 19 Percent

Figure 36: Regional Differences at Non-Hubs
Percent Change in Available Seats at Non-Hub Airports
December 2003 versus December 2000 (FAA Data)

Region	Percent Change in Available Seats
Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	-34%
Midwest (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)	-21%
South (includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)	-11%
West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)	-8%
National Average	-15%

Figure 37: Access to Large Airports
Percent Change in Number of Scheduled Flights December 2003 versus December 2000 (FAA Data)

Hub Access	Percent Change In Flights
Large to Large	-9%
Medium to Large	-3%
Small to Large	-4%
Non-Hub to Large	-19%

Figure 38: Type of Aircraft at Non-Hub Airports
Percent Change in Scheduled Flights by Type of Aircraft
December 2003 versus December 2000 (FAA Data)

Aircraft Type	Percent Change
Large Jets	-36%
Turboprop	-30%

Piston	**11%**
Regional Jets	**161%**

Figure 39: Airline Market Share at Non-Hubs
Airline Market Share by Available Seats at Non-Hub Airports
(FAA Data)

Airline Market	December 2000	December 2001	December 2002	December 2003
Network	**21%**	**20%**	**20%**	**17%**
Low-Fare	**3%**	**3%**	**3%**	**3%**
All Others	**75%**	**77%**	**78%**	**80%**

Note: All Percentages are rounded.

Figure 40: Essential Air Service
Congressional Funding and Subsidized Communities (DOT Data)

Fiscal Year	Appropriations In Millions	Number of Communities Subsidized
1999	**$50**	**100**
2000	**$50**	**106**
2001	**$50**	**115**
2002	**$113**	**123**
2003	**$113**	**125**
President's Proposed Budget 2004	**$50**	**Undetermined**