



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: **INFORMATION**: Airline Industry Metrics

Date: January 7, 2003

From: Kenneth M. Mead
Inspector General

Reply to
Attn of: JA-50 x69970

To: The Secretary
Deputy Secretary
Chief of Staff
Associate Deputy Secretary
Assistant Secretary for Aviation
and International Affairs
Assistant Secretary for Transportation Policy
Federal Aviation Administrator
Director, Bureau of Transportation Statistics

Attached is the third in a series of periodic updates to our airline industry metrics. These metrics were developed for monitoring airline industry trends relating to domestic system demand and capacity, performance, finances, and air service at small airports.

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

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

Number: CC-2003-007

Date Issued: January 7, 2003

SUMMARY OF AIRLINE INDUSTRY METRICS

This is the third in a series of periodic updates to our airline industry metrics. As a result of the September 11, 2001 terrorist attacks and the downturn in business travel that has persisted since early last year, the airline industry is facing its greatest challenge since deregulation.

Based on data obtained from the U.S. Department of Transportation (DOT), Federal Aviation Administration (FAA), and Air Transport Association (ATA), the Office of Inspector General has developed 30 metrics (see Figures 1 through 30, pages 5 through 8) for monitoring airline industry trends relating to domestic system demand and capacity, performance, finances, and air service at small airports.¹ Although subject to change, these metrics provide decisionmakers with past, present, and future indicators of domestic service levels and general state of the airline industry.

I. Air Service Demand and Capacity

- ✓ **AIR TRAFFIC DEMAND:** The September 11, 2001 terrorist attacks, combined with a cut-back in business travel, had a major, and perhaps, long-lasting impact on air traffic demand. Although air travelers had begun to return from the sharp decline following September 11, the numbers appear to be softening again. Overall, domestic enplanements were down nearly 18 percent in November 2002 from November 2000. *[Figure 1]*
- ✓ **CAPACITY VERSUS DEMAND:** Actual domestic capacity as measured in available seat miles (ASMs) tended to return to pre-September 11, 2001 levels at a faster rate than passenger demand as measured by revenue passenger miles—especially during the spring and early summer of 2002. While capacity and demand reached some level of equilibrium as of August 2002, recent declines in air travelers have forced the airlines to make further cuts in their flight schedules. Overall, actual capacity was down nearly 10 percent between November 2000 and November 2002, as compared to a 14 percent decline in passenger demand. *[Figure 2]*
- ✓ **FLIGHT OPERATIONS:** FAA's Air Route Traffic Control Centers reported handling a growing number of flight operations during the spring and summer, with July 2002 numbers off only about 1 percent from July 2000.² By November 2002, however, flight operations were down nearly 7 percent from November 2000. *[Figure 3]*
- ✓ **AIRLINE SCHEDULES—FALL/WINTER 2002:** Although airline schedules showed some initial improvement during the spring and summer months from the sharp drop off after September 11, 2001, this trend appears to be reversing, with the airlines scheduling 11 and 12 percent fewer flights and passenger seats, respectively (as well as 9 percent

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 (e.g., general aviation and military) air traffic.

fewer ASMs) in December 2002 versus December 2000. Moreover, airline schedules for the first 3 months of 2003 show no improvement, with flights and passenger seats remaining down between 11 and 12 percent from the same period in 2000. [Figure 4]

- ✓ **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 2002, the Northeast experienced an 18 percent drop in scheduled passenger seats, versus the South (-12 percent), West (-12 percent), and Midwest (-10 percent). [Figure 5]
- ✓ **AIRPORT RECOVERY RATES:** The recovery rate among the Nation's largest airports has varied significantly as measured in scheduled passenger seats. For example, only Fort Lauderdale saw a small increase (+1 percent) between December 2000 and December 2002. All other large airports witnessed varying levels of decline during this time period—the 10 worst being: Boston (-26 percent), San Francisco (-26 percent), Pittsburgh (-26 percent), Honolulu (-24 percent), Los Angeles (-24 percent), LaGuardia (-22 percent), Reagan National (-20 percent), Newark (-18 percent), Dulles (-16 percent), and Orlando (-14 percent). [Figure 6]
- ✓ **LOSS OF SHORT HAUL AIR SERVICE:** For scheduled flights less than 250 miles, nearly one in five (or 19 percent) were dropped between December 2000 and December 2002. In comparison, flights of 500 miles or more experienced far smaller declines. [Figure 7]
- ✓ **LOW-FARE AIRLINES GAIN MARKET SHARE:** In contrast to the major airlines, many low-fare airlines have continued to expand, with offered capacity (as measured in passenger seats) increasing over 6 percent between December 2000 and December 2002.³ Low-fare airlines have also seen their share of domestic air service grow from 16 percent to 20 percent during this same period. [Figure 8]
- ✓ **GROWTH IN REGIONAL JET (RJ) FLIGHTS:** Another significant development involves the phenomenal growth in RJ flights. Scheduled flights involving RJs increased 80 percent (from 88,474 to 159,662) between December 2000 and December 2002. This compares to flights involving other aircraft types, which experienced either far less growth or sharp declines, including piston (+11 percent), turboprop (-36 percent), and large jets (-18 percent). Overall, the portion of scheduled flights involving RJs has grown from 7 percent to 20 percent between December 1999 and December 2002. [Figures 9 and 10]

II. Air System Performance

- ✓ **FLIGHT DELAYS AND CANCELLATIONS:** So far this year, both flight delays and cancellations remained well below levels established in 2000 (as well as 1999). For example, between November 2000 and November 2002, arrival delays were down

³ Low fare carriers are AirTran Airways, American Trans Air, 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.

54 percent (81,731 to 37,357), while cancellations dropped over 78 percent (8,150 to 1,767). Likewise, gate departure delays were down nearly 60 percent (70,997 to 28,495). [Figures 11, 12, and 17]

- ✓ **OTHER INDICATORS OF DELAYS:** Other indicators of flight delays were also down in November 2002 from November 2000, including the percentage of flights arriving late (from 26 percent to 14 percent), the percentage of flights departing late (from 22 percent to 11 percent), the average length of arrival delays (from 48 minutes to 43 minutes), and the average length of departure delays (from 50 minutes to 46 minutes). [Figures 13, 14, 15, and 16]

III. Airline Finances

- ✓ **BUSINESS AND LEISURE TRAVEL:** The drop in higher-fare business travelers, which began before September 11, has especially hurt the airlines. Although business (first-class and full-fare coach) and leisure traffic numbers improved significantly in the months immediately following the terrorist attacks, both have remained consistently down for the first 11 months of 2002 versus 2000—with November numbers showing a decline of approximately 32 and 19 percent, respectively. [Figure 18]
- ✓ **AIRLINE YIELDS:** The loss in business travel significantly affected airline yields, which were down for most of 2001 and into 2002. As of November 2002, airline yields from passenger traffic were down nearly 20 percent from November 2000. [Figure 19]
- ✓ **AIRLINE LOAD FACTORS:** Due to continued limits in capacity and the gradual return of passengers, aircraft load factors for the quarter ending June 2002 have returned to last year's levels of approximately 74 percent. Yet, the "break even" load factor (the average percentage of paying passengers on all flights needed to cover airline costs) has risen 7 percentage points (76 to 83) during this same time period. Among the major airlines, the break even load factor ranged from a low of 59 percent for Southwest to a high of 90 percent for United. [Figure 20]
- ✓ **AIRLINE REVENUES AND EXPENSES:** Airline operating revenue declined at a much higher rate than expenses during 2002. For the 3 months ending June 2002 as compared to the same period in 2000, operating revenue declined 20 percent whereas operating expenses declined 3 percent.⁴ [Figure 21]
- ✓ **AIRLINE DEBTS TO INVESTMENTS:** Due to large operating losses, airline debt to investment ratios climbed from 50 percent in 2000 to 66 percent in 2001. For the quarter ending June 2002, ratios for the major airlines ranged from 29 percent for Southwest to 129 percent for US Airways.⁵ Debts to investments provide an indicator of airline exposure to fluctuations in demand and revenue. [Figures 22 and 23]

⁴ Airline operating revenue was also affected by a sharp drop in domestic mail shipments, which declined nearly 60 percent during the first 11 months of 2002, versus the same period in 2000.

⁵ 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.

- ✓ **AIRPORT AND AIRWAY TRUST FUND:** Lower demand and ticket prices have also reduced tax collections for the airport and airway trust fund. Prior to September 11, 2001, FAA projected overall collections of \$11.2 billion for Fiscal Year (FY) 2002. FAA now estimates \$8.8 billion in tax collections in FY 2002, a drop of over 21 percent. [Figure 24]

IV. Air Service at Small Airports

- ✓ **CHANGES IN AIR SERVICE:** Since early 2001, the smallest airports (non-hubs) have experienced deeper cuts in air service than their larger counterparts. As of December 2002, non-hub airports saw nearly a 15 percent reduction in scheduled passenger seats from December 2000. This compares to a 12 percent reduction for the larger airports. Airline schedules currently project additional cuts by March 2003, with non-hub and larger sized airports down 19 percent and 11 percent, respectively, from March 2000. [Figure 25]
- ✓ **REGIONAL DIFFERENCES:** Non-hub airports in the Northeast and Midwest saw a far larger drop in air service than other parts of the country. For example, between December 2000 and December 2002, these two regions lost 31 and 23 percent of their scheduled passenger seats, respectively, as compared to smaller declines in the South (-17 percent) and West (-7 percent). [Figure 26]
- ✓ **ACCESS TO 31 LARGE AIRPORTS:** Non-hub airports also experienced a greater loss of direct service to and from the 31 largest airports than did other airports. Non-hub airports lost 20 percent of scheduled flights to the 31 largest airports between December 2000 and December 2002. In comparison, small, medium, and large airports experienced reductions of only 8 percent to 12 percent. [Figure 27]
- ✓ **RJS REPLACING LARGER JETS AND TURBOPROPS:** The loss in air service at non-hub airports is being partially offset by a large increase in RJ flights. Overall, scheduled flights involving RJs increased 96 percent between December 2000 and December 2002. In comparison, flights involving other aircraft types experienced either far less growth or sharp declines, including piston (+13 percent), turboprop (-29 percent), and large jets (-28 percent). [Figure 28]
- ✓ **LOW FARE SERVICE TO NON-HUB AIRPORTS:** Non-hub airports can anticipate little or no relief from the low-fare airlines—even though these airlines are one of the few segments of the industry experiencing continued expansion. For example, between December 2000 and December 2002, low-fare airlines increased offered capacity (as measured in passenger seats) to large, medium, and small airports from 5 to 11 percent, while cutting service at non-hub airports by almost 25 percent. [Figure 29]
- ✓ **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 is projected to grow 126 percent (\$50 million to \$113 million), while the number of subsidized communities will increase 25 percent (100 to 125). [Figure 30]

Airline Industry Metrics

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

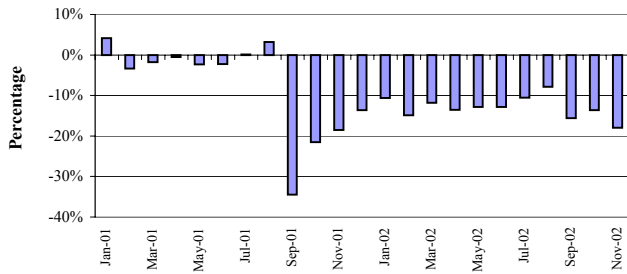


Figure 2: Percent Change in Available Seat Miles vs. Revenue Passenger Miles from 2000 (ATA Data)

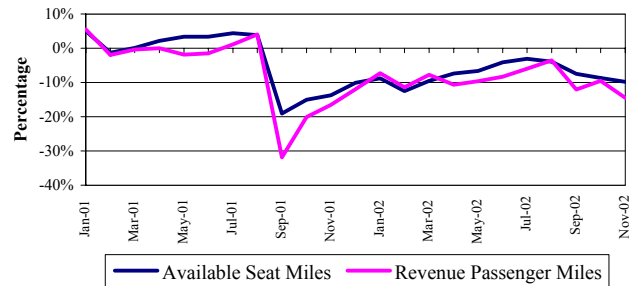


Figure 3: Percent Change in Air Route Traffic Control Center Operations from 2000 (FAA Data)

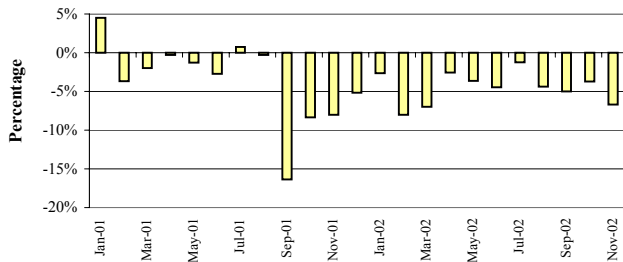


Figure 6: Percent Change in Scheduled Flights and Available Seats at the 30 Largest Airports 12/00 vs. 12/02 (FAA Data)*

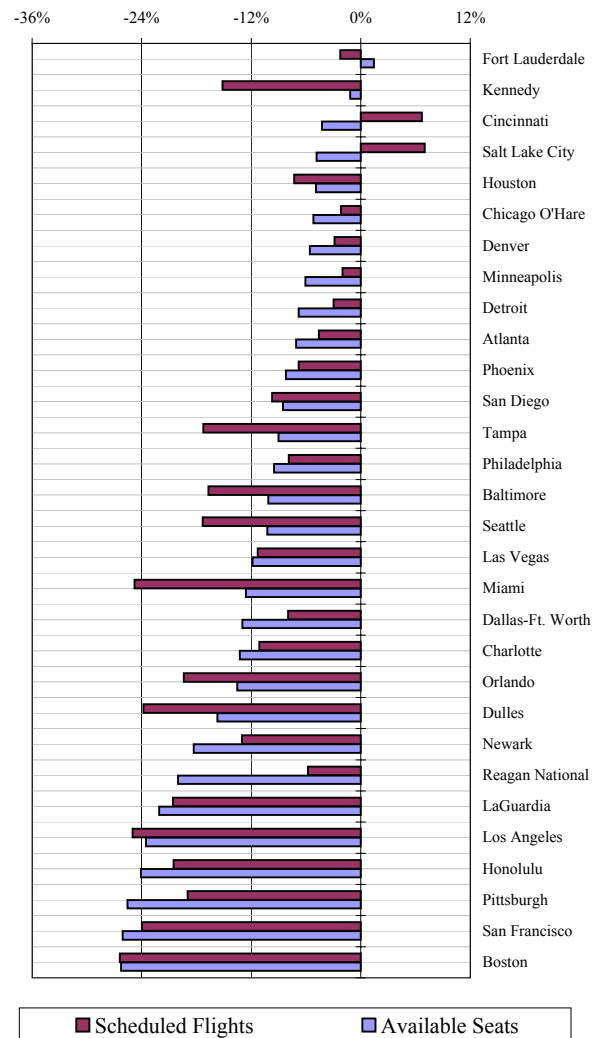


Figure 4: Percentage Change in Scheduled Flights and Available Seats at All Airports from 2000 (FAA Data)

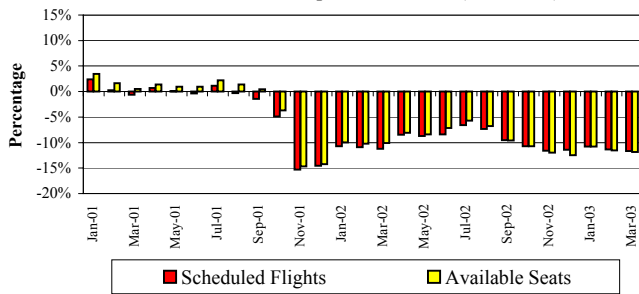
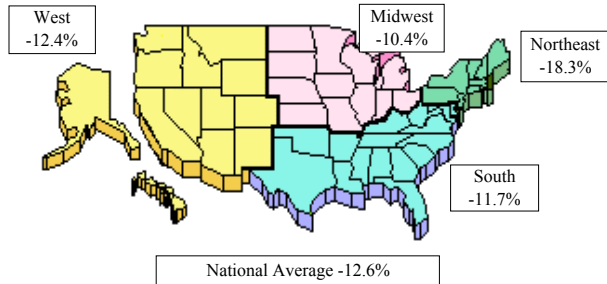


Figure 5: Percent Change in Available Seats at All Airports 12/00 vs. 12/02 (FAA Data)



* St Louis was excluded from Figure 6 due to incomplete data. Once this problem is resolved, we plan to include St. Louis in future publications of the metrics.

Airline Industry Metrics

Figure 7: Percent Change in Number of Scheduled Flights by Length of Flight 12/00 vs. 12/02 (FAA Data)

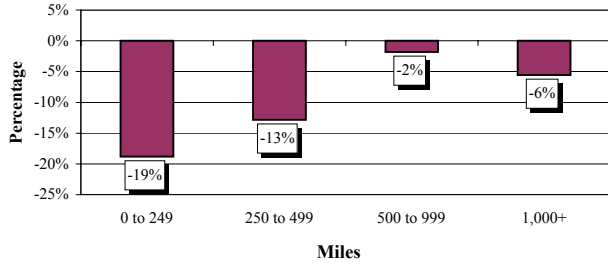


Figure 8: Airline Market Share by Available Seats (FAA Data)*

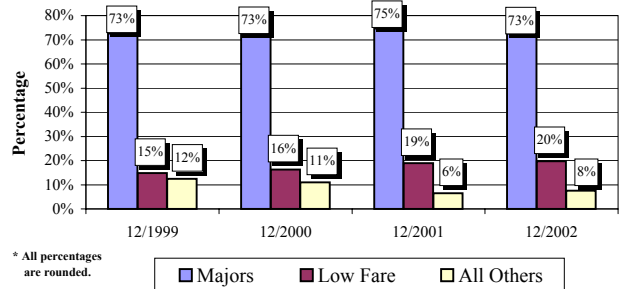


Figure 9: Percent Change in Number of Scheduled Flights by Type of Aircraft 12/00 vs. 12/02 (FAA Data)

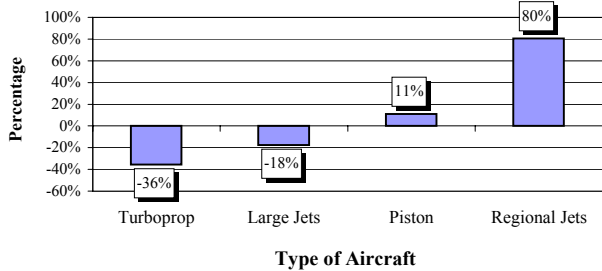


Figure 10: Percent Share of Scheduled Flights by Type of Aircraft (FAA Data)*

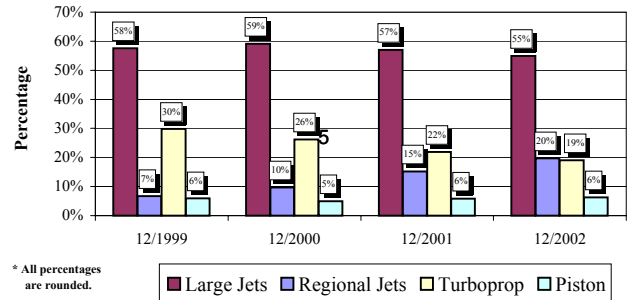


Figure 11: Arrival Delays (FAA Data)

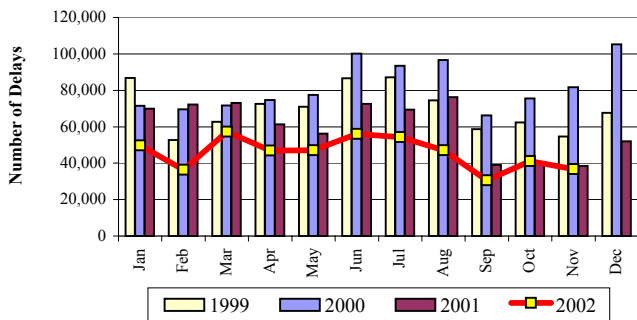


Figure 12: Gate Departure Delays (FAA Data)

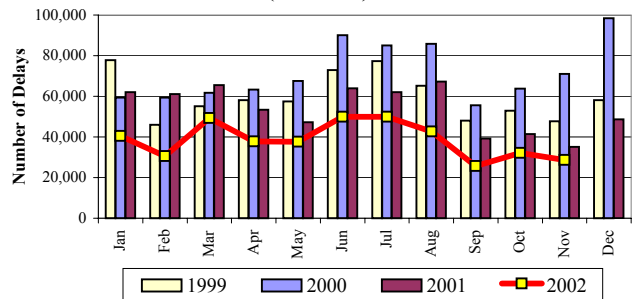


Figure 13: Percent of Flights Arriving Late (FAA Data)

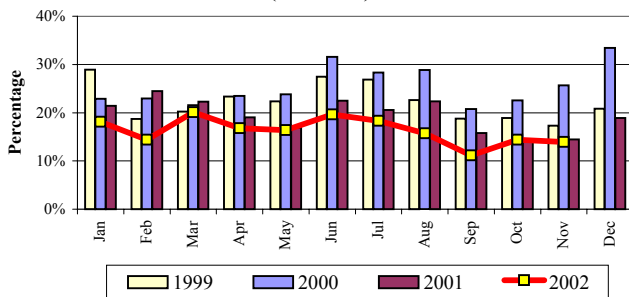
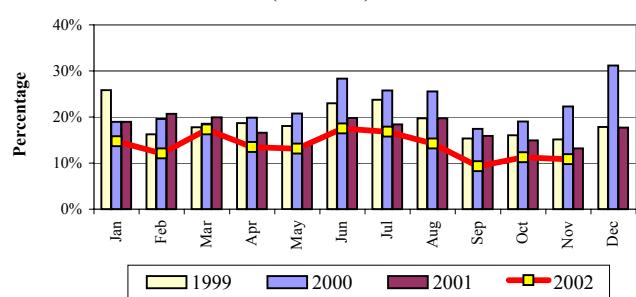
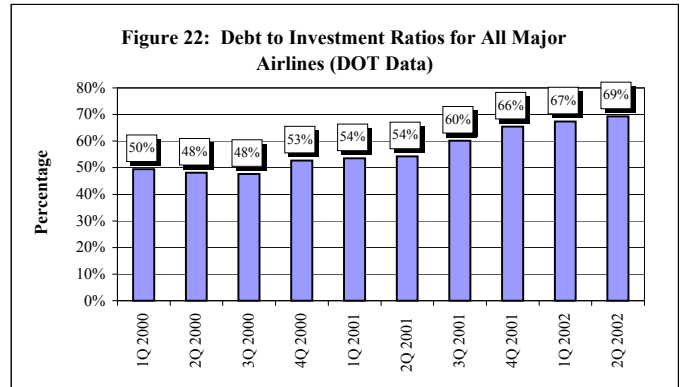
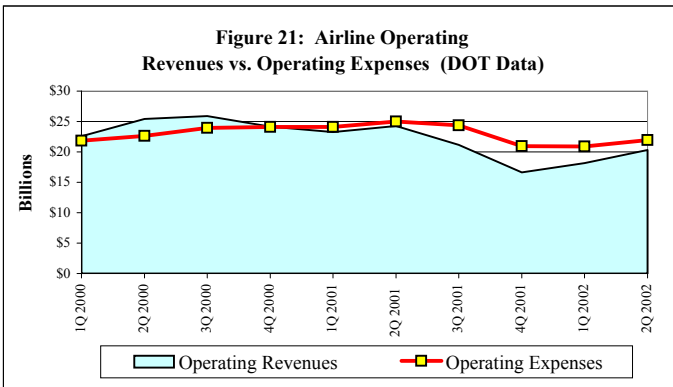
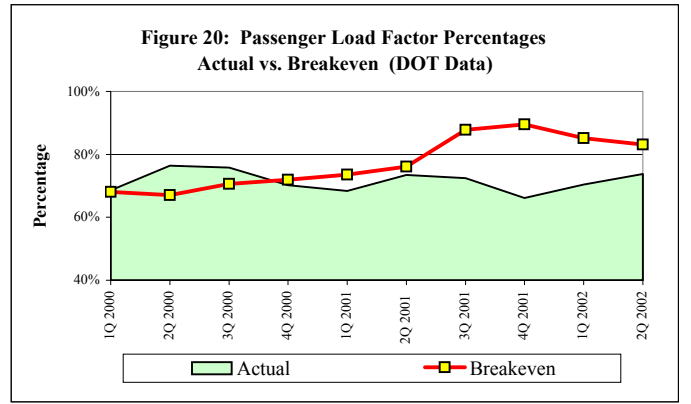
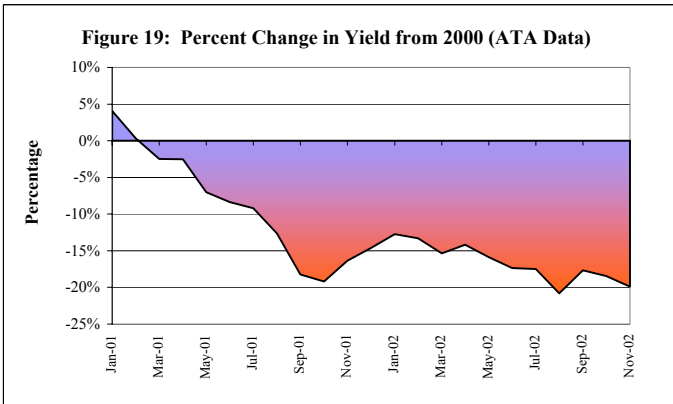
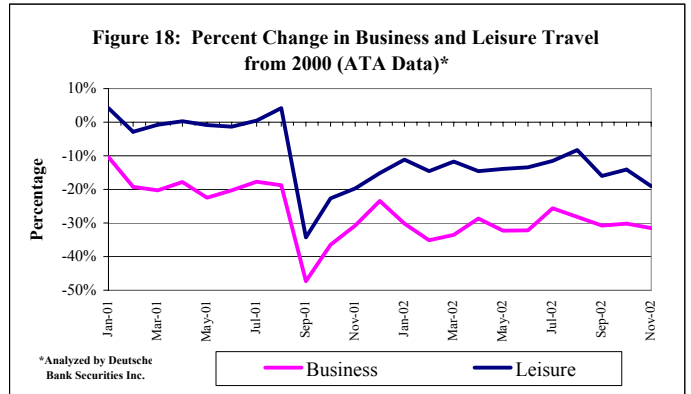
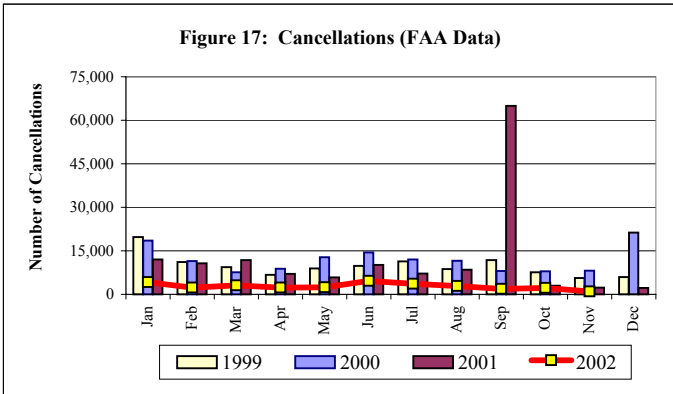
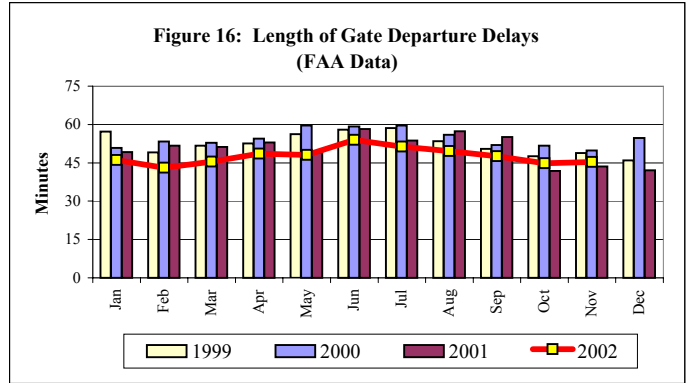
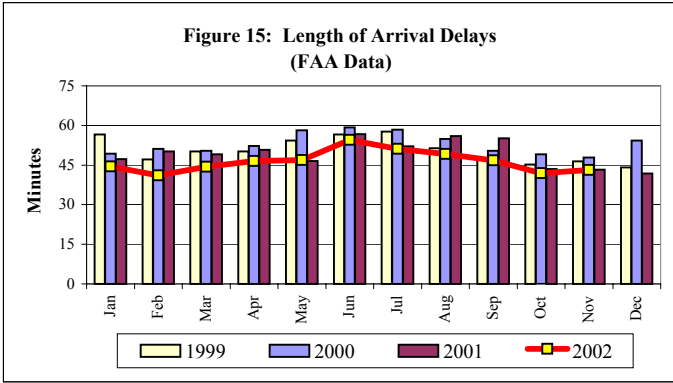


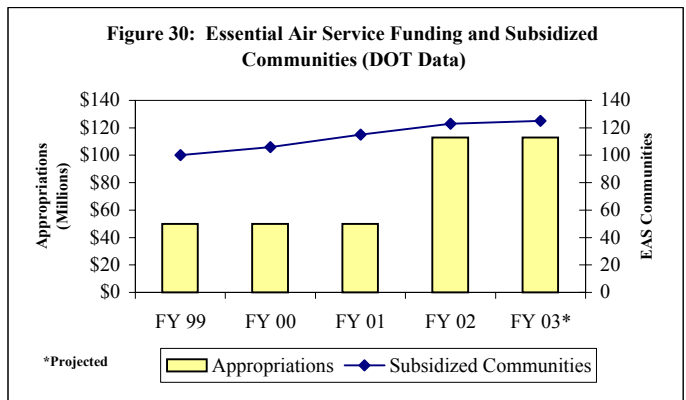
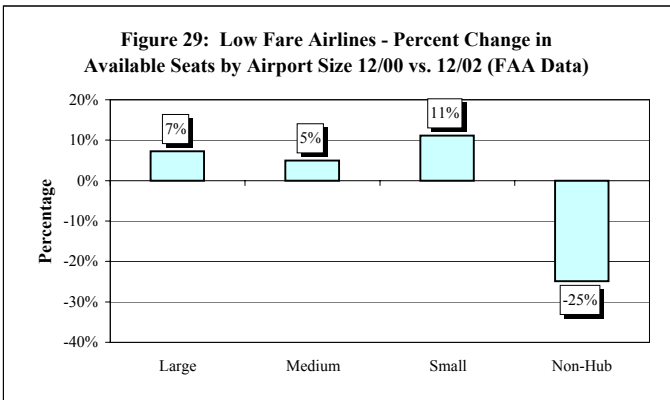
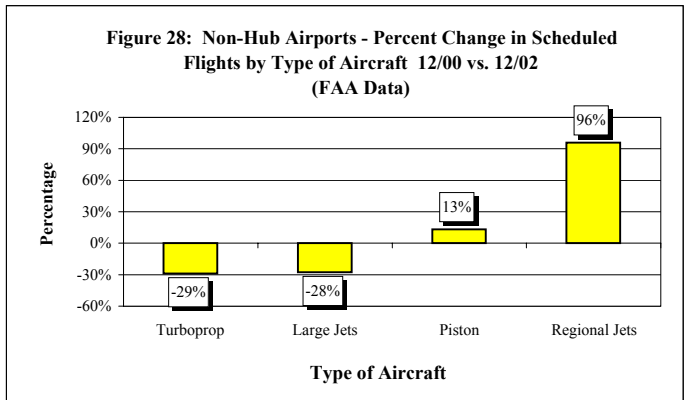
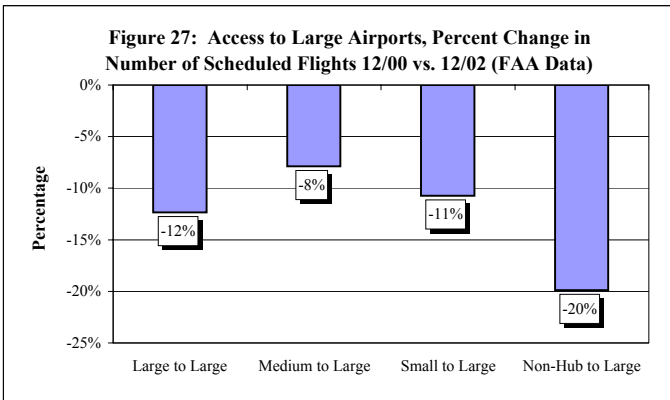
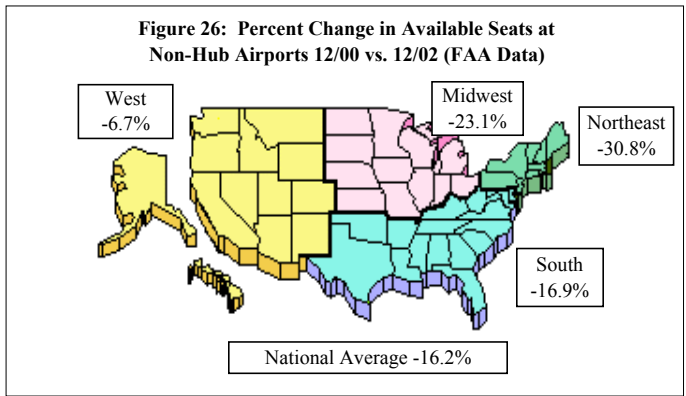
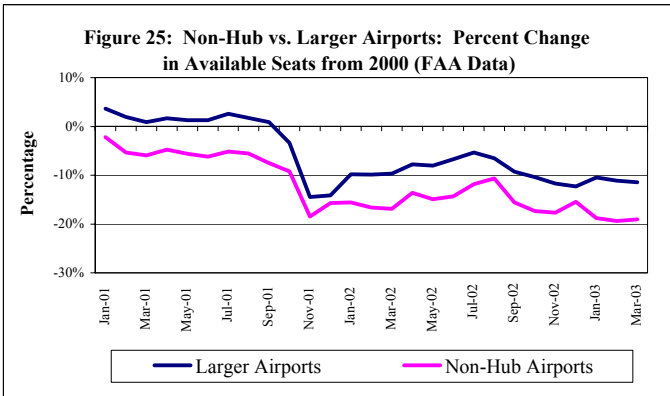
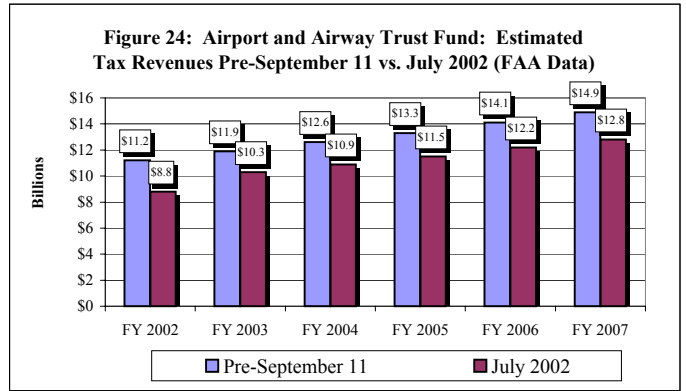
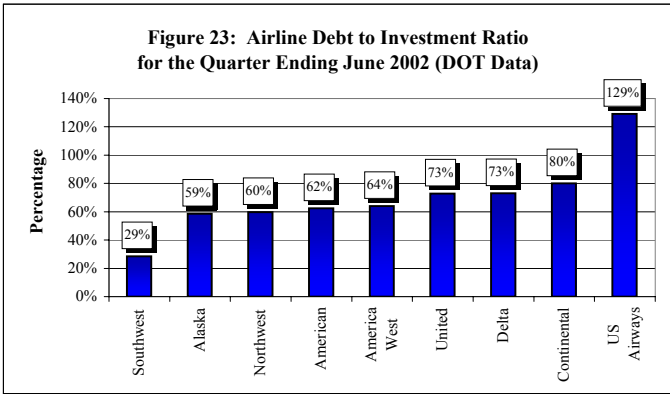
Figure 14: Percent of Flights Departing Late (FAA Data)



Airline Industry Metrics



Airline Industry Metrics



Attachment

Note: the following pages contain textual versions of the charts presented previously in this document. This attachment is provided for electronic distribution of this report and was not part of the original document.

Airline Industry Metrics

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

| Month | 2001 (Percent Change from 2000) | 2002 (Percent Change from 2000) |
|-----------|---------------------------------------|---------------------------------------|
| January | 4.14% | -10.63% |
| February | -3.31% | -14.87% |
| March | -1.75% | -11.83% |
| April | -0.48% | -13.52% |
| May | -2.32% | -12.84% |
| June | -2.23% | -12.83% |
| July | 0.12% | -10.54% |
| August | 3.19% | -7.84% |
| September | -34.49% | -15.56% |
| October | -21.52% | -13.60% |
| November | -18.54% | -17.96% |
| December | -13.61% | Not Given |

Figure 2: 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 |
|-----------|--|--|--|--|
| January | 5.04% | 5.54% | -8.79% | -7.26% |
| February | -1.30% | -1.95% | -12.48% | -11.41% |
| March | 0.06% | -0.34% | -9.53% | -7.74% |
| April | 2.16% | 0.04% | -7.34% | -10.61% |
| May | 3.41% | -1.83% | -6.65% | -9.62% |
| June | 3.37% | -1.47% | -4.09% | -8.35% |
| July | 4.40% | 1.12% | -3.10% | -6.02% |
| August | 3.84% | 4.04% | -3.93% | -3.56% |
| September | -19.07% | -31.86% | -7.50% | -12.03% |
| October | -15.07% | -20.13% | -8.67% | -9.58% |
| November | -13.70% | -16.56% | -9.79% | -14.49% |
| December | -10.09% | -11.93% | Not Given | Not Given |

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

| Month | 2001 Percent Change in Operations | 2002 Percent Change in Operations |
|------------------|--|--|
| January | 4.51% | -2.63% |
| February | -3.68% | -8.02% |
| March | -2.00% | -7.00% |
| April | -0.31% | -2.57% |
| May | -1.30% | -3.65% |
| June | -2.73% | -4.46% |
| July | 0.73% | -1.22% |
| August | -0.30% | -4.39% |
| September | -16.38% | -5.01% |
| October | -8.35% | -3.73% |
| November | -8.01% | -6.70% |
| December | -5.18% | Not Given |

Figure 4: Percent Change in Scheduled Flights and Available Seats at All Airports from 2000 (FAA Data)

| Month | 2001 Percent Change in Flights | 2001 Percent Change in Seats | 2002 Percent Change in Flights | 2002 Percent Change in Seats | 2003 Percent Change in Flights | 2003 Percent Change in Seats |
|------------------|---|---|---|---|---|---|
| January | 2.39% | 3.45% | -10.69% | -9.96% | -10.75% | -10.79% |
| February | 0.24% | 1.65% | -10.94% | -10.18% | -11.33% | -11.55% |
| March | -0.62% | 0.53% | -11.23% | -10.07% | -11.66% | -11.81% |
| April | 0.71% | 1.38% | -8.47% | -8.06% | Not Given | Not Given |
| May | 0.09% | 0.96% | -8.70% | -8.39% | Not Given | Not Given |
| June | -0.39% | 0.93% | -8.39% | -7.12% | Not Given | Not Given |
| July | 1.15% | 2.21% | -6.57% | -5.68% | Not Given | Not Given |
| August | -0.27% | 1.37% | -7.33% | -6.75% | Not Given | Not Given |
| September | -1.46% | 0.46% | -9.51% | -9.60% | Not Given | Not Given |
| October | -4.88% | -3.66% | -10.72% | -10.72% | Not Given | Not Given |
| November | -15.27% | -14.64% | -11.60% | -11.99% | Not Given | Not Given |
| December | -14.52% | -14.24% | -11.42% | -12.47% | Not Given | Not Given |

**Figure 5: Percent Change in Available Seats at All Airports
December 2000 Versus December 2002 (FAA Data)**

| Region | Percent Change in Available Seats |
|--|--|
| Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont) | -18.3% |
| South (includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia) | -11.7% |
| Mid-west (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin) | -10.4% |
| West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming) | -12.4% |
| National Average | -12.6% |

Figure 6: Percent Change in Scheduled Flights and Available Seats at the 30 Largest Airports December 2000 Versus December 2002 (FAA Data)

| Ranking | Largest Airports | Percent Change in Flights | Percent Change in Available Seats |
|----------------|-------------------------|----------------------------------|--|
| 1 | Fort Lauderdale | -2.2% | 1.4% |
| 2 | Kennedy | -15.2% | -1.1% |
| 3 | Cincinnati | 6.7% | -4.2% |
| 4 | Salt Lake City | 7.0% | -4.8% |
| 5 | Houston | -7.3% | -4.9% |
| 6 | Chicago O'Hare | -2.2% | -5.2% |
| 7 | Denver | -2.9% | -5.6% |
| 8 | Minneapolis | -2.0% | -6.1% |
| 9 | Detroit | -3.0% | -6.8% |
| 10 | Atlanta | -4.6% | -7.1% |
| 11 | Phoenix | -6.8% | -8.2% |
| 12 | San Diego | -9.7% | -8.5% |
| 13 | Tampa | -17.2% | -9.0% |
| 14 | Philadelphia | -7.9% | -9.5% |
| 15 | Baltimore | -16.7% | -10.1% |
| 16 | Seattle | -17.3% | -10.2% |
| 17 | Las Vegas | -11.3% | -11.8% |
| 18 | Miami | -24.8% | -12.6% |
| 19 | Dallas-Ft. Worth | -8.0% | -13.0% |
| 20 | Charlotte | -11.1% | -13.2% |
| 21 | Orlando | -19.4% | -13.5% |
| 22 | Dulles | -23.8% | -15.7% |
| 23 | Newark | -13.0% | -18.3% |
| 24 | Reagan National | -5.8% | -20.0% |
| 25 | LaGuardia | -20.6% | -22.1% |
| 26 | Los Angeles | -25.0% | -23.5% |
| 27 | Honolulu | -20.5% | -24.1% |
| 28 | Pittsburgh | -19.0% | -25.6% |
| 29 | San Francisco | -24.0% | -26.1% |
| 30 | Boston | -26.4% | -26.3% |

Note: Saint Louis was excluded from Figure 6 due to incomplete data. Once this problem is resolved, we plan to include Saint Louis in future publications of the metrics.

Figure 7: Percent Change in Number of Scheduled Flights by Length of Flight December 2000 Versus December 2002 (FAA Data)

| Range in Miles | 2002 Percent Change in Flights |
|----------------------------|---|
| 0 to 249 miles | -19% |
| 250 to 499 miles | -13% |
| 500 to 999 miles | -2% |
| 1,000 miles or more | -6% |

Figure 8: Airline Market Share by Available Seats (FAA Data)

| Carrier Type | December 1999 | December 2000 | December 2001 | December 2002 |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Majors | 73% | 73% | 75% | 73% |
| Low Fare | 15% | 16% | 19% | 20% |
| All Others | 12% | 11% | 6% | 8% |

Note: All percentages are rounded.

Figure 9: Percent Change in Number of Scheduled Flights by Type of Aircraft December 2000 Versus December 2002 (FAA Data)

| Aircraft Type | Percent Change in Flights by Aircraft Type |
|----------------------|---|
| Turboprop | -36% |
| Large Jets | -18% |
| Piston | 11% |
| Regional Jets | 80% |

**Figure 10: Percent Share of Scheduled Flights by Type of Aircraft
(FAA Data)**

| Aircraft Type | December 1999 | December 2000 | December 2001 | December 2002 |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Large Jets | 58% | 59% | 57% | 55% |
| Regional Jets | 7% | 10% | 15% | 20% |
| Turboprop | 30% | 26% | 22% | 19% |
| Piston | 6% | 5% | 6% | 6% |

Note: All percentages are rounded.

Figure 11: Number of Arrival Delays (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|---------------|----------------|---------------|------------------|
| January | 86,811 | 71,485 | 69,926 | 49,657 |
| February | 52,772 | 69,499 | 72,135 | 36,355 |
| March | 62,668 | 71,757 | 73,004 | 57,281 |
| April | 72,648 | 74,655 | 61,285 | 46,842 |
| May | 70,944 | 77,400 | 56,141 | 47,038 |
| June | 86,682 | 100,115 | 72,641 | 56,011 |
| July | 87,078 | 93,399 | 69,392 | 54,355 |
| August | 74,482 | 96,550 | 76,237 | 47,160 |
| September | 58,649 | 66,251 | 38,967 | 30,598 |
| October | 62,387 | 75,543 | 39,694 | 41,050 |
| November | 54,570 | 81,731 | 38,464 | 37,357 |
| December | 67,667 | 105,180 | 52,064 | Not Given |

Figure 12: Number of Gate Departure Delays (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|---------------|---------------|---------------|------------------|
| January | 77,784 | 59,344 | 62,032 | 40,524 |
| February | 45,977 | 59,316 | 61,044 | 30,542 |
| March | 55,133 | 61,678 | 65,503 | 49,324 |
| April | 58,097 | 63,372 | 53,421 | 37,751 |
| May | 57,439 | 67,571 | 47,207 | 37,706 |
| June | 72,879 | 90,115 | 63,980 | 49,880 |
| July | 77,267 | 85,049 | 62,108 | 49,973 |
| August | 65,153 | 85,760 | 67,209 | 42,680 |
| September | 48,034 | 55,667 | 39,229 | 25,672 |
| October | 52,933 | 63,742 | 41,444 | 32,072 |
| November | 47,697 | 70,997 | 35,169 | 28,495 |
| December | 58,032 | 98,386 | 48,710 | Not Given |

Figure 13: Percent of Flights Arriving Late (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|---------------|---------------|---------------|------------------|
| January | 28.94% | 22.90% | 21.43% | 18.08% |
| February | 18.71% | 22.96% | 24.47% | 14.38% |
| March | 20.25% | 21.58% | 22.28% | 20.13% |
| April | 23.38% | 23.46% | 19.06% | 16.77% |
| May | 22.36% | 23.80% | 16.89% | 16.36% |
| June | 27.48% | 31.55% | 22.49% | 19.65% |
| July | 26.89% | 28.33% | 20.56% | 18.29% |
| August | 22.61% | 28.85% | 22.38% | 15.75% |
| September | 18.79% | 20.79% | 15.80% | 11.12% |
| October | 18.92% | 22.58% | 14.35% | 14.40% |
| November | 17.34% | 25.70% | 14.48% | 14.09% |
| December | 20.83% | 33.42% | 18.92% | Not Given |

Figure 14: Percent of Flights Departing Late (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|---------------|---------------|---------------|------------------|
| January | 25.81% | 18.94% | 18.96% | 14.73% |
| February | 16.26% | 19.55% | 20.67% | 12.06% |
| March | 17.79% | 18.51% | 19.96% | 17.31% |
| April | 18.66% | 19.87% | 16.59% | 13.50% |
| May | 18.05% | 20.73% | 14.19% | 13.10% |
| June | 23.02% | 28.31% | 19.78% | 17.48% |
| July | 23.78% | 25.76% | 18.37% | 16.79% |
| August | 19.73% | 25.57% | 19.70% | 14.24% |
| September | 15.36% | 17.46% | 15.91% | 9.32% |
| October | 16.03% | 19.03% | 14.96% | 11.23% |
| November | 15.13% | 22.29% | 13.22% | 10.73% |
| December | 17.85% | 31.18% | 17.69% | Not Given |

Figure 15: Length of Arrival Delays, Shown in Minutes (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|--------------|--------------|--------------|------------------|
| January | 56.54 | 49.26 | 47.30 | 44.47 |
| February | 47.17 | 51.08 | 50.18 | 41.05 |
| March | 50.16 | 50.45 | 49.12 | 44.32 |
| April | 50.11 | 52.22 | 50.82 | 46.58 |
| May | 54.29 | 58.14 | 46.55 | 46.83 |
| June | 56.58 | 59.19 | 56.73 | 54.53 |
| July | 57.68 | 58.40 | 52.05 | 51.18 |
| August | 51.32 | 54.85 | 55.95 | 49.14 |
| September | 47.27 | 50.43 | 55.15 | 46.78 |
| October | 45.16 | 49.10 | 43.52 | 41.97 |
| November | 46.43 | 47.90 | 43.25 | 43.33 |
| December | 44.11 | 54.24 | 41.81 | Not Given |

Figure 16: Length of Gate Departure Delays, Shown in Minutes (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|--------------|--------------|--------------|------------------|
| January | 57.16 | 50.87 | 49.22 | 46.05 |
| February | 49.12 | 53.36 | 51.76 | 43.10 |
| March | 51.75 | 52.87 | 51.21 | 45.46 |
| April | 52.62 | 54.47 | 52.91 | 48.57 |
| May | 56.22 | 59.65 | 49.06 | 48.03 |
| June | 57.94 | 59.19 | 58.22 | 53.97 |
| July | 58.55 | 59.57 | 53.71 | 51.34 |
| August | 53.41 | 55.93 | 57.38 | 49.64 |
| September | 50.40 | 51.98 | 55.12 | 47.63 |
| October | 47.60 | 51.65 | 41.86 | 44.80 |
| November | 48.77 | 49.83 | 43.53 | 45.92 |
| December | 45.93 | 54.68 | 42.05 | Not Given |

Figure 17: Number of Cancellations (FAA Data)

| Month | 1999 | 2000 | 2001 | 2002 |
|------------------|---------------|---------------|---------------|------------------|
| January | 19,727 | 18,512 | 12,077 | 4,199 |
| February | 11,104 | 11,477 | 10,706 | 2,361 |
| March | 9,409 | 7,585 | 11,753 | 3,063 |
| April | 6,724 | 8,853 | 7,086 | 2,265 |
| May | 8,926 | 12,835 | 5,796 | 2,399 |
| June | 9,824 | 14,407 | 10,135 | 4,621 |
| July | 11,356 | 11,985 | 7,189 | 3,659 |
| August | 8,755 | 11,538 | 8,528 | 2,834 |
| September | 11,780 | 8,057 | 64,947 | 1,861 |
| October | 7,571 | 7,977 | 2,966 | 2,188 |
| November | 5,599 | 8,150 | 2,371 | 1,767 |
| December | 6,003 | 21,333 | 2,161 | Not Given |

Figure 18: Percent Change in Business and Leisure Travel from 2000, analyzed by Deutsche Bank Securities Incorporated (ATA Data)

| Month | 2001 Change in Business Year Over Year | 2001 Change in Leisure Year Over Year | 2002 Change in Business Year Over Year | 2002 Change in Leisure Year Over Year |
|------------------|---|--|---|--|
| January | -10.4% | 4.2% | -30.2% | -11.1% |
| February | -19.2% | -2.9% | -35.1% | -14.6% |
| March | -20.3% | -0.8% | -33.5% | -11.7% |
| April | -17.8% | 0.3% | -28.7% | -14.6% |
| May | -22.5% | -0.9% | -32.3% | -13.9% |
| June | -20.3% | -1.3% | -32.2% | -13.4% |
| July | -17.7% | 0.5% | -25.6% | -11.5% |
| August | -18.8% | 4.2% | -28.2% | -8.3% |
| September | -47.3% | -34.3% | -30.8% | -16.0% |
| October | -36.5% | -22.7% | -30.2% | -14.1% |
| November | -30.8% | -19.7% | -31.5% | -19.0% |
| December | -23.4% | -15.1% | Not Given | Not Given |

Figure 19: Percent Change in Yield from 2000 (ATA Data)

| Month | 2001 Percent Change in Yield Over 2000 | 2002 Percent Change in Yield Over 2000 |
|------------------|---|---|
| January | 4.06% | -12.72% |
| February | 0.31% | -13.32% |
| March | -2.49% | -15.36% |
| April | -2.53% | -14.20% |
| May | -7.00% | -15.88% |
| June | -8.38% | -17.38% |
| July | -9.19% | -17.51% |
| August | -12.63% | -20.82% |
| September | -18.22% | -17.66% |
| October | -19.22% | -18.46% |
| November | -16.35% | -19.88% |
| December | -14.63% | Not Given |

Figure 20: Passenger Load Factor Percentage: Actual Versus Breakeven (DOT Data)

| Quarter | Actual Load Factor | Breakeven Load Factor |
|----------------------------|---------------------------|------------------------------|
| First Quarter 2000 | 68.6% | 68.1% |
| Second Quarter 2000 | 76.4% | 67.1% |
| Third Quarter 2000 | 75.8% | 70.6% |
| Fourth Quarter 2000 | 70.2% | 71.9% |
| First Quarter 2001 | 68.4% | 73.6% |
| Second Quarter 2001 | 73.5% | 76.1% |
| Third Quarter 2001 | 72.4% | 87.8% |
| Fourth Quarter 2001 | 66.1% | 89.5% |
| First Quarter 2002 | 70.4% | 85.2% |
| Second Quarter 2002 | 73.8% | 83.1% |

Figure 21: Airline Operating Revenues Versus Operating Expenses (DOT Data)

| Quarter | Operating Revenues In Billions | Operating Expenses In Billions |
|----------------------------|---------------------------------------|---------------------------------------|
| First Quarter 2000 | \$22.56 | \$21.85 |
| Second Quarter 2000 | \$25.45 | \$22.64 |
| Third Quarter 2000 | \$25.92 | \$23.97 |
| Fourth Quarter 2000 | \$24.16 | \$24.13 |
| First Quarter 2001 | \$23.27 | \$24.13 |
| Second Quarter 2001 | \$24.26 | \$24.98 |
| Third Quarter 2001 | \$21.16 | \$24.37 |
| Fourth Quarter 2001 | \$16.61 | \$20.93 |
| First Quarter 2002 | \$18.14 | \$20.91 |
| Second Quarter 2002 | \$20.30 | \$21.93 |

Figure 22: Debt to Investment Ratios 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 | 67% |
| Second Quarter 2002 | 69% |

Figure 23: Airline Debt to Investment Ratio for the Quarter Ending June 2002 (DOT Data)

| Airlines | Ratio (Percentage) |
|---------------------|-------------------------------|
| Southwest | 29% |
| Alaska | 59% |
| Northwest | 60% |
| American | 62% |
| America West | 64% |
| United | 73% |
| Delta | 73% |
| Continental | 80% |
| US Airways | 129% |

Figure 24: Airport and Airway Trust Fund: Estimated Tax Revenue Pre-September 11 Versus July 2002, Shown in Billions (FAA Data)

| Fiscal Year | Pre-September 11 | July 2002 |
|--------------------|-------------------------|------------------|
| 2002 | \$11.2 | \$8.8 |
| 2003 | \$11.9 | \$10.3 |
| 2004 | \$12.6 | \$10.9 |
| 2005 | \$13.3 | \$11.5 |
| 2006 | \$14.1 | \$12.2 |
| 2007 | \$14.9 | \$12.8 |

Figure 25: Non-Hub Versus Larger Airports: Percent Change in Available Seats from 2000 (FAA Data)

| Month | 2001 Non-Hub Airports Percent Change | 2001 Larger Airports Percent Change | 2002 Non-Hub Airports Percent Change | 2002 Larger Airports Percent Change | 2003 Non-Hub Airports Percent Change | 2003 Larger Airports Percent Change |
|--------------|---|--|---|--|---|--|
| January | -2.20% | 3.62% | -15.60% | -9.78% | -18.77% | -10.48% |
| February | -5.33% | 1.97% | -16.62% | -9.87% | -19.35% | -11.13% |
| March | -5.96% | 0.88% | -16.86% | -9.70% | -19.03% | -11.42% |
| April | -4.75% | 1.69% | -13.60% | -7.77% | Not Given | Not Given |
| May | -5.61% | 1.30% | -14.91% | -8.06% | Not Given | Not Given |
| June | -6.20% | 1.30% | -14.35% | -6.74% | Not Given | Not Given |
| July | -5.14% | 2.60% | -11.83% | -5.35% | Not Given | Not Given |
| August | -5.56% | 1.73% | -10.65% | -6.54% | Not Given | Not Given |
| September | -7.52% | 0.87% | -15.57% | -9.29% | Not Given | Not Given |
| October | -9.24% | -3.38% | -17.34% | -10.39% | Not Given | Not Given |
| November | -18.47% | -14.45% | -17.70% | -11.71% | Not Given | Not Given |
| December | -15.71% | -14.16% | -15.42% | -12.32% | Not Given | Not Given |

Figure 26: Percent Change in Available Seats at Non-Hub Airports December 2000 Versus December 2002 (FAA Data)

| Region | Percent Change in Available Seats |
|--|--|
| Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont) | -30.8% |
| Mid-west (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin) | -23.1% |
| South (includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia) | -16.9% |
| West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming) | -6.7% |
| National Average | -16.2% |

Figure 27: Access to Large Airports, Percent Change in Number of Scheduled Flights December 2000 Versus December 2002 (FAA Data)

| Combinations | Percent Change 2000 Versus 2002 |
|--------------------------------|--|
| Large Hub to Large Hub | -12% |
| Medium Hub to Large Hub | -8% |
| Small Hub to Large Hub | -11% |
| Non-Hub to Large Hub | -20% |

Figure 28: Non-Hub Airports – Percent Change in Scheduled Flights by Type of Aircraft December 2000 versus December 2002 (FAA Data)

| Aircraft Type | Percent Change December 2000 Versus 2002 |
|----------------------|---|
| Turboprop | -29% |
| Large Jets | -28% |
| Piston | 13% |
| Regional Jets | 96% |

Figure 29: Low Fare Airlines - Percent Change in Available Seats by Airport Size December 2000 Versus December 2002 (FAA Data)

| Airport Size | Percent Change In Available Seats |
|---------------------|--|
| Large | 7% |
| Medium | 5% |
| Small | 11% |
| Non-Hub | -25% |

Figure 30: Essential Air Service Funding and Subsidized Communities (DOT Data)

| Fiscal Year | Appropriations In Millions | Number of Communities Supported |
|-----------------------|---------------------------------------|--|
| 1999 | \$50 | 100 |
| 2000 | \$50 | 106 |
| 2001 | \$50 | 115 |
| 2002 | \$113 | 123 |
| Projected 2003 | \$113 | 125 |