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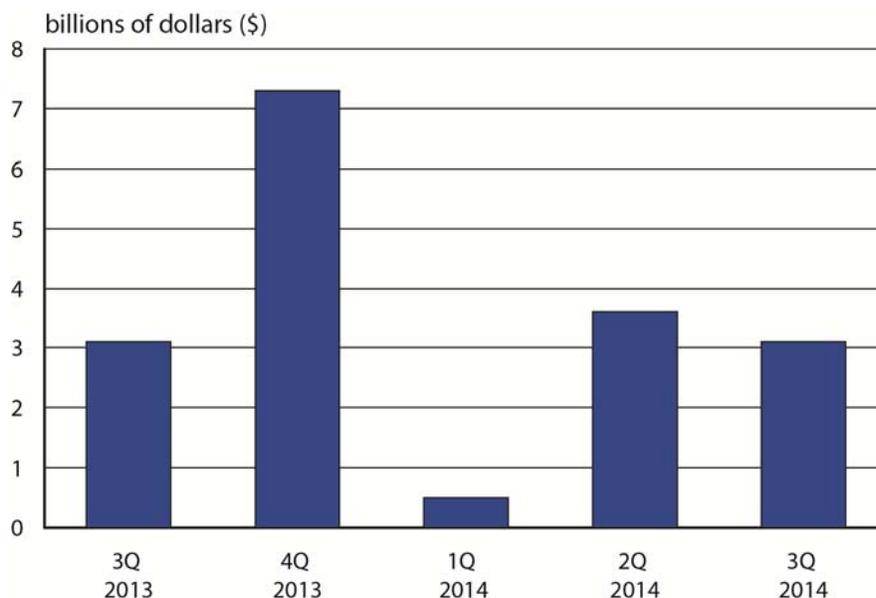
BTS Data

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3rd Quarter 2014 Airline Financial Data

U.S. scheduled passenger airlines reported a net profit of \$3.1 billion in the third quarter of 2014, down from \$3.6 billion in the second quarter and virtually unchanged from \$3.1 billion in the third quarter of 2013, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today (Table 1).

U.S. Scheduled Service Passenger Airlines Net Income 3Q 2013-3Q 2014



The 27 U.S. scheduled service airlines reported an after-tax net profit as a group for the sixth consecutive quarter.

In addition to the after-tax net profit based on [net income](#) reports, the scheduled service passenger airlines reported a \$5.5 billion pre-tax operating profit in the third quarter of 2014, virtually unchanged from \$5.5 billion in the second quarter and up from \$4.7 billion in the third quarter of 2013. The airlines reported a pre-tax operating profit - as a group - for the 15th consecutive quarter (Tables 1, 3).

Net income or loss, and operating profit or loss, are two different measures of airline financial performance. Net income or loss may include non-operating income and expenses, nonrecurring items or income taxes. Operating profit or loss is calculated from operating revenues and expenses before taxes and other nonrecurring items.

Total [operating revenue](#) for all U.S. passenger airlines in the July-September third-quarter of 2014 was \$45.3 billion. Airlines collected \$34.3 billion from fares, 75.8 percent of total third-quarter operating revenue (Table 1).

Total operating expenses for all passenger airlines in the third-quarter of 2014 were \$39.8 billion, of which fuel costs accounted for \$11.4 billion, or 28.7 percent, and labor costs accounted for \$10.5 billion, or 26.3 percent (Table 1).

In the third quarter, passenger airlines collected a total of \$960 million in [baggage fees](#), 2.1 percent of total operating revenue, and \$759 million from [reservation change fees](#), 1.7 percent of total operating revenue. Fees are included for calculations of net income, operating revenue and operating profit or loss (Table 1).

Baggage fees and reservation change fees are the only ancillary fees paid by passengers that are reported to BTS as separate items. Other fees, such as revenue from seating assignments and on-board sales of food, beverages, pillows, blankets, and entertainment are combined in different categories and cannot be identified separately.

See [airline financial data press releases](#) and the [airline financial databases](#) for historic data.

Totals for Top 10 Scheduled Passenger Airlines

As a group, the top 10 U.S. scheduled passenger airlines, based on operating revenue, reported an after-tax net profit of \$3.0 billion in the third quarter of 2014, down from a profit of \$3.5 billion in the second quarter and virtually unchanged from a profit of \$3.0 billion in the third quarter of 2013 (Table 2). These airlines carried 79.0 percent of U.S. airlines' [scheduled service passengers](#) in the third quarter and accounted for 95.3 percent of the scheduled passenger airline after-tax net profit.

In addition to the after-tax net income reports, the 10 top airlines reported a \$5.2 billion pre-tax operating profit in the third quarter of 2014, virtually unchanged from a profit of \$5.2 billion in the second quarter and up from a \$4.5 billion pre-tax operating profit in the third quarter of 2013 (Table 3).

Margins for All Scheduled Passenger Airlines

All U.S. scheduled passenger airlines reported a combined net income margin of 6.9 percent in the third quarter of 2014, down from a net margin of 7.2 percent in the third quarter of 2013. Net margin is the net income or loss as a percentage of operating revenue. These airlines reported an operating profit margin of 12.1 percent in the third quarter of 2014, up from 10.9 percent in the third quarter of 2013. Operating margin is the operating profit or loss as a percentage of operating revenue (Table 4).

For the year-to-date January through September period, all U.S. scheduled passenger airlines reported a combined net income margin of 5.6 percent in 2014, up from a net margin of 4.1 percent in 2013. These airlines reported an operating profit margin of 9.9 percent in the first nine months of 2014, up from the same period in 7.4 percent in 2013 (Table 5).

Reporting notes

Additional airline financial data can be found on the BTS website, including industry statistics for other individual low-cost and regional airlines. See tables for [operating profit/loss](#), [operating revenue](#) and [fuel cost and consumption](#). See the BTS [financial databases](#) for more detailed data.

Data are compiled from quarterly financial and monthly traffic reports filed with BTS by commercial air carriers. Financial and traffic data include data received by BTS as of Dec. 9. Revised carrier data and late data filings will be made available monthly on [TranStats](#) on the Monday following the second Tuesday of the month. All data are subject to revision. BTS will release fourth-quarter 2014 data on May 4.

Table 1. Quarterly U.S. Scheduled Service Passenger Airlines Financial Reports

Reports from 27 airlines in 3Q 2014

(millions of dollars)

	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Dollar Change 3Q2013- 3Q2014
Net Income	3,119	7,346	507	3,578	3,133	15
Operating Profit/Loss	4,726	2,703	1,658	5,499	5,477	752
Operating Revenue*	43,343	49,052	38,459	44,620	45,287	1,943
Fares	32,792	29,305	28,731	33,670	34,316	1,524
Baggage Fees	881	797	791	900	960	79
Reservation Change Fees	735	675	726	753	759	24
Operating Expenses	38,617	46,350	36,801	39,122	39,809	1,192
Fuel	10,900	12,086	10,190	10,880	11,411	511
Labor	9,803	11,135	9,729	10,294	10,482	680

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

* Passenger airline operating revenue includes two other categories. 1) Transport-related is revenue from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc). 2) Miscellaneous operating revenue includes pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees. See the [P1.2 database](#).

Table 2. Quarterly Large Airline Systemwide (Domestic + International) Net Income
Ranked by 3Q 2014 Operating Revenue
(millions of dollars)

Rank	Airline	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Dollar Change 3Q2013- 3Q2014
1	Delta	1,372	8,482	218	807	362	-1,010
2	United	377	154	-580	769	933	556
3	American	290	-1,791	401	265	466	176
4	Southwest	259	213	152	465	329	69
5	US Airways	220	-130	126	605	490	270
6	JetBlue	71	47	-1	231	79	8
7	Alaska	285	76	93	166	192	-93
8	Hawaiian	43	19	-3	30	38	-5
9	Spirit	54	43	60	106	67	13
10	SkyWest	30	18	7	19	32	1
10-Carrier Total		3,002	7,131	474	3,463	2,986	-16
All Passenger Airlines		3,119	7,346	507	3,578	3,133	15

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

Table 3. Quarterly Large Airline Systemwide (Domestic + International) Operating Profit/Loss
Ranked by 3Q 2014 Operating Revenue
(millions of dollars)

Rank	Airline	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Dollar Change 3Q2013- 3Q2014
1	Delta	1,697	870	672	1,616	1,409	-287
2	United	510	238	-341	906	1,185	674
3	American	683	281	577	718	698	15
4	Southwest	390	386	215	775	614	224
5	US Airways	421	3	189	678	566	145
6	JetBlue	152	111	43	141	163	12
7	Alaska	454	131	147	257	314	-139
8	Hawaiian	76	34	12	54	106	30
9	Spirit	98	68	60	105	100	2
10	SkyWest	59	39	21	42	64	4
10-Carrier Total		4,538	2,159	1,596	5,292	5,219	681
All Passenger Airlines		4,726	2,703	1,658	5,499	5,477	751

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

Table 4. Quarterly U.S. Scheduled Passenger Airlines Revenue, Expenses and Profits

Reports from 27 airlines in 3Q 2014

(millions of dollars)

	3Q 2013	3Q 2014	Change	2013- 2014 % Change	% of 3Q 2014 Revenue or Expense Total
Operating Revenue					
Passenger Fares (scheduled/charter)	32,792.3	34,473.4	1,681.1	5.13	76.12
Cargo	712.1	782.4	70.3	9.87	1.73
Baggage	880.8	959.8	79.0	8.97	2.12
Reservation Changes	734.9	758.6	23.7	3.23	1.68
Transport-Related*	7,161.5	7,283.5	122.0	1.70	16.08
Other**	1,061.7	1,028.9	-32.8	-3.09	2.27
Total Operating Revenue	43,343.2	45,286.5	1,943.3	4.48	100.00
Operating Expense					
Fuel	10,900.1	11,411.2	511.1	4.69	28.66
Labor	9,802.6	10,482.4	679.8	6.93	26.33
Rentals	2,199.5	2,137.8	-61.7	-2.80	5.37
Depreciation & Amortization	1,672.0	1,784.5	112.5	6.73	4.48
Landing Fees	717.9	743.9	25.9	3.61	1.87
Maintenance Materials	687.8	761.6	73.8	10.73	1.91
Transport-Related*	5,389.0	5,226.6	-162.4	-3.01	13.13
Other***	7,248.5	7,261.1	12.6	0.17	18.24
Total Operating Expense	38,617.4	39,809.2	1,191.7	3.09	100.00
Profits or Losses					
Operating Profit	4,725.8	5,477.5	751.7	15.91	N/A
Operating Margin**** (%)	10.9	12.1	1.2	N/A	N/A
Nonoperating Income/(Expense)#	-995.6	-1,626.1	-630.6	63.34	N/A
Pre-Tax Income	3,730.2	3,851.4	121.1	3.25	N/A
Income Tax Benefit/(Expense)	-605.0	-718.2	-113.2	18.71	N/A
				-	
Other Income/(Expense)	-6.7	0.0	6.7	100.00	N/A
Net Income	3,118.5	3,133.2	14.7	0.47	N/A
Net Margin## (%)	7.2	6.9	-0.3	N/A	N/A

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

* Transport-Related is revenue/expenses from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues and expenses from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc).

** Other revenue includes miscellaneous operating revenue (including pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees), and public service revenues subsidy.

*** Other expense includes purchase of materials such as passenger food and other materials; and purchase of services such as advertising, communication, insurance, outside flight equipment maintenance, traffic commissions and other services.

**** Operating margin is the operating profit or loss as a percentage of operating revenue

Nonoperating Income and Expense includes interest on long-term debt and capital leases, other interest expense, foreign exchange gains and losses, capital gains and losses and other income and expenses.

Net margin is the net income or loss as a percentage of operating revenue.

Table 5. Jan-Sept. U.S. Scheduled Passenger Airlines Revenue, Expenses and Profits

Reports from 27 airlines in 2014

(millions of dollars)

	Jan-Sept 2013	Jan-Sept 2014	Change	2013- 2014 % Change	% of YTD 2014 Revenue or Expense Total
Operating Revenue					
Passenger Fares (scheduled/charter)	91,824.0	96,875.0	5,051.0	5.50	75.47
Cargo	2,198.8	2,256.5	57.7	2.62	1.76
Baggage	2,552.9	2,650.3	97.3	3.81	2.06
Reservation Changes	2,139.4	2,237.2	97.9	4.57	1.74
Transport-Related*	20,563.7	21,265.4	701.7	3.41	16.57
Other**	2,768.8	3,081.3	312.5	11.29	2.40
Total Operating Revenue	122,047.6	128,365.6	6,318.0	5.18	100.00
Operating Expense					
Fuel	32,409.1	32,481.4	72.4	0.22	28.18
Labor	28,557.3	32,173.8	3,616.5	12.66	27.92
Rentals	6,636.4	6,417.8	-218.5	-3.29	5.57
Depreciation & Amortization	4,915.6	5,260.3	344.7	7.01	4.56
Landing Fees	2,085.7	2,106.4	20.8	1.00	1.83
Maintenance Materials	2,094.0	2,144.5	50.5	2.41	1.86
Transport-Related*	15,717.5	15,756.5	39.0	0.25	13.67
Other***	20,606.3	18,910.1	-1,696.2	-8.23	16.41
Total Operating Expense	113,021.8	115,250.9	2,229.1	1.97	100.00
Profits or Losses					
Operating Profit	9,025.8	12,657.0	3,631.2	40.23	N/A
Operating Margin**** (%)	7.4	9.9	2.5	N/A	N/A
Nonoperating Income/(Expense)#	-3,001.8	-3,013.3	-11.4	0.38	N/A
Pre-Tax Income	6,024.0	9,656.1	3,632.1	60.29	N/A
Income Tax Benefit/(Expense)	-1,029.2	-2,402.1	-1,372.9	133.40	N/A
Other Income/(Expense)	-15.1	-35.5	-20.4	135.10	N/A
Net Income	4,979.7	7,218.5	2,238.8	44.96	N/A
Net Margin## (%)	4.1	5.6	1.5	N/A	N/A

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

* Transport-Related is revenue/expenses from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues and expenses from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc).

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