

# Airline Industry Revenue - Cost Analysis

[AirlineFinancials.com](http://AirlineFinancials.com)

*Note: To use the interactive functions will require the Excel version of this report. Clicking tab at bottom will pull up data sheet for specific airline.*

Green and yellow boxes provide projected year-over-year change to that specific metric. User input changes to the yellow boxes will re-calculate historical metrics and provide projections for year 2010 and/or the next quarter. (Note: Plus or minus changes can be made).

## General Information-

Unless noted, data is from parent company. Calculations do not consider unknown and potential changes to debt and financing metrics.

Moving the mouse over some labels and data will provide additional clarification.

The projections for year 2010 and current quarter are based on company guidance and estimates from AirlineFinancials.com.

The earnings per share summary provides estimates and projections that may or may not prove to be accurate.

## Glossary of Terms-

[SEC--](#) U.S. Securities and Exchange Commission

[BTS--](#) Bureau of Transportation Statistics

**ASM**— Available Seat Mile. A measure of capacity. ASM's equal the total number of seats available for transporting passengers during a reporting period multiplied by the total number of miles flown during that period.

**RPM**— Revenue Passenger Mile. One revenue-paying passenger transported one mile. RPM's equal the number of revenue passengers during a reporting period multiplied by the number of miles flown by those passengers during that period, RPM's are also referred to as "traffic".

**Yield**— The amount of passenger revenue earned per RPM during a reporting period.

**RASM**— Operating Revenue per ASM. The amount of operating revenue earned per ASM during a reporting period. RASM is also referred to as "unit revenue."

**PRASM**— Passenger Revenue per ASM. The amount of passenger revenue earned per ASM during a reporting period. Passenger RASM is also referred to as "passenger unit revenue."

**CASM**— (Operating) Cost per Available Seat Mile. The amount of operating cost incurred per ASM during a reporting period, also referred to as "unit cost".

**LF-- Passenger Load Factor** — A measure of utilized available seating capacity calculated by dividing RPMs by ASM's for a reporting period.

**Average fare--** Represents the average one-way fare paid per flight segment by a revenue passenger that is kept by the airline.

**EBITDAR-** Operating income ex special charges & before depreciation, amortization and aircraft rent.

[c] May be calculated or estimated from other data.

Disclaimer: Data source includes DOT41, SEC and Corporate Reports. Delta reports most of their data in consolidated form and as such may not be analogous with other carriers. Capital expenditures and debt servicing metrics are not reconciled in these charts. For analogous comparisons, some data may be estimated.

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Website <a href="http://AirlineFinancials.com">AirlineFinancials.com</a>		How to use this chart ** move mouse here **		Email <a href="mailto:boh@airlinefinancials.com">boh@airlinefinancials.com</a>					
SEC 10-K 2009	2010 Projection		<b>US Airways</b>		SEC 10-Q 3rd qtr '09	SEC 10-Q 4th qtr '09	SEC 10-Q 1st Qtr '10	SEC 10-Q 2nd Qtr '10	3rd qtr 2010 Projection
\$173	\$781		Operating income/loss (million)(excludes special charges)		\$21	\$47	-\$5	\$362	\$326
\$1,299	\$2,115	3.0%	Unrestricted cash & equivalents (million)		\$1,470	\$1,299	\$1,532	\$1,994	\$2,054 3.0%
\$162	\$2,816		Cash flow from operations (estimated daily average) (000)		-\$2,527	-\$780	\$1,011	\$7,110	\$4,285
	\$889	8.0%	Projected min cash (% of operating expenses)(million)						
1.9%	-4.2%		Required breakeven fare increase percentage		4.0%	3.5%	-0.4%	-9.2%	-5.7%
(\$2.57)	\$6.32		Avg profit (loss) per passenger		(\$5.36)	(\$4.79)	\$0.58	\$13.94	\$8.78
				<b>Revenues (million)</b>					
\$6,752	\$7,695	14.0%	Passenger		\$1,757	\$1,660	\$1,698	\$2,036	\$2,041 16.2%
\$100	\$140	40.0%	Cargo & freight		\$23	\$33	\$33	\$37	\$35 50.0%
\$1,103	\$1,307	18.5%	Other		\$277	\$286	\$319	\$331	\$338 22.0%
\$2,503	\$2,753	10.0%	Regional affiliate		\$662	\$647	\$601	\$767	\$828 25.0%
\$10,458	\$11,895	13.7%	Total consolidated operating revenue		\$2,719	\$2,626	\$2,651	\$3,171	\$3,241 19.2%
				<b>Expenses (million)</b>					
\$2,165	\$2,252	4.0%	Wages, salaries & benefits		\$553	\$512	\$556	\$573	\$608 10.0%
\$1,863	\$2,405	29.1%	Fuel & oil		\$536	\$511	\$534	\$616	\$635 18.5%
\$560	\$571		Other rentals/landing fees		\$148	\$138	\$134	\$135	\$151
\$382	\$390		Commissions/booking fees, credit card & distribution		\$99	\$91	\$95	\$107	\$99
\$242	\$247		Depreciation/amortization		\$63	\$57	\$61	\$63	\$64
\$700	\$714	2.0%	Maintenance materials/repairs		\$174	\$168	\$157	\$162	\$177 2.0%
\$695	\$709		Aircraft rentals		\$171	\$173	\$171	\$169	\$174
\$7	\$7		Fuel hedging (net)		\$0	\$0	\$0	\$0	\$0
\$1,152	\$1,175		Other operating expenses		\$300	\$293	\$298	\$301	\$300
\$2,519	\$2,645	5.0%	Capacity purchase & miscellaneous expense		\$654	\$636	\$650	\$683	\$706 8.0%
\$10,285	\$11,114	8.1%	Total consolidated operating expenses		\$2,698	\$2,579	\$2,656	\$2,809	\$2,916 8.1%
-\$361	-\$339	-6.0%	Other non operating Income/expense		-\$86	-\$131	-\$35	-\$92	-\$88 2.0%
\$38	-\$8	-120.0%	Other income/expense (taxes/misc)		\$0	\$38	\$0	\$0	\$0 0.0%
\$59	\$1,028		Cash flow from operations (million)		-\$230	-\$71	\$92	\$647	\$390
				<b>Operational data (mainline)</b>					
349	339	-3.0%	Operating aircraft (mainline)		348	349	347	345	339 -1.8%
1,069	1,080	1.0%	Fuel consumption (gallons) (million)		282	251	247	276	290 2.7%
\$1,740	\$2,227	28.0%	Fuel price/gallon		\$1,890	\$2,040	\$2,170	\$2,230	\$2,192 16.0%
57,889	59,452	2.7%	RPM's (millions)		15,719	13,336	13,053	15,530	16,159 2.8%
70,725	71,574	1.2%	ASM's (millions)		18,718	16,718	16,579	18,440	19,055 1.8%
81.9%	83.1%		Load Factor		84.0%	79.8%	78.7%	84.2%	84.8%
11.66	12.94	11.0%	Yield (cents)		11.18	12.45	13.01	13.11	12.63
11.25	12.77	13.6%	RASM (operating unit revenue)(cents)		10.99	11.84	12.37	13.04	12.67 15.3%
9.55	10.75	12.6%	PRASM (passenger unit revenue) (cents)		9.39	9.93	10.24	11.04	10.71 14.1%
11.06	11.83	7.0%	CASM (unit cost)(cents)		10.52	11.62	12.10	11.48	11.59 10.2%
51.016	51.526	1.0%	Passengers (million)		13.049	12.117	11.985	13.381	13.310 2.0%
\$132.35	\$149.33	12.8%	Average one way passenger fare (revenue to airline)		\$134.65	\$137.00	\$141.68	\$152.16	\$153.38 13.9%
\$42.44	\$43.70	3.0%	Average wage/salary/benefit expense per passenger fare		\$42.38	\$42.25	\$46.39	\$42.82	\$45.70 7.8%
\$36.46	\$46.67	28.0%	Avg fuel expense per passenger fare		\$40.84	\$42.26	\$44.72	\$46.00	\$47.70 16.8%
\$134.92	\$143.01	6.0%	Avg net expense per passenger		\$140.01	\$141.79	\$141.09	\$138.22	\$144.60 3.3%
				<b>Miscellaneous</b>					
\$7,454			Total assets (millions)		\$7,744	\$7,454	\$7,808	\$8,131	
\$4,024			Long-term debt and capital lease obligations (millions)		\$4,135	\$4,024	\$4,125	\$4,061	
\$2,725			Net debt (long term debt - cash/equivalents)		\$2,665	\$2,725	\$2,593	\$2,067	
\$778			Air traffic liability/Advance ticket sales (millions)		\$852	\$778	\$1,110	\$1,215	
[c] May be calculated or estimated									
SEC 10-K	2010 Estimates		<b>Earnings &amp; Projections by</b> <a href="http://AirlineFinancials.com">AirlineFinancials.com</a>				3rd qtr 2010 Estimates		
2009	Airline Financials .com	Industry Analyst estimates	<b>US Airways</b> (millions except EPS)				Airline Financials .com	Industry Analyst estimates	
\$10,458	\$11,895	\$11,860	Total consolidated revenue		\$2,719	\$2,626	\$2,651	\$3,171	\$3,241
\$10,608	\$11,461	\$11,418	Operating expense without special charges		\$2,784	\$2,672	\$2,691	\$2,901	\$3,003
-\$55			Special charges & one time items		-\$15	-\$33	-\$5	\$9	
\$10,663	\$11,461		Total consolidated expense		\$2,799	\$2,705	\$2,696	\$2,892	\$3,003
-\$205	\$434		<b>GAAP income/loss</b>		-\$80	-\$79	-\$45	\$279	\$238
-\$1.54	\$2.16		GAAP earnings per share		-\$0.60	-\$0.49	-\$0.28	\$1.37	\$1.17
-\$294			Special charges & Impairment charge adjustment		-\$30	\$47	-\$44	-\$14	
133.0	200.8		Share count (diluted weighted average)		133.0	161.1	161.3	203.8	204.1
-\$499	\$434	\$442	<b>Net income/loss</b> (excludes special items/charges)		-\$110	-\$32	-\$89	\$265	\$238
-\$3.75	\$2.16	\$2.20	Earnings per share * (excludes special items and charges)		-\$0.83	-\$0.20	-\$0.55	\$1.30	\$1.17
	+\$1.70 to +\$2.88		* Industry analysts EPS estimates and range as of 7/25/10					+\$.72 to +\$1.22	

Below are calculated ratios as noted. Airlines may use different expense labels from what are listed

2009	2010 Projection	<u>US Airways</u>	3rd qtr '09	4th qtr '09	1st Qtr '10	2nd Qtr '10	3rd qtr 2010 Projection
1.65%	6.57%	Operating margin (excludes special charges)	0.77%	1.79%	-0.19%	11.42%	10.05%
-4.77%	3.65%	Net earnings margin (excludes special charges)	-4.05%	-1.22%	-3.36%	8.36%	7.34%
\$1,029	\$1,725	EBITDAR (million) (excludes special charges)	\$244	\$215	\$269	\$585	\$587
9.8%	14.5%	EBITDAR Margin (excludes special charges)	9.0%	8.2%	10.1%	18.4%	18.1%
3.06	3.15	unit labor costs	2.95	3.06	3.35	3.11	3.19
2.63	3.36	unit fuel costs (mainline)	2.85	3.06	3.23	3.34	3.33
8.43	8.47	Unit costs ex-fuel (mainline) (cents)	7.67	8.56	8.87	8.14	8.26
5.37	5.33	Unit costs ex-fuel and ex-labor (mainline) (cents)	4.72	5.49	5.51	5.03	5.07

**Year over year change**

estimates		<b>Financial</b>					estimates
-17.5%	14.0%	Passenger revenue	-20.0%	-8.7%	5.4%	18.1%	16.2%
-30.6%	40.0%	Cargo & freight revenue	-37.8%	0.0%	37.5%	85.0%	50.0%
20.9%	18.5%	Other revenue	8.2%	10.0%	18.6%	21.7%	22.0%
-13.1%	10.0%	Regional affiliate revenue	-14.1%	-0.3%	9.1%	19.5%	25.0%
<b>-13.7%</b>	<b>13.7%</b>	<b>Total consolidated operating revenue</b>	<b>-16.6%</b>	<b>-4.9%</b>	<b>8.0%</b>	<b>19.3%</b>	<b>19.2%</b>
<b>-22.2%</b>	<b>8.1%</b>	<b>Total consolidated operating expenses</b>	<b>-31.6%</b>	<b>-17.6%</b>	<b>7.4%</b>	<b>10.8%</b>	<b>8.1%</b>
-3.0%	4.0%	Wage, salary & benefit expense	-2.5%	-3.4%	0.9%	4.4%	10.0%
-48.5%	29.1%	Fuel & oil expense	-51.7%	-14.8%	41.3%	40.0%	18.5%
24.2%	62.9%	Unrestricted cash & short term investments	-4.4%	4.7%	6.2%	34.5%	39.7%
3.3%		Total assets	5.5%	3.3%	5.2%	3.5%	
5.7%		Net debt = (long-term debt - cash & equivalents)	41.4%	13.9%	13.1%	-20.2%	
11.5%		Air traffic liability/Advance ticket sales	-11.4%	11.5%	18.2%	26.2%	
<b>Operational (mainline)</b>							
-6.4%	1.0%	Fuel consumption	-5.1%	-3.6%	-4.3%	-0.7%	2.7%
-45.1%	28.0%	Fuel price	-49.3%	-33.8%	47.6%	41.1%	16.0%
-4.4%	2.7%	Revenue passenger miles (RPM's)	-3.4%	-2.1%	-1.9%	0.0%	2.8%
-4.6%	1.2%	Available seat miles (ASM's)	-3.5%	-1.8%	-2.4%	0.7%	1.8%
0.2%	1.4%	Passenger load factor (LF)	0.1%	-0.2%	0.4%	-0.7%	1.0%
-13.7%	11.0%	Passenger yield	-17.2%	-6.8%	7.5%	18.0%	13.0%
-9.7%	13.6%	Unit revenue (RASM)	-14.3%	-4.6%	10.3%	18.4%	15.3%
-13.5%	12.6%	Passenger unit revenue (PRASM)	-17.0%	-7.0%	7.9%	17.2%	14.1%
-19.4%	7.0%	Unit costs (CASM)	-34.3%	-12.0%	9.5%	10.0%	10.2%
-6.9%	1.0%	Passengers	-7.2%	-5.4%	-3.4%	-0.4%	2.0%
-4.6%	0.5%	Unit costs ex-fuel	-25.5%	0.8%	0.6%	1.3%	7.7%
-7.9%	-0.8%	Unit costs ex fuel and ex-labor	-36.0%	2.2%	-1.0%	-0.2%	7.5%
-11.3%	12.8%	Average passenger fare (calculated by AF)	-13.8%	-3.6%	9.1%	18.6%	13.9%
<b>Line item ratio of total operating costs</b>							
21.1%	20.3%	Wages, salaries & benefits	20.5%	19.9%	20.9%	20.4%	20.9%
18.1%	21.6%	Fuel & oil	19.9%	19.8%	20.1%	21.9%	21.8%
5.4%	5.1%	Other rentals/landing fees	5.5%	5.4%	5.0%	4.8%	5.2%
3.7%	3.5%	Commissions/booking fees, credit card & distribution	3.7%	3.5%	3.6%	3.8%	3.4%
2.4%	2.2%	Depreciation/amortization	2.3%	2.2%	2.3%	2.2%	2.2%
6.8%	6.4%	Maintenance materials/repairs	6.4%	6.5%	5.9%	5.8%	6.1%
6.8%	6.4%	Aircraft rentals	6.3%	6.7%	6.4%	6.0%	6.0%
0.1%	0.1%	Fuel hedging (net)	0.0%	0.0%	0.0%	0.0%	0.0%
11.2%	10.6%	Other operating expenses	11.1%	11.4%	11.2%	10.7%	10.3%
24.5%	23.8%	Capacity purchase & miscellaneous expense	24.2%	24.7%	24.5%	24.3%	24.2%
-3.5%	-3.1%	Other non operating Income/expense	-3.2%	-5.1%	-1.3%	-3.3%	-3.0%
0.4%	-0.1%	Other income/expense (taxes/misc)	0.0%	1.5%	0.0%	0.0%	0.0%
<b>Line item ratio of total operating revenue</b>							
20.7%	18.9%	Wages, salaries & benefits	20.3%	19.5%	21.0%	18.1%	18.8%
26.1%		Net debt = (long-term debt - cash & equivalents) TTM*	25.2%	26.1%	24.3%	18.5%	
2.68%	2.85%	Net interest expense ratio of total revenue	2.76%	2.63%	2.90%	2.62%	2.71%
7.4%		Air traffic liability/Advance ticket sales TTM*	8.0%	7.4%	10.4%	10.9%	

\* TTM = Trailing twelve months