

Air Transport Association of America / 1709 New York Avenue, N.W. / Washington, D.C. 20006-5206



AIR TRANSPORT 1988 The Annual Report of the U.S. Scheduled Airline Industry

Air Transport 1988

The
Annual
Report
of the U.S.
Scheduled
Airline
Industry

1987 At A Glance

| TRAFFIC | 1986 | 1987 |
|-------------------------------------|-------------|-------------|
| Passengers Enplaned (000) | 418,946 | 447,307 |
| Revenue Passenger Miles (000) | 366,545,855 | 404,307,784 |
| Available Seat Miles (000) | 607,435,847 | 648,414,398 |
| Passenger Load Factor (%) | 60.3 | 62.4 |
| Aircraft Departures | 6,426,970 | 6,570,682 |
| Freight and Express Ton Miles (000) | 7,344,054 | 8,259,792 |
| U.S. Mail Ton Miles (000) | 1,648,143 | 1,720,132 |
| Cargo Ton Miles (000) | 9,025,467 | 10,014,494 |
| Total Revenue Ton Miles (000) | 48,883,854 | 54,801,863 |

| FINANCIAL | 1986 | 1987 |
|--------------------------------------|------------|------------|
| Passenger Revenue (\$000) | 40,056,093 | 44,940,390 |
| Freight and Express Revenues (\$000) | 5,627,996 | 6,434,157 |
| Total Operating Revenues (\$000) | 50,524,933 | 57,020,400 |
| Total Operating Expenses (\$000) | 49,201,832 | 54,561,111 |
| Operating Profit (\$000) | 1,323,101 | 2,459,289 |
| Net Profit (\$000) | (234,909) | 600,968 |
| Rate of Return on Investment (%) | 4.9 | 7.3 |
| Operating Profit Margin (%) | 2.6 | 4.3 |
| Net Profit Margin (%) | (.5) | 1.1 |

Another Record Breaking Year

The demand for commercial air transportation continued unabated in 1987 with new records being established for passengers, revenues, employment and aircraft on order. The U.S. scheduled airlines last year carried 447 million passengers, up 7% from 419 million in 1986. The demand for air cargo services also grew significantly with the airlines transporting a record-setting 6.6 million tons of freight, mail and express packages.

In establishing the new records there was no compromise in safety with just four fatal accidents in more than 6 million flights in 1987.

The scheduled airlines now employ 457,000 men and women compared to 329,000 at the time of airline deregulation in 1978. Continued growth in employment is anticipated as the industry further expands into the 21st century with approximately 800 million passengers forecast by the year 2000, according to the Federal Aviation Administration.

But problems persist, primarily because our airport and air traffic control system was designed for the traffic of 25 years ago.

Simply put, we desperately need new runway construction, more instrument landing systems and, ultimately, new airports.

We also need more experienced controllers at certain understaffed air traffic

centers, and we need to expedite Federal Aviation Administration efforts to modernize the equipment controllers use to track and direct aircraft.

One of the keys to accomplishing these things are structural changes in the Federal Aviation Administration. The agency's procurement and personnel policies should be streamlined and current methods of funding Federal Aviation Administration programs should be changed as well.

The government is collecting billions of dollars a year through various user fees and special aviation taxes but the funds aren't moving fast enough to support needed projects.

It is most encouraging that aviation leaders in the Congress are rising to the challenge. Legislation has been introduced which would restructure the Federal Aviation Administration and go a long way toward fixing the system.

The key is to build an aviation infrastructure as big and as modern as the air transport industry it serves—one that American air travelers need and deserve.



June, 1988

Gabriel Phillips
Executive Vice President
Air Transport Association

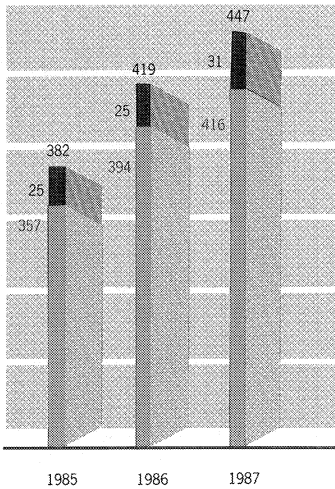
1977-1987 Highlights

U.S. Scheduled Airlines

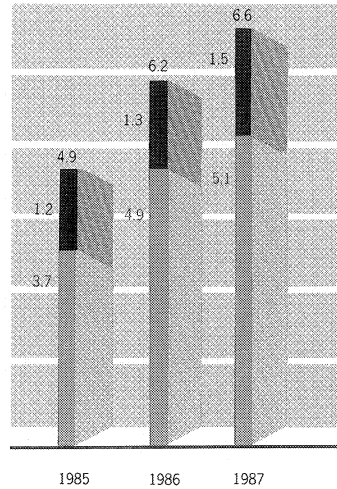
| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Traffic— Scheduled Service | | | | | | | | | | | |
| Revenue passengers enplaned (000) | 240,326 | 274,719 | 316,863 | 296,903 | 285,976 | 294,102 | 318,638 | 344,683 | 382,022 | 418,946 | 447,307 |
| Revenue passenger miles (000) | 193,218,819 | 226,781,368 | 262,023,375 | 255,192,114 | 248,887,801 | 259,643,870 | 281,829,148 | 305,115,855 | 336,403,021 | 366,545,855 | 404,307,784 |
| Available seat miles (000) | 345,565,901 | 368,750,530 | 416,126,429 | 432,535,103 | 424,897,230 | 440,119,206 | 464,537,979 | 515,323,339 | 547,788,432 | 607,435,847 | 648,414,398 |
| Revenue passenger load factor (%) | 55.9 | 61.5 | 63.0 | 59.0 | 58.6 | 59.0 | 60.7 | 59.2 | 61.4 | 60.3 | 62.4 |
| Average passenger trip length (miles) | 804 | 826 | 827 | 860 | 870 | 883 | 884 | 885 | 881 | 875 | 90.4 |
| Freight and express ton miles (000) | 5,426,546 | 5,819,708 | 5,963,925 | 5,741,567 | 5,686,087 | 5,482,198 | 6,092,932 | 6,566,571 | 6,030,543 | 7,344,054 | 8,259,792 |
| Aircraft departures | 4,936,519 | 5,013,169 | 5,399,652 | 5,352,927 | 5,211,867 | 4,963,794 | 5,033,906 | 5,448,150 | 5,835,474 | 6,426,970 | 6,570,682 |
| Passenger revenue (\$000) | 16,273,355 | 18,806,247 | 22,791,390 | 28,048,689 | 30,722,629 | 30,549,719 | 32,744,618 | 36,939,345 | 39,235,809 | 40,056,093 | 44,940,390 |
| Freight and express revenues (\$000) | 1,718,529 | 1,986,820 | 2,211,321 | 2,431,926 | 2,596,850 | 2,437,703 | 2,592,567 | 2,859,419 | 2,680,715 | 5,627,996 | 6,434,157 |
| Mail revenue (\$000) | 390,762 | 386,639 | 452,021 | 610,996 | 653,996 | 688,675 | 653,129 | 712,070 | 889,575 | 838,278 | 923,033 |
| Charter revenue (\$000) | 644,381 | 578,285 | 520,916 | 1,160,524 | 1,175,154 | 1,085,537 | 1,075,428 | 1,112,050 | 1,279,812 | 1,268,899 | 1,607,551 |
| Total operating revenues (\$000) | 19,924,800 | 22,883,955 | 27,226,665 | 33,727,806 | 36,662,555 | 36,407,635 | 38,953,672 | 43,825,047 | 46,664,414 | 50,524,933 | 57,020,400 |
| Total operating expenses (\$000) | 19,016,760 | 21,519,092 | 27,026,610 | 33,949,421 | 37,117,325 | 37,141,070 | 38,643,262 | 41,673,536 | 45,238,150 | 49,201,832 | 54,561,111 |
| Operating profit (\$000) | 908,040 | 1,364,863 | 199,055 | (221,615) | (454,770) | (733,435) | 310,410 | 2,151,511 | 1,426,264 | 1,323,101 | 2,459,289 |
| Interest expense (\$000) | 373,206 | 538,642 | 618,446 | 967,719 | 1,209,461 | 1,384,084 | 1,482,352 | 1,540,377 | 1,588,306 | 1,692,548 | 1,718,173 |
| Net profit (\$000) | 752,536 | 1,196,537 | 346,845 | 17,414 | (300,826) | (915,814) | (188,051) | 824,668 | 862,715 | (234,909) | 600,968 |
| Revenue per passenger mile (¢) | 8.4 | 8.3 | 8.7 | 11.0 | 12.3 | 11.8 | 11.6 | 12.1 | 11.7 | 10.9 | 11.1 |
| Rate of return on investment (%) | 10.2 | 13.3 | 6.5 | 5.3 | 4.7 | 2.1 | 6.0 | 9.9 | 9.6 | 4.9 | 7.3 |
| Operating profit margin (%) | 4.6 | 6.0 | 0.7 | (0.7) | (1.2) | (2.0) | 0.8 | 4.9 | 3.1 | 2.6 | 4.3 |
| Net profit margin (%) | 3.8 | 5.2 | 1.3 | 0.1 | (0.8) | (2.5) | (0.5) | 1.9 | 1.8 | (0.5) | 1.1 |
| Employees | 308,068 | 329,303 | 340,696 | 360,517 | 349,864 | 330,495 | 328,648 | 345,079 | 355,113 | 421,686 | 457,349 |

Note: Federal Express began reporting as a section 401 carrier in 1986 and is included in 1986 and 1987 data, but not earlier years.

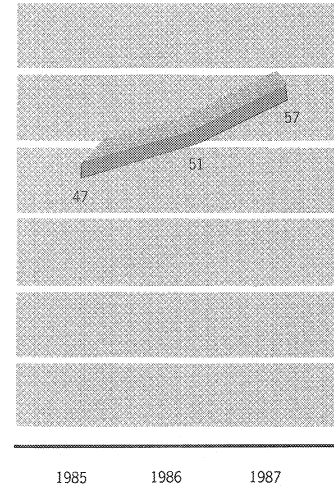
Passengers
(Millions)



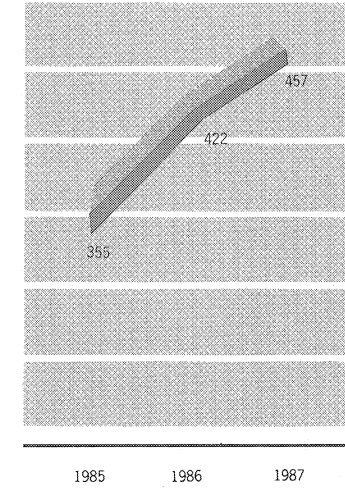
Cargo
(Tons-Millions)



Revenues
(\$ Billions)



Employees
(Thousands)



■ Domestic
■ International

Safety

U.S. Air Carriers Scheduled Service, 1978—1987

| | Departures (millions) | Fatal Accidents | Fatalities | Fatal Accidents Per 100,000 Departures |
|-------|--------------------------|--------------------|------------|---|
| 1978 | 5.0 | 5 | 160 | 0.100 |
| 1979 | 5.4 | 4 | 351 | 0.074 |
| 1980 | 5.3 | 0 | 0 | 0.000 |
| 1981 | 5.2 | 4 | 4 | 0.077 |
| 1982 | 5.0 | 3 | 233 | 0.060 |
| 1983 | 5.0 | 4 | 15 | 0.080 |
| 1984 | 5.4 | 1 | 4 | 0.019 |
| 1985 | 5.8 | 4 | 197 | 0.069 |
| 1986 | 6.4 | 1 | 1 | 0.016 |
| 1987P | 7.0 | 4 | 231 | 0.043 |

P—Preliminary
Source: NTSB

Leading U.S. Airports—1987

PASSENGERS (Arriving & Departing)

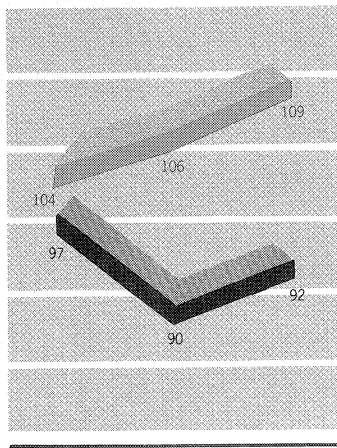
| | | | |
|------------------|------------|------------------------|------------|
| Chicago O'Hare | 57,543,865 | Boston | 23,283,047 |
| Atlanta | 47,649,470 | Honolulu | 20,380,282 |
| Los Angeles | 44,873,113 | St. Louis | 20,362,602 |
| Dallas/Ft. Worth | 41,875,444 | Detroit | 19,746,992 |
| Denver | 32,355,000 | Minneapolis/St. Paul | 17,858,986 |
| New York (JFK) | 30,192,477 | Pittsburgh | 17,457,801 |
| San Francisco | 29,812,440 | Washington, D.C. (DCA) | 15,439,860 |
| New York (LGA) | 24,225,913 | Philadelphia | 15,427,317 |
| Miami | 24,036,104 | Houston | 15,388,667 |
| Newark | 23,475,254 | Orlando | 14,781,222 |

CARGO TONS (Enplaned & Deplaned)

| | | | |
|----------------|-----------|------------------|---------|
| New York (JFK) | 1,307,231 | Atlanta | 632,209 |
| Los Angeles | 1,159,993 | San Francisco | 607,014 |
| Chicago O'Hare | 1,069,850 | Dallas/Ft. Worth | 517,764 |
| Miami | 682,200 | Dayton | 491,981 |
| Louisville | 643,120 | Newark | 376,302 |

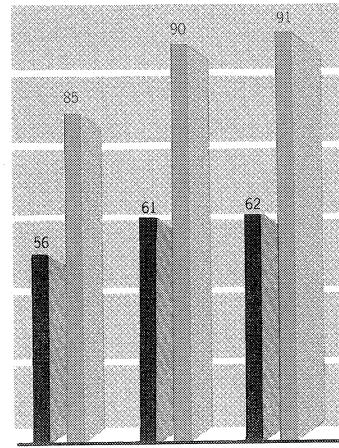
Source: AOCI

Fares vs. Consumer Prices (Index 1984 = 100)



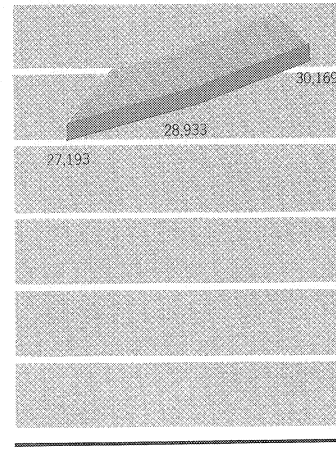
■ Consumer Price Index
■ Airline Fares

Discount Traffic (Majors, Domestic Operations)

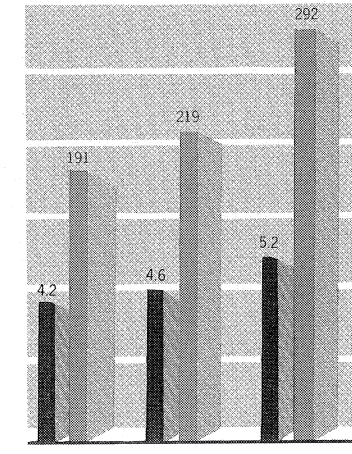


■ Discount Traffic (% of Total RPMs)
■ Average Discount (% off Full Fare)

Travel Agency Locations



Express Package Traffic (Domestic Operations)



■ Shipments (millions)
■ Revenues (\$ Billions)

ATA Airline Statistics—1987

| | Number of Aircraft | Employees | Aircraft Departures | Passengers (000) | Revenue Passenger Miles (000) | Passenger Revenues (\$000) | Cargo Revenues (\$000) | Total Operating Revenues (\$000) | Operating Profit (Loss) (\$000) | Net Profit (Loss) (\$000) |
|-----------------|--------------------|-----------|---------------------|------------------|-------------------------------|----------------------------|------------------------|----------------------------------|---------------------------------|---------------------------|
| Alaska | 48 | 4,351 | 80,489 | 3,910 | 2,938,870 | 459,273 | 44,405 | 541,187 | 37,016 | 32,474 |
| Aloha | 10 | 1,117 | 56,025 | 3,056 | 404,108 | 90,832 | 11,870 | 118,153 | 12,276 | 6,251 |
| American | 410 | 57,275 | 663,561 | 55,584 | 56,748,531 | 6,147,715 | 260,912 | 7,124,481 | 473,184 | 213,828 |
| Braniff | 26 | 1,837 | 33,937 | 3,078 | 3,408,377 | 248,421 | 2,917 | 293,058 | (17,778) | (10,364) |
| Continental | 352 | 30,763 | 545,108 | 40,149 | 39,637,018 | 3,627,227 | 173,436 | 4,020,598 | 26,698 | (258,085) |
| Delta | 374 | 50,039 | 732,182 | 54,052 | 43,576,526 | 5,607,370 | 320,982 | 6,093,331 | 434,243 | 233,297 |
| DHL | 18 | 300 | N/A | — | — | — | N/A | N/A | N/A | N/A |
| Eastern | 284 | 43,776 | 528,471 | 44,674 | 36,704,358 | 4,051,641 | 193,672 | 4,529,208 | 58,898 | (181,676) |
| Evergreen | 38 | 588 | — | — | — | — | — | 126,213 | 17,708 | 8,016 |
| Federal Express | 80 | 45,151 | 148,705 | — | — | — | 3,494,931 | 3,572,699 | 381,278 | 166,226 |
| Flying Tigers | 38 | 6,072 | 18,838 | 158 | 1,133,717* | 84,935* | 939,420 | 1,175,210 | 151,412 | 81,710 |
| Hawaiian | 29 | 2,344 | 79,375 | 4,773 | 2,910,354 | 232,309 | 9,561 | 298,777 | (11,299) | (8,385) |

| | | | | | | | | | | |
|--------------------------|-----|--------|---------|--------|------------|-----------|---------|-----------|-----------|-----------|
| Midway | 38 | 2,304 | 65,636 | 3,619 | 2,568,074 | 329,675 | 2,715 | 340,689 | 25,014 | 19,759 |
| Northwest | 313 | 34,172 | 517,246 | 37,247 | 39,549,506 | 4,371,624 | 554,553 | 5,073,726 | 205,115 | 140,716 |
| Pan American | 125 | 21,883 | 143,451 | 14,888 | 26,093,636 | 2,613,015 | 216,556 | 3,121,574 | (170,439) | (274,595) |
| Piedmont | 181 | 17,818 | 452,553 | 25,359 | 11,465,932 | 1,867,304 | 62,744 | 1,963,706 | 154,905 | 98,550 |
| Southwest | 72 | 5,281 | 246,041 | 14,214 | 6,749,941 | 676,268 | 11,915 | 698,675 | 41,278 | 19,692 |
| Trans World | 213 | 30,089 | 309,649 | 24,623 | 32,860,518 | 3,414,808 | 226,414 | 4,056,435 | 240,438 | 106,200 |
| United | 378 | 59,669 | 669,743 | 55,184 | 66,292,264 | 6,774,078 | 488,826 | 7,862,795 | 151,217 | 33,338 |
| United Parcel Service | 100 | N/A | N/A | — | — | — | N/A | N/A | N/A | N/A |
| USAir | 162 | 15,768 | 391,427 | 24,773 | 13,071,613 | 1,948,858 | 55,484 | 2,070,311 | 263,456 | 164,113 |
| Associate Members | | | | | | | | | | |
| Air Canada | 108 | 22,200 | 191,928 | 11,000 | 14,358,000 | 2,358,400 | 412,000 | 3,131,100 | 103,700 | 45,700 |
| Canadian | 79 | 13,454 | 155,402 | 9,539 | 11,060,513 | 1,084,450 | 118,992 | 1,417,509 | 96,347 | 13,802 |

*Includes non-scheduled service

N/A—Not Available

Aircraft On Order—ATA Airlines

As of Dec. 31, 1987

| Type | Number | | Year of Delivery (firm only) | | |
|------------|--------|---------|------------------------------|------|---------------|
| | Firm | Options | 1988 | 1989 | 1990 & Beyond |
| A300 | 25 | — | 13 | 12 | — |
| A310 | 6 | — | 6 | — | — |
| A320 | 41 | 75 | — | 14 | 27 |
| A330 | — | 10 | — | — | — |
| A340 | — | 20 | — | — | — |
| B-737 | 179 | 65 | 73 | 53 | 53 |
| B-747 | 25 | — | 2 | 8 | 15 |
| B-757 | 43 | 35 | 24 | 12 | 7 |
| B-767 | 36 | 34 | 32 | 4 | — |
| DC-10 | 4 | — | 4 | — | — |
| MD-80 | 98 | 134 | 60 | 38 | — |
| MD-11 | 2 | — | — | — | 2 |
| Fokker 100 | 20 | 20 | — | 14 | 6 |
| Totals | 479 | 393 | 214 | 155 | 110 |

Air Carrier and General Aviation Fleets

| | 1977 | 1986 | 1987 |
|---------------------------|---------|---------|----------|
| U.S. Air Carriers* | | | |
| Total Aircraft | 2,719 | 4,431 | 4,326 |
| Turbine | 2,487 | 4,063 | 4,008 |
| Piston | 225 | 364 | 312 |
| Rotorcraft | 7 | 4 | 6 |
| % of Total Aircraft | 1.5 | 2.0 | 1.9 |
| General Aviation | | | |
| Total Aircraft | 184,300 | 220,000 | 219,000E |
| Turbine | 5,200 | 10,500 | 10,700 |
| Piston | 170,800 | 195,700 | 194,000 |
| Rotorcraft | 4,800 | 6,900 | 7,000 |
| Other | 3,500 | 6,900 | 7,300 |
| % of Total Aircraft | 98.5 | 98.0 | 98.1 |

*Includes scheduled, supplemental, commuter, air taxi and cargo carriers.

E—Estimate

Source: FAA

Operating Fleet—ATA Airlines

As of Dec. 31, 1987

| | ALASKA | ALOHA | AMERICAN | BRANIFF | CONTINENTAL | DELTA | DHL | EASTERN | EVERGREEN | FEDERAL EXPRESS | FLYING TIGERS | HAWAIIAN | MIDWAY | NORTHWEST | PAN AMERICAN | PIEDMONT | SOUTHWEST | TRANS WORLD | UNITED | UNITED PARCEL SERVICE | USAIR | AIR CANADA | CANADIAN | TOTAL |
|-----------|--------|-------|----------|---------|-------------|-------|-----|---------|-----------|-----------------|---------------|----------|--------|-----------|--------------|----------|-----------|-------------|--------|-----------------------|-------|------------|----------|-------|
| B-747 | | | 2 | | 8 | | | | 2 | | 21 | | | | 38 | | | 18 | 26 | 6 | | 5 | | 166 |
| DC-10 | | | 60 | | 15 | 9 | | 2 | | 20 | | | | 20 | | | | | 55 | | | | 12 | 193 |
| L-1011 | | | | | | 35 | | 23 | | | | 5 | | | | | | 33 | 6 | | | 13 | | 115 |
| B-767 | | | 29 | | | 24 | | | | | | | | | | 4 | | 11 | 19 | | | 14 | | 101 |
| A300 | | | | | 12 | | | 28 | | | | | | | | | | | | | | | | 52 |
| A310 | | | | | | | | | | | | | | | 12 | | | | | | | | | 13 |
| DC-8 | | | | | | 10 | | | 12 | | 6 | 6 | | | | | | | 29 | 42 | | 8 | | 113 |
| B-757 | | | | | | 33 | | 25 | | | | | | 28 | | | | | 5 | | | | | 91 |
| B-727 | 25 | | 164 | 25 | 106 | 132 | 6 | 122 | 20 | 60 | 11 | | | 77 | 55 | 34 | | 78 | 154 | 36 | 10 | 33 | | 1,148 |
| DC-9/MD80 | 17 | | 118 | | 112 | 48 | | 84 | 4 | | | 10 | 26 | 135 | | | | 73 | | | 70 | 35 | | 732 |
| B-737 | 6 | 10 | 31 | 1 | 99 | 83 | | | | | | | 12 | | 7 | 98 | 72 | | 89 | | 62 | 64 | | 634 |
| BAC 1-11 | | | | | | | | | | | | | | | | | | | | | 20 | | | 20 |
| CV-580 | | | | | | | | | | | | | | 13 | | | | | | | | | | 13 |
| BaE 146 | | | 6 | | | | | | | | | | | | | | | | | | | | | 6 |
| F28 | | | | | | | | | | | | | | | | | 45 | | | | | | | 45 |
| DHC-7 | | | | | | | | | | | | 8 | | | | | | | | | | | | 8 |
| OTHER* | | | | | | | 12 | | | | | | | | | | | | | 11 | | | 3 | 26 |
| TOTAL | 48 | 10 | 410 | 26 | 352 | 374 | 18 | 284 | 38 | 80 | 38 | 29 | 38 | 313 | 125 | 181 | 72 | 213 | 378 | 100 | 162 | 108 | 79 | 3,476 |

*Composed of smaller aircraft.

Top 30 Airlines in 1987*

| | Passengers (000) | Revenue Passenger Miles (000) | Freight and Express Ton Miles (000) | Total Operating Revenues (\$000) | |
|---------------------|---------------------|----------------------------------|--|-------------------------------------|-----------|
| 1. American | 55,584 | 1. United | 66,292,264 | 1. United | 7,862,795 |
| 2. United | 55,184 | 2. American | 56,748,531 | 2. American | 7,124,481 |
| 3. Delta | 54,052 | 3. Delta | 43,576,526 | 3. Delta | 6,093,331 |
| 4. Eastern | 44,674 | 4. Continental | 39,637,018 | 4. Northwest | 5,073,726 |
| 5. Continental | 40,149 | 5. Northwest | 39,549,506 | 5. Eastern | 4,529,208 |
| 6. Northwest | 37,247 | 6. Eastern | 36,104,358 | 6. Trans World | 4,056,435 |
| 7. Piedmont | 25,359 | 7. Trans World | 32,860,518 | 7. Continental | 4,020,598 |
| 8. USAir | 24,773 | 8. Pan American | 26,093,636 | 8. Federal Express | 3,572,699 |
| 9. Trans World | 24,623 | 9. USAir | 13,071,613 | 9. Pan American | 3,121,574 |
| 10. Pan American | 14,888 | 10. Piedmont | 11,465,932 | 10. USAir | 2,070,311 |
| 11. Southwest | 14,214 | 11. Southwest | 6,749,941 | 11. Piedmont | 1,963,706 |
| 12. America West | 11,232 | 12. America West | 5,785,814 | 12. Flying Tigers | 1,175,210 |
| 13. PSA | 11,172 | 13. PSA | 4,435,727 | 13. PSA | 739,202 |
| 14. Hawaiian | 4,773 | 14. Braniff | 3,408,377 | 14. Southwest | 698,675 |
| 15. Alaska | 3,910 | 15. Alaska | 2,938,876 | 15. America West | 576,638 |
| 16. Midway | 3,619 | 16. Hawaiian | 2,910,354 | 16. Alaska | 541,187 |
| 17. Braniff | 3,078 | 17. Western | 2,600,308 | 17. Midway | 340,689 |
| 18. Aloha | 3,056 | 18. Midway | 2,568,074 | 18. Western | 301,605 |
| 19. Western | 2,920 | 19. TranStar | 1,256,209 | 19. Hawaiian | 298,777 |
| 20. Air Wisconsin | 2,160 | 20. Jet America | 871,600 | 20. Braniff | 293,058 |
| 21. TranStar | 1,429 | 21. Tower | 854,737 | 21. American Trans Air | 254,337 |
| 22. Horizon Air | 1,365 | 22. AirCal | 620,262 | 22. Air Wisconsin | 150,580 |
| 23. AirCal | 1,301 | 23. Florida Express | 600,645 | 23. Tower | 137,993 |
| 24. Florida Express | 1,132 | 24. Air America | 556,812 | 24. Evergreen | 126,213 |
| 25. Mid Pacific | 1,045 | 25. Presidential | 426,816 | 25. Southern Air | 119,514 |
| 26. Presidential | 917 | 26. Sunworld | 404,682 | 26. Aloha | 118,153 |
| 27. Aspen | 835 | 27. Aloha | 404,108 | 27. Zantop | 110,062 |
| 28. Jet America | 788 | 28. Air Wisconsin | 341,032 | 28. Horizon Air | 107,669 |
| 29. Sunworld | 654 | 29. Horizon Air | 245,254 | 29. AirCal | 101,923 |
| 30. Britt | 376 | 30. Midwest Express | 188,253 | 30. World | 101,218 |

*Section 401 carriers

Note—The following acquisitions have been approved by the U.S. Department of Transportation since January 1, 1986: Piedmont-Empire Jan. 23, 1986; People Express-Britt Feb. 19, 1986; Northwest-Republic July 31, 1986; Presidential-Key Aug. 13, 1986; Alaska-Jet America Sept. 10, 1986; Trans World-Ozark Sept. 12, 1986; Texas Air Corp.-Eastern Oct. 1, 1986; Texas Air Corp.-People Express Oct. 24, 1986; Delta-Western Dec. 11, 1986; Alaska-Horizon Dec. 23, 1986; USAir-PSA March 4, 1987; American-AirCal March 30, 1987; World-Key April 28, 1987; and USAir-Piedmont October 30, 1987; and Braniff-Florida Express Jan. 7, 1988.

Intercity Passenger Travel in the United States

(Passenger miles in millions)

| | 1977 | 1986 | 1987 |
|---------------------------------------|-----------|-----------|-----------|
| Common Carriers | | | |
| Airlines | 164,200 | 307,900 | 329,100 |
| Amtrak | 4,300 | 5,000 | 5,200 |
| Motor Buses | 26,000 | 23,700 | 22,800 |
| Total | 194,500 | 336,600 | 357,100 |
| Air Share (%). | 84.4 | 91.5 | 92.2 |
| Private | | | |
| Automobiles | 1,316,600 | 1,450,100 | 1,493,700 |
| Total Common | | | |
| Carrier and Auto | 1,510,500 | 1,786,700 | 1,850,800 |
| Common Carrier Share (%) | 12.9 | 18.8 | 19.3 |
| Air Share (%) | 10.9 | 17.2 | 17.8 |

Source: Transportation Policy Associates

Employment

U.S. Scheduled Airlines

| | 1977 | 1986 | 1987 |
|---|---------|---------|---------|
| Pilots and Copilots | 26,991 | 37,108 | 41,963 |
| Other Flight Personnel | 6,985 | 8,855 | 8,541 |
| Flight Attendants | 44,579 | 67,891 | 76,662 |
| Mechanics | 45,054 | 47,651 | 51,233 |
| Aircraft and Traffic Servicing Personnel | 95,382 | 180,086 | 194,927 |
| Office Employees | 55,426 | 40,878 | 40,690 |
| All Others | 33,651 | 39,217 | 43,333 |
| Total Employment | 308,068 | 421,686 | 457,349 |

Passenger Yield

(Cents per Passenger Mile)

| | 1977 | 1986 | 1987 |
|------------------------|------|------|------|
| Domestic | | | |
| First Class | 12.2 | 13.3 | 15.7 |
| Coach | 8.0 | 10.7 | 11.0 |
| Total | 8.6 | 11.0 | 11.3 |
| International | | | |
| First Class | 13.5 | 14.3 | 18.5 |
| Coach | 7.2 | 9.3 | 9.4 |
| Total | 7.6 | 9.7 | 9.9 |
| Total | 8.4 | 10.9 | 11.1 |

Freight and Express Yield

(Cents per Ton Mile)

| | 1977* | 1986 | 1987 |
|--------------------------------|-------|-------|-------|
| Domestic | 35.7 | 110.6 | 112.7 |
| International | 28.6 | 40.4 | 41.8 |
| Total | 32.7 | 76.6 | 77.5 |

*Does not include Federal Express

Traffic and Financial Data U.S. Scheduled Airlines

Traffic and Service

| | 1986 | 1987 |
|---|-------------|-------------|
| Passenger Traffic—Scheduled Service | | |
| Revenue passengers enplaned (000) | 418,946 | 447,307 |
| Revenue passenger miles (000) | 366,545,855 | 404,307,784 |
| Available seat miles (000) | 607,435,847 | 648,414,398 |
| Revenue passenger load factor (%) | 60.3 | 62.4 |
| Average length of haul (miles) | 875 | 904 |
| Cargo Traffic (Ton Miles)—Scheduled Service | | |
| Total (000) | 9,025,467 | 10,014,494 |
| Freight and Express (000) | 7,344,054 | 8,259,792 |
| U.S. Mail (000) | 1,648,143 | 1,720,132 |
| Foreign Mail (000) | 33,270 | 34,570 |
| Overall Traffic & Service | | |
| Total revenue ton miles—charter service (000) | 3,202,486 | 4,354,338 |
| Total revenue ton miles—all services (000) | 48,883,854 | 54,801,863 |
| Total available ton miles—all services (000) | 90,243,958 | 98,999,146 |
| Ton mile load factor (%)—all services | 54.2 | 55.4 |
| Revenue aircraft departures—scheduled services | 6,426,970 | 6,570,682 |
| Revenue aircraft miles (000)—scheduled services | 3,724,581 | 3,984,211 |
| Revenue aircraft hours—scheduled services | 8,931,642 | 9,454,985 |

Operating Revenues and Expenses

(In Thousands of Dollars)

| | 1986 | 1987 |
|--|------------|------------|
| Operating Revenues—Total | 50,524,933 | 57,020,400 |
| Passenger | 40,056,093 | 44,940,390 |
| Freight and Express | 5,627,996 | 6,434,157 |
| Mail | 838,278 | 923,033 |
| Charter | 1,268,899 | 1,607,551 |
| Public Service Revenue | 3,496 | 2,268 |
| Other* | 2,730,171 | 3,113,001 |
| Operating Expenses—Total | 49,201,832 | 54,561,111 |
| Flying Operations | 14,094,034 | 15,518,437 |
| Maintenance | 5,528,567 | 6,153,643 |
| General Services & Administration | | |
| Passenger Service | 4,700,314 | 5,223,005 |
| Aircraft & Traffic Servicing | 9,133,237 | 10,340,700 |
| Promotion and Sales | 8,535,878 | 9,495,567 |
| Administrative | 3,011,378 | 3,257,811 |
| Transport Related | 963,597 | 1,148,584 |
| Total | 26,344,404 | 29,465,667 |
| Depreciation & Amortization | 3,234,827 | 3,423,364 |
| Operating Income or (Loss) | 1,323,101 | 2,459,289 |

*Includes excess baggage, miscellaneous operating revenues and other transport.

Traffic and Financial Data (continued)

U.S. Scheduled Airlines

Income Statement

| | 1986 | 1987 |
|--|------------|------------|
| Total Operating Revenues (\$000) | 50,524,933 | 57,020,400 |
| Total Operating Expenses (\$000) | 49,201,832 | 54,561,111 |
| Operating Income (\$000) | 1,323,101 | 2,459,289 |
| Interest Expense (\$000) | 1,692,548 | 1,718,173 |
| Income Taxes (\$000) | 598,060 | 817,921 |
| Net Profit or (Loss) (\$000) | (234,909) | 600,698 |
| Net Profit Margin (%) | (.5) | 1.1 |
| Rate of Return on Investment (%) | 4.9 | 7.3 |

Balance Sheet

(In Thousands of Dollars)

| | 1986 | 1987 |
|--|--------------|--------------|
| Assets | | |
| Current Assets | 11,603,069 | 13,827,523 |
| Investments and Special Funds | 2,663,209 | 2,056,565 |
| Flight Equipment | 31,009,501 | 33,370,149 |
| Ground Property & Equipment | 9,547,914 | 10,794,161 |
| Reserve for Depreciation (Owned) | (14,918,247) | (16,129,269) |
| Leased Property Capitalized | 6,004,911 | 6,787,063 |
| Reserve for Depreciation (Leased) | (1,612,355) | (1,904,314) |
| Other Property | 1,508,305 | 1,494,468 |
| Deferred Charges | 1,485,746 | 3,601,917 |
| Total Assets | 47,292,053 | 53,898,264 |
| Liabilities | | |
| Current Liabilities | 14,425,916 | 15,986,437 |
| Long-Term Debt | 10,716,688 | 12,317,408 |
| Other Non-Current Liabilities | 6,229,233 | 6,839,342 |
| Deferred Credit | 3,170,713 | 3,964,389 |
| Stockholders' Equity—Net of Treasury Stock | 12,749,503 | 14,790,688 |
| Preferred Stock | 561,749 | 343,096 |
| Common Stock | 585,927 | 426,763 |
| Other Paid-In Capital | 7,885,330 | 10,628,060 |
| Retained Earnings | 3,727,700 | 3,416,836 |
| Less: Treasury Stock | 11,203 | 24,067 |
| Total Liabilities and Equity | 47,292,053 | 53,898,264 |

U.S. Scheduled Airlines

Data for the following 93 carriers are included herein.

| | | | |
|--|-----------------------------|---------------------------|---------------------|
| Majors (Annual revenues of over \$1 billion) | Alaska | Hawaiian | Presidential |
| American | Aloha | Horizon Air | Reeve |
| Continental | America West | Independent Air | Rich |
| Delta | American Trans Air | International Air Service | Rosenbalm |
| Eastern | Amerijet | Interstate | Royal West |
| Federal Express | Arrow | Jet America | Ryan |
| Flying Tigers | Aspen | Jet Charter | Samoa |
| Northwest | Atlantic Gulf | Jet East | Skybus |
| Pan American | Braniff | Jet Fleet | Skystar |
| Piedmont | Britt | Key | Sky World |
| Republic | Buffalo | Markair | South Pacific |
| Trans World | Challenge | McClain | Southern Air |
| United | Challenge Air Cargo | MGM Grand | Southwest |
| USAir | Challenge Air International | Mid Pacific | Sun Country |
| Western | Conner | Midway | Sunworld |
| Others | Emerald | Midwest Express | Tower |
| Aerial | Empire | Millon | Trans Air Link |
| Aeron | Evergreen | New York Air | Transamerica |
| Air America | Five Star | Northern Air | Trans International |
| Air Atlanta | Florida Express | Orion | TranStar |
| AirCal | Florida West | Ozark | World |
| Air Wisconsin | Frontier | Pacific Interstate | Worldwide |
| | Galaxy | Pacific Southwest | Zantop |
| | Great American | People Express | |
| | Gulf Air Transport | Pilgrim | |

Definition of Terms

U.S. Scheduled Airlines. Carriers certificated by the Federal government under Section 401 of the Federal Aviation Act permitting the operation of large aircraft.

Revenue Passenger Mile. One fare-paying passenger transported one mile.

Available Seat Mile. One seat transported one mile.

Revenue Passenger Enplanements. The total number of revenue passengers boarding aircraft in scheduled service, including originating, stopover or connecting passengers.

Load Factor. The percentage of seating or freight capacity which is utilized.

Revenue Ton Mile. One ton of revenue traffic (passengers and cargo) transported one mile.

Available Ton Mile. One ton of capacity (passengers and cargo) transported one mile.

Air Cargo. Total volume of freight, mail and express traffic transported by air. Statistics include the following:

Freight and Express—Commodities of all kinds—includes small package counter services, express services and priority reserved freight.

U.S. Mail—All classes of mail transported for the U.S. Postal Service.

Net Profit Margin. Net profit after interest and after taxes as percent of operating revenues.

Operating Profit Margin. Operating profit (operating revenues minus operating expenses) as percent of operating revenues.

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