

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, DC

Essential Air Service at  
**SIOUX CITY, IOWA**

**DOT-OST-2011-0131**

Under 49 U.S.C §41731 et seq.

**AMERICAN AIRLINES PROPOSAL TO PROVIDE ESSENTIAL AIR SERVICE AT  
SIOUX CITY, IOWA**

American Airlines, a wholly owned subsidiary of American Airlines Group, Inc., respectfully submits its proposal to continue subsidized Essential Air Service to Sioux City, Iowa. American Airlines seeks to continue service from American's hub, Chicago O'Hare International Airport ("ORD") to the Sioux Gateway Airport ("SUX"), with two daily roundtrips with the exception of Saturday for a total of thirteen weekly roundtrips. The service would be operated by the American Airlines regional brand, American Eagle using 50 seat jet aircraft.

American Airlines regional feed is operated under the American Eagle brand. Flying for American Eagle is conducted by Air Wisconsin, Compass Airlines, Envoy Air, ExpressJet Airlines, Mesa Airlines, Piedmont, PSA, Republic Airlines, SkyWest Airlines, and Trans State Airlines. American Airlines customers currently have access to more than 343 cities, 54 countries and more than 6,900 daily departures. Through our oneworld alliance, customers have access to 13 of the world's leading airlines and around 25 affiliated carriers. Together, these airlines operate more than 14,000 daily flights to over 1,000 destinations, including 154 countries across the globe. These flights will continue to be operated with the AA code, pursuant to a codesharing agreement with American Airlines. Additional codes of the oneworld carriers are also applied to this route, and would continue to be.

The service proposed by American Airlines continues existing service to American's hub, Chicago O'Hare International Airport. At ORD, American, American Connection, and American Eagle offer more than 450 daily departures to over 120 destinations, making it one of the largest hubs in the country. This direct access to so many places has helped stimulate traffic from Sioux City with significantly easier connecting options than what had been offered to Sioux City travelers prior to our award of the current Essential Air Service bid.

Sioux City has performed well under subsidized Essential Air Service since American's EAS subsidy award in April 2012. Passenger bookings have reflected the industry norms over the course of our nearly four years operating in the market. We have made great progress in

developing air-service in Sioux City, bringing new business and industry to the Siouxland region. Our current bid should reflect our belief that while the Essential Air Service subsidy is currently vital, the market is on a trajectory to one day be self-sustaining.

American would like to also request that the DOT and Sioux City allow us flexibility in substituting an Embraer E-145 (50 seats) aircraft, a CRJ200 (50 seats) aircraft and Embraer E-140 (44 seats) aircraft when needed for the same rates. Allowing us to substitute 50- or 44-seat RJs will provide us the flexibility to match supply with demand, as well as provide operational flexibility, which will improve reliability. American also requests that the DOT and Sioux City waive the right to hold-in American Airlines service upon issuance of 120 days-notice to terminate service. Although we do not foresee this to be an issue and plan to continue developing the Sioux City market, we cannot be operationally constrained and kept in a market indefinitely, without ability to adapt to changing circumstances.

We believe that our to-date success in Sioux City is demonstrative of the American Airlines network and marketing programs

We look forward to serving the Sioux City area for many years to come and appreciate the community's and the Department of Transportation's consideration of continued American Airlines service.

Sincerely,



Charles Schubert  
Vice President  
American Airlines  
Network & Schedule Planning

<u>MRG/EAS Market</u>	<u>ORD-SUX</u>
A/C Type	E145
Seats Per Departure	50
Weekly Round Trips	13
Annual Departures (98% completion factor)	1,329
Stage Length	436
Block Hours Per Departure	1.6
Annual Block Hours (Factors)	2,143
Estimated Load Factor	77.3%
 <u>Pasenger Revenue</u>	
Average Onboard Fare	\$123.56
Annual Onboard Pax	51,341
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	\$6,343,672
RPMs	22,385
ASMs	28,963
 <u>Revenue</u>	
Passenger Revenue	\$6,343,672
Other Revenue	\$748,445
<b>Total</b>	<b>\$7,092,117</b>
 <u>Expense</u>	
Direct Expense	\$5,768,417
Indirect Expense	\$946,898
Aircraft Ownership and Overhead	\$1,011,874
<b>Total</b>	<b>\$7,727,189</b>
<b>Profit/(Loss)</b>	<b>(\$635,072)</b>
 <u>Profit Element</u>	
	\$626,529
<b>Annual Subsidy Requirement</b>	<b>\$1,261,601</b>
 <u>Subsidy Requirement</u>	
Subsidy Per Trip	\$950
Subsidy Per Passenger	\$25