

**Table 3: Asset Turnover
Selected Airlines
Operating Revenues Divided by Total Assets**

Airline	Asset Turnover
Canadian Airlines	1.3
Delta	1.3
United	1.4
Continental	1.2
Northwest	1.2
USAir	1.2
Air Canada	1.0
American	1.0
KLM	.6
* Source: Carrier Reports.	

In recent years, this cash flow relationship has changed dramatically. Whereas in 1961 three percent of aircraft were leased, by 1988, 42 percent of aircraft were leased.¹¹¹ With an aircraft lease, the airline does not lay out cash up-front when the aircraft is acquired. Instead, cash is laid out throughout the lifetime of the aircraft. With the adoption of leasing by airlines, carriers are now experiencing required annual cash outlays roughly equal to their cash inflows. Because of this, when difficult times are experienced--such as a recession or fuel crisis, carriers can experience negative cash flows. As a result, airlines are more likely to experience bankruptcy.

¹¹¹ Source: *Air Transport World*, June, 1989.