

Airline's recent cash liquidity changes

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The Airline's Recent -Death Defying Actions-

Not long ago daily media stories were predicting which major airline would be the first in line to fail. Las Vegas type odds were given to a list of inevitable airline bankruptcies.

There should be no argument the US airline industry is facing unprecedented challenges as they restructure their business models to survive with record high fuel costs and a questionable forward looking Global economy.

In reviewing each airlines recent 2nd quarter financial reports, it is obvious cash liquidity has become a very high priority for airline management going into the future.

Using various types of financing initiatives and asset sales, five of the eight largest US Airlines increased their unrestricted cash positions by significant amounts.

(billions)	AA	UAL	DAL	CAL	NWA	SWA	USAir	JBLU
Cash 3/31/2008	\$4.41	\$2.92	\$2.60	\$2.52	\$3.23	\$3.12	\$2.07	\$.753
Projected cash available 6/30/2008	\$5.93	\$4.40	\$3.34	\$4.31	\$3.26	\$5.84	\$2.29	\$1.35

In consideration that DAL and NWA will acquire approval for their merger by year end, only US Airways appears to have a potential cash liquidity problem in the near-term (*See table*).

In my opinion, the increased cash liquidity and upcoming capacity cuts combined with recent fare increases make-predictions- of airline failures very pre-mature.

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