

Industry 3rd quarter 2009 summary

October 28, 2009

Airline Industry 3rd Quarter Summary-

Finally there appears to be sun light piercing through several recent months of storm clouds for the airline industry.

Recognizing the 3rd quarter is normally the best for airline profits, the relatively small loss, while disappointing, was more positive than what was projected only a few weeks ago.

Mathematically, the 9 largest airlines reported a cumulative \$28.3 billion in operating revenue. This was \$156 million higher than First Call estimates and \$223 million higher than AirlineFinancials.com estimates.

Net earnings, excluding one-time and special charges came in at a \$256 million cumulative loss which was \$212 million better than First Call estimates and \$52 million better than AirlineFinancials.com estimates.

Following is a summary of the year-over-year (y/y) cumulative changes for selected financial and operational metrics for the 9 largest airlines.

Specific airline data follows the summary.

Note: The airlines covered below, with their affiliate partners, carry approximately 90% of the US passenger market share.

- Total Operating Revenue-
\$28.3 billion = 18.0% less than 3rd quarter 2008.
- Regional Affiliate Revenue-
\$4.1 billion = 12.5% less than 3rd quarter 2008.

(included in total operating revenue)

- Net Profit or Loss-
\$256 million loss = \$527 million improvement over 3rd quarter 2008.
- Cash & Short/Term Investments as of 9/30/2009-
\$23.3 billion = 10.9% less than 9/30/2008.
- Total Consolidated Capacity - Available Seat Miles (ASMs)
238,861 million = 5.1% less than 3rd quarter 2008.
- Regional Affiliate Capacity (ASMs)-
24,403 million = .4% less than 3rd quarter 2008.

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(included in total consolidated capacity)

- Traffic -Revenue Passenger Miles (RPMs)
199,900 million = 2.6% less than 3rd quarter 2008.
- Regional Affiliate Traffic (RPMs)-
19,253 million = 4.4% higher than 3rd quarter 2008.

(included in total consolidated capacity)

Conclusion: It is the opinion of AirlineFinancials.com that the added liquidity each airline was recently able to achieve greatly reduced the risk of bankruptcy for the weaker carriers.

Year-over-year revenue growth could begin as early as the 1st quarter of next year.

As reduced capacity reconciles with our expected higher traffic demand, airlines will finally have the opportunity to increase fares enough to generate measurable profits.

The potential for a double dip recession and/or significant increase in fuel costs are the unknown wild cards.

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