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Airline Industry Outlook and Summary by AirlineFinancials.com

Following are summaries for the industry and each airline noted above. Projections and outlook consider actual data through the 2nd quarter ending 6/30/2009. Projections and outlook are from AirlineFinancials.com and will likely change moving forward. *Some data may be estimated.*

Industry (9 largest airlines and affiliates)-

2009 projected Operating Revenue [1] = \$104.99 billion.

2009 projected Operating Expense [2] = \$105.84 billion.

Current cash & avg ratio of '09 Operating expense [3] = \$19.15 billion / 20.8%.

Advance revenue liability & avg ratio of '09 revenue [4] = \$15.1billion / 13.7%.

Long Term debt & ratio of projected 2009 revenue [5] = \$48.4 billion / 48.6%.

Assets (total) as of 6/30/2009 = \$135.53 billion.

Market Cap (total for 9 airlines) (Q2 2009 median) = \$17.3 billion

Delta (DAL)-

2009 projected Operating Revenue/ratio of industry [1] = \$28.1 billion / 26.8%.

2009 projected Operating Expense [2] = \$28 billion.

Current cash / ratio of 2009 Operating expense [3] = \$4.9 billion / 17.7%.

Advance revenue liability / ratio of 2009 revenue [4] = \$3.9 billion / 13.7%.

Long Term debt / ratio of projected 2009 revenue [5] = \$14.8 billion / 52.5%.

Long-term debt ratio of industry debt [5] = 30.5%.

Assets / ratio of industry = \$44.5 billion / 32.8%.

Market Cap / ratio of industry (Q2 2009 median) = \$5.3 billion / 30.4%.

Pros: Largest global network, positive labor relations, adequate liquidity and cash flow, positioned to take advantage of the next economic up-cycle.

Cons: High debt load, potential issues with the integration of NWA.

Potential risk of bankruptcy within 9 months: None

American (AMR)-

2009 projected Operating Revenue/ratio of industry [1] = \$19.7 billion / 18.7%.

2009 projected Operating Expense [2] = \$20.3 billion.

Current cash / ratio of 2009 Operating expense [3] = \$2.8 billion / 13.8%.

Advance revenue liability / ratio of 2009 revenue [4] = \$3.9 billion / 19.6%.

Long Term debt / ratio of projected 2009 revenue [5] = \$8.9 billion / 45.1%.

Long-term debt ratio of industry debt [5] = 18.3%.

Assets / ratio of industry = \$24.1 billion / 17.8%.

Market Cap / ratio of industry (Q2 2009 median) = \$1.3 billion / 7.8%.

Pros: Adequate liquidity from unencumbered assets, low unit costs ex fuel and labor, good yield management, expected approval by year end for JBV with British Air and Iberia.

Cons: Weak cash position, contentious labor relations, all union contracts being negotiated and under control of National Mediation Board (NMB), poor customer service ratings.

Potential risk of bankruptcy within 9 months: Unlikely

United (UAUA)-

2009 projected Operating Revenue/ratio of industry [1] = \$15.6 billion / 14.9%.

2009 projected Operating Expense [2] = \$16.4 billion.

Current cash / ratio of 2009 Operating expense [3] = \$2.6 billion / 15.6%.

Advance revenue liability / ratio of 2009 revenue [4] = \$1.9 billion / 12.3%.

Long Term debt / ratio of projected 2009 revenue [5] = \$6.8 billion / 43.5%.

Long-term debt ratio of industry debt [5] = 14.0%.

Assets / ratio of industry = \$18.8 billion / 13.9%.

Market Cap / ratio of industry (Q2 2009 median) = \$719 million / 4.2%.

Pros: Good route system covering Asia and South Pacific.

Cons: Weak cash position and available liquidity options, low market cap, old inefficient fleet with no aircraft orders, contentious labor relations with most union contracts amendable this coming January.

Potential risk of bankruptcy within 9 months: Very possible

Continental (CAL)-

2009 projected Operating Revenue/ratio of industry [1] = \$12.3 billion / 11.7%.

2009 projected Operating Expense [2] = \$12.3 billion.

Current cash / ratio of 2009 Operating expense [3] = \$2.8 billion / 22.5%.

Advance revenue liability / ratio of 2009 revenue [4] = \$2.1 billion / 17.3%.

Long Term debt / ratio of projected 2009 revenue [5] = \$5.0 billion / 40.3%.

Long-term debt ratio of industry debt [5] = 10.3%.

Assets / ratio of industry = \$12.7 billion / 9.3%.

Market Cap / ratio of industry (Q2 2009 median) = \$1.4 billion / 8.2%.

Pros: Adequate liquidity, relatively positive labor relations, efficient operation and good route system, moving to Star Alliance.

Cons: Ongoing pilot contract negotiations, high international exposure.

Potential risk of bankruptcy within 9 months: Unlikely

Southwest (LUV)-

2009 projected Operating Revenue/ratio of industry [1] = \$10.0 billion / 9.5%.

2009 projected Operating Expense [2] = \$9.9 billion.

Current cash / ratio of 2009 Operating expense [3] = \$2.2 billion / 22.3%.

Advance revenue liability / ratio of 2009 revenue [4] = \$1.2 billion / 12.0%.

Long Term debt / ratio of projected 2009 revenue [5] = \$3.3 billion / 32.7%.

Long-term debt ratio of industry debt [5] = 6.8%.

Assets / ratio of industry = \$14.0 billion / 10.3%.

Market Cap / ratio of industry (Q2 2009 median) = \$5.2 billion / 29.8%.

Pros: Adequate cash and liquidity options, industry high market cap, positive employee labor relations, efficient operations, acquiring Frontier will be very positive longer-term.

Cons: Costs will increase without growth.

Potential risk of bankruptcy within 9 months: None

USAirways (LCC)-

2009 projected Operating Revenue/ratio of industry [1] = \$10.3 billion / 9.9%.

2009 projected Operating Expense [2] = \$10.6 billion.

Current cash / ratio of 2009 Operating expense [3] = \$1.5 billion / 14.0%.

Advance revenue liability / ratio of 2009 revenue [4] = \$963 million / 9.3%.

Long Term debt / ratio of projected 2009 revenue [5] = \$4.1 billion / 39.4%.

Long-term debt ratio of industry debt [5] = 8.4%.

Assets / ratio of industry = \$7.9 billion / 5.8%.

Market Cap / ratio of industry (Q2 2009 median) = \$469 million / 2.7%.

Pros: Younger fleet.

Cons: Weak cash position with limited options to improve liquidity, high unit costs ex fuel and labor, depressed market cap, ongoing integration of America West, low future bookings.

Potential risk of bankruptcy within 9 months: Very possible

JetBlue (JBLU)-

2009 projected Operating Revenue/ratio of industry [1] = \$3.3 billion / 3.1%.

2009 projected Operating Expense [2] = \$3.0 billion.

Current cash / ratio of 2009 Operating expense [3] = \$880 million / 29.3%.

Advance revenue liability / ratio of 2009 revenue [4] = \$460 million / 14.1%.

Long Term debt / ratio of projected 2009 revenue [5] = \$3.1 billion / 94.0%.

Long-term debt ratio of industry debt [5] = 6.3%.

Assets / ratio of industry = \$6.5 billion / 4.8%.

Market Cap / ratio of industry (Q2 2009 median) = \$1.5 billion / 8.6%.

Pros: Adequate cash, good employee relations, low costs, good customer service, new fuel efficient fleet, investment from Lufthansa.

Cons: Very high debt load, low yields require high load factor to maintain positive cash flow.

Potential risk of bankruptcy within 9 months: Unlikely

Alaska (ALK)-

2009 projected Operating Revenue/ratio of industry [1] = \$3.3 billion / 3.2%.

2009 projected Operating Expense [2] = \$3.2 billion.

Current cash / ratio of 2009 Operating expense [3] = \$1.1 billion / 35.2%.

Advance revenue liability / ratio of 2009 revenue [4] = \$400 million / 12.1%.

Long Term debt / ratio of projected 2009 revenue [5] = \$1.7 billion / 50.5%.

Long-term debt ratio of industry debt [5] = 3.4%.

Assets / ratio of industry = \$4.9 billion / 3.6%.

Market Cap / ratio of industry (Q2 2009 median) = \$674 million / 3.9%.

Pros: Adequate cash/liquidity, solid customer service, high yield markets, good employee relations.

Cons: High debt load.

Potential risk of bankruptcy within 9 months: None

Air Tran Airways (AAI)-

2009 projected Operating Revenue/ratio of industry [1] = \$2.4 billion / 2.2%.

2009 projected Operating Expense [2] = \$2.2 billion.

Current cash / ratio of 2009 Operating expense [3] = \$384 million / 17.2%.

Advance revenue liability / ratio of 2009 revenue [4] = \$300 million / 12.8%.

Long Term debt / ratio of projected 2009 revenue [5] = \$931 million / 39.7%.

Long-term debt ratio of industry debt [5] = 1.9%.

Assets / ratio of industry = \$2.1 billion / 1.5%.

Market Cap / ratio of industry (Q2 2009 median) = \$782 million / 4.5%.

Pros: Low costs, young fleet, growth driven.

Cons: Weak cash position, ongoing contract negotiations with pilots since 2004.

Potential risk of bankruptcy within 9 months: Unlikely

Notes:

[1] Operating revenue is current projection and includes affiliates.

[2] Operating expense does not include one-time/special charges.

[3] Cash/equivalent includes unrestricted cash and short-term investments.

[4] Advance revenue is "Air Traffic Liability" for future travel.

[5] LT Debt is Long-term debt less current maturities plus capital leases.