Airline Industry Summary and Comparisons

Year 2009

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Following are summaries for the industry and each airline noted below. Time period is for full year or year ending 12/31.

Except where noted, "Industry", for this analysis, considers the nine largest US airlines: Delta, American, United, Continental, Southwest, US Airways, JetBlue, Alaska, and Air Tran. Collectively these airlines and their affiliate partners carry over 88% of the US domestic market share.

<u>Industry</u> (nine largest airlines and their regional affiliate partners) [2008 data in brackets]
2009 Operating Revenue [1] = $106.7 billion [$126.2 billion]
2009 Operating Expense [2] = $106.1 billion [$130.5 billion]
Cash & ratio of 2009 Operating Expense [3] = $21.9 billion / 20.7% [$17.3 billion / 13.2%]
Advance revenue liability & ratio of 2009 passenger revenue [4] = $15.9 billion / 16.8% [$16.3 billion / 14.4%]
Long-Term Debt & ratio of 2009 revenue [5] = $52 billion / 48.7% [$49.4 billion / 39.1%]
Assets (total) = $136 billion [$136.6 billion]
Market Cap (total for 9 airlines) (Q4 2009 median) = $25 billion [$25.1 billion]
2009 EBITDAR (total for 9 airlines) [6] = $9.7 billion [$5.5 billion]
2009 passenger traffic miles (total for 9 airlines) [7] = 730.7 billion [768.6 billion]

<u>Delta</u> (DAL)-
2009 Operating Revenue / ratio of industry [1] = $28.06 billion / 26.3%.
2009 Operating Expense / ratio of industry [2] = $27.98 billion / 26.4%.
Cash / ratio of 2009 Operating Expense [3] = $4.68 billion / 16.7%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $4.69 billion / 16.7%.
Long-Term Debt / ratio of 2009 revenue [5] = $15.67 billion / 55.8%.
Long-Term Debt ratio of industry debt [5] = 30.1%.
Assets / ratio of industry = $43.54 billion / 32%.
Market Cap / ratio of industry (Q4 2009 median) = $7.41 billion / 29.7%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $2.1 billion / 21.6%
2009 passenger traffic / ratio of industry traffic [7] = 188.95 billion / 25.9%
Pros: Largest global network, positive labor relations, adequate liquidity and cash flow, positioned to take advantage of the next economic up-cycle.
Cons: Weak cash position - High debt load, potential issues with the integration of NWA.

<u>American</u> (AMR)-
2009 Operating Revenue / ratio of industry [1] = $19.92 billion / 18.7%.
2009 Operating Expense / ratio of industry [2] = $20.75 billion / 19.6%.
Cash / ratio of 2009 Operating Expense [3] = $4.4 billion / 21.2%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $3.43 billion / 17.2%.
Long-Term Debt / ratio of 2009 revenue [5] = $10.58 billion / 53.1%.
Long-Term Debt ratio of industry debt [5] = 20.3%.
Assets / ratio of industry = $25.44 billion / 18.7%.
Market Cap / ratio of industry (Q4 2009 median) = $2.22 billion / 8.9%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $776 million / 8%
2009 passenger traffic / ratio of industry traffic [7] = 130.11 billion / 17.8%
Pros: Adequate liquidity - Low unit costs ex fuel and labor - Good yield management - Approval for JBV with British Air and Iberia.
Cons: Relatively low market cap - Contentious labor relations with all union contracts being negotiated and under control of National Mediation Board (NMB) - Poor customer service ratings - Relatively high labor costs - Industry's lowest EBITDAR. - High debt loads with additional pension obligation over $7 billion.

United (UAUA)-
2009 Operating Revenue / ratio of industry [1] = $16.34 billion / 15.3%.
2009 Operating Expense / ratio of industry [2] = $16.12 billion / 15.2%.
Cash / ratio of 2009 Operating Expense [3] = $3.04 billion / 18.9%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $3.01 billion / 18.4%.
Long-Term Debt / ratio of 2009 revenue [5] = $7.57 billion / 46.4%.
Long-Term Debt ratio of industry debt [5] = 14.6%.
Assets / ratio of industry = $18.68 billion / 13.7%.
Market Cap / ratio of industry (Q4 2009 median) = $1.64 billion / 6.6%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $1.46 billion / 15%
2009 passenger traffic / ratio of industry traffic [7] = 114.25 billion / 15.6%
Pros: Good route system covering Asia and South Pacific - Significant liquidity improvement over prior year.
Cons: Relatively low market cap - Old inefficient fleet - Contentious labor relations with most union contracts amendable last January.

Continental (CAL)-
2009 Operating Revenue / ratio of industry [1] = $12.59 billion / 11.8%.
2009 Operating Expense / ratio of industry [2] = $12.59 billion / 11.9%.
Cash / ratio of 2009 Operating Expense [3] = $2.86 billion / 22.7%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $1.86 billion / 14.7%.
Long-Term Debt / ratio of 2009 revenue [5] = $5.29 billion / 42%.
Long-Term Debt ratio of industry debt [5] = 10.2%.
Assets / ratio of industry = $12.78 billion / 9.4%.
Market Cap / ratio of industry (Q4 2009 median) = $1.96 billion / 7.9%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $1.43 billion / 14.7%
2009 passenger traffic / ratio of industry traffic [7] = 89.14 billion / 12.2%
Pros: Good liquidity - Relatively positive labor relations – Efficient operation with good route system - Moved to Star Alliance.
Cons: Ongoing pilot contract negotiations - High international exposure.

US Airways (LCC)-
2009 Operating Revenue / ratio of industry [1] = $10.46 billion / 9.8%.
2009 Operating Expense / ratio of industry [2] = $10.29 billion / 9.7%.
Cash / ratio of 2009 Operating Expense [3] = $1.5 billion / 14.6%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $778 million / 7.4%.
Long-Term Debt / ratio of 2009 revenue [5] = $4.02 billion / 38.5%.
Long-Term Debt ratio of industry debt [5] = 7.7%.
Assets / ratio of industry = $7.45 billion / 5.5%.
Market Cap / ratio of industry (Q4 2009 median) = $933 million / 3.7%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $1.11 billion / 11.4%
2009 passenger traffic / ratio of industry traffic [7] = 68.46 billion / 9.4%
Pros: Significant liquidity improvement over prior year - Younger fleet.
Cons: Weak cash position - High unit costs ex fuel and labor - Relatively weak market cap – Weak advance bookings - Ongoing integration of America West.

Southwest (LUV)-
2009 Operating Revenue / ratio of industry [1] = $10.35 billion / 9.7%.
2009 Operating Expense / ratio of industry [2] = $10.09 billion / 9.5%.
Cash / ratio of 2009 Operating Expense [3] = $2.59 billion / 25.7%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $1.04 billion / 10.1%.
Long-Term Debt / ratio of 2009 revenue [5] = $3.33 billion / 32.1%.
Long-Term Debt ratio of industry debt [5] = 6.4%.
Assets / ratio of industry = $14.27 billion / 10.5%.
Market Cap / ratio of industry (Q4 2009 median) = $7.39 billion / 29.6%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $1.06 billion / 10.9%
2009 passenger traffic / ratio of industry traffic [7] = 74.46 billion / 10.2%
Pros: Adequate cash and liquidity options - Industry high market cap - Positive employee labor relations - Efficient operations.
Cons: Costs will increase without growth – Relatively low advance bookings.

JetBlue (JBLU)-
2009 Operating Revenue / ratio of industry [1] = $3.29 billion / 3.1%.
2009 Operating Expense / ratio of industry [2] = $3.01 billion / 2.8%.
Cash / ratio of 2009 Operating Expense [3] = $1.14 billion / 37.8%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $455 Million / 13.8%.
Long-Term Debt / ratio of 2009 revenue [5] = $2.92 billion / 88.9%.
Long-Term Debt ratio of industry debt [5] = 5.6%.
Assets / ratio of industry = $6.55 billion / 4.8%.
Market Cap / ratio of industry (Q4 2009 median) = $1.63 billion / 6.5%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $633 million / 6.5%
2009 passenger traffic / ratio of industry traffic [7] = 25.96 billion / 3.6%
Pros: Adequate cash and liquidity - 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.

Alaska (ALK)-
2009 Operating Revenue / ratio of industry [1] = $3.4 billion / 3.2%.
2009 Operating Expense / ratio of industry [2] = $3.09 billion / 2.9%.
Cash / ratio of 2009 Operating Expense [3] = $1.19 billion / 38.6%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $366 million / 10.8%.
Long-Term Debt / ratio of 2009 revenue [5] = $1.7 billion / 50%.
Long-Term Debt ratio of industry debt [5] = 3.3%.
Assets / ratio of industry = $4.99 billion / 3.7%.
Market Cap / ratio of industry (Q4 2009 median) = $1.09 billion / 4.4%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $685 million / 7%
2009 passenger traffic / ratio of industry traffic [7] = 20.77 billion / 2.8%
Pros: Adequate cash/liquidity - Good customer service - High yield markets - Good employee relations.
Cons: High debt load – Relatively low advance bookings.

Air Tran Airways (AAI)-
2009 Operating Revenue / ratio of industry [1] = $2.34 billion / 2.2%.
2009 Operating Expense / ratio of industry [2] = $2.17 billion / 2%.
Cash / ratio of 2009 Operating Expense [3] = $544 million / 25.1%.
Advance revenue liability / ratio of 2009 passenger revenue [4] = $227 million / 9.7%.
Long-Term Debt / ratio of 2009 revenue [5] = $932 million / 39.8%.
Long-Term Debt ratio of industry debt [5] = 1.8%.
Assets / ratio of industry = $2.28 billion / 1.7%.
Market Cap / ratio of industry (Q4 2009 median) = $702 million / 2.8%.
2009 EBITDAR / ratio of industry EBITDAR [6] = $473 million / 4.9%
2009 passenger traffic / ratio of industry traffic [7] = 18.59 billion / 2.5%
Pros: Low costs - Young fleet - Growth driven.
Cons: Ongoing contract negotiations with pilots since 2004.

Notes:
[1] Operating revenue 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.
[6] EBITDAR is a common term which calculates operating income after excluding interest, taxes, depreciation, amortization and aircraft rent.
[7] Passenger traffic is for consolidated operation and includes affiliates. RPM's is passenger revenue miles and commonly referred to as market share.