

What's Up

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AirTran

The carrier has terminated its flights between Washington Dulles and Chicago Midway, after dropping its service between Dulles and Boston in March. However, President Robert Fornaro vows that his airline will continue flying between Dulles and Atlanta despite competition from Delta, United, and US Airways. He said that there are about 34 Dulles-Atlanta trips each day, and that AirTran offers by far the lowest fare on the route. Boston and Midway "were marginal to begin with," said Fornaro. "Either MetroJet, United, or both will leave [the Atlanta-Dulles route] well before we do."

(Aviation Daily, June 18)

AirTran Airways successfully completed a unique, ten-day simulated airline program with its first production-configured B-717-200. Known as the Pre-Aircraft Certification Airline Simulated Operation (PACASO), the program was used to demonstrate the new plane's operational performance, as well as the carrier's ground support capabilities. The B-717-200 used in PACASO, one of four development planes making good progress in the Boeing flight test and certification program, was handled by AirTran pilots, flight attendants, mechanics, and service personnel on the airline's U.S. route system. Jim Phillips, vice president-B-717 Program, Boeing Commercial Airplanes Group, said, "PACASO is an early opportunity to gain real in-service experience before AirTran conducts its required FAA route-proving operation and then starts carrying passengers this October."

(PRNewswire, June 2)

America West

The ninth-largest U.S. carrier plans to expand the number of non-stop flights from its Phoenix and Las Vegas hubs to 14 markets. From Phoenix the airline will add nine daily nonstops, including new service to Tampa on August 1 and Ft. Lauderdale on November 1, while increasing service to Atlanta, Detroit, Milwaukee, Minneapolis, Oakland, and Los Cabos and Puerto Vallarta, Mexico. America West will add daily nonstops from Las Vegas to Atlanta, Baltimore, Columbus, Ohio, and Palm Springs and San Jose, California. "This expansion is a continuation of America West's strategic growth plan to expand our underdeveloped hubs in Phoenix and Las Vegas," said Bernie Han, senior vice president for planning. "The new schedule also validates America West's commitment to expand long-haul service from Las Vegas to the Eastern United States."

(Reuters, June 16)

American

The carrier has exercised the right to purchase three more B-777s. The additional aircraft bring to 37 the number of B-777s that American has ordered, and will be delivered during the first six months of 2001. Next year the airline plans to introduce the plane into service on several existing routes, including London-Heathrow from both Los Angeles and New York-JFK and Buenos Aires from both Miami and New York-JFK. "The popularity of the B-777 with our customers and flight crews, and the outstanding performance of the aircraft we have experienced so far led us to a very easy decision to expand the B-777 fleet," Carty added.

(PRNewswire, July 19)

American plans to reinstate daily jet service between Miami and Tampa on November 1. The airline will offer three flights each day using B-727 aircraft. Louis Miller, executive director of the Hillsborough County Aviation Authority, said that Tampa International's efforts to expand international markets in Latin America have suffered because passengers don't like changing from jets to turboprops in Miami, and so "we've been losing a lot of that traffic to Orlando." With regard to Southwest's 11 daily flights from Tampa to Fort Lauderdale, north of Miami, Miller added, "Fort Lauderdale is great, but jet service directly to Miami is critical."

(*St. Petersburg Times*, July 13)

This winter the airline plans to operate 50 daily departures from its San Juan, Puerto Rico hub, a nearly 20 percent increase over last winter's schedule of 42 flights. American will add a round trip on a new route to Caracas on December 15, and two round trips to New York JFK. Other airports that will see the addition of another daily round trip are Boston, Ft. Lauderdale, Miami, Newark, and Orlando. "We recently announced some additional flights out of San Juan for the summer season," said Donald J. Carty, American's chairman and CEO. "Now we're continuing that momentum into the winter season. It's a reflection of our commitment to building our hub and supporting tourism in Puerto Rico."

(*PRNewswire*, May 26)

American Eagle

American Eagle launched new nonstop regional jet service from New York's LaGuardia Airport to Cleveland Hopkins International Airport. The six daily roundtrips, on a route American last served in 1981, will be flown with 50-seat ERJ-145s, and mark American Eagle's debut at LaGuardia. "Our acquisition of Business Express made it possible for American Eagle to enter the LaGuardia market, so we're especially pleased to be here," said Tom Bacon, American Eagle's senior vice president of marketing and planning. The acquisition earlier this year of Business Express Airlines has enabled American Eagle to strengthen its Northeast routes by adding takeoff and landing slots at LaGuardia and White Plains, New York and the delivery positions of Business Express' 20 firm orders and 40 options for the 37-seat ERJ-135 regional jets.

(*PRNewswire*, July 29)

The regional affiliate of American announced it will introduce nonstop regional jet service between Grand Rapids, Michigan and Dallas/Fort Worth on August 26. Using 50-seat ERJ-145 regional jets, American Eagle will operate two daily round-trip flights. "American Eagle's regional jet service from Grand Rapids to American's Chicago hub has been a success so far, so we thought we'd build on that success by offering service from the Grand Rapids area to another of American's major hubs," said Joel Chusid, American Eagle's vice president of marketing.

(*PRNewswire*, June 7)

American Eagle launched non-stop jet service between Baltimore/Washington International Airport and Chicago O'Hare. Using 50-seat ERJ-145 regional jets, the American regional affiliate will operate five daily round-trip flights.

(*PRNewswire*, June 1)

British Airways

The airline anticipates that growth in capacity will slow even further this year as it continues to remove discounted economy seats and focuses on premium travelers. British Airways has already announced the slowing of capacity growth with the switch from B-747s to B-777s for some long-haul flights. However, the carrier feels it can keep up yields and margins with an offer of a third ticket free to Concorde first and business class passengers who purchase two fares.

(*Reuters*, July 5)

Continental

The carrier's inaugural of nonstop service between Newark and Amsterdam will mark Continental's 16th transatlantic destination from the New York area airport. Using a DC-10 aircraft, the airline will offer 38 BusinessFirst and 204 Coach seats for the approximately eight-hour flight. "We are very proud to be adding Amsterdam to our list of destinations that Continental serves nonstop from our hub in Newark/New York, Continental's primary gateway to Europe and the Middle East," said Barry Simon, Continental's senior vice president, International.

(PRNewswire, July 15)

Continental will spend \$800 million to expand its hub at Newark International Airport. The airline will add a third concourse at Terminal C with 12 new gates for larger planes and will also build a 150,000 square-foot cargo building, a baggage-handling facility, and an aircraft-maintenance hangar. The construction is slated for completion in 2002, and the expansion should add 3,200 airport jobs.

(Bloomberg News, July 8)

Tomorrow the airline will inaugurate Cleveland's first ever non-stop transatlantic service with its flight to London Gatwick. Continental's 18th transatlantic route will be serviced by a specially equipped B-757 with 16 BusinessFirst seats and 157 in coach.

(PRNewswire, June 29)

Continental will start codesharing with Copa Airlines of Panama on more than 60 flights to 30 destinations, starting with international flights from Panama City to Guatemala City, Miami, and San Juan, Puerto Rico. As part of the alliance, Continental said that Copa has taken delivery of 12 B-737-700 aircraft.

(Dow Jones, June 10)

Continental Airlines, Inc. has proposed to buy 65 percent of Aeroperu, in an effort to refloat the Peruvian flagship carrier, which had shut down operations in March due to debts, according to a creditor. If approved by Aeroperu's creditors at a meeting in ten days, Continental would take operational control of the airline, finally holding a 49 percent stake in the firm after putting the remaining 16 percent share in a trust fund for employees.

(Reuters, June 1)

Delta

The carrier and Air France plan to align passenger and cargo services as part of a long-term deal to form a major global alliance. Although details of the alliance, which will include other airlines, are still in the works and are expected to be final by the end of the year, Delta expects profitable benefits from its links to Air France's cargo capabilities, besides increased passenger cooperation. "It means growth for both airlines," Delta spokeswoman Kay Horner said.

(Associated Press, June 22)

Following through on a negotiating-table threat, Delta deferred delivery on seven additional B-777s, after five months of talks failed to reach a settlement on compensation issues. Delta has offered \$238.66 an hour to Captains to fly the B-777, but the union has asked for \$318.96 per hour and rules that would require 37 percent more B-777 pilots, according to the company. "We're committed to paying our pilots the best in the industry. But it also has to be economically feasible for us to operate this airplane in order to be competitive," said Kay Horner, a Delta spokeswoman.

(Dow Jones, June 11)

Frontier

The airline plans to lease three aircraft, a B-737-300 and two B-737-200 Advanced jets, from Indigo Aviation of Sweden. Along with a previously announced lease of two B-737-200 Advanced jets from Triton Aviation Services Limited of San Francisco, Frontier plans to retire five B-737-200 Basic aircraft by the end of the year. "We are in the process of retiring the five B-737-200 Basic aircraft that do not meet the Federal Aviation Administration's Stage 3 noise-reduction compliance regulations. All five of those aircraft, which have been part of our fleet since our first year of operations, will be retired by the end of calendar year 1999," said Frontier President Sam Addoms.

(PRNewswire, July 8)

Frontier celebrated five years of service which have seen nearly 5.8 million passengers on their planes. President Sam Addoms said, "Although five years typically marks the time when an airline is no longer considered a start-up, we plan to continue operating with the same enthusiasm and tenacity that brought us to this point. This plan includes continuing to grow in a moderate way and improving our product by focusing on the most important elements of our business: Our employees and our customers."

(PRNewswire, July 5)

JetBlue

The new low-cost airline, which had ordered about \$4 billion of new Airbus Industrie jets in April, expects to begin flying in January. Chief Executive David Neelman said the "mega start-up" differs from other low-cost airlines because JetBlue is highly capitalized, has a good management team, and mixes common sense with high technology. The airline also has a \$900 million contract with International Aero Engines, a consortium which includes both Pratt & Whitney and Rolls-Royce, and will get other components and flight technology from AlliedSignal and Weber International. Over the next three years, JetBlue plans to hire about 1,500 people to be based at New York-JFK.

(Reuters, July 14)

Lapa

The Argentinean regional airline is ready to start flying to the U.S. within two months, planning three flights per week from Buenos Aires to Atlanta, where the company has a passenger handling agreement with Delta. Lapa claims to have 40 percent of the domestic flight market in Argentina.

(OTC, June 7)

Mesa

The Board of Directors of Mesa Air Group, Inc. has elected Jonathan G. Ornstein, Mesa's President and CEO, as Chairman of the Board. Former Chairman Paul Madden will serve as Vice-Chairman and James Swigart, formerly Vice-Chairman, will become Chairman of the Board's Nominating Committee. "The Company has made great strides both operationally and financially over the past year. I am pleased to hand over the Chairmanship to Jonathan," said Paul Madden.

(PRNewswire, June 10)

The shareholders of CCAir, Inc., which operates in the Southeast as US Airways Express, approved a merger with Mesa Air Group, Inc. Under the agreement, CCAir's shareholders will receive 0.6214 of a Mesa common share for each common share. Last August, Mesa signed a letter of intent to buy CCAir for \$60 million, including the assumption of \$15 million in debt, but in February reduced the price it agreed to pay to \$53 million.

(Dow Jones, June 9)

Midway

The airline expects earnings for the second quarter to fall below analyst expectations due to cost increases from a year-over-year capacity reduction, pilot shortages, a major change in fleet mix, and aircraft retirement costs. Midway's previously announced plans to take delivery of 17 B-737-700s starting in December has the company anticipating favorable year-over-year cost comparisons next year, although that will depend on many factors outside their control, such as economic conditions, fuel prices, and the general cost of labor and services.

(PRNewswire, June 30)

The airline's plan to more than double its fleet by using larger planes has drawn mixed reactions. The company and some industry watchers see it as a step needed for faster expansion, speeded up by competition from Southwest and US Airway's MetroJet. But others see it as a big shift from Midway's strategy of using smaller, regional jets to provide business travelers with direct service to and from Raleigh-Durham. "Up until now, I thought Midway was a long-term player," said aviation consultant Mike Boyd of Boyd Group in Evergreen, Colo. "I have my doubts now. The time to get rid of your Midway stock is when they announce an order for B-737s or Airbus 319s." Last September, Boyd praised Midway's plans to buy more 50-seat Canadair Regional Jets and to retire four 98-seat Fokker F-100s and a 148-seat Airbus A320. On June 14, Midway said it ordered 15 B-737-700s, will lease two more, and has options to buy another ten. Mark Coleman, Midway senior vice president of marketing, said the addition of planes with 126 to 128 seats "is not necessarily a strategic change as much as a tactical change."

(Dow Jones, June 16)

Northwest

The airline added a third nonstop flight between Minneapolis and Ontario International Airport in Southern California's Inland Empire region on July 1. About 40 miles east of Los Angeles, the medium-hub Ontario airport is owned and operated by the City of Los Angeles through Los Angeles World Airports, and currently handles about 6.3 million passengers annually. "The additional service is a good sign," said Pete Drinkwater, Ontario's airport manager. "It could be the beginning of a positive growth-trend at Ontario."

(Business Wire, June 30)

The airline plans to upgrade its aging fleet by purchasing 30 Airbus A319 and A320 planes, valued at \$1.2 billion, to replace 38 B-727s. The deal involves the conversion of long-standing options (the 100 announced by Northwest two years ago) into firm orders to buy planes from the European manufacturer Airbus Industrie.

(Associated Press, June 19)

Northwest and Japan Air System announced an alliance agreement designed to enhance air service between the U.S. and Japan, and between Japan and the rest of Asia. Philip C. Haan, Northwest executive vice president-international, sales and information services, said, "The agreement takes full advantage of the code-sharing opportunities afforded U.S. and Japanese airlines under the new U.S.-Japan aviation agreement, and leverages our strong positions in the U.S.-Japan travel market." The new alliance agreement provides code-share service on JAS flights from Osaka's Kansai Airport to Fukuoka and Okinawa. Tokyo-based JAS operates more domestic routes in Japan than any other carrier, and has a modern fleet of jets, including B-777s and MD90s and Airbus 300s.

(M2 Communications, June 10)



Olympic

British Airways has beaten out American for a contract to manage Greece's state-run carrier Olympic Airways. If things work out, after 28 months of the contract elapse, BA will be given an option to buy 20 percent of the Greek airline. Olympic, which had been founded by shipping tycoon Aristotle Onassis in the 1950s, has been beset by debts, labor difficulties, and flight delays in recent years. BA, which beat out American after Lufthansa and United dropped out early in the race, has agreed, as part of the deal, not to enter into cooperation agreements with any of Olympic's domestic competitors.

(Reuters, June 21)

Qantas

The carrier said that in October it will start direct flights between Sydney and New York, via Los Angeles. Geoff Dixon, Qantas deputy chief executive, said the new service would operate three times a week, and then increase to five weekly flights in April, 2000. These flights will mark the first return of Qantas to New York since it operated the Southern Cross route to London via Honolulu, San Francisco, and New York in 1973.

(Reuters, June 24)

Southwest

Herb Kelleher, chairman, president, and chief executive officer of Southwest Airlines, has been named 1999 CEO of the Year by Chief Executive Magazine. Larry Bossidy, CEO of Allied Signal and the 1998 winner, said, "Herb Kelleher represents a rare mixture of business acumen and personal character. Herb is not only a brilliant strategist, he is the heart and soul of one of America's most beloved companies." Kelleher's leadership at Southwest has been defined by the introduction of innovative programs, a devotion to employees, and a sharp focus on customer service, all of which have helped create a universally admired corporate culture. "The selection of Herb Kelleher recognizes the powerful role of personality and character in business leadership. Herb is an American original, and his leadership has created a truly unique, successful company," commented J.P. Donlon, Editor of Chief Executive.

(Business Wire, July 12)

The airline began new service from the Raleigh-Durham International Airport with 12 daily nonstops to five cities. The flights include four each to Baltimore/Washington and Nashville, two to Chicago Midway, and one each to Orlando and Tampa.

(PRNewswire, June 7)

TWA

The International Association of Machinists, representing 16,000 mechanics, ramp workers, ticket agents, and flight attendants, ratified an 18-month labor agreement. Under the contract, which goes into effect on August 1, union members will receive double-digit pay raises that should bring their wages up to 90 percent of the projected industry level by the summer of 2001. TWA officials were pleased with the approval of what they called their "last, best" offer and had warned another strike could deal a fatal blow to the airline, which has been struggling over the past several years. "This is the green light we need to move ahead with our plans for the future," TWA president and chief executive William F. Compton said.

(Associated Press, July 22)

TWA noted the first visit of a B-717 to the St. Louis area with a ceremonial signing commemorating their order for up to 100 of the new aircraft, slated for initial delivery in February. The contract, first announced in December, 1998 with the signing of a letter of intent to acquire the aircraft, calls for 50 firm orders with options for an additional 50 planes. "This is a milestone in the rebuilding of TWA. These aircraft will serve our customers well into the 21st century," said TWA President and Chief Executive Officer Capt. William F. Compton.

(M2 Communications, July 5)

Beginning November 1, the airline will make a competitive push to the Caribbean and Latin America by adding 12 daily flights to San Juan, Puerto Rico. New nonstop service will be launched to Fort Lauderdale, Los Angeles, Orlando, Aruba, and Santo Domingo using B-757s and MD-80s. Additional flights will also be added to Boston, New York JFK, and St. Louis. Jim Brown, a spokesman for TWA, said it has filed for authority to add flights to Caracas, Venezuela.

(Aviation Daily, June 18)

United

Two weeks before taking over as chief executive, James E. Goodwin has assembled his own team of top executives from United's ranks. Rono J. Dutta will climb to president from senior vice president for planning, and will oversee United's North American and International divisions, will lead the airline's network of alliances and code-share agreements, and will also oversee business activities, including cargo, marketing, and on-board services. Andrew P. Studdert will move from his post as senior vice president of fleet operations to become executive vice president and chief operating officer. Douglas A. Hacker, currently senior vice president and chief financial officer, will become an executive vice president and will continue as CFO.

(Associated Press, June 28)

United has announced the introduction of new service between Los Angeles and Melbourne, Australia. The new daily nonstop will begin on December 4, and replaces current daily one-stop service.

(M2 Communications, June 16)

The airline has cancelled plans to operate daily non-stop flights between Chicago and Delhi, India. The new service was scheduled to begin October 31, but its removal is based on United's latest assessment of the economic viability of flying such a long route.

(PRNewswire, June 9)

United plans to expand its West Coast operations by adding 30 daily nonstop flights at its newest hub, Los Angeles International Airport. In September, the airline will add three flights to Dallas/Fort Worth and Houston. The carrier will add daily nonstop service to Atlanta and increase flights to Honolulu, Miami, and Orlando in October. Shuttle by United will add new nonstop service to Medford, Ore., Reno, Nev., and Santa Barbara, Calif., and will also start seven daily nonstops to San Diego and four new ones to Palm Springs, Calif. United Express will add four new flights to Boise, Idaho in August.

(Dow Jones, June 7)



United Parcel Service

The carrier announced plans to acquire Challenge Air Cargo, a step that will transform UPS overnight into the largest air cargo and express carrier in Latin America. Challenge Air Cargo holds aviation rights to virtually every country in Latin America, and currently operates about 120 flights a week to 16 cities in 13 countries. "I don't believe any competitor — any other company — will have the infrastructure, the reach, the frequency, the reliability and the range of services for customers that UPS can offer with this acquisition," said Jim Kelly, UPS chairman and CEO. "It's an important strategic move that cuts years off the process of acquiring operating rights and establishing a substantial presence throughout this important and growing part of the world."

(PRNewswire, June 28)

Virgin Atlantic

The British carrier has submitted a new request to the Department of Transportation for slots at Chicago O'Hare to launch new service from London Heathrow on November 1. This filing, which seeks special exemption slots made available to foreign carriers, is similar to an earlier request that the DOT dismissed on the grounds that it had not been filed in time. In this latest application, Virgin said it will use an Airbus A340 with evening arrivals and departures in Chicago, and that the flights would carry both passengers and bellyhold freight and mail.

(Reuters, June 23)

WinAir

The small Southern California airline ceased operations after eight months when it failed to raise more funds from investors. Having started as a charter airline that began offering commercial flights in November with two refurbished B-737s, WinAir offered as many as 14 daily flights from a hub at Long Beach, Calif., to Las Vegas, Oakland, Sacramento, and Salt Lake City. Many of the airline's employees were veterans of Morris Air, and WinAir used as its model the Morris Air that was acquired by Southwest. WinAir also filled the gaps that had been left by the shutdowns of Great American Airways in Reno and Viscount Air in Tucson and the relocation of Champion Air from Salt Lake City.

(Associated Press, July 8)

Industry

**U.S. Carriers Labor Expense
First Quarter 1999**

Major Carriers	Labor	Percent Of Total Operating Expenses
Alaska	118,103,000	33.71
America West	112,359,302	24.34
American	1,194,544,000	33.28
Continental	492,753,000	27.85
Delta	1,110,050,000	34.54
Northwest	731,863,000	34.35
Southwest	327,925,000	36.07
TWA	270,215,711	33.69
United	1,404,692,000	35.02
US Airways	666,853,000	34.24
Majors	6,429,358,013	33.51

(Aviation Daily, July 13)