



AAA Corporate Travel Newsletter September 25, 2009

New terminal to speed up, improve security \$25 million facility to open next month at CVG

A state-of-the-art security home is set to open next month at Greater Cincinnati/Northern Kentucky International Airport.

The \$25 million facility, which opens Oct. 23, is expected to reduce the amount of time travelers must wait for screening while improving security in the airport and on board flights.

"The congestion that exists at the current location makes it difficult to oversee it," said Paul Wisinewski, of the Transportation Security Administration. "You don't have a good view of the overall operation, (but) here supervisors will be elevated and will have a clear view of what's going on."

The new security checkpoint is on the same level as ticketing in Terminal 3, but instead of the current nine lanes the new hub will open with 10 lanes and can be expanded to 20 lanes.

New security cameras will be installed and X-ray machines should arrive within six months.

Officials said the murals brought years ago from Union Terminal will eventually be moved to the security terminal.

WLWT.com, September 23, 2009

Fees fatten airline revenue by \$3.8 billion

U.S. airlines are raking in more money this year from extra fees, although fewer people are flying.

In the first six months of this year, the airlines collected \$3.8 billion for checking bags, canceling or rebooking flights, carrying pets and assigning seats, the latest data from the Department of Transportation's Bureau of Transportation Statistics show. That's up from \$2.3 billion for the first half of 2008.

The reason for the increase: Airlines are charging more for services as they seek to offset the worst downturn in travel since after the Sept. 11, 2001, terrorist attacks.

"Fees are much higher this year," says Anne Banas, executive editor of SmarterTravel, which tracks the fees airlines charge.

Checked-bag fees are the most lucrative source of extra money. Revenue from them was \$669 million in April, May and June alone, up 276% over what they brought in the same time last year. In the first six months of the year, airlines collected \$1.24 billion in baggage fees.

Bag fees, which are among the least popular with travelers, are fairly new. But they've quickly expanded and reflect the growth in extra charges.

Airlines began imposing them in spring 2008 on the second bag passengers checked. Then some began charging for the first checked bag. Now, several airlines add a few dollars for passengers who pay at the airport instead

of online.

Bag fees aren't the only extra source of income.

Revenue from fees imposed for canceling or rebooking flights rose 52% in the second quarter to \$606 million. Revenue from miscellaneous fees — for assigning seats, flying pets and fees paid to the airlines for collecting airports' passenger facility charge — totaled \$673 million in the second quarter, up from \$565 million a year ago.

David Castelveter, spokesman for airline trade group Air Transport Association, says airlines need more revenue sources to be profitable.

In the second quarter, the industry generated \$22.6 billion from selling passenger seats, down from \$29.6 billion a year ago. The fees help make up for that, he says. Banas warns that travelers shouldn't expect the fees to go away once the economy turns around and more people travel again.

"It's too lucrative," she says. "They're not going to roll them back (when the industry recovers)."

USAToday.com, September 24, 2009

US airlines expected to fare better than global carriers

U.S. airlines are expected to fare better than most of their foreign counterparts this year because they are trimming unprofitable routes and beefing up balance sheets as the economy begins to rebound.

U.S.-based carriers have been cutting capacity since last year in response to surging oil prices, while most European and Asian carriers have been slower to reduce flights or fly smaller aircraft on their routes.

In the fourth quarter, domestic capacity is expected to fall to levels unseen since after the Sept. 11 attacks, when airlines saw air travel demand crumble, according to the Air Transport Association.

With fewer seats for sale, airlines could begin to raise fares and draw more revenue, especially as an appetite for travel returns.

"The U.S. airlines have done so much more than the international airlines to improve their own outlook," said Helene Becker, an analyst with Jesup & Lamont Securities.

"Those guys are just cutting capacity now," she added, referring to European carriers. "They're almost a year later than U.S. airlines."

U.S. airlines could still end 2009 in the red, experts warned. Industry executives and analysts say this year is among the industry's worst.

But last week, Continental Airlines said declines in its "high-yield" or premium traffic, a good proxy for higher-margin tickets such as business and first-class, were beginning to slow and Delta Air Lines and United Airlines said costs were falling due to lower fuel prices.

Stifel Nicolaus said in a note Friday that Continental could be profitable in the third quarter. Other analysts say carriers could report lower third-quarter losses than previously expected.

Many analysts now expect losses at U.S. carriers to be less steep than those of foreign rivals.

The Arca Airline Index has jumped 23% this month on signals of improved demand and September so far is the index's best month since July 2008.

Cutting capacity, raising liquidity

U.S. carriers have cut domestic capacity 12% in the past two years in response to the spike in oil prices last year and the drop-off in consumer spending this year, ATA data shows.

Airlines have cut jobs, wages and introduced early- retirement options for some employees, similar measures were used to cut costs after the Sept. 11 attacks.

North American airlines are expected to lose \$2.6 billion this year, much narrower than the \$9.5 billion they

lost in 2008 when they were among the first to feel the pinch of the recession. European carriers, on the other hand, are expected to lose \$3.8 billion.

U.S. carriers' heavy reliance on domestic traffic rather than international business has also helped them as the global recession hurt international travel a more, analysts said.

U.S. airlines are now also seeking ways to drum up cash. United said it had liquidity initiatives on tap for the fourth quarter and Continental announced a stock sale last month. AMR Corp's American Airlines said Thursday that it raised \$2.9 billion in cash and financing and would focus on more profitable routes.

The U.S.-based industry may also be cutting capacity another 3% to 5%, with more cuts coming from the international side, said Morningstar analyst Basili Alukos.

"The domestic market is in a better situation and I think more in equilibrium with supply and demand," Alukos added.

USAToday.com, September 21, 2009

Budget, Avis ban smoking in cars

Smoking bans are spreading from planes, trains and buses to another mode of transit: rental cars.

Beginning Oct. 1, Avis and Budget will become the first major rental-car companies to ban smoking in their entire North American fleets and to impose a cleaning fee of up to \$250 on customers who smoke in the cars. "The No. 1 request we get is for a smoke-free car," says John Barrows, spokesman of the Avis Budget Group, the parent company. He says a common customer complaint is a car that smells of smoke, adding, "We're addressing both concerns."

Barrows says employees who drive the vehicles are no longer allowed to smoke and the cars will undergo a new inspection upon return. He says it costs the company more to clean a smoky car, because it often has to be taken out of service longer.

Avis is following a smoke-free travel trend that took off two decades ago. In 1988, Congress banned smoking on short domestic flights and in 1990 expanded that to flights of up to six hours. That year, it also banned smoking on interstate buses.

In 1994, Amtrak banned smoking on short and medium-distance trips and now allows it only in a designated area of the Auto Train, which runs from outside Washington, D.C., to the Orlando area.

Other car-rental companies have taken more limited steps to address smoking. Hertz allows customers to request a smoke-free car but doesn't guarantee it, says spokeswoman Paula Rivera.

Enterprise Rent-A-Car, Alamo Rent A Car and National Car Rental do not have an "across-the-board" smoking ban but many of their locations restrict smoking, says Laura Bryant, spokeswoman of parent company Enterprise Holdings.

Anti-smoking groups hailed Avis Budget Group's ban. "Avis is protecting the rights of all of its customers to breathe clean air," says Matt Myers, president of the Campaign for Tobacco-Free Kids.

Secondhand smoke is significantly more concentrated in cars than it is in bars, restaurants and other public places, according to a study released last month by the Johns Hopkins Bloomberg School of Public Health. Philip Morris USA, the nation's largest cigarette-maker, believes private business owners "should have the opportunity to make their own smoking policies," says spokesman David Sutton.

"It's disappointing but it's their private property," says Gary Nolan of the Smoker's Club, a part of the Citizens Freedom Alliance, which aims to protect private property rights. Nolan, a smoker, says he used to rent often from Budget, adding, "I won't rent from them again."

Barrows says Avis Budget Group, based on customer research, expects its smoke-free policy will help its bottom line. He says, "We think we may gain more business than we lose."

USAToday.com, September 14, 2009

Ryanair to allow fliers to 'smoke' if they pay about \$9

European low-cost giant Ryanair typically grabs headlines by announcing draconian amenities cuts or by finding ways to add fees for even the most basic of services. But, now, the airline is bringing back a flying perk that's most-often associated with the "golden age" of flying. Kind of.

Ryanair announced this week that it would allow passengers to smoke on board. Of course, there's a catch. Passengers won't actually be lighting up. Instead, the airline will permit passengers to use its new brand of "Smokeless Cigarettes" during its flights. And, as you may have guessed, Ryanair says in a press release that it will sell those smokeless cigarettes "for just €6 - or just under \$9 per pack.

The *Irish Times* says the so-called smokeless cigarettes "look like the real thing but do not have to be lit to provide nicotine to the user A company statement said they contained no toxins or chemicals and were harmless to the user and to those around them."

So, why introduce them? In its press release, Ryanair barely discusses its latest fee-generating opportunity, saying instead that "a recent survey over 24,000 Ryanair passengers said they would like to smoke during flights."

The *Independent Online* of South Africa quotes Ryanair as saying the introduction of the smokeless cigarettes means smokers no longer need "to worry about long flights without a cigarette." Ryanair adds its "new range of smokeless cigarettes (ensures) passengers get their required nicotine hit without breaking the law by 'lighting up' onboard." And, again, don't forget the charge of about \$9.

Will there be a market for Ryanair's latest "product?" The *Daily Mail* of London talked some people who tried the smokeless cigarettes. The *Daily Mail* writes "smoker Andrea Russell, 38, was not impressed by the substitutes saying it didn't give her the same feeling as smoking a real cigarette, although she agreed it could be comforting to hold the smokeless cigarette in her hands during a flight. Iwana Falkiewicz, 28, agreed, saying she couldn't feel the usual rush from the substitute but it could be good enough if you were desperate for nicotine."

USAToday.com, September 24, 2009

American will boost ORD, JFK, MIA schedules, but cut STL, RDU

AMR Corp. CEO Gerard Arpey and other executives met with Wall Street airline analysts to outline broad strategic moves for American Airlines over the next year, including an overhaul of schedules for 2010 with a focus on American's main hubs. Also of interest to business travelers is a plan to start installing first class cabins on American Eagle CRJ700 regional jets.

Arpey said AMR has secured \$2.9 billion in additional liquidity and financing for new aircraft through a series of deals, including the advance sale of AAdvantage frequent flyer miles to Citibank for \$1 billion, extending the co-branded AAdvantage/Citibank credit card program for several years. The financing will permit American to proceed with its delivery schedule of new 737s, which will replace the airline's fleet of MD-80s. American is taking on 84 new fuel-efficient 737s from 2009 through 2011. Arpey said the new first class cabins on American Eagle's 25 CRJ700s will start to appear in mid-2010; another 22 new CRJ700s that will be added to the Eagle

fleet will also have the two-cabin configuration.

As for schedules, American said it expects its overall mainline capacity to grow by 1 percent next year; although domestic capacity will remain about where it is now, international capacity will increase by 2.5 percent, the company said. Among the schedule changes announced for summer 2010:

- American will add 57 daily departures at its Chicago O'Hare hub, including new non-stops to Beijing which were originally due to begin in 2009, and new non-stop mainline service to Honolulu, Anchorage and Vancouver. American Eagle will add new routes from ORD to Calgary, Alberta; Allentown and Scranton-Wilkes Barre, Pa.; Charleston, W. Va.; Dayton, Ohio; Fargo, N.D.; Sioux Falls, S.D.; Jacksonville, Fla.; Lexington, Ky.; Harrisburg, Pa.; and Rapid City, S.D. And most of the new two-class American Eagle aircraft will be used on flights to and from O'Hare, the company said.
- New international service out of New York JFK will include non-stops to Madrid, Spain; Manchester, England; and San Jose, Costa Rica. American will add new mainline domestic service from JFK to

Austin, Tex., and new Eagle service to Columbus, Ohio and St. Louis.

- At other AA hubs, the company will add 19 daily departures at Dallas/Ft. Worth, including a resumption of service to San Salvador, El Salvador. And American will boost its daily schedule at Miami by 23 extra flights, including new routes to Birmingham, Ala.; Charleston, S.C.; Pensacola, Fla.; and Knoxville, Tenn., as well as three destinations in the Bahamas - North Eleuthera, Governors Harbour and Treasure Cay.
- The losers in American's 2010 schedule overhaul will be St. Louis and Raleigh/Durham. At STL, American said it will eliminate 46 flights a day, ending service to 20 destinations. After those cuts, the former TWA hub that American acquired will be down to just 36 flights a day to nine cities. At Raleigh/Durham, American will cut nine flights a day to three cities. The company has not yet identified the markets to be eliminated from STL and RDU, although other sources indicated that the St. Louis routes to be dropped include major markets like Newark, San Francisco, San Diego, Atlanta, Washington Dulles, Philadelphia, Milwaukee and Minneapolis/St. Paul, among others.

Executive Travel SkyGuide e-Alert, September 21, 2009

Dulles opens new security checkpoint area

Travelers leaving from Washington Dulles Airport this week will find a whole new security checkpoint area waiting for them. The 121,700 square foot TSA checkpoint area occupies a new mezzanine level in the main terminal, offering 16 lanes on the east side, where United has most of its gates; and eight on the west side. Travelers coming in through the ticketing/departures level will see two entrances labeled "To All Gates," with escalators leading down to the security checkpoints.

From the arrivals/baggage claim level, there are also two entrances to the security level, also labeled "To All Gates." The latter entrance "is a convenient option for passengers with preprinted boarding passes and no checked luggage," an airport spokesman noted. There is no change to the location for the Dulles Diamond (Expert Traveler) security screening location, in the middle of the baggage claim area near bag claim #8. The new security screening area is part of a larger overhaul at Dulles that will include the opening later this year of the AeroTrain transportation system, which will take passengers to the concourses. The 54,500 square foot AeroTrain station will be one level below the new security area.

Executive Travel SkyGuide e-Alert, September 21, 2009