

AAA Corporate Travel Newsletter

October 23, 2009

Southwest's newest city is...

For the past few years Southwest Airlines has focused on launching service in big business travel markets that for many years it shunned, such as Philadelphia, Denver, San Francisco and Washington Dulles. This year Dallas-based Southwest has doubled-down on that approach by adding the quintessential big market business travel airport, New York LaGuardia, plus Boston Logan and Minneapolis-St. Paul.

So it makes sense that Southwest would pick another big business destination as its next launch city, right? That line of reasoning has led to speculation that Atlanta, the largest city in the USA not served, at least tangentially, by Southwest, would be the first city the carrier added to its growing route network in 2010. But the speculators would be wrong. That distinction will go instead to ... Northwest Florida International Airport.

If you look on the map, or try to book a flight there through an online travel site you won't yet find Northwest Florida International. That's because it doesn't exist - yet. It's a new airport near Panama City, Fla., that is now under construction. Southwest will launch service there when the airport opens in May, flying two roundtrips a day to each of four cities, for a total of 8 flights a day.

So why is Southwest departing from its recent pattern? That's where the St. Joe Company comes in. With more than 580,000 acres of land concentrated mostly between Tallahassee and Pensacola, St. Joe is Florida's largest single land owner and the principal developer of housing and vacation communities, hotels and other regional attractions. Now St. Joe has reached an agreement with Southwest that guarantees that Southwest will do no worse than break-even on its operations at Northwest Florida. Both companies have "out" clauses in their deal to withdraw from the contract if conditions are worse than they anticipated after two years.

Smaller communities for years have provided subsidies to airlines to serve their airports, or even to provide service on larger planes than the carriers would otherwise fly. And hotels, resorts, casinos and other travel companies in tourist destinations like Las Vegas, Myrtle Beach, S.C., and Biloxi, Miss., have paid airlines subsidies or even have contracted with airlines to fly what essentially are subsidized scheduled charter flights to bring in tourists. But this may be the first case of a non-travel company paying - or in this case, providing backstop financial support -- for an airline to serve a particular airport.

"It's a Dubai play on the Redneck Riviera," says Bill Swelbar, an MIT lecturer and travel researcher and author of Swelblog.com. "The people in Dubai have invested huge amounts of money in tourism infrastructure and facilities, but it doesn't work if the people don't come, so they're behind their airline's development of a hub there."

Southwest CEO Gary Kelly says Panama City and Florida Panhandle area compare favorably in terms of tourist traffic with the south Texas Gulf Coast, which Southwest has served via Rio Grande International Airport since 1975. Southwest has 11 daily flights there a day. And eventually, he says, the Panhandle region could blossom into another Fort Myers, Fla., on Florida's southwestern coast, where the carrier now has 135 flights a day.

The Florida Panhandle already gets about 16 million visitors a year, Kelly said in making the announcement at the company's annual Media Day in Dallas on Wednesday. "And they all are drive-ins. If memory serves, it only takes a conversion rate of 1% to support 8 flights. So we think we can support well more than 8 flights a day."

What to Expect: Merging Loyalty Programs

As of October 1, the Northwest Airlines WorldPerks program has officially merged into the Delta SkyMiles program.

If you had previously linked your WorldPerks and SkyMiles accounts, your accounts are in the process of being consolidated. Your miles, Elite Qualifying Miles and Segments, and lifetime EQMs have already been combined. Any changes to Medallion or Million Miler status are already reflected in your account. We are still working to combine the rest of your account information including your tracking and history. We anticipate that all accounts will be fully consolidated over the next month. As soon as we complete the full consolidation, we will advise you via email.

If you did not have a SkyMiles account or had not previously linked your WorldPerks and SkyMiles accounts, you have been assigned a 10-digit SkyMiles number that will replace your WorldPerks number. This new number will be communicated to you in early October.


Here's more information on the loyalty integration process and what you can expect from October 2009 through early 2010.

- SkyMiles is now the sole loyalty program for both Delta and Northwest even though the two airlines will continue to operate separately until the merger is fully completed in early 2010.
- All former WorldPerks members are now SkyMiles members and will begin receiving their new 10-digit SkyMiles account number during the first two weeks in October.
- WorldPerks members who linked their WorldPerks account to their SkyMiles account will have their account information consolidated, and their SkyMiles number will be their primary account number moving forward.
- All WorldPerks elite qualification miles, redeemable miles, Elite, and Million Air status are transferred into the member's SkyMiles account.

Key Points for WorldPerks Members

- Members who linked their accounts will receive an email advising them when their WorldPerks account information has been merged into their SkyMiles account.
- WorldPerks members who did not link their accounts will receive either an email or SkyMiles credential package advising them of their new number.
- For all new bookings, please provide your SkyMiles number to travel agents and airline, hotel, car rental, and **all other SkyMiles partners**.
- For all existing bookings that include your previous WorldPerks account number, you do not have to do anything—you will receive mileage credit.
- Your WorldPerks PIN can be used to access your SkyMiles account information.
- If you did not link your former WorldPerks account to your existing SkyMiles account and now have multiple SkyMiles accounts, you can now request to **merge your duplicate SkyMiles account online**.
- You will receive mileage credit for SkyMiles partner activity via your former WorldPerks number.
- Going forward, all SkyMiles program rules and conditions apply. To review the rules, please visit the **SkyMiles Membership Guide & Program Rules**.

Key Points for SkyMiles Members

- Your overall SkyMiles experience remains the same outside of a few minor program changes:
 - SkyMiles members who linked their account with a WorldPerks account will receive a new SkyMiles credential only if their Medallion status changes due to the combined balance of their qualification miles or qualification segments.
 - Flight activity (including miles, MQMs, and MQS) may take up to 24 hours after your flight departure to post to your account.
 - The \$20 per ticket service charge when purchasing tickets via reservations or at our airport locations is now waived for Gold and Platinum Medallion members.
 - The partner airline handling charge of \$25 per Award Ticket is now eliminated for redemptions made on or after October 1.
 - The merchandise redemption program (Medallion Marketplace) has temporarily closed and will return by
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- year-end with a broader selection of products and offerings.
- The SkyMiles Online Auction will reopen for bidding in November 2009.
- **Unlimited complimentary companion upgrades** are now available for all Medallion members on Northwest flights and will continue to clear within 12 hours prior to departure if available.

Delta.com, October 20, 2009

Merge Duplicate SkyMiles Accounts

If you have more than one SkyMiles account and would like to combine them you've come to the right place. By consolidating your accounts all of your miles, Medallion qualification balances, Medallion status, and account history will be combined into one account. Once the accounts have been merged, you will have access to the combined account number and miles so you can redeem for mileage upgrades, Award Travel and much, much more.

To ensure data security and to authenticate your accounts you will need to enter both your account numbers and PINs.

During the process you will be asked which account number you prefer to retain as your permanent SkyMiles number. While every effort will be made to comply with your request, we do have system edits that may override your selection. This is to ensure that we retain the account number associated with your Medallion status, Delta Sky Club membership, SkyMiles credit card or check card.

Steps to request your duplicate accounts to be merged:

1. Validate account numbers and PINs.

You'll enter both of your SkyMiles account numbers and PINs for authorization and name validation.

2. Select the account number you prefer to retain.

Remember we may have to override your selection to retain the account number associated with your Medallion status, Delta Sky Club members or SkyMiles credit card or check card.

3. Submit your Merge Request.

Once your request has been accepted you will receive an email advising you of your primary SkyMiles account number, and notifying you that your request has successfully been submitted.

4. Please allow up to seven days for your Merge Account Request to be completed once submitted.

Delta.com, October 20, 2009

Southwest: Frequent-flier changes coming in 2010

Southwest will roll out a significant revamp of its Rapids Rewards frequent-flier program sometime next year. The airline had originally planned to unveil its Rapid Rewards remake sometime this year, according to *The Dallas Morning News*. The paper says "the carrier has been touting an overhaul of Rapid Rewards for a couple of years, part of Southwest's efforts to attract more higher-fare business travelers. "

Southwest executive president Bob Jordan is quoted by the *Morning News* as saying he expects the changes to come "late next year. ... I'm not going to tell you what's in it, but there are going to be a lot of benefits in terms of flexibility," he adds to the paper.

The *Morning News* describes Southwest's looming Rapid Rewards overhaul as part of the company's efforts to "raise more money from customers without putting fees on services they were already getting, like checked bags," though the report did not offer any specific changes that might be in the works. The paper says more than 6% of Southwest's revenue passengers in 2008 flew on frequent-flier award tickets.

Currently, Southwest supporters laud the airline's frequent-flier program as one of the easiest in the industry for both earning and redeeming award points. Given that, expect any changes that Southwest eventually makes to the Rapid Rewards program to be closely scrutinized for the impact the carrier's frequent fliers.

USAToday.com, October 19, 2009



United offers elites unlimited domestic upgrades in 2010

United Airlines said on its website that elite-level members of its Mileage Plus frequent flyer program will be eligible for unlimited domestic upgrades beginning in the second quarter of 2010. Whenever an elite member purchases an eligible domestic ticket, the company said, an upgrade request will automatically be submitted. "Unlimited Domestic Upgrades are processed according to your Mileage Plus status and will show up in My Itineraries as 'Upgrade pending' until your upgrade request is processed. If upgrade seats are unavailable, you will be automatically waitlisted for an upgrade," United said.

Waitlisted requests will be processed based on the member's elite status level, fare category, and time of request. "If your upgrade request has not cleared by the time you check in, you will be placed on the Upgrade List when you check in. Available premium seats will be allocated at the gate according to your Mileage Plus status and booking class," the company said. The offer applies for all business and economy booking classes except G; nor does it apply to persons traveling on award tickets, or on United's three-class transcontinental "p.s." service (although members can use mileage, system or regional upgrades for those routes). The automatic upgrading policy will also apply for up to one companion traveling on the same reservation as the elite member.

Executive Travel SkyGuide e-Alert, October 19, 2009

Southwest adds scores of flights to March 2010 schedule

While most major airlines continue to report shrunken schedules and negative growth in passenger traffic, Southwest Airlines actually turned in an increase in traffic during August and September. And now Southwest has announced plans to increase its flight schedules next spring by more than 100 daily departures. On the airline's web site, a spokesman downplayed the significance: "To be clear, we are not back into growth mode," he said. "We're able to add these flights not by adding to our fleet, but by taking advantage of the seasonal decrease in flying time going from winter into spring. You'd be surprised how much extra time an average decrease of five minutes per flight, spread across 3,200 flights a day, can create." In any case, Southwest will add 21 flights a day out of Chicago Midway, including one new route to Ontario, Calif.; 18 extra frequencies at Baltimore/Washington International; and nine more daily departures at both Orlando and Tampa. Besides Chicago-Ontario, the only other new market on the spring schedule is a daily flight linking Ft. Myers with Islip, Long Island. The schedule calls for the elimination of Philadelphia-Austin and Nashville-Ontario non-stops. Most affected routes will add or subtract one daily departure, but the Boston-BWI schedule increases from five flights a day to seven, as does the BWI-Orlando schedule. Southwest will double Chicago-Tampa service from two flights a day to four. The airline said it is also increasing Saturday service significantly to a number of leisure-oriented destinations.

In reporting third quarter results last week, Southwest officials said they expect the airline's overall capacity in 2010 to be about the same as this year's. The company turned in a \$16 million net loss in the July-September 2009 quarter, a considerable improvement over the \$120 million quarterly deficit a year earlier. The airline's executives maintain that Southwest's increases in traffic over the past couple of months, while its major competitors are still posting declines, indicate that the company's refusal to impose checked-baggage charges and ticket change fees is starting to draw more customers from other airlines. Still, CEO Gary Kelly said Southwest and other carriers are not out of the woods yet. "I don't believe the worst is behind us, if for no other reason because of higher energy costs, and there's no reason to believe that business travel will return anytime soon to help bail us out," he told securities analysts in a conference call. He said the traffic growth at Southwest is coming from discount fares, not from full-fare travelers.

Executive Travel SkyGuide e-Alert, October 19, 2009

U.S. warns airlines about lost or delayed luggage reimbursement

The Department of Transportation is putting airlines on notice that they cannot nickel-and-dime customers when it comes to reimbursing them for expenses incurred due to lost or delayed luggage. DOT said in a statement it has learned "that a number of airlines have adopted policies that purport to limit reimbursement for such expenses in a variety of ways" - sometimes in their official contracts of carriage, and sometimes in informal printed handouts. But DOT said its own regulations provide for no such limitations. Airlines that impose arbitrary limits are engaged in unfair and deceptive practices and unfair competition, DOT noted.

To meet the requirements of federal regulations, "carriers should remain willing to cover all reasonable, actual and verifiable expenses related to baggage loss, damage or delay," up to the limit of \$3,300 specified in the

regulations, the agency said. It cited one airline that denies reimbursement for necessities if the bag is expected to reach the passenger within 24 hours of filing a lost bag report, and then sets a daily maximum amount of reimbursement. In other cases, DOT said, airlines will reimburse passengers for incidental expenses incurred only after the outbound leg of a roundtrip. The agency told airlines to review and amend any internal policies that limit such reimbursements, and warned that its Office of Enforcement will start to take action against violators.

Executive Travel SkyGuide e-Alert, October 19, 2009

Airline asking passengers to lighten their load before boarding

Just how far would airlines go to save money and further alienate travelers? The latest idea: Japan's All Nippon Airways is now asking passengers on select flights to empty their bladders before boarding. Airline representatives at the gate are encouraging fliers to make that one final dash to the restroom to expel some of that extra weight.

"If the flight is lighter, we use less gasoline which is good for the environment," ANA North America spokeswoman Jean Saito told ABC News.

It might not seem like much, but the human bladder can hold up to 16 ounces before the urge to urinate, says ABC.

"That's about 1.1 pounds of fluid. If all 216 passengers on an ANA Boeing 767 had pretty full bladders, that extra urine would weigh about 240 pounds," it says.

It's just one more in a long list of weight and cost-saving measures. Blankets, magazines and even televisions have been removed to save money. Reactions?

"I think it's going to win them more humor on late night television than anywhere else," said Edmund S. Greenslet of The Airline Monitor. "Clearly everybody is looking to pinch pennies if not nickels and dimes but this strikes me as a bit much."

Consolation: passengers can be at least assured that even for those who can't "hold it," ANA won't be charging them for the bathroom, an idea that Ireland's Ryanair has been entertaining.

TravelMole.com, October 13, 2009

