

## AAA Corporate Travel Newsletter

January 29, 2010

### AAA Corporate Travel is going strong!

Some of our customers have been contacted by competitors, stating that AAA is leaving the corporate travel sector. Let us assure you that nothing is further from the truth. AAA Allied Group has been servicing our corporate travel customers since the 1960s. We are fiscally strong and remain committed to corporate travel management. We continue to invest in the personnel and technology to provide efficient travel management to our customers in a variety of customized configurations.

We value the partnerships we have developed with our clients through the years and wish to dispel any rumors designed to place doubt on our commitment to you, our customer. We look forward to continuing our relationship with you for many years to come.

Thank you for your continued business.

AAA Corporate Travel

### CVG adds 6<sup>th</sup> airline in May

The Cincinnati/Northern Kentucky International Airport Wednesday announced the first new carrier to its lineup since 2004, with Air Canada saying it was launching two flights daily in May to its main hub in Toronto. Six airlines will now serve the airport, with Air Canada becoming the first new entry to the lineup since USA 3000 started service six years ago.

"Toronto is a major market for our local passengers and the addition of these flights opens new opportunities beyond Toronto to major European and Asian international destinations," airport chief executive officer John Mok said in a statement. "This initiative to add flights at CVG illustrates, once again, the strong demand for air service in our local market. We welcome Air Canada as a new airline partner at CVG and in our community." Air Canada has served CVG in the past, operating briefly in 2001 to pick up unmet demand during the 2001 Comair pilot strike and previously from November 1997 to March 1998.

The new flights will be operated by Air Canada's regional subsidiary Jazz, and will bring the total number of flights between Toronto and CVG to four (the other two are operated by Delta Air Lines' regional network). Toronto has long been a major business destination locally, with locally-based Procter & Gamble as well as Toyota North America Manufacturing owning major operations near there.

In addition, it gives local travelers access to Air Canada's main hub, a major international transfer point. "Our strategy is to leverage our hub to make it a global transfer point for domestic, transborder and international travelers," Air Canada's executive vice president and chief commercial officer Ben Smith said in a statement.

The new flights will bring the total number of departures from CVG to about 220, although hub tenant Delta Air Lines has said it was cutting an additional 10-20 flights off of its total of 180 (which will be the new number following the elimination of five cities in February).

In a conference call Tuesday following the release of the airline's fourth quarter financial results, Delta executives said that the final figure could be 5 percent higher or lower than where it was last year, depending on the economy and local demand.

## Lodging experts see U.S. hotel rates falling in '10

U.S. lodging experts forecast another year of declines for hotel room rates and profitability as the industry continues to grapple with weak demand and a growing supply of new rooms.

Data firm Smith Travel Research forecast a 3.2 percent drop in both room rates and revenue per available room (RevPAR) for 2010.

"Room rate recovery will be protracted," Mark Woodworth, president of PKF Hospitality, told the Americas Lodging Investment Summit on Monday. "

The projected declines come after the lodging industry suffered one of its worst years. RevPAR fell an unprecedented 16.7 percent in 2009, while room rates slumped 8.8 percent, according to STR data.

Hotel operating companies responded to the downturn by cutting room rates in an attempt lure both vacationers and corporate customers. The sharp decline in room rates, known as the Average Daily Rate (ADR), remains a major stumbling block for the industry's recovery.

Of particular concern is the decline in business from groups and associations, which tend to book rooms months and years in advance. Losses in demand in this group have hurt hotels' ability to gauge performance in the months ahead.

"Our portfolios saw unprecedented group declines," Edward Walter, chief executive of Host Hotels & Resorts, said at a panel. "That's one thing that we used to prop up our performance."

Adding to worries is the projected 1.8 percent increase in the supply of new hotel rooms, which may further depress rates, Lomanno said.

Still, he said, hotels should consider a more "aggressive pricing strategy" for there to be a sustained recovery in the industry.

*Reuters.com, January 26, 2010*

## Airlines brace for Kennedy runway closure

Airlines are girding for more delays at New York City's John F. Kennedy International starting March 1 when the already-congestion-plagued airport shuts down one of its four runways for construction.

The Federal Aviation Administration is forecasting delays equivalent to those seen during the clogged height of summer. The impact for the rest of the country is uncertain, but flight delays in New York can potentially ripple across the air-traffic system.

The longest of JFK's runways — a 14,572-foot strip of asphalt so long it serves as a backup landing site for the space shuttle — will be closed until July 1, according to the Port Authority of New York and New Jersey.

It will be resurfaced in tougher concrete, taxiways will be reconstructed, and new lighting will be installed, said Susan Baer, aviation director for the Port Authority. The improvements should help reduce some delays at JFK in the future, she said.


Meanwhile, major airlines are cutting flights and building extra time into their schedules, said JetBlue Chief Operating Officer Robert Maruster. The FAA will use new procedures to keep flights moving, said Michael Sammartino, the agency's director of system operations for air traffic.

"Everyone is concerned," Sammartino said. "Nobody is thinking this is going to be a cakewalk, but the preparedness has gone into it to allow for the best service for the customers."

Airline delays have fallen significantly in the past year, but New York's airports are still among the nation's most congested. Last August, JFK had the nation's third-worst record for delays, according to the federal

Bureau of Transportation Statistics. About 30% of flights arrived late, and 26% were late departing.

Air-traffic controllers worry that the runway closure could trigger even worse delays. Controller Stephen Abraham said guiding planes on the airport's complex network of taxiways will be far more difficult after the closure.



"We're going to be doing things that we've never done before," said Abraham, chief of the National Air Traffic Controllers Association at JFK's tower.

*USAToday.com, January 27, 2010*

## CVG fares now 11<sup>th</sup> highest in US

Travelers using the Cincinnati/Northern Kentucky International Airport paid the 11th highest fares in the nation on average in the third quarter of 2009, with ticket prices increasing slightly over the previous quarter but showing the biggest drop year over year nationally.

The report, released Thursday by the Bureau of Transportation Statistics for the nation's 100 busiest airports, showed that CVG's average fare was \$367 per round trip in the third quarter, up from \$364 in the second quarter. But the third quarter 2008 figure was nearly \$597 per round trip when the local airport was the nation's most expensive.

The drops come following hub tenant Delta Air Lines new pricing structure for CVG travelers that has included considerably lower fares.

By way of comparison, Dayton's average fare was \$290 in the third quarter, good for 62nd on the list. Indianapolis ranked 70th with an average fare of \$279, while Columbus was 73rd with an average of \$277. Louisville's average fare of \$314 ranked 40th.

Overall, fares rose 1.7 percent in the quarter as compared with the previous quarter, but were down 14.4 percent compared with the third quarter of 2008, when national domestic fares reached an all-time high of \$358.

The fares dropped and have stabilized, even as Delta has continued to pare its local operation. Local flights were down by 10 percent in 2009, and are down by more than two-thirds in the last five years at the hub.

*Cincinnati.com, January 28, 2010*

## Passenger train goes into operation at Dulles airport

Passengers at Dulles International Airport on Tuesday will joined air travelers from Atlanta to Singapore who are whisked to their gates on sleek, spacious and speedy underground trains.

The AeroTrain, planned for 15 years to replace the unpopular Dulles shuttle buses known as mobile lounges, starts above the baggage claim area and glides along almost four miles of track at up to 42 mph.

With 29 electric rail cars on rubber wheels, it looks like a Metro train, except for the airy platform ceiling, glass-enclosed tubes on the platform and standing-room-only interior that maximizes luggage space with just eight seats.

The three-car train arrives every two minutes during peak travel times with enough room for about 50 passengers with carry-on bags. The cramped, diesel-fueled mobile lounges, which have been crossing the Dulles tarmac since the airport opened in 1962, will become artifacts. Sort of.

It turns out that the \$1.5 billion train system, built as workers tunneled for nine years under the Washington region's busiest airport, is a work in progress that's out of sync with the airport's expansion plans. Half of the 49 mobile lounges will stay in service indefinitely.

The AeroTrain runs from the airport's main passenger terminals to the A, B and C gates on a J-shaped route, but it does not serve the D gates or the international arrivals terminal, where arriving passengers are

segregated until they go through customs. The station that serves the C gates was built under the site of a future concourse, forcing travelers to backtrack along a temporary 500-foot-long underground walkway.

"The AeroTrain is all about the future," James E. Bennett, president and chief executive of the Metropolitan Washington Airports Authority, said during a media preview Monday. He compared the new train to the airport station on Metro's Blue and Yellow lines, built before the terminals at Reagan National Airport were expanded in 1997.



Travelers had to take a bus to the airport. "We build things in response to demands of the Washington market," Bennett said.

At Dulles, the AeroTrain is the centerpiece of a \$3 billion expansion launched a decade ago to get passengers onto airplanes faster. It includes a fourth runway, parking garages, 15 new gates, concourse and terminal expansions, and a control tower. The Federal Aviation Administration predicts that 26 million passenger flights will land at and take off from Dulles within 20 years, more than double the 11 million last year.

The AeroTrain joins similar systems operating or being built in Atlanta, Dallas-Fort Worth, Orlando, Miami, Singapore, Tokyo and Hong Kong. Orlando and Dallas airports added train stations at their rental car offices, but Dulles officials said the rental car business at the Northern Virginia airport isn't robust enough to warrant that kind of access.

By 2016, Dulles is expected to have a Metrorail station when the Silver Line is extended from East Falls Church to the airport and into Loudoun County.

*WashingtonPost.com, January 26, 2010*

