

ITandT Business Travel Solutions

Travel News Alert

July 2008

BRIEFING/AMERICA

Southwest Goes International With WestJet Codeshare Pact

Southwest Airlines and WestJet have laid the groundwork for a codeshare deal that could represent the U.S. carrier's first true foray into the international arena, stretch the Canadian airline's reach well into the U.S. and provide a template for other carrier agreements. The deal also could prove to be a springboard for a slow-but-ready international expansion for Southwest, which has anchored itself in domestic U.S. markets. The proposed codeshare, scheduled to go into effect in late 2009 with the proper government approvals, would involve coordinated flight schedules, reciprocal frequent-flyer programs and joint ground-handling operations. Southwest will become a distribution channel for WestJet's existing Canadian and transborder flights, a service scheduled to be launched before codeshare flights are available.

As always, ITandT Business Travel Solutions is a proud supporter of Southwest airlines and each of our Business Travel Centers has immediate access to all Southwest fares, including fares which are exclusive to the carrier's website.

Airline Fees for Ticket Changes, Children Flying Solo and More

Today, picking the right airfare may not be the overall cheapest airfare, especially if you are checking bags, need to make a change to your ticket, are flying kids solo or if you're planning to bring your favorite pet on your trip. Fees can add up quickly. One of the biggest fees for making changes to your airline reservation is on United, US Airways, Continental, Northwest and American Airlines. The change fees on domestic tickets is \$150 per ticket. Southwest Airlines currently has no change fee. If you purchase a ticket at, let's say, \$150 roundtrip and you are traveling with a family of four and need to make a change to your reservation, you would be out the entire \$150 per ticket or \$600 big bucks. If you had bought your tickets on another carrier, such as Southwest, you would still receive your full 100% of your ticket value back to be used in airline credits that you can use towards another airline ticket.

If you are flying on an airline that has high change fees, a travel smart move to protect your travel dollars is with trip insurance. This usually costs about \$6 to \$8 per \$100 of your airfare, and you should protect everyone traveling on the same policy. This umbrella gives the entire group protection.

If you have to cancel your trip due to an illness or family emergency, you can receive up to \$500 back to cover your change fee. You must insure the entire amount of the airfare or vacation package or cruise. For example, let's say you buy four airline tickets that cost a total of \$1,000 on a major airline that charges \$100 to \$150 to make a change. You would pay approximately \$60 to

\$80 for the travel insurance. If you cancel your trip, the airline is going to deduct \$400 to \$600 to change your tickets. The remaining balance can be used towards a future ticket on the same airline. Your travel insurance is going to reimburse you between \$400 and \$500 as part of your coverage for your \$60 to \$80 investment.

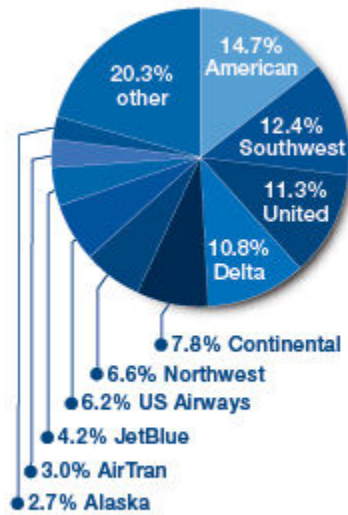
Another benefit under the same policy can be flight delay compensation, lost or misplaced baggage insurance and compensation for hotels and meals if you must stay overnight due to flight delays. Please refer to the following fee chart:

Airline	Change Fees	Kids Flying Solo (age 5-7)	Kids Flying Solo (age 8-11)	Kids Flying Solo (age 12-14)	Kids Flying Solo (age 15-17)	Pets Flying In Cabin
Air Tran	\$75	\$39 (nonstop or direct)	\$39 (nonstop) or \$59 (connecting)	\$39-\$59 (optional)	Call airline for options	\$69
Air Canada	\$40	n/a	\$100	\$100	\$100	n/a
Alaska	\$50	\$75	\$75	\$75	\$75	\$100
American	\$150	\$100 (nonstop or direct)	\$100 (nonstop or connecting)	\$100 (nonstop or connecting)	\$100 (optional)	\$100
Continental	\$150	\$75 (nonstop only)	\$75 (nonstop) or \$100 (connecting)	\$75 (nonstop) or \$100 (connecting)	\$75-\$100 (optional)	\$95
Delta	\$100	\$100 (nonstop or direct)	\$100 (nonstop or connecting)	\$100 (nonstop or connecting)	\$100 (optional)	\$100
Frontier	\$100	\$50 (nonstop) or \$100 (connecting)	\$50 (nonstop) or \$100 (connecting)	\$50 (nonstop) or \$100 (connecting)	\$50-\$100 (optional)	n/a
Hawaiian Air	\$150	\$75	\$75	\$75	\$75	n/a
JetBlue	\$100	\$75 (nonstop or direct)	\$75 (nonstop or direct)	\$75 (nonstop or direct)	Call airline for options	\$100
Northwest	\$150	\$75 (nonstop or direct)	\$75 (nonstop) or \$100 (connecting)	\$75 (nonstop) or \$100 (connecting)	\$75-\$100 (optional)	\$80 (max 15 lbs including kennel)
Southwest	\$0	Free (nonstop or direct)	Free (nonstop or direct)	n/a	n/a	n/a
Spirit	\$90	\$75 (nonstop or direct)	\$75 (nonstop or direct)	\$75 (nonstop or direct)	\$75 (optional)	\$85
United	\$150	\$99 (nonstop or direct)	\$99 (nonstop or direct)	\$99 (optional)	\$99 (optional)	\$100
US Airways	\$150	\$100 (nonstop only)	\$100 (nonstop only)	\$100 (nonstop only)	\$100 (optional)	\$100
Virgin America	\$40	\$40 (nonstop only)	\$40 (nonstop only)	\$40 (nonstop only)	\$40 (optional)	\$50 (max 20 lbs)

U.S. Airline Domestic Market Share

The following is a chart of domestic market share for U.S. carriers:

U.S. Airline Domestic Market Share
April 2007 - March 2008



Note: Market share based on domestic revenue passenger miles

Source: U.S. Bureau of Transportation Statistics

Travelers Start Applying For Pocket-Sized Passport

The government is on the cusp of releasing passport cards that fit right in your wallet and cost less than half the price of a new passport. About 350,000 Americans have applied for the new card, the latest in a step toward ratcheting up border security. Current applicants can expect a four-week wait for cards. The State Department expects the number of applicants to swell to 4 million shortly, when U.S. travelers cannot re-enter the country from Mexico, Canada or the Caribbean without a passport, a new passport or an equivalent document. Starting in January, travelers could no longer re-enter the country from Mexico or Canada by verbally declaring their U.S. citizenship. They must carry valid travel and identification documents, but a grace period remains in effect until next summer. Some states also are issuing enhanced driver's licenses that can be used by U.S. citizens instead of passports to cross the Canadian or Mexican border. The passport cards will cost \$45 for adults; \$35 for minors; \$20 for passport holders. The renewal time will be 10 years for adults; 5 years for those younger than 18.

To find out more information on how to obtain a passport card you can search locations by ZIP code at www.iafdb.travel.state.gov.com

In-flight Movies Fade to Black This Fall

US Airways will discontinue in-flight movie and music systems from all domestic flights in November – a move that the airline says will save about \$10 million a year. The carrier announced that it plans to remove current in-flight entertainment systems from 196 Airbus 319, 320 and 321 aircraft serving U.S., Mexico and Caribbean routes effective November 1st. And new Airbus 321 aircraft to be delivered this year will not have in-flight entertainment systems. The in-flight movies and music will still be available on transatlantic and Hawaii flights.

Continental to Join Star Alliance

Continental announced plans to cooperate with United Airlines, linking its networks and services worldwide to deliver new benefits to its customers. In addition Continental intends to transition into the Star Alliance from the SkyTeam Alliance as a result of a review that was conducted following the Delta-Northwest merger announcement. The transition period is expected to last at least a year, and many regulatory and other approvals are required before they can implement the plans.

Federal Aviation Administration to Require Fuel-Tank Changes

The federal government announced plans to require that the safety of thousands of airline jet fuel tanks be upgraded to prevent explosions like the one that downed TWA Flight 800 in 1996. After more than a decade of sometimes bitter debate, the Department of Transportation will mandate that most large jets have a system to flush explosive gases from the center fuel tank. An FAA scientist found that a relatively inexpensive device could blanket fuel tanks with nitrogen gas to prevent explosions. Airlines will have up to 10 years to equip their fleets with the device. Jets built before 1991, many of which will be retired within 10 years, will be exempt. New jets also must have the safety equipment. The rule applies to more than 3,000 jets used by U.S. airlines, including Boeing 737, 747, 757, 767 and 777 models and all Airbus models.

Frequent Flyer Programs

In the past year consumers have been frustrated by the lack of award availability through their frequent flyer programs (FFP). At a time of dwindling ticket revenues, the FFPs have become a profitable source of income for airlines. In fact, airline executives have come to realize that these programs are now generating big bucks for their coffers. As a result, the longstanding rift between the airlines' cost-centric finance departments and their consumer-sided marketing departments is easing, and program directors are gaining the ability to better serve the customer. What this means is that your loyalty programs are here to stay and that the airlines we do more to keep your business. But there's a catch: Your business has to make the airlines a profit. *How the numbers add up:* Consumers fall into two basic categories; those who earn points in the sky and those who earn points on the ground. Both groups help the airlines pay their bills. The sky group is profitable because its members fly often and purchase high premium tickets; in fact, they can account for 85 percent of profitable ticketing revenue. The ground community is profitable, too, even though its members are infrequent fliers who earn most of their "miles" through co-branded credit cards with generous accrual bonuses. This group drives ancillary revenues because the airlines can sell their miles to those secondary markets. Though both groups are profitable to the airlines, they are not equally happy. This is because they are looking for different kinds of rewards. High-flying program participants typically want upgrades and these are generally available. The ground group typically wants free travel, but award tickets are scarce. The lack of award availability has been a major source of frustration to award seekers.

It pays to know whether you are a sky-earner or a ground-earner and to think about whether your frequent flyer program really suits your needs. Some airlines, like American Airlines and United Airlines, tend to be more generous with award tickets than upgrades. Others, like Continental Airlines, Delta Airlines and Northwest Airlines have liberal upgrade policies for frequent fliers but keep a tighter hold on award seats. So, how can program members take advantage of new trends in FFPs? First, select your program wisely. If you're a ground-earner, affiliate yourself with an airline that offers you the best benefits. Secondly, select your awards judiciously. Instead of trying to get an award ticket to the most popular destinations, such as Hawaii and Florida, purchase these inexpensive tickets and opt for more generous and easier to obtain international awards. Lastly, holding 20 frequent flyer cards does you and the airlines no good. Select one or two programs and stick with them.

BRIEFING/EUROPE

Update on British Airways London Heathrow Terminal 5

British Airways has confirmed the final phase of flight moves into London Heathrow Terminal 5 will take place on October 22, 2008. This means overnight flights departing on October 21 for London Heathrow, which are scheduled to arrive on October 22, will arrive into Terminal 5. This will complete the move of flights into British Airways new home at Heathrow Airport. Over the last few months, the customer experience at Terminal 5 has improved greatly, delivering consistently strong performance.

Air Berlin to Drop Long-Haul Flights?

Air Berlin is looking at cutting back and perhaps eliminating its new long-haul operations. Air Berlin, traditionally a short-haul, low-cost carrier with a mix of scheduled and leisure operations, expanded into the long-haul market after taking over LTU last August. In a further push into the long-haul market Air Berlin agreed last September to buy Condor in a two-phase deal which would give Air Berlin a 75% stake in Condor in early 2009 and a 100% stake in early 2010. But German competition authorities have yet to approve the Condor acquisition and in late May extended their inquiry into the deal until at least October. Some analysts believe the deal could be dropped or re-negotiated as Air Berlin takes a hard look at its new long-haul strategy.

Air France became the first international airline to offer mobile service as part of a six-month test to gauge customer response. Other carriers, however, are shying away from the feature, saying that passengers don't want chatter and ring tones invading their space.