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Highlights In This Issue

Perspective

LCC ancillary revenues versus frequent flyer programmes (Part 2)

Part 2 of this Guest Perspective from IdeaWorks considers the different revenue methods employed by European LCCs in analysing the relative merits of ancillary revenues and full service frequent flyer programmes.

Ancillary revenue methods vary

Europe's LCCs have been very creative in developing opportunities to encourage air travellers to spend money. Virtually all LCCs in Europe, and many of those elsewhere in the world, already allow consumers to arrange hotel accommodations, car rentals and trip insurance at their web sites. The airlines are paid a commission by third parties for each completed sale.

Ryanair's home page offers a virtual shopping mall experience with offers for car insurance, personal loans, pre-arranged airport parking, airport motor coach transfers, airport lounge access, co-branded credit cards, holiday packages, bed & breakfast stays, and golfing in Ireland. The airline has also turned its baggage service into a profit centre. Checked baggage can be pre-paid at the time of booking at a cost of EUR4.50 (USD5.70) per piece, or EUR10.00 (USD12.69) if paid at the airport. Like many other LCCs outside of the United States, Ryanair charges an additional fee for payment by credit card. The fee for MasterCard and Visa charges is EUR2.50 (USD3.17) per passenger per flight. The fee is lower for debit card transactions and is waived for infant travellers.

Perspective Continued Over Page ➔

Perspective: LCC ancillary revenues versus frequent flyer programmes (Part 2)

Virgin Blue of Australia is also creative in its pursuit of ancillary revenues. The airline operates luxurious lounges in Sydney, Brisbane and Melbourne and offers one-day access priced at 30 Australian Dollars (EUR16.62, USD22.36), in addition to membership plans. In-flight entertainment is available on its 24-channel "live2air" service for a fee starting at 6 Australian Dollars (EUR3.52, USD4.47). Virgin Blue passengers may also pre-reserve an extra roomy exit row or front row seat for 30 Australian Dollars (EUR16.62, USD22.36) each way. Virgin Blue recently launched a robust frequent flyer programme called Velocity. The airline will likely earn attractive ancillary revenues from the sale of points to its hotel chain, car rental, co-branded credit card, and international airline partners.

Air Berlin has quickly become Europe's third largest LCC and has chosen to pick and choose from the Ryanair model. There are no charges for checking a piece of luggage, but seats can be pre-selected for a fee of EUR8.00 (USD10.16) per person per flight (no fee is charged for the disabled or families with infants). Seats with more legroom, called XL Seats, cost EUR20.00 (USD25.20). Paying by credit card will incur a fee of EUR6.00 (USD7.62), but the fee is waived if the consumer uses their Air Berlin MasterCard. Yes, the airline is the largest LCC in Europe to offer a frequent flyer programme.

The Top Bonus Programme is full featured and offers increased sophistication through an elite tier programme. Frequent flight activity earns higher elite tier status and more benefits. Alternatively, consumers may simply pay a fee of EUR50.00 (USD63.44) per year to immediately enjoy Silver tier benefits. These include free seat selection, greater checked baggage allowance and a 5% discount with Air Berlin's onboard shop.

Financial documents filed by Air Berlin[#] for their 2005 fiscal year provide a glimpse into the results generated by key ancillary activities:

Selected Air Berlin revenues from 2005 financial statements

Ancillary activities	EUR		USD	
	Revenues	Per passenger	Revenues	Per Pax passenger
Onboard sales	15,000,000	1.11	19,043,456	1.41
Excess baggage	5,200,000	0.38	6,601,466	0.49
Elite level FFP benefits	1,800,000	0.13	2,285,122	0.17
Trip insurance	1,600,000	0.12	2,031,465	0.15
Pre-assigned seats	1,600,000	0.12	2,031,465	0.15
In-flight magazine advertising	1,500,000	0.11	1,904,498	0.14

Source: Ideaworks

Revenues produced by onboard sales, which includes meals and duty free merchandise, led all categories. Air Berlin's unique offer to allow customers to purchase immediate Silver elite tier benefits was accepted by an estimated 36,000 customers during 2005. Pre-assigned seating was purchased by an estimated 200,000 passengers and represented almost 1.5% of Air Berlin's 2005 passenger enplanements.

[#] Air Berlin reported total amounts in Euros, and IdeaWorks calculated per passenger revenues based upon the airline's 2005 passenger total of 13,537,000.

Observations and conclusions

Airlines all over the globe seek to emulate the ancillary revenue results obtained by Ryanair. The phrase has become popular with airline management and investors. Aer Lingus used the word "ancillary" more than 70 times in its recent public share prospectus. Major airlines, such as British Airways, now openly express the desire to increase ancillary revenues in their presentations to the investment community.

The analysis performed by IdeaWorks suggests even greater ancillary revenues may reside in an activity traditionally scorned by LCCs…frequent flyer programmes. United and Alaska have proven the financial power of these programmes through results that approach EUR10 (USD12) per passenger. These programmes not only have revenue potential, they also make consumers more loyal to a brand. Ironically, these programmes already allow millions of programme members to enjoy the free flight sought by Michael O'Leary for the year 2010.

Exceptional financial results are likely to be realized by those airlines that master the magic of combining the best features of the European and US models. These airlines will maximize the potential of generating ancillary revenues from flight related and frequent flyer sources.

Sources used in this industry analysis

Unless otherwise noted, frequent flyer programme information presented in this report is based upon an online review conducted during Oct-06 of airline financial filings, web sites, and communication with airline management. Currency exchange rates were calculated during Oct-06 at the XE.com web site.

About IdeaWorks

IdeaWorks was founded in 1996 as a consulting firm building brands through innovation in product, partnership, and marketing and building profits through financial improvement and restructuring. Its international client list includes the hotel, airline, marine, railroad, consumer products and health care sectors. IdeaWorks specializes in brand development, profit improvement, competitive analysis, creating partner-marketing strategies, cost reduction programmes and business restructuring. IdeaWorks brings value as a consultant by researching the expectations of the customer, learning from the wisdom of the client organization and applying innovative ideas to create solutions for clients and consumers. Learn more by visiting: IdeaWorksCompany.com.

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Guest Perspective!

If you are interested in providing a Guest Perspective for a fututre edition of *Peanuts! The Low Cost Airline Weekly*, then please contact Bence Szabo for more information bsz@centreforaviation.com

Disclosure: IdeaWorks makes every effort to ensure the quality of the information available in this report. Before relying on the information, readers should obtain any appropriate professional advice relevant to their particular circumstances. This Industry

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Quotes Of The Week

JetBlue: *"I'm upbeat. This was a really tough year for us. We wrestled with a lot of things we could have done better. We had a certain euphoria from our previous successes. We didn't watch costs…we had no great distribution system, we did not price connections competitively, we did not do a good job of revenue management, we had no package division, we weren't forced to figure out how to increase revenues. We have a big hole in1Q06, we have to make it up and we haven't given up the possibility of making it up this year," David Neeleman, CEO. Source: Wall Street Journal, 04-Nov-06.*

AirAsia: *"[The Malaysia-Singapore route] has to be given to us...But to stop us from getting Singapore because of Malaysia Airlines should not be the case anymore...If you protect, we will never be competitive. We have to survive in the big world and Malaysia Airlines should not be protected anymore. Enough is enough,"* Tony Fernandes, CEO. Source: Bernama, 03-Nov-06.

Americas

US

Frontier to select regional jet operating partner. Frontier announced (30-Oct-06) plans to select a regional jet operating partner in the "next few weeks", once it has finalized negotiations with several regional airlines. Frontier issued a request for proposals for regional jet operating partners in Sep-06, to either augment or replace its existing fleet of nine CRJ-700 aircraft, formerly operated by Horizon Air as Frontier JetExpress. Frontier's regional jet fleet, which will expand in size to up to 21 aircraft, will be used to seed mainline service by developing new and smaller markets into mature mainline markets for the carrier, as well as supplementing mainline services.

Southwest aims for 15% profit growth. Southwest Airlines announced it is targeting a 15% increase in profit in 2007, after reporting a 77.1% year-on-year drop in third quarter net profit. The carrier will focus primarily on revenue growth through better customer service and operational execution, while also reviewing ground handling and airport operations to improve efficiency.

Southwest Airlines: *"Our costs are under control. We know our focus now will be to drive revenue growth. Those competitive advantages were never as strong as they are today. We know we need revenue improvements. The competitive advantages are there to be leveraged. It's up to us to figure out which ones are most beneficial to the company,"* Gary Kelly, CEO. Source: Rocky Mountain News, 02-Nov-06.

Allegiant launches 21st destination from Orlando. Allegiant Air launched Orlando-Chattanooga service on 31-Oct-06, its 21st destination from Orlando - see Route Changes Table for more information.

AirTran asks passengers where they want to go. AirTran Airways announced it is asking its passengers to select the carrier's next destination out of a short-list of prospectives. The carrier has listed 49 possible cities on its website.

AirTran Airways: *"We spend a lot of time researching and studying potential new markets. Now we're giving our customers the opportunity to tell us where they want to see low fares next. The input we receive certainly will factor into decisions on where we add our...service in the future,"* Kevin Healy, VP of Planning. Source: AirTran Airways, 30-Oct-06.

CANADA

WestJet signs lease agreement for five B737s. WestJet finalised a leasing agreement with Singapore Aircraft Leasing Enterprise for five B737 aircraft. Four 136-seat B737-700s are scheduled for delivery in Jan-09, May-09, Jun-09 and Oct-09, while the one 166-seat B737-800 is scheduled for delivery in May-09. The lease agreement also includes options for an additional three B737-700s and one B737-800 in 2009, as well as provisions to convert -700 series options into -800 options. WestJet currently operates 62 aircraft and is scheduled to build its fleet to 81 aircraft by the end of 2009.

WestJet: *"One of our continued strategic drivers is available seat mile (capacity) growth through fleet expansion. Having recently announced our most profitable quarter in history with increases in capacity, load factor and yield, we are confident the demand for WestJet's service in the domestic, transborder and international Caribbean markets will support the addition of these aircraft."* Sean Durfy, President. Source: WestJet, 30-Oct-06.

WestJet expands winter schedule. WestJet announced plans (30-Oct-06) to expand its Winter schedule, launching new services from Canada to holiday destinations, including Nassau, West Palm Beach, Orlando, Tampa, Phoenix, and Palm Springs, as well as Honolulu and Maui in Hawaii. The carrier also plans to increase frequencies on services from selected Canadian cities to Orlando, Fort Lauderdale, Las Vegas, Phoenix, Palm Springs and Fort Myers – see Route Changes Table for more information.

LATIN AND SOUTH AMERICA

GOL reports 37.5% increase in 3Q06 net profit. GOL reported (30-Oct-06) a 37.5% year-on-year increase in net profit to BRL190 million for the three months ended 30-Sep-06.

GOL financial highlights for three months ended 30-Sep-06

Currency: BRL	3Q06	% Change
Revenue (mill)	1,083	+55.5%
Operating costs (mill)	849.8	+65.5%
Operating profit (mill)	233.1	+27.2%
Net profit (mill)	190	+37.5%
Yield (per RPK)	24.60 cents	-2.9%
Unit revenue (per ASK)	19.39 cents	+3.9%
Unit costs (per ASK)	16.31 cents	+13.2%
Traffic Pax (mill)	4.8	+36.5%
Traffic RPKs (bill)	4.1	+56.3%
Capacity ASKs (bill)	5.2	+46.1%
Load factor (%)	78.8%	+5.1 ppts

Source: Centre for Asia Pacific Aviation and GOL

Capacity expansion drives revenue growth

GOL reported impressive 3Q06 results, including an expansion-driven 55.5% year-on-year increase in revenue, which led to a 37.5% increase in net profit to BRL190 million (USD88.8 million). GOL has a world-leading net profit margin of 17.5%.

GOL increased capacity (ASKs) 46.1% year-on-year in the quarter with the launch of new domestic and international services. In 3Q06, the carrier added 78 new daily frequencies, including Santiago in Chile. Traffic growth (RPKs) was ahead of capacity, up 56.3% year-on-year, leading to an impressive 5.1 percentage point rise in load factor to 78.8% in the quarter.

Passenger numbers increased 36.5% year-on-year to 4.8 million and GOL has carried nearly 50 million passengers since launching in 2001. The extra traffic and increased load factors combined to drive revenue growth, which was needed to offset the cost increases associated with the expansion and high oil prices.

Costs and yields – up and down – in the short term

GOL reported a 2.9% year-on-year fall in yields (per RPK), even as average fares rose 11.7%. This result was principally due to a 12.3% year-on-year increase in average stage length, as the carrier's capacity growth came from increasingly distant destinations. (The stage length increase also explains the 20 percentage point difference between RPK and passenger number growth). However, the key for GOL was its ability increase capacity, load factors and average fares, which, as its new routes mature, should see yields rising again.

The carrier reported a 65.5% year-on-year increase in operating costs, as fuel prices rose and its expansion programme required additional investment. Unit costs (CASK) were up 13.2% year-on-year, with CASK excluding fuel also increasing substantially (up 10.3%). The increases were driven by scheduled maintenance (+258.8%), landing fees (+41.2%) and an increase in employees related to 4Q06 fleet and base expansion.

GOL has a variety of initiatives to control costs during its rapid expansion phase, including drawing sales via its website, which accounted for 80% of ticket sales in the quarter. In Sep-06, GOL also opened its Aircraft Maintenance Centre in Belo Horizonte, which is expected to reduce MRO costs by USD2 million p/a.

Fleet expansion

At the end of Oct-06, Gol ordered 20 B737-800s, with options for an additional 20 aircraft, taking its total of firm orders from 67 to 87 aircraft, as part of the carrier's ongoing expansion and cost-reduction plans, replacing older B737-300 equipment. The contract is the largest ever signed between Boeing and a Latin American airline. Including options, Gol's total orders for B737-800s now stand at 121 aircraft, with all aircraft scheduled for delivery by the end of 2012

The carrier also increased its 2006-12 fleet plan. GOL currently operates 56 B737s and increased its fleet plan by one B737-800NG and two B737-300s in 2006, three B737-800s and two B737-300s in 2007 and 2008. The order increase will add four new aircraft in 2009, eight in 2010, five in 2011 and three in 2012 above previous plans.

GOL's fleet plan

	Seats	2006	2007	2008	2009	2010	2011	2012
B737-300	141	14	14	12	7	-	-	-
B737-700	144	30	30	28	21	20	10	10
B737-800	187	21	36	46	60	72	84	91
Total		**65**	**80**	**86**	**88**	**92**	**94**	**101**

Source: GOL and Centre for Asia Pacific Aviation

Outlook

GOL continues to expand its international operations and in Aug-06 received authorisation to launch services to Lima in Peru, expected by the end of the year. GOL operates international services to Buenos Aires, Cordoba and Rosario in Argentina, Santa Cruz de la Sierra and Montevideo in Uruguay, Asuncion and Santiago. Approximately 9% of the carrier's total RPKs were related to international passenger traffic and it achieved a 13% international market share from Brazil.

GOL: *"In terms of future perspectives, besides maintaining high levels of productivity and profitability, short term growth will be driven by the addition of new aircraft, new destinations and new frequencies. The addition of 11 B737 aircraft to the fleet in the 4Q06 will increase seat capacity by approximately 50% year-over-year,"* Company Statement, 30-Oct-06.

Latin American markets, including domestic and within the region, are growing strongly as low fares stimulate demand. GOL is well placed to continue capturing growth ahead of the competition.

North/South America Route Changes Table

Airline	Origin	Destination	Weekly Frequency		Effective	Equipment
			New	Total		
North/South America						
Allegian Air	Orlando	Chattanooga	4	4	31-Oct-06	MD-80
WestJet	Edmonton	Palm Springs	3	3	29-Oct-06	B737
WestJet	Edmonton	Phoenix	4	4	30-Oct-06	B737
WestJet	Halifax	Orlando	1	1	14-Feb-07	B737
WestJet	Montreal	Orlando	4	4	30-Oct-06	B737
WestJet	Montreal	Tampa	3	3	29-Oct-06	B737
WestJet	Ottawa	Tampa	3	3	29-Oct-06	B737
WestJet	Ottawa	Orlando	4	4	03-Nov-06	B737
WestJet	Toronto	Nassau	3	3	05-Nov-06	B737
WestJet	Toronto	West Palm Beach	3	3	30-Oct-06	B737

Source: Centre for Asia Pacific Aviation & various

Europe

UK/IRELAND

FlyBe awards three-year cargo handling contract. FlyBe awarded (31-Oct-06) a three-year cargo handling contract to Penauille Servisair Cargo for the carrier's operations at Paris Charles de Gaulle and Amsterdam airports. The carrier also renewed Penauille Servisair Cargo's existing UK-wide cargo handling agreement for 14 locations.

Flybe launches check-in text. Flybe announced (02-Nov-06) plans to implement a text message check-in service, one of a series of measures the carrier has adopted to encourage passengers to avoid manual check-in at manned locations. The carrier, which is "seriously considering" adding a charge for check-in at airport desks, launched an online check-in service in Mar-06 allowing passengers to check-in hand and baggage for free via e-mail, as well as offering them their choice of seat for a GBP5 fee.

Focus: Advancing by leaps and bounds
Flybe purchases BA Connect.

Flybe reached in-principle agreement (03-Nov-06) to purchase British Airways' regional subsidiary, BA Connect, in a move that will significantly increase Flybe's route network both in the UK and continental Europe, bringing the carrier's growth plans forward by up to two years.

The proposed acquisition, which does not include BA Connect's services from London City and Manchester to New York JFK, or the regional ground handling business, British Airways Regional, will see Flybe emerge as Europe's largest regional airline, potentially doubling its revenue to over GBP600 million, with traffic volumes approaching ten million passengers p/a.

The merged carrier will operate 159 routes from 23 UK and 36 European airports, up from the 101 routes from 47 airports currently operated by Flybe, and will include new routes to major European destinations, such as Paris, Düsseldorf, Frankfurt and Milan. Flybe also gains improved access to Manchester and Birmingham, BA Connect's primary operating bases.

Under the acquisition, which is still subject to some conditions, including due diligence, BA will provide capital to ensure growth targets and the transition out of the current BA Connect fleet are met, in return for a 15% shareholding in the enlarged Flybe. Once the sale is finalised, there will be a transitional period until the handover of responsibilities is completed on 24-Mar-07, shortly before the start of the Summer schedule.

Flybe plans to accelerate its current fleet renewal programme once the acquisition is completed, phasing out the existing BA Connect fleet "as soon as possible" in favour of Bombardier Q400 and Embraer E195 aircraft. The carrier's current GBP1.2 billion fleet investment programme will be complete by 2009, bringing the carrier's total fleet to 82 aircraft, with the overall goal of reducing fuel consumption by over 50% per seat.

Flybe announced that, in the event of a successful acquisition, any changes to the existing ownership structure will be deferred to allow management to focus on successful integration of operations. The carrier had reportedly been considering an IPO for mid-2007, targeting to raise GBP75-100 million, however the planned purchase of BA Connect may delay the IPO by up to 12 months.

Ryanair enters negotiations to establish third Spanish base. Ryanair confirmed (02-Nov-06) it is in negotiations with five Spanish airports and plans to announce a third Spanish base at the end of 2007. The carrier, which selected Madrid as its second Spanish base (after Barcelona Girona) in Oct-06, intends to double its traffic to Spain from the current nine million to 18 million p/a by 2010. Ryanair CEO, Michael O'Leary, announced that the carrier is seeking to double its overall traffic from 40 to 80 million passengers p/a within the next five years.

Ryanair asks European Commission to review Aer Lingus acquisition. Ryanair filed a formal request for permission from the European Commission (EC) to acquire Aer Lingus on 30-Oct-06. To come under EU jurisdiction and avoid a competition review by the Irish Government, the combined turnover of Ryanair and Aer Lingus must exceed EUR2.5 billion worldwide, EUR100 million in three EU member states each carrier must have a turnover of more than EUR25 million in three EU member states. Aer Lingus has submitted information that its turnover only exceeds EUR25 million in two member states, Ireland and the UK, but Ryanair has maintained its confidence that any objections on competition will be dismissed. The EC has until 06-Dec-06 to grant approval of the proposed takeover, or to postpone its deliberations until a later time.

The Irish Government has repeated its opposition to the merger, stating that any review of the acquisition must examine the impact on both Irish aviation and the European markets, due to the fact that a successful bid by Ryanair would create a company controlling approximately 75% of Ireland's domestic and international traffic. Meanwhile, Aer Lingus moved on 03-Nov-06 to formally reject the Ryanair bid, claiming it significantly undervalues Aer Lingus and recommending that shareholders take no action in relation to the offer.

Ryanair launches services to Malta. Ryanair launched its first services from Pisa and Luton to Malta on 30-Oct-06 – see Route Changes Table for more information. The carrier plans to launch Dublin-Malta service in Feb-07 and is aiming at carrying up to 200,000 passengers in the first year of operations to Malta. Meanwhile, Malta International Airport announced plans on 30-Oct-06 to offer up to 50% discount on fees and charges for low cost services to Spain, Sweden, Norway and Poland and confirmed that Ryanair and the Maltese Government had entered discussions regarding financial incentives for services to the four destinations. German LCC, Germanwings, plans to commence services to Malta from Cologne and Stuttgart in 1Q07.

Ryanair launches Frankfurt-Balaton service. Ryanair launch Frankfurt-Balaton service on 31-Oct-06, and expects to carry 40,000 passengers p/a on the route – see Route Changes Table for more information.

easyJet renews contract with Penauille Servisair. easyJet renewed (02-Nov-06) its contract with Penauille Servisair for the provision of ground handling services at Bristol International Airport, however no financial details were disclosed. easyJet operates nine A319s from Bristol with up to 230 weekly frequencies to UK and European destinations.

easyJet launches Bristol-Paris service. easyJet launched Bristol-Paris CDG service on 30-Oct-06 – see Route Changes Table for more information. The carrier now operates 36 daily services from Bristol airport and it is the airline's largest UK base outside London, accounting for 11% of the airline's total operations.

bmibaby plans major expansion from Birmingham. bmibaby announced plans to launch (31-Oct-06) services from Birmingham to Glasgow, Faro and Murcia, commencing Mar-07. The carrier, which commenced operations at Birmingham International Airport in Jan-05 and currently has five B737s based at the airport, confirmed plans in Oct-06 to base an additional three aircraft there from 1Q07 and will announce up to eight new routes from Birmingham this month. The carrier will expand its capacity from Birmingham by up to 60% in 2007, serving 16 destinations.

bmibaby: *"[These routes are] only the first wave of destinations that bmibaby will be launching as part of its significant expansion programme at the airport during 2007,"* Crawford Rix, Managing Director. Source: Cheapflights, 31-Oct-06.

MACADAMIAS (Full service start-ups)

Eos Airlines secures USD75 million capital expansion. Eos Airlines, an all business class start-up, announced it secured a USD75 million second round of institutional investment, raised from both current and new institutional investors, to expand its fleet of B757s in preparation for the launch of new routes in 2007. The carrier, which currently operates two daily services from London to New York, is examining plans for services from Paris and Zurich, as well as potential new US destinations from London.

CONTINENTAL EUROPE

SkyEurope challenged over negative fare advertisments. Czech Republic Association of Consumer Protection (SOS) and the Environmental Law Service (GARDE), a consumer interest NGO, announced (30-Oct-06) they launched a joint legal challenge against against SkyEurope Airline on the grounds of "deceptive advertising", regarding the carrier's recent "We pay, you fly" promotion, which offered passengers EUR0 fares, combined with an additional EUR1 discount towards airport charges. SOS and GARDE launched the action because they claim the advertised price of EUR0 did not include the cost of additional taxes and charges imposed on the final fare.

SkyEurope: *"Carriers will continue to operate in a competitive environment and they will be therefore forced to fight for customers as much as they do now by offering the lowest possible prices. In order to keep competitiveness, we were forced to employ such practices. If we entered the Czech market with other price policies, we would be very disadvantaged against other already established carriers,"* Jan Čamek, Spokesman. Source: Czech Business Weekly, 30-Oct-06.

The legal challenge follows the European Commission move in Jul-06 to publish a legislative proposal seeking to impose improved price transparency on all advertised fares, including provisions to make published fares include all additional taxes and charges. The body is trying to consolidate aviation regulation regarding operating licenses, air service provision rights and pricing, seeking to end misleading advertising and price discrimination based on where the passenger resides in the EU. The proposal, which is currently being examined by the European Parliament, could be put to a vote as early as Mar-07.

Germanwings launches Hamburg-Moscow service. Germanwings launched Hamburg-Moscow Vnukovo service on 31-Oct-06, the carrier's fourth route from Moscow since it began operations from the city in Jun-05 – see Route Changes Table for more information.

Air One launches to London City. Air One announced plans to launch services from Milan Linate and Rome Fiumicino to London City, commencing Nov-06 and Jan-07, respectively – see Route Changes Table for more information. The carrier also plans to launch additional services to London City Airport from Genoa and Turin in Northern Winter 2007. Air One currently operates four CRJ900 regional jets, the first of which entered service in Jun-06, under its regional subsidiary Air One CityLiner, with a further six on order. The CRJ900s are cleared for the STOL environment of London City Airport, unlike the carrier's fleet of B737s.

Focus: Increased LCC competition in Spain

clickair, a JV LCC part owned by Spanish flag carrier Iberia, launched on 01-Oct-06 raising competition in the domestic Spanish market and for intra-European services to/from Spain. The carrier is 20%-owned by Cobra (a unit of Grupo ACS), Iberia, Iberostar tour operators, Nefinsa, and the venture capital fund Quercus Equity.

Routes and aircraft added quickly

The carrier will expand quickly to establish itself ahead of the 2007 Summer peak season when LCCs particularly generate the majority of their revenues.

clickair commenced operations with three A320s from its base at Barcelona El Prat Airport. It launched services to Seville, Geneva, Zurich and Lisbon, as well as a Seville-Paris Orly service. The carrier added a fourth A320 to its fleet on 01-Nov-06, launching services from Valencia to Paris Orly and Rome Fiumicino – see Route Changes Table for more information. It plans to integrate a fifth A320 into its fleet by mid-Nov-06, using it as a reserve aircraft to cover unforeseen incidents and improve on-time performance.

In mid-Oct-06, clickair announced plans to expand its network with the launch of 12 new domestic and international routes from 01-Feb-07. The carrier will launch services from Barcelona El Prat to Malaga, Munich, Oporto, Prague and Berlin and an additional daily frequency to Lisbon. Outside its Barcelona base, clickair plans to launch services to London Heathrow from Seville and Valencia and from Valencia to Milan-Malpensa. On 01-Mar-06 it will launch services from Barcelona to Frankfurt, Amsterdam, Dublin and Basel.

clickair route map

Source: clickair

First month ok, but competition looms

clickair CEO, Alex Cruz, noted that the carrier was "very satisfied" with its first month of operations. The carrier reported a load factor of 70.8% and carried almost 92,000 passengers on 24 daily frequencies.

As it grows, clickair will face stiff competition in both the Spanish domestic and international markets. Both Ryanair and easyJet, have a significant presence in Spain, as well as major development plans for one of the most popular holiday destinations in Europe. Ryanair recently announced plans to open a base at Madrid Barajas International Airport, its second in Spain.

It is also in negotiations with five Spanish airports to establish a third Spanish base by the end of 2007. Ryanair launched a major capacity expansion from Barcelona Girona in Sep-06 and plans to do likewise from Madrid in mid-Nov-06, as part of its target of doubling its passenger traffic numbers to Spain from the current nine million to 18 million p/a by 2010.

easyJet also has significant development plans in Spain. In late Aug-06 it selected Madrid Barajas as its 17th base and its major operational hub for Southern Europe. It will base three A319s at Madrid, launching additional European and Spanish domestic routes, including Oviedo and La Coruna, as well as unnamed destinations in Morocco, France, Italy and Germany from early Feb-07.

clickair plans ambitious growth planned

Despite the competition, clickair has ambitious goals as it plans to operate 15 A320s by the end of 2007 and 30 A320s by the end of 2008, with 70 routes to 55 Spanish and European destinations. It is targeting 300,000 passengers in 2006 (which it appears on track to achieve), 4.5 million in 2007 and 10 million in 2008. The carrier plans to establish bases in other major Spanish cities from 2007. Spain continues to be hot.

Europe / Africa Route Changes Table

Airline	Origin	Destination	Weekly Frequency		Effective	Equipment
			New	Total		
Europe / Africa						
Air One	Milan Linate	London City	14	14	Nov-06	CRJ900s
Air One	Rome Fiumicino	London City	13	13	Jan-07	CRJ900s
easyJet	Bristol	Paris CDG	7	7	30-Oct-06	A320
Germanwings	Hamburg	Moscow Vnukovo	2	2	31-Oct-06	A320
Ryanair	Dublin	Malta	3	3	07-Feb-07	B737-800
Ryanair	Frankfurt	Balaton	3	3	31-Oct-06	B737
Ryanair	London Luton	Malta	3	3	31-Oct-06	B737-800
Ryanair	Pisa	Malta	3	3	31-Oct-06	B737-800

Source: Centre for Asia Pacific Aviation & various

Asia Pacific / Middle East

SOUTHEAST ASIA

Thai AirAsia expects three million passengers in 2007. Thai AirAsia expects (03-Nov-06) to carry three million passengers in 2006 and forecasts six million passengers in 2007. The carrier, which operates ten B737s, plans to acquire ten additional aircraft and launch services to Langkawi, its fourth Malaysian destination, although a date was not disclosed.

One-Two-Go commits to IPO by 4Q08. One-Two-Go announced plans for an IPO by 4Q08 to fund expansion, but will offer up to 20% of equity to private investors ahead of this, in 2007. Orient Thai Airlines, which plans to maintain a 50% shareholding in One-Two-Go, spun off the carrier last month to facilitate the planned capital raising. Orient Thai also confirmed it no longer has plans for an IPO of its own.

Tiger confirms plans to launch Indian services. Tiger Airways confirmed (02-Nov-06) plans to launch services from Singapore to Trivandrum, Goa, Kochi, Kozhikode and Colombo after it was awarded air traffic rights by the Singapore Government. Tiger already has rights to operate Singapore-Kolkata service. Commencement dates were not disclosed and services are subject to Indian Government approval.

Tiger Airways: *"We were nervous about entering a single route without market branding and awareness there. India is an enormous market, but a very competitive one with many new upstarts. By holding back, then getting into it in a bigger way, we are able to establish critical mass and capture awareness,"* Tony Davis, CEO. Source: Singapore Business Times, 02-Nov-06.

Jetstar Asia takes over Cairns-Darwin-Singapore service from Qantas. Jetstar Asia took over (29-Oct-06) five times weekly Cairns-Darwin-Singapore service from parent Qantas, with which it will codeshare all services on the route. Jetstar Australia will assume responsibility for Australian marketing.

Jetstar: *"With both airline entities under the one brand and working together on commercial initiatives, the end result is an expanded, co-ordinated network that we believe can better service Australian and Asian markets for the Qantas Group,"* Alan Joyce, CEO. Source: The Australian, 27-Oct-06.

AirAsia announces Kuala Lumpur-Palembang service. AirAsia announced (30-Oct-06) plans to launch services from Kuala Lumpur to Palembang in Sumatra on 22-Nov-06, its ninth Indonesian destination – see Route Changes Table for more information.

Air Asia: *"We saw the untapped opportunity to provide direct connectivity for business community in Malaysia to travel low fares to Palembang for their businesses. This route is also to serve the huge labour workforce working in Malaysia. There are many hidden treasures in south Sumatra and Palembang is the gateway to these places such as Pulau Bangka and Pulau Belitung,"* Tony Fernandes, CEO. Source: Bernama, 30-Oct-06.

Changi's Budget Terminal to reach one million passengers in 2006. Singapore Transport Ministry expects (31-Oct-06) Singapore Changi's Budget Terminal to reach one million passengers by the end of the year. The Ministry forecasts the volume could rise even further in the future, looking to the current negotiations with Malaysia on liberalising the bilateral air services agreement and the proposed 'open skies' agreement between ASEAN countries and China.

Singapore Government: *"We are looking forward to the proposals from the Malaysians…they have formed a committee, and the committee will put the report to their transport minister. So we await their proposal. We've been ready to expand the air services agreement for quite some time now and I think that it's timely to do so. It is a great pity that we have not revised this particular agreement for the last 20 years. But we've always been ready and we've a liberal air policy…we need to see their proposal to see how best we can take it forward,"* Raymond Lim, Minister for Transport. Source: Singapore Business Times, 01-Nov-06.

The Kuala Lumpur-Singapore route is currently only operated by Malaysia Airlines and Singapore Airlines. AirAsia, Tiger Airways and Jetstar are eager to see the sector opened up to competition. The 30-minute sector between Kuala Lumpur and Singapore - Asia's fourth-busiest route - remains one of the most expensive in the world, with travellers paying USD240 or more for a return ticket.

SOUTH PACIFIC

Focus: Another LCC joins the regional chorus
- Virgin Blue orders 14 Embraer regional jets

Virgin Blue ordered (02-Nov-06) 11 E190 and three E170 regional jets, as well as options for an additional six E-Jet family aircraft, initiating another stage of its transition away from an LCC focus to its 'New World Carrier' strategy. Announced in 2H05, the strategy targets the higher yielding corporate traveler market, while maintaining a low cost base.

The aircraft will feature a single class configuration and all-leather seating. E170s can accommodate 70-80 passengers, while E190s can accommodate 98-114 passengers. The carrier currently operates a fleet of 52 B737-700/800 aircraft.

Virgin Blue CEO, Brett Godfrey, stated that the acquisition was: "a key step-change" for the carrier. According to Mr Godfrey, the current fleet of B737-700/800 aircraft provides sufficient capacity to serve key routes in the Australian, trans-Tasman and Pacific Island markets, however it is "not optimal on all markets". The new jet is expected to enhance Virgin Blue's ability to serve the corporate market by more accurately matching seat capacity and frequency to passenger demand, according to Mr Godfrey.

Virgin Blue's move to a second aircraft type is part of an increasing trend across the LCC sector, with carriers searching for new opportunities to supplement their existing operations as competition intensifies in major markets. In 2005, US LCC, JetBlue, raised industry eyebrows and when it placed a massive order for 109 100-seat Embraer 190 regional jets, as well as options for a further 100.

Since then, other carriers have followed the regional route. Frontier announced plans in Sep-06 to launch a regional turboprop subsidiary, since named Lynx, as well as expand its regional jet fleet from nine to up to 20 aircraft, primarily to provide feeder traffic for its mainline operations.

UK LCC, Flybe, has GBP1.2 billion in E195 regional jets and Q400 turboprops on order, and this week announced it signed a provisional agreement to acquire BA Connect, the regional subsidiary of British Airways, potentially doubling its revenue and traffic – see the focus on Flybe's acquisition in the Europe section of this weeks *Peanuts!* for more information. The carrier is focusing on regional operations as one of its major engines of growth and profitability in the future.

JetBlue's order was part of that carrier's rapid expansion plans, simultaneously expanding its A320 fleet along with taking delivery of the regional jets while establishing new routes and launching high frequency, high yield business shuttle routes, such as New York-Washington. Recent poor profitability has however forced the carrier to cut planned ASM growth from 21% to 19% for 2H06, as well as slowing the introduction of the E190 by 30%.

Virgin Blue's decision to pursue a regional jet strategy is less about rapid growth and expansion and more about optimising capacity in existing markets. The carrier has stabilised its B737 fleet size in the small Australian market, entering a period of consolidation, with ASK growth of just 3.6% in the nine months to 30-Jun-06, compared to 40% growth in the previous year.

Virgin Blue is likely use its new Embraer aircraft to re-establish services on the important Sydney-Canberra route and potentially open some new regional points, where its current fleet of B737-700/800 aircraft are too large for the market. The aircraft are also likely to be deployed on the Sydney-Brisbane-Melbourne triangle, particularly in off-peak periods, where frequency is important for the corporate sector and the smaller jets can operate more efficiently than the carrier's larger B737s. Other Virgin Blue initiatives, as part of its 'New World Carrier' strategy, include tapping new Pacific markets with cross-border JVs and will stretch to international long-haul services possibly by 2008.

INDIAN SUBCONTINENT

Air Deccan launches more services. Air Deccan launched daily Bangalore-Visakhapatnam service on 02-Nov-06. The carrier currently operates services between Visakhapatnam, Hyderabad and Chennai. Airports Authority of India (AAI) confirmed in late Oct-06 that it plans to conduct a feasibility study on constructing an international airport at Visakhapatnam. Meanwhile, the carrier announced plans to launch Bangalore-Goa-Hampi service, commencing 15-Nov-06 with ATR-42-500 equipment – see Route Changes Table for more information.

MIDDLE EAST

Jazeera considers share listing in 1Q07. Jazeera Airways announced (01-Nov-06) it is considering a share listing on the Kuwait Stock Exchange in 1Q07 and is also examining the Dubai Financial Market and the Dubai International Financial Exchange for the listing.

Jazeera Airways: *"A listing in Dubai will offer us an opportunity to reach out to the wider global aviation community and financial institutions,"* Marwan Boodai, Chairman. Source: Gulf News, 01-Nov-06.

Air Arabia launches services to Chennai and Yerevan. Air Arabia launched Sharjah-Chennai service, its fifth Indian destination, on 02-Nov-06, after taking delivery of its seventh A320 on 30-Oct-06 – see Route Changes Table for more information. The carrier took and plans to take delivery of its eight A320 in Nov-06. The new equipment will be used to launch services from Sharjah to Thiruvanthapuram and Kathmandu, with additional destinations to be announced in the next few weeks. Meanwhile, the carrier launched Sharjah-Yerevan (Armenia) service on 02-Nov-06.

Asia Pacific, SAARC and Middle East Route Changes Table

Airline	Origin	Destination	Weekly Frequency		Effective	Equipment
			New	Total		
Asia Pacific, SAARC & Middle East						
Air Arabia	Sharjah	Chennai	7	7	03-Nov-06	A320
Air Arabia	Sharjah	Yerevan (Armenia)	2	2	04-Nov-06	A320
Jetstar	Cairns	Darwin-Singapore	2	7	03-Nov-06	A320

Source: Centre for Asia Pacific Aviation & various

Share Prices – 07-Nov-06

	Currency	Close 07-Nov	52 week range	1 week change
North & South America				
ATA	USD	2.69	1.89 - 13.31	11.16%
AirTran	USD	10.55	9.06 - 18.85	3.03%
Frontier Airlines	USD	7.86	5.66 - 10.76	3.56%
GOL	USD	33.66	16.17 - 41.25	-8.33%
JetBlue	USD	10.14	8.93 - 16.85	4.00%
Southwest	USD	16.44	14.32 - 18.20	-1.85%
US Airways	USD	45.92	20.85 - 56.41	-3.83%
WestJet	CAD	11.00	9.18 - 13.55	0.64%
Europe				
Air Berlin	EUR	13.05	9.10 - 13.30	1.48%
easyJet	GBP	5.03	2.63 - 5.19	2.65%
Ryanair	EUR	8.54	6.38 - 9.05	-1.16%
SkyEurope	EUR	2.70	1.42 - 6.65	19.47%
Asia Pacific				
AirAsia	MYR	1.63	1.44 - 1.97	5.84%
SpiceJet	INR	45.30	n/a	-3.31%
Air Deccan	INR	98.30	64.10 - 129.90	n/a
Virgin Blue	AUD	1.76	1.47 - 1.94	1.15%

Source: Yahoo Finance

Traffic

Passenger Traffic

US LCCs		May	Jun	Jul	Aug	Sep	Oct
Southwest Airlines	RPMs (billion)	5.959	6.151	6.330	6.241	5.196	7.171
	% Change	13.7%	13.2%	6.2%	10.0%	9.8%	7.2%
America West	RPMs (billion)	2.072	2.127	2.219	2.092	1.727	
	% Change	-4.1%	-1.7%	-2.2%	-5.0%	-7.2%	
JetBlue	RPMs (billion)	1.897	1.998	2.200	2.217	1.644	
	% Change	11.3%	11.4%	11.2%	11.6%	8.2%	
AirTran	RPMs (billion)	1.196	1.296	1.390	1.296	0.950	1.089
	% Change	23.2%	25.6%	26.8%	25.4%	11.6%	12.5%
WestJet	RPMs (billion)	0.788	0.775	0.894	0.952	0.817	
	% Change	31.9%	25.9%	17.1%	19.3%	24.5%	
ATA	RPMs (billion)	0.320	0.387	0.409	0.398	0.298	
	% Change	-37.2%	-37.8%	-42.2%	-41.0%	-37.6%	
Frontier	RPMs (billion)	0.764	0.813	0.849	0.773	0.616	
	% Change	24.2%	21.8%	16.1%	17.9%	11.3%	
Spirit	RPMs (billion)	0.341	0.372	0.424	0.394	0.299	
	% Change	-9.8%	-4.1%	-5.6%	2.4%	15.0%	
Jazz	RPMs (billion)	0.308	0.335	0.364	0.385	0.336	
	% Change	66.5%	56.5%	49.2%	54.0%	45.5%	
US Full Service (Domestic traffic only)		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
American Airlines	RPMs (billion)	8.023	8.185	8.496	7.950	6.741	7.312
	% Change	2.1%	-2.8%	-4.9%	-4.0%	-3.8%	0.4%
Delta Air Lines	RPMs (billion)	6.605	7.565	8.031	7.569	6.103	
	% Change	-17.1%	-10.0%	-10.6%	-12.1%	-12.2%	
United Airlines	RPMs (billion)	6.179	6.524	6.774	6.442	5.487	
	% Change	5.9%	2.8%	3.9%	2.2%	2.4%	
Continental Airlines	RPMs (billion)	3.627	3.886	4.062	3.982	3.300	
	% Change	7.9%	9.0%	7.0%	7.1%	10.0%	
US Airways	RPMs (billion)	2.346	2.393	2.472	2.352	1.988	
	% Change	-9.4%	-9.9%	-9.1%	-4.4%	-0.4%	
Northwest Airlines	RPMs (billion)	3.554	3.809	4.049	3.849	3.165	3.432
	% Change	-4.1%	-8.1%	-9.4%	-4.0%	-3.3%	2.6%
Air Canada	RPMs (billion)	1.095	1.175	1.304	1.376	1.123	
	% Change	-3.2%	-5.6%	-5.0%	-3.2%	-4.3%	
US Domestic Total		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Air Transport Association	**RPMs (billion)**	**40.972**	**43.6728**	**45.7931**	**44.15254**	**36.489369**	
	% Change	**-2.0%**	**-2.2%**	**-3.7%**	**-2.2%**	**-1.5%**	
Brazil LCCs (Domestic data only)		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
GOL	RPKs (billion)	1.098	1.155	1.312	1.343	1.186	
	% Change	53.4%	58.4%	44.4%	72.4%	40.8%	
GOL (International)	RPKs (billion)	0.072	0.080	0.147	0.119	0.120	
	% Change	105.0%	93.5%	196.8%	286.6%	150.1%	
Brazil Full Service (Domestic data only)		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
TAM Linhas Aereas	RPKs (billion)	1.490					
	% Change	33.0%					
Varig	RPKs (billion)	0.470					
	% Change	-32.6%					
Departmento de Aviacao Civil		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
Brazil Domestic Total	**RPKs (billion)**	**3.26536**					
	% Change	**25.9%**					

Europe LCCs		May	Jun	Jul	Aug	Aug	Aug
Ryanair	Pax ('000)	3,556	3,671	3,941	4,002	3,537	3,732
	% Change	22.4%	22.8%	23.2%	22.9%	17.0%	23.4%
easyJet	Pax ('000)	2,939	2,990	3,168	3,146	3,011	
	% Change	15.2%	15.6%	11.3%	8.4%	9.8%	
Norwegian	Pax ('000)	452	476	495	516	492	
	% Change	46.2%	48.8%	64.8%	60.5%	51.4%	
SkyEurope	Pax ('000)	216	283	347	350	294	
	% Change	44.2%	36.3%	44.0%	45.6%	49.7%	
Blue1	Pax ('000)	172	189	122	157	181	
	% Change	28.4%	31.3%	25.8%	21.8%	29.3%	
FlyMe	Pax ('000)	55	70	64	71	80	
	% Change	31.7%	93.1%	275.9%	173.2%	126.6%	
Europe Full Service (Intra-Europe only)		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Air France/KLM	Pax ('000)	4,478	4,736	4,801	4,314	4,559	
	% Change	4.8%	5.4%	6.2%	5.2%	4.1%	
Lufthansa	Pax ('000)	3,811	3,748	3,845	3,631	4,018	
	% Change	9.4%	2.8%	5.3%	5.0%	5.9%	
British Airways	Pax ('000)	2,050	2,187	2,303	2,045	2,156	2,064
	% Change	1.0%	2.5%	1.0%	-0.9%	1.1%	2.0%
Finnair	Pax ('000)	416	436	428	407	406	
	% Change	12.2%	10.0%	14.8%	8.0%	5.2%	
Association of European Airlines		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Europe Total	**Pax ('000)**	**22,632**	**23,047**	**24,504**	**23,625**	**24,368**	
	% Change	**2.8%**	**0.8%**	**4.7%**	**4.7%**	**4.6%**	
Asia Pacific LCCs		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Virgin Blue	Pax ('000)	1,141	1,110	1,257	1,248	1,290	
	% Change	7.6%	2.5%	1.3%	2.8%	4.9%	
Jetstar	Pax ('000)	486	540	648	599	635	
	% Change	27.9%	42.1%	46.3%	47.9%	38.6%	
AirAsia	Pax ('000)	542	555	605	700	0	
	% Change	34.8%	41.1%	53.0%	80.2%	-100.0%	
Thai AirAsia	Pax ('000)	246	228	255	264	0	
	% Change	92.1%	90.0%	71.4%	69.4%	-100.0%	
Indonesia Air Asia	Pax ('000)	132	148	171	166	0	
	% Change	142.3%	164.5%	202.1%	252.4%	-100.0%	
South Pacific Full Service		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Qantas (Domestic)	Pax ('000)	1,291	1,260	1,386	1,351	1,361	
	% Change	0.8%	1.5%	2.4%	1.1%	-0.5%	
Air New Zealand (Shorthaul)	Pax ('000)	733	857	856	774	1,030	
	% Change	1.4%	-14.6%	-3.4%	2.1%	3.9%	
Association of Asia Pacific Airlines		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
International Total	**Pax ('000)**	**10,537**	**11,136**	**11,999**	**12,035**		
	% Change	**4.0%**	**5.5%**	**3.5%**	**4.4%**		

Source: Centre for Asia Pacific Aviation & company reports

Capacity

North America		May	Jun	Jul	Aug	Sep	Oct
Southwest Airlines	ASMs (billion)	7.761	7.652	7.963	8.090	7.732	8.135
	% Change	7.1%	7.3%	7.9%	8.5%	10.1%	11.2%
America West	ASMs (billion)	2.573	2.539	2.642	2.596	2.329	
	% Change	-2.6%	-1.9%	-1.9%	-4.6%	-5.4%	
JetBlue	ASMs (billion)	2.400	2.434	2.624	2.648	2.265	
	% Change	21.9%	20.8%	20.8%	20.1%	15.8%	
AirTran	ASMs (billion)	1.578	1.624	1.709	1.719	1.538	
	% Change	21.3%	25.4%	26.0%	26.9%	28.6%	
WestJet	ASMs (billion)	1.024	1.005	1.097	1.127	1.086	
	% Change	21.1%	20.0%	16.8%	18.0%	17.2%	
ATA	ASMs (billion)	0.421	0.432	0.445	0.455	0.400	
	% Change	-45.5%	-46.7%	-48.0%	-45.3%	-40.6%	
Frontier	ASMs (billion)	0.957	0.955	0.996	0.981	0.912	
	% Change	19.0%	17.7%	11.6%	15.9%	17.0%	
Spirit	ASMs (billion)	0.417	0.454	0.511	0.496	0.427	
	% Change	-9.1%	-3.6%	-4.3%	5.0%	18.8%	
Jazz	ASMs (billion)	0.424	0.454	0.5	0.512	0.469	
	% Change	66.9%	59.3%	51.1%	47.6%	40.0%	
North America Full Service (Domestic data		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
American Airlines	ASMs (billion)	9.664	9.413	9.626	9.639	8.883	9.149
	% Change	-1.9%	-5.9%	-7.6%	-4.8%	-2.3%	0.1%
Delta Air Lines	ASMs (billion)	8.713	8.990	9.375	9.428	8.300	
	% Change	-18.1%	-13.5%	-12.6%	-12.5%	-14.3%	
United Airlines	ASMs (billion)	7.401	7.502	7.751	7.820	7.038	
	% Change	4.5%	4.0%	3.6%	5.3%	3.7%	
Continental Airlines	ASMs (billion)	4.326	4.484	4.653	4.655	4.063	
	% Change	4.6%	6.5%	5.9%	5.5%	7.0%	
US Airways	ASMs (billion)	2.878	2.833	2.911	2.932	2.808	
	% Change	-15.9%	-14.5%	-13.0%	-10.1%	-0.3%	
Northwest Airlines	ASMs (billion)	4.205	4.356	4.622	4.519	4.027	4.200
	% Change	-9.7%	-11.5%	-11.8%	-7.4%	-4.4%	1.4%
Air Canada	ASMs (billion)	1.369	1.482	1.6	1.624	1.407	
	% Change	-1.2%	-3.3%	-2.8%	-2.1%	-3.0%	
Air Transport Association		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
US Domestic Total	**ASMs (billion)**	**50.8579**	**51.4086**	**53.4151**	**53.94093**	**48.863463**	**0**
	% Change	**-4.8%**	**-4.6%**	**-4.5%**	**-2.5%**	**-1.2%**	**#####**

South America LCCs (Domestic data only)		May	Jun	Jul	Aug	Sep	Oct
GOL	ASKs (billion)	1.489	1.478	1.557	1.745	1.563	
	% Change	*51.2%*	*45.5%*	*36.5%*	*-7.0%*	*40.5%*	
GOL (International)	ASKs (billion)	0.116	0.119	0.179	0.154	0.166	
	% Change	*96.3%*	*76.5%*	*205.0%*	*233.6%*	*149.8%*	
South America Full Service (Domestic data		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
TAM Linhas Aereas	ASKs (billion)	2.030					
	% Change	*20.3%*					
Varig	ASKs (billion)	0.724					
	% Change	*-35.7%*					
Departmento de Aviacao Civil		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
Brazil Domestic Total	**ASKs (billion)**	**4.58729**					
	% Change	***17.4%***					
Europe		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
Norwegian	ASKs (billion)	0.475	0.498	0.595	0.568	0.53	
	% Change	*43.1%*	*44.8%*	*69.5%*	*63.2%*	*58.7%*	
Blue1	ASKs (billion)	0.208	0.208	0.149	0.183	0.220	
	% Change	*50.7%*	*57.6%*	*73.3%*	*63.4%*	*56.0%*	
FlyMe	ASKs (billion)	0.041	0.104	0.125	0.122	0.110	
	% Change	*9.5%*	*203.9%*	*569.4%*	*356.1%*	*239.1%*	
Europe Full Service (Intra-Europe only)		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Air France/KLM	ASKs (billion)	4.884	4.825	5.049	4.864	4.836	
	% Change	*5.2%*	*4.8%*	*6.7%*	*5.1%*	*5.2%*	
Lufthansa	ASKs (billion)	4.033	3.906	4.048	4.032	4.029	
	% Change	*8.7%*	*3.9%*	*5.6%*	*6.9%*	*5.9%*	
British Airways	ASKs (billion)	2.727	2.669	2.758	2.641	2.652	2.693
	% Change	*-2.5%*	*-2.1%*	*-2.4%*	*-3.7%*	*-3.1%*	*-2.0%*
Finnair	ASKs (billion)	0.695	0.697	0.706	0.701	0.678	
	% Change	*-0.2%*	*0.4%*	*5.9%*	*2.1%*	*-4.2%*	
Association of European Airlines		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Europe Total	**ASKs (billion)**	**27.2354**	**26.8274**	**28.6310**	**28.7608**	**28.1340**	
	% Change	***1.5%***	***-0.6%***	***2.7%***	***2.9%***	***3.3%***	
Asia Pacific LCCs		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Virgin Blue	ASKs (billion)	1.806	1.728	1.814	1.825	1.794	
	% Change	*5.1%*	*2.0%*	*2.0%*	*1.2%*	*2.6%*	
Jetstar	ASKs (billion)	0.862	0.903	0.998	0.944	0.941	
	% Change	*52.0%*	*60.1%*	*62.3%*	*61.9%*	*53.5%*	
Asia Pacific Full Service		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Qantas (Domestic)	ASKs (billion)	2.375	2.331	2.509	2.494	2.480	
	% Change	*1.8%*	*2.3%*	*3.3%*	*2.1%*	*1.0%*	
Air New Zealand (Shorthaul)	ASKs (billion)	1.084	1.261	1.270	1.170	1.486	
	% Change	*0.1%*	*-15.4%*	*2.8%*	*4.2%*	*5.0%*	
Association of Asia Pacific Airlines		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
International Total	**ASKs (billion)**	**61.2409**	**59.9787**	**62.7858**	**62.50287**		
	% Change	***0.9%***	***0.6%***	***-4.8%***	***-0.2%***		

Source: Centre for Asia Pacific Aviation & company reports

Load Factors

North America		May	Jun	Jul	Aug	Sep	Oct
Southwest Airlines	PLF	76.8%	80.4%	79.5%	77.1%	67.2%	88.2%
	ppts Change	*4.4*	*4.2*	*-1.3*	*1.1*	*-0.2*	*-3.3*
America West	PLF	80.5%	83.8%	84.0%	80.6%	74.1%	
	ppts Change	*-1.2*	*0.2*	*-0.2*	*-0.4*	*-1.4*	
JetBlue	PLF	79.1%	82.1%	83.9%	83.7%	72.6%	
	ppts Change	*-7.5*	*-7.0*	*-7.3*	*-6.3*	*-5.1*	
AirTran	PLF	75.8%	79.8%	81.3%	75.4%	61.8%	67.3%
	ppts Change	*1.2*	*0.1*	*0.5*	*-0.9*	*-9.4*	*-5.8*
WestJet	PLF	76.9%	77.0%	81.5%	84.5%	75.3%	
	ppts Change	*6.3*	*3.6*	*0.2*	*1.0*	*4.4*	
ATA	PLF	75.9%	89.7%	92.0%	87.5%	74.5%	
	ppts Change	*10.1*	*12.9*	*9.2*	*6.4*	*3.6*	
Frontier	PLF	79.8%	85.2%	85.2%	78.8%	67.6%	
	ppts Change	*3.4*	*2.8*	*3.3*	*1.3*	*-3.4*	
Spirit	PLF	81.8%	82.1%	82.9%	79.5%	70.0%	
	ppts Change	*-0.6*	*-0.4*	*-1.2*	*-2.0*	*-2.4*	
Jazz	PLF	72.6%	73.8%	72.8%	75.2%	71.6%	
	ppts Change	*-0.2*	*-1.3*	*-0.9*	*3.1*	*2.7*	
North America Full Service (Domestic data		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
American Airlines	PLF	83.0%	87.0%	88.3%	82.5%	75.9%	79.9%
	ppts Change	*3.3*	*2.8*	*2.4*	*0.6*	*-1.1*	*0.2*
Delta Air Lines	PLF	75.8%	84.1%	85.7%	80.3%	73.5%	
	ppts Change	*0.9*	*3.3*	*1.9*	*0.3*	*1.7*	
United Airlines	PLF	83.5%	87.0%	87.4%	82.4%	78.0%	
	ppts Change	*1.1*	*-1.0*	*0.3*	*-2.5*	*-1.0*	
Continental Airlines	PLF	83.9%	86.7%	87.3%	85.5%	81.2%	
	ppts Change	*2.6*	*1.9*	*0.9*	*1.3*	*2.2*	
US Airways	PLF	81.5%	84.5%	84.9%	80.2%	70.8%	
	ppts Change	*5.8*	*4.3*	*3.6*	*4.7*	*-0.1*	
Northwest Airlines	PLF	84.5%	87.4%	87.6%	85.2%	78.6%	81.7%
	ppts Change	*5.0*	*3.2*	*2.3*	*3.1*	*0.9*	*1.0*
Air Canada	PLF	80.0%	79.3%	81.5%	84.7%	79.8%	
	ppts Change	*-1.6*	*-1.9*	*-1.9*	*-1.0*	*-1.2*	
Air Transport Association		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
US Domestic Total	**PLF**	**80.6%**	**85.0%**	**85.7%**	**81.9%**	**74.7%**	
	ppts Change	***2.3***	***2.0***	***0.7***	***0.2***	***-0.2***	
South America LCCs (Domestic data only)		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
GOL	PLF	73.8%	78.1%	84.3%	76.9%	75.9%	
	ppts Change	*1.1*	*6.4*	*4.6*	*35.4*	*0.1*	
GOL (International)	PLF	62.3%	67.3%	82.2%	77.2%	72.3%	
	ppts Change	*2.7*	*5.9*	*-2.3*	*10.6*	*0.1*	
South America Full Service (Domestic data		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
TAM Linhas Aereas	PLF	73.4%					
	ppts Change	*7.0*					
Varig	PLF	65.0%					
	ppts Change	*3.1*					
Departmento de Aviacao Civil		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
Brazil Domestic Total	**PLF**	**71.2%**					
	ppts Change	***4.8***					

Europe		**May**	**Jun**	**Jul**	**Aug**	**Aug**	**Aug**
Ryanair	PLF	82.0%	87.0%	90.0%	91.0%	86.0%	83.0%
	ppts Change	*0.0*	*0.0*	*0.0*	*0.0*	*-1.0*	*-2.0*
easyJet	PLF	83.9%	87.6%	90.4%	89.2%	86.5%	
	ppts Change	*-0.2*	*2.0*	*2.0*	*0.8*	*0.1*	
Norwegian	PLF	75.4%	82.3%	89.9%	83.8%	79.8%	
	ppts Change	*-2.6*	*0.4*	*-1.5*	*-3.6*	*-0.1*	
SkyEurope	PLF	70.5%	77.6%	84.2%	86.5%	80.7%	
	ppts Change	*-8.8*	*-9.4*	*-5.5*	*-2.9*	*0.6*	
Blue1	PLF	63.5%	72.5%	80.5%	73.2%	65.5%	
	ppts Change	*3.3*	*3.6*	*5.0*	*2.7*	*4.5*	
FlyMe	PLF	68.7%	64.1%	69.2%	63.5%	65.8%	
	ppts Change	*12.9*	*9.2*	*11.9*	*9.3*	*8.5*	
Europe Full Service (Intra-Europe only)		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Air France/KLM	PLF	68.7%	76.6%	77.5%	74.6%	75.1%	
	ppts Change	*-3.4*	*1.5*	*1.3*	*1.8*	*0.6*	
Lufthansa	PLF	65.7%	68.9%	70.2%	67.5%	71.1%	
	ppts Change	*1.0*	*1.1*	*1.8*	*0.4*	*1.3*	
British Airways	PLF	70.8%	77.4%	79.7%	76.3%	78.1%	72.8%
	ppts Change	*2.7*	*3.9*	*3.4*	*4.3*	*4.8*	*4.8*
Finnair	PLF	67.8%	74.5%	81.1%	70.1%	69.2%	
	ppts Change	*7.6*	*6.5*	*9.6*	*6.5*	*6.9*	
Association of European Airlines		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Europe Total	**PLF**	**70.1%**	**73.2%**	**76.0%**	**73.9%**	**74.2%**	
	ppts Change	***1.4***	***2.2***	***2.1***	***1.7***	***1.7***	
Asia Pacific LCCs		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Virgin Blue	PLF	72.3%	74.1%	81.3%	79.2%	83.7%	
	ppts Change	*1.6*	*0.4*	*-1.0*	*1.0*	*2.3*	
Jetstar	PLF	66.2%	72.6%	81.7%	79.1%	82.3%	
	ppts Change	*-2.7*	*2.3*	*6.1*	*4.3*	*3.3*	
Asia Pacific Full Service		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
Qantas (Domestic)	PLF	76.3%	76.1%	81.3%	77.5%	80.0%	
	ppts Change	0.5	-0.1	0.6	-0.8	-1.2	
Air New Zealand (Shorthaul)	PLF	66.5%	68.3%	71.5%	67.4%	72.4%	
	ppts Change	-0.6	0.0	-4.2	-3.3	-1.0	
Association of Asia Pacific Airlines		**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**
International Total	**PLF**	**71.2%**	**78.1%**	**79.4%**	**78.5%**		
	ppts Change	***2.1***	***3.6***	***5.8***	***2.4***		

Source: Centre for Asia Pacific Aviation & company reports