

August 2011

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Service Planning:

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First Quarter 2011
Fare Data

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The TSA's New Suspect Traveler Program Submit To A Government Test, Or Face The Consequences

It's almost Rapture. We're referring to the giddiness of the national media over the TSA's proposed "Trusted Traveler" program. It's become a race to see which reporter can concoct the most glowing accolades to the vision and the fundamental wondrous changes this will mean for the flying public.

"Trusted Traveler" - The Concept. Citizens will pay for background checks that will allow them to supposedly get less screening, while allowing the feds to concentrate on other passengers, ominously described as *"those who we don't know."* (Think about it – the adoring network correspondents haven't) One network wag pontificated that this will allow the TSA to move from random to risk-based screening. Others continually parroted some mantra that the "trusted" program will free the TSA to focus its suddenly-described "limited resources" on "real threats."

Then There's Something Called "The Truth." It seems just about nobody in the media got the point. Nobody ever tried to dispassionately analyze what the TSA was proposing. Nope. In most cases they marched out of the TSA briefings as true believers. The TSA is the *Source Perrier* of truth, justice and the American Way, don't ya know.

And that's scary. When the media starts taking the word of government officials as unquestioned gospel - which, face it, they did in this case - the government knows it need not fear any hard scrutiny.

No, It Isn't Better Security. Here are some hard facts: This program has no hard substance. It's fluff. It's a scam. Even a cursory look indicates that it can't materially reduce screening time from what it is today. Actually, if certain screening lanes are taken out and reserved only for passengers who have paid for a government background check, it could actually constrict throughput at some airports.

More: It doesn't make us any safer, because a background check isn't a foolproof indication of not being a terrorist. Matter of fact, it is essentially meaningless. The bad guys who have a record (and most potential terrorists probably don't) won't do it. But that brings us to the point: the inexorable outcome is that, as far as the TSA is concerned, anybody without a government-sponsored background test is in the same passenger pool with potential terrorists.

We can't find a story where a reporter asked, for example, "just how much less screening will these 'trusted' passengers get?" Well, let's take a crack at it. Trusted Ones will still have to go through a magnetometer, and they'll have to have their carry-on luggage screened. That's no change. Oh! Yeah! Maybe they can leave their shoes on! That'll save lots of time! No, maybe not, as there's no real delay involved in somebody slipping off their Florsheims while the line progresses. Oh! Yeah! Leave their laptop in the bag! No, that's no big deal either. So where is the "reduced scrutiny" that allegedly will free up the TSA to concentrate on "people they don't know."

It's Who Won't Submit. And that's the Trojan Horse in this whole deal. It's the scam perception that this new policy will create a "Trusted Traveler" category of passengers. That is NOT what the TSA is doing. Wake up and smell reality. It's actually creating a much larger "Suspicious Traveler" category - anybody who has not submitted to a State-imposed background check is now not to be "trusted."

Smells very Stazi-like.

Support Airline Carbon Caps - It's The Trendy Thing

From time to time, people find the True Religion. The Sacred Agenda not to be questioned.

Even if common sense says that it's bogus, that's not important. The Sacred Agenda is a Jihad that vanquishes all opposition, not with rational thought and reasoning, but with the brute force of branding any such questions as evil, stupid, and not worthy of any response beyond personal attacks. The masses learn quickly that they either join the New Belief or suffer consequences.

The EU's Sacred Agenda: Carbon Caps. Today, we have just such a True Religion. It's in the EU - although it has lots of followers in North America, too. It's called the Emissions Trading Scheme. And, it truly is a scheme. The deal is this: any airline that lands or takes off at an EU airport would be forced to buy carbon offsets as penance for all the bad stuff that airplanes supposedly spit into the atmosphere. Not mentioned is that these "offsets" become instruments that get bought and sold - and people can make money on such trades.

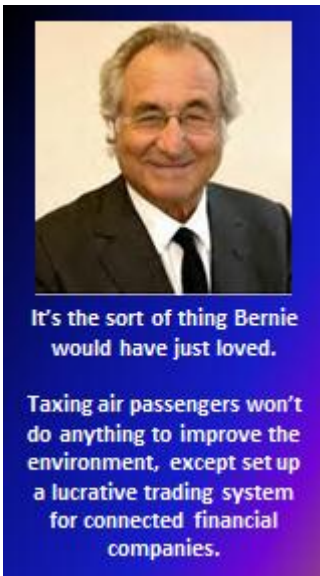
Now, anybody who wants to question this intellectual Middle Ages can easily see that it's just another tax that won't do diddly to change the environment. All that gelt collected by the Holy Political Priests running the Church of Climate Change won't make polar bears happier, or spotted owls lay more eggs, or give us more trees to hug. It's just a trendy tax that you must believe on faith is good for the environment, when it's nothing more than trying to force people not to travel. And the bottom line: it'll make carbon cap traders rich.

Be Good Little Sheep. Don't Question Authority. Let's tell it like it is: the whole carbon tax scheme is trendy Luddite hogwash. Okay, crank up the torture machines. We're heretics. We're not with the program. Some people will refrain from associating with us, for fear of being criticized for hanging out with Enemies of The Environment.

Airlines: "Green" Until It Really Hits Long Green. Airlines tend to give lip service to "going green" - but not in this case. Lufthansa has claimed that the EU pay-to-clear-your-guilt fees will add half a billion dollars to their costs. No telling what Air France/KLM or British Airways will need to cough up. (No word from Michael O'Leary on the matter. Or, maybe nobody has printed it.)

So, from a rational and factual point of view, the EU and its Emissions Trading Scheme is crackpot and aimed at setting mankind back a couple hundred years. (Hey, wonder if they compared airline emissions to, say, the cement industry in Thailand, or some industrial regions in China. Nah. Those are developing nations, and besides they sell stuff to us on the cheap.) But from the futurist perspective of emerging global trade, US airlines must be punished for their alleged Sins of Emission.

Message to the EU (we probably need to write this in crayon on recycled paper to get their attention): Full speed ahead. Do the carbon cap boogie. Tax your air travel into the ecologically-clean mud. Hopefully carriers and governments in North America will have the courage and the common sense to tell the EU to take an ecological hike.



It's sort of like all the warnings and dire predictions in the 1980s about "acid rain."

Don't think. Don't ask. Just be a true believer or the rest of the cognoscenti will attack you like a heretic.

As A Leader In Aviation, You Don't Follow The Herd. So, Why Hire Consultants That Do?

Excellence means staying ahead of the pack. No great achievements have ever come being one of the gang, or following the consensus. Leadership means having a vision, taking a stand, and moving ahead without regard for the rest of the herd-dwellers. It also means having the best data and the most reliable industry intelligence.

This is the reason aviation leaders call on Boyd Group International. We don't run with the pack, either. Our independent research stands out, stands up, and looks for new approaches and perspectives. We do it every day, in our studies, interviews with the media, on our websites, and in our project work.

True, this isn't the norm in aviation consulting. But our clients aren't the norm, either. They're leaders.

Boyd Group International, Inc





No matter what the size of your airport, if you can attend just one conference this year, the Summit is it.

The Top Five Reasons For Air Service Planners To Be At The Summit:

Reason One: Get Airline Planning Insight From The Top

You'll hear from the CEOs of **Southwest**, **US Airways**, and **jetBlue**. You'll hear from key decision-makers from regional carriers, too. Plus, direct insight from international carriers such as WestJet, and even Japan Air Lines. In addition there will be over two dozen attendees from airline planning departments. Point: **The Summit is where the real air service decision-makers will be.**

Reason Two: Real Airport & Enplanement Forecasts

At the Summit, you get enplanement at traffic trend forecasts that will directly affect your airport's air service. The Boyd Group International exclusive **Airports:USA®** forecasts will be presented, covering the dynamics in each region that will affect traffic at 146 American airports over the next five years. **You'll get real insight on enplanement trends across the nation and in your region, too..**

Reason Three: Airline Strategic & Tactical Trend Forecasts

We cover the dynamics that will shape how US carriers will apply resources. We'll cover how alliance access will be a driver in how airlines make decisions on feed traffic - including small and mid-size airports. You'll have an understanding of what airlines are looking for - where to apply your air service development efforts, and where they won't bring results. **You'll get a clear view of what airlines will be looking for in 2012.**

Reason Four: Futurist Aviation Industry Trends - Direct & To The Point

The opening Futurist Trends session is a clear, direct discussion of what aviation and airports will face in the future. It was at last year's Summit where the third rail of airport regionalization was broached. We'll be covering the fallout from the accelerated retirement of small jets & what it will mean. We'll be talking about "constructive" airline consolidation as carriers become more of an "alliance component" than an airline brand. **You'll get a view of the dynamics that will determine where your efforts should be applied.**

Reason Five: Aircraft Fleet Trends

Your air service will be shaped by the fleets US carrier systems will operate. At the Summit, you'll find what Bombardier, Embraer, Airbus and Boeing are planning in regard to fleet demand. And you'll also get an independent view - the Boyd Group International Global Fleet Trend & Demand Forecast. We'll be discussing the future of fleets in both mainline and regional airline sectors - information that's critical to air service planning. **You'll find out how airlines will apply their fleets in the future.**

Bonus Workshop:

The Global Airline Industry: Challenges & Opportunities For US Airports

This optional workshop will cover the new imperatives in air service recruitment. Sacred cows will be barbecued. We'll be analyzing the "Bloomington-Normal Effect" - a poster-child for evolving regionalization of traffic demand. We'll be taking a ruthless approach to the new techniques necessary for air service in the new alliance structure. **If you're not ready for change, this workshop is not for you.**

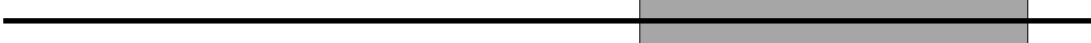


No other event gives you the range of data and information on the new trends in aviation and in air service development.

You'll get the whole picture – airline strategies, fleet changes, and traffic growth trends. And you'll be getting it from the top airline decision-makers.



Over 350 will be heading for the desert in the next 5 years. We'll be covering what it means to small airports. ... and we'll be discussing the airline fleets you will be working with in the future.



First Quarter 2011 Cost Of Air Travel Rankings

The real measure of air travel cost is not the dollars-per-ticket, or, as the BTS reports, the dollars-per-itinerary, which combines all reported tickets, one-way, round-trip, and multi-stop into one giant average. The dollars-per-ticket metric is skewed by the geographic location of the city. Places like ANC, FAI, and GUM pop to the top of the list because any trip from those places is long-haul. The BTS method is a good metric to determine air travel "spend" per consumer, but it does not determine the actual cost-per-mile that consumers are paying, i.e., the real measure of how expensive it is to fly from a given community.

Looking at the 200 largest O&D airports in the US lower-48, Aviation DataMiner™ ranked the actual cost of travel measured on a nonstop fare-per-mile basis for the first quarter of 2011:

Fare Per Mile Rank	Airport	Total Psgr	Average Fare (Dollars)	Fare Per Nonstop Mile	Average Trip Length (SM)
1	SHV	98,594	\$321.24	30.11¢	1,087
2	EVV	67,803	\$281.01	28.94¢	1,027
3	CAE	192,661	\$309.54	28.68¢	1,048
4	AEX	56,272	\$305.39	28.68¢	1,100
5	XNA	230,115	\$290.65	27.79¢	1,059
6	MOT	57,954	\$363.45	27.68¢	1,335
8	MGM	76,852	\$282.76	27.25¢	1,017
9	MAF	209,192	\$198.47	27.01¢	718
10	MEM	727,891	\$257.36	26.80¢	932
11	MOB	117,211	\$288.20	26.57¢	1,078
12	TLH	136,291	\$262.49	26.45¢	961
13	DAL	1,318,558	\$165.51	26.28¢	568
14	HSV	257,672	\$270.78	26.19¢	1,013
15	TYS	311,465	\$255.07	26.02¢	961

The nonstop yield is the best comparative metric, because it is not artificially skewed downward by the varying circuitry at each airport due to hub connections. Of note is that Dallas/Love – where Southwest has 96.2% of the total passengers – is the #13 airport in terms of fares paid per mile. (Fares include federal fees and taxes.)

A complete Aviation DataMiner™ review of the first quarter is now posted at www.AviationPlanning.com. This is just some of the Analytical Firepower that subscribers have. If you're not using AviationDataMiner™ you're not getting the best market intelligence and planning power in the industry.

Unlike some vendors, AviationDataMiner™ is first sourced. We get the data directly, and then we review it and monitor it to filter out mistakes. No other source does this as comprehensively – particularly those that are just re-sellers of another vendor's product. That's just second-hand information, and that means it's second-rate, too. For a free Aviation DataMiner™ trial, give Bill Oliver a call at (303) 674-2000. You'll find that compared to the products some companies are just re-selling from other vendors, DataMiner™ is your competitive advantage.



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... Second hand things can bring a lot of unpleasant surprises.

That includes second-hand on-line services that are just another vendor's re-packaged product.

The people re-selling it have no idea – and no concern – if the numbers are accurate.

Aviation DataMiner™ is first sourced and screened by professionals for accuracy before it goes on-line.

What passengers are paying per mile is the only real metric to compare costs of air travel.

16th Annual Aviation Forecast Summit

Albuquerque, August 28-30

Sunday, August 28

Optional Pre-Conference Workshops

2:00-3:00 Airport Enterprise Management – The Key to the Future
3:15-4:15 Airport Economic Opportunities In A Changing Environment
4:30-5:30 The Global Airline Industry: Challenges & Opportunities for US Airports

5:45-7:00 Welcome Reception – Sponsored by Embraer

Monday, August 29

Future Trends: The New Skyscape of Aviation

Bill Swelbar, MIT , Capt. Michael Baiada, CEO ATH, Mike Boyd, President, **Boyd Group International**

Keynote:

Navigating An Airline In Turbulent Times

Gary Kelly, CEO, **Southwest Airlines**

The Alliance View

Stephen Usery, VP Commercial, **oneworld**, Steve Smith, VP- Global Sales, **Japan Air Lines**

Getting To The Point-To-Point

Dave Barger, CEO, **jetBlue**

Regional Airlines: Growing In New Directions

Chip Childs, President & COO, **SkyWest Airlines**

Yes, But Will There Be Anyone In The Cockpit?

Capt. Dave Bates, President, **APA**
Capt. Carl Kuwitsky, President, **CAPA**
Mike Boyd, President **Boyd Group International**

How IT Is Changing The Airline Product

Susan Garcia, VP – Information Technology, **American Airlines**



The New Fleet Driver: Powerplant Technology

Paul Finklestein, VP Marketing, **Pratt & Whitney**

Global Fleet Trends & Forecast: The World View

Independent Fleet Trend & Demand Forecast: Mike Boyd, President, Boyd Group International, **The Airbus Forecast :** Simon Pickup, Director, **Bombardier Forecast:** Jerome Cheung, Director, **Boeing Forecast:** Randy Tinseth, VP-Marketing, **Embraer Forecast:** Luiz Chiessi, VP - Market Intelligence

5:30 – 8:00 Reception

International Balloon Museum – Sponsored by Albuquerque International Sunport

Tuesday, August 30

Delta Air Lines: The Future View

Holden Shannon, SVP Corporate Strategy, **Delta Air Lines**

Travel: A Major Industry Under Threat

Roger Dow, CEO, **US Travel Association**

The Futurist View Of Airline Trends

Doug Parker, CEO, **US Airways**

Jet-A: The Long View

John Armbrust, **Armbrust Aviation**

Airports:USA Traffic & Trend Forecasts - 2012 - 2016

Boyd Group Airports:USA Enplanement Projections
Mike Boyd, President, **Boyd Group International**

Regional Airline Forecast Issues - Discussion & Chat

Dan Shurz, VP, **Frontier Airlines**, Chuck Howell, President, **Great Lakes Aviation**, Phil Reed, VP Networks & Operations, **Pinnacle**, Mike Thompson, VP Market Development, **SkyWest Airlines**, Andrew Bonney, Vice President, **Cape Air**

The ATA Washington Perspective

Nicholas Calio - President