

2001 AIRLINE COMPETITION PLAN UPDATE

Submitted for the
Minneapolis-St. Paul International Airport

On behalf of the
Minneapolis-St. Paul Metropolitan Airports Commission
October 1, 2001

INTRODUCTION

Under the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, or “AIR-21”, large and medium hub airports that meet a certain threshold of concentration are required to submit competition plans. The Minneapolis-St. Paul International Airport (“MSP” or “Airport”) meets the standards set out in AIR-21, as it is a large hub airport with more than 50% of its traffic served by a single carrier, Northwest. In 2000, MAC filed its Airline Competition Plan to present its ongoing efforts to expand airport facilities necessary for vibrant competition and to secure competitive air service in its major markets. To support MSP’s PFC Applications, the Metropolitan Airports Commission (MAC) hereby submits this update to the 2000 Airline Competition Plan.

The contents of this update reflect the competitive conditions of the Minneapolis-St. Paul International Airport prior to the tragic events of September 11th, and the intent of this update is to communicate the competition measures undertaken by MSP in the past year. All airlines are currently in the process of reducing their operations to reflect a considerable reduction in passenger demand as a result of a weak economy and the events of September 11. The specific airline schedule reductions were not known at the time of this writing; MAC cannot predict what the competitive impact of these changes will be. To the extent that there are significant, long-term reductions in existing service at MSP, one result could be greater availability of capacity for new entrant air carriers.

I. AVAILABILITY OF GATES AND RELATED FACILITIES

A. Number and identity of any air carriers that have begun providing or stopped service

In April 2001, Vanguard Airlines ceased operations from MSP after almost 5 years of providing valuable low-cost service. Vanguard expressed appreciation for the support and recognition MAC had provided Vanguard over the years and expressed a desire to reinstate service in the future as Vanguard continues to grow and expand. Vanguard cited aircraft availability and market conditions as reasons for discontinuing operations.

Northwest introduced the operations of affiliate carrier Express Airlines I on July 8, 2001. Thus far, no other air carrier commenced scheduled operations at MSP in 2001. Of particular interest however, is the announcement by Southwest Airlines that it will commence charter service each Saturday as of February 2, 2002 until April 6, 2002. Southwest will operate 737-800 aircraft from the new Humphrey Terminal.

MAC is in ongoing discussions with numerous domestic and international carriers. Depending upon a recovery of the U.S. and worldwide economy in general and the airline industry in particular, two low-fare domestic airlines have indicated significant interest in commencing service to MSP in 2002. MAC staff is engaged in aggressive negotiations with three international flag airlines, each of whom have targeted MSP for future expansion.

MAC's Competitive Marketing initiatives have included direct, face-to-face presentations of pertinent economic and demographic data as well as the development of partnerships with strategic business groups, both domestic and international. As the world economic situation improves, MAC is well positioned to complete the process of inaugurating new, competitive domestic and international air service at MSP by virtue of regular, ongoing meetings and contacts with air carrier decision makers. MAC staff have also participated in bilateral Open Skies discussions and taken pro-active leadership positions in appropriate pro-competitive industry activities.

B. Number of new gates that have been built or are now available

On May 2, 2001, MAC celebrated the opening of the new Humphrey Terminal as depicted in Exhibit A. The new Humphrey Terminal currently offers seven gates, with one more gate scheduled to become operational this December. By the end of 2001, the new Humphrey Terminal will provide 4 more gates than the old terminal, and two more new gates are planned to open in June 2002. Please refer to the following table depicting the gate type and assignment of 2001 gates:

Gate	Type of Use	Airline
1	Common Use	
2	Preferential	Sun Country
3	Preferential	Sun Country
4	Preferential - Short Term	Sun Country
5	Preferential	Sun Country
6	Preferential - Short Term	Champion
7	Common Use	
8	Common Use	

Figure 1

The preferential gates are leased to Sun Country Airlines and Champion Air until 2010. MAC has the ability to require Sun Country or Champion to relinquish their leasehold interest in the preferential short-term gates for the benefit of a new entrant carrier by providing 90 days written notice of intent to terminate.

The new Humphrey Terminal supports MAC's recruitment efforts of airlines to serve MSP through the establishment of three common use gates and two short-term gates.

C. Number of gates that have been converted to common use status

The new Humphrey Terminal establishes three (3) common use gates.

D. Gate Utilization

Please refer to Exhibit B summarizing gate utilization information for MSP for August 2001. Compared to August 2000, total scheduled operations increased from 1,077 daily to 1,149 daily.

The total number of gates also increased from 80 in 2000 to 84 by year's end as a result of the gates added at the new Humphrey Terminal.¹ The average number of operations has increased from 13.46 per gate in 2000 to 13.67 per gate in 2001.

E. Accommodation of new entrants and incumbent carriers seeking to expand at the airport and resolution of any access disputes.

MAC was proud to announce the addition of AirTran Airways and American Trans Air to MSP in 2000. While recruitment efforts to attract new entrant carriers to MSP remain aggressive, MAC introduced as its only new entrant in 2001 NWA affiliate carrier Express Airlines I. Express I operates fifty (50) passenger Canadair Regional Jets to cities such as Green Bay, Moline, Lincoln, Tulsa, and Sioux City.

Incumbent carriers Northwest Airlines and Sun Country Airlines have both successfully expanded their services at MSP. Additional expansion by Northwest includes 2 daily departures to Narita, (compared to 10 per week previously), daily off peak service to Honolulu (compared to seasonal service only), and 2 daily departures to San Antonio.

Sun Country successfully transitioned operations into the new Humphrey Terminal. The new Terminal provides Sun Country with more ticket counter positions, more aircraft parking positions and gate holdroom space, significantly more office and operations space, as well as improved concessions, restrooms, and baggage claim facilities. Sun Country is operating 38 daily operations this year compared to 36 last year. Southwest Airlines has also announced the operation of two weekly departures on a seasonal basis.

The expansion of operations by other carriers include 2 additional departures by Continental and 1 additional departure by America West. Only United Airlines (25 departures compared to 26) and AirTran Airways (3 departures compared to 4) have reduced their daily schedules. AirTran however commenced 3 daily departures to Atlanta compared to 4 daily departures to Chicago-Midway, thereby providing direct, low fare competition on the MSP-ATL route.

There have been no complaints filed with MAC by any air carrier related to any restrictions to access of any MSP gates or facilities.

¹ The 2000 Competition Plan indicated the existence of 78 gates at MSP. Northwest Airlines has converted 4 gates into 6 gates through the use of ARJ-85 aircraft in lieu of A-320 aircraft resulting in two additional Lindbergh Terminal gates. As a result of 4 new Humphrey Terminal gates, the total number of MSP gates will grow to 84 by December 31, 2001.

II. LEASING AND SUBLEASING ARRANGEMENTS

The overall bottom line on availability of capacity at MSP is that MAC has heavy jet, regional jet, and propeller aircraft gate capacity available now to new entrants and expanding incumbent carriers via the Humphrey Terminal and a number of short-term gates available in the Lindbergh Terminal. In June 2002, additional gates come on-line with the opening of Concourse A & B and the final expansion of Concourse C. In addition, the Humphrey Terminal is expandable to provide additional gates to serve future needs.

A. Term sheet between MAC and Northwest Airlines for additional gates

In May, 2001, MAC approved a Term Sheet with NWA providing for the lease of additional gates and accommodation obligations on gates in Concourse C (formerly the "Green Concourse Expansion") and Concourses A and B (the regional gates). See Exhibit C.

The Term Sheet confirms NWA's obligation to take, use, and pay for 41 gates being constructed by MAC as part of the expansion of Concourse C (this number includes 11 gates on the C Concourse Extension, 14 gates on the A Concourse and 16 gates on the B Concourse, all scheduled to come on line in the second and third quarter of 2002). In order to preserve access for competitive air service at the Airport, it expands MAC's ability to force NWA to accommodate competing air carriers.

The A and B Concourses are designed to accommodate both regional jets and prop aircraft. Subject to final negotiations between MAC and Northwest, the Term Sheet contains a "hard accommodation" obligation for NWA to accommodate regional carriers on both the A and B Concourses. MAC will determine where a new entrant regional carrier would be placed on either A or B, based on factors such as the aircraft type, size of operation, number of operations, etc.

The final agreement will clarify that a new entrant regional carrier would get the preferential use of accommodation gates (i.e., be able to select its preferred times of service) and that NW agrees to take the remaining times, up to the reassignment of two full gates. As the Term Sheet indicates, if NWA fails in an accommodation request, MAC may terminate the lease on Gates B14 and B16. B14 and B16 were chosen because under normal circumstances a regional carrier flying jets will utilize its host's or parent's existing gate located on concourses other than the A or B Concourses. MAC does not allow prop driven aircraft to mix among the larger jets. Therefore, if a prop operator needs accommodation, MAC would direct it to operate from the B Concourse that has been specifically designed with prop aircraft in mind.

MAC's intention is that sublease agreements for gates on Concourses A and B would be approved by MAC including charges only for those facilities needed by the subleasing carrier; that is, air carriers flying propeller aircraft would not be charged for "use" of jet bridges on subleased gates.

NWA will provide additional air service using those gates. The Competition Plan states that “For incumbent carriers seeking additional gate space, allocation will be based on added frequencies or service to new destinations, since the need for additional gates arises when the airline is required to service an additional aircraft on the ground at the same time as preexisting flights.” NWA is proposing new service as noted in the attached worksheet containing information gathered from NWA press releases. Prior to July's announcement to purchase 75 additional Bombardier Canadair Regional Jets (see article from July 10, 2001 [Star Tribune](#)), NWA indicated the need for 26 regional gates, plus spares to accommodate weather or mechanical related incidents. Subsequent to the July 10 article, MAC and NWA had already begun discussions to provide it with another ten regional gates beyond those included in the Term Sheet.

III. PATTERNS OF AIR SERVICE

As a major hub airport and a spoke for most of the major air carriers, MSP has air service to virtually every market in the world. MSP's top O&D market is Chicago (with service to both O'Hare and Midway) with 1684 daily passengers travelling in that market during 2000 (946 via Midway, and 738 via O'Hare). On an airport-by-airport basis, MSP's top O&D markets are shown below. Please note the comparison in rank from 1999 to 2000.

Daily Passengers (2000)	2000 Rank	Market/Airport	Daily Passengers (1999)	1999 Rank
946	1	Chicago-Midway (MDW)	790	1
854	2	Phoenix (PHX)	757	4
775	3	Denver (DEN)	751	3
738	4	Chicago-O'Hare (ORD)	710	2
695	5	Orlando (MCO)	601	9
683	6	San Francisco (SFO)	601	6
667	7	Los Angeles (LAX)	598	7
629	8	Las Vegas (LAS)	557	15
626	9	Dallas (DFW)	506	5
594	10	Atlanta (ATL)	469	8
559	11	Boston (BOS)	452	10
536	12	Seattle (SEA)	427	11
500	13	Detroit (DTW)	423	14
451	14	New York-LaGuardia (LGA)	404	12
434	15	Kansas City (MCI)	395	13

Figure 2

In addition, MSP passengers continue to enjoy an extensive charter market. During the 2000-2001 charter season, charter carriers serving MSP offered flights to a wide range of markets. These included three of MSP's top O&D markets (Orlando, Phoenix and Las Vegas) as well as

Acapulco, Cancun, Cozumel, Fort Lauderdale, Fort Myers, Honolulu, Grand Cayman, Ixtapa, Mazatlan, Montego Bay, Nashville, Puerto Plata, Puerto Vallarta, Reno, and Sarasota.

Southwest Airlines has announced low cost charter service to Fort Lauderdale and Orlando. Sun Country has introduced new, low cost scheduled service to Harlingen (TX), Miami, and Chicago - O'Hare, while AirTran has commenced low cost service to Atlanta.

Overall, the total number of markets MSP has nonstop service to remains constant at approximately 125.

IV. GATE ASSIGNMENT POLICY

All policies and procedures described in the 2000 Airline Competition Plan remain unchanged.

V. FINANCIAL CONSTRAINTS

The worsening economy coupled with the as-yet-unknown financial effects of the September 11th terrorist attacks on the U.S. will affect some components of MSP's 2010 Plan development. We do not anticipate reducing the number of gates currently under construction at the Lindbergh or Humphrey Terminals.

VI. AIRPORT CONTROLS OVER AIRSIDE AND GROUNDSIDE CAPACITY

The information provided in the 2000 Airline Competition Plan remains unchanged with the exception that all signatory carriers are being given the opportunity to extend the Airline Operating Agreement and Terminal Building Lease through December 31, 2015.

VII. WHETHER THE AIRPORT INTENDS TO BUILD OR ACQUIRE GATES THAT WOULD BE USED AS COMMON FACILITIES

MAC currently offers three common use gates at the new Humphrey Terminal. All gates at the Humphrey Terminal are equipped with Common Use Terminal Equipment.

VIII. RESPONSE TO ISSUES RAISED IN FAA COMMENT LETTER IN RESPONSE TO ORIGINAL COMPETITION PLAN

- A. Please describe in more detail the procedures that MAC will use to monitor gate usage as well as any changes to monitoring procedures to take effect with implementation of the expanded program.**

MAC has established an effective method of monitoring gate usage on a scheduled basis through the use of a gate plot generated approximately 6 times each year (Exhibit B). Each gate plot is forwarded to each airline station manager to verify the accuracy of the plot, aircraft types, seating capacity and the number of scheduled operations contained in the reports. Upon the

receipt of any comments, the plot is modified to accurately reflect the scheduled operations of each carrier.

Throughout 2000, MAC possessed the ability to monitor actual gate usage through the use of internet tracking software. The modification of airline web sites by the airlines now prevents the tracking software from accurately reporting actual gate usage information. The need to continually modify the tracking program to account for changes to airline web sites has proven to be cost prohibitive and now prevents MAC from monitoring actual gate usage.

B. Please explain the distinction between accommodation through expedited procedures to comply with federal grant assurances, on the one hand, and the other procedures for accommodating a new entrant carrier, on the other hand.

The accommodation procedures are identical with the exception of the availability of Short Term Gates. Accommodation on Short Term Gates is available on 90 days notice versus a slightly shorter period (60 days) for accommodation on preferential gates. As noted in Article IV, H. of the Airline Operating Agreement and Terminal Building Lease, MAC may cancel the lease of a Short Term Gate to accommodate the needs of those carriers, including new entrant carriers, who do not presently lease a gate directly from MAC.

C. Please explain the justification for international gates being available only for domestic service by Northwest Airlines or its affiliates. Please explain whether MAC has any plans to make these gates available for new entrants or expanding incumbents and, if so, under what conditions.

Concourse G is under exclusive lease to Northwest Airlines (NWA) through December 31, 2015. In 1996 MAC worked cooperatively with NWA to expand use of its exclusively leased domestic gates area to allow creation of new, world class FIS facilities in the Lindbergh Terminal. Prior to the new Lindbergh Terminal FIS facilities, MSP's international arrival facilities were provided through the Humphrey Terminal and connected to the Lindbergh Terminal via an inter-terminal shuttle service.

The new FIS facilities were funded with PFCs, and as part of the PFC application and approval process, MAC, NWA, and the FAA negotiated the degree to which these NWA exclusive-use gates would be made available for use by other air carriers in order to secure PFC eligibility for the FIS. The criteria in place reflect the outcome of that process. MAC maintains control over use of the 10 FIS gates and follows specific guidelines for allocating use of the FIS gates. International regularly scheduled airline service, whether operated by Northwest or another carrier, maintains top priority for use of FIS gates. Outside of the use of the FIS gates for such service, Northwest Airlines domestic operations have the right to utilize the gates in the same manner Northwest utilizes all of its other exclusively leased gates throughout the remainder of the G Concourse. It should be noted that the Concourse G gates are a part of the eligible pool of Lindbergh Terminal gates available to accommodate a new entrant or expanding incumbent.

- D. Consider developing plans to resolve complaints of denial of reasonable access by a new entrant or any incumbent wishing to expand and other intra-carrier disputes.**

MAC has not received any formal complaints of denial of reasonable access by a new entrant or incumbent carrier and has not had to deny access to the Airport. MAC has also not received any formal complaints from any incumbent wishing to expand. MAC, through the provisions of the Airline Operating Agreement and airport rules and regulations, is prepared to actively resolve any complaints concerning the use of airport facilities

- E. Leasing and subleasing arrangements - Consider developing formal procedures to resolve complaints by subtenants about excessive sublease fees or unneeded bundling of services, particularly since you have experienced such complaints.**

The Airline Agreement and airport rules and regulations effectively allow MAC's direct intervention to resolve complaints by subtenants. Since the filing of the 2000 Competition Plan, MAC has received no formal complaints relating to these issues.

- F. Gate assignment policy - MAC is encouraged to adopt policies for informing all existing carriers and new entrants of gate availability at the new terminal and at other gates that may become available.**

Through recurring planning meetings facilitated by MAC for all MSP carriers, the incumbent carriers are well aware of the availability of new gates. So far, Sun Country, Northwest, and Champion Air have requested access to the new gates. In every case, MAC has, subject to final agreement, approved these requests and has thereby granted access to the gates. Other carriers have not requested preferential access to any of the new gates.

New entrant carriers, both domestic and international, are frequently informed of the availability of new gates through the marketing and recruitment efforts of MAC's Air Service Business Development department. Moreover, MSP is frequently the subject of articles informing readers of the availability of new facilities.

- G. Financial constraints - Our Airport Practices report found that competitive access is facilitated when airports ensured that new MII agreements do not prevent or delay projects that could be beneficial to new entrants or smaller airlines serving the airports. You may want to reconsider the language in your MII at an appropriate time.**

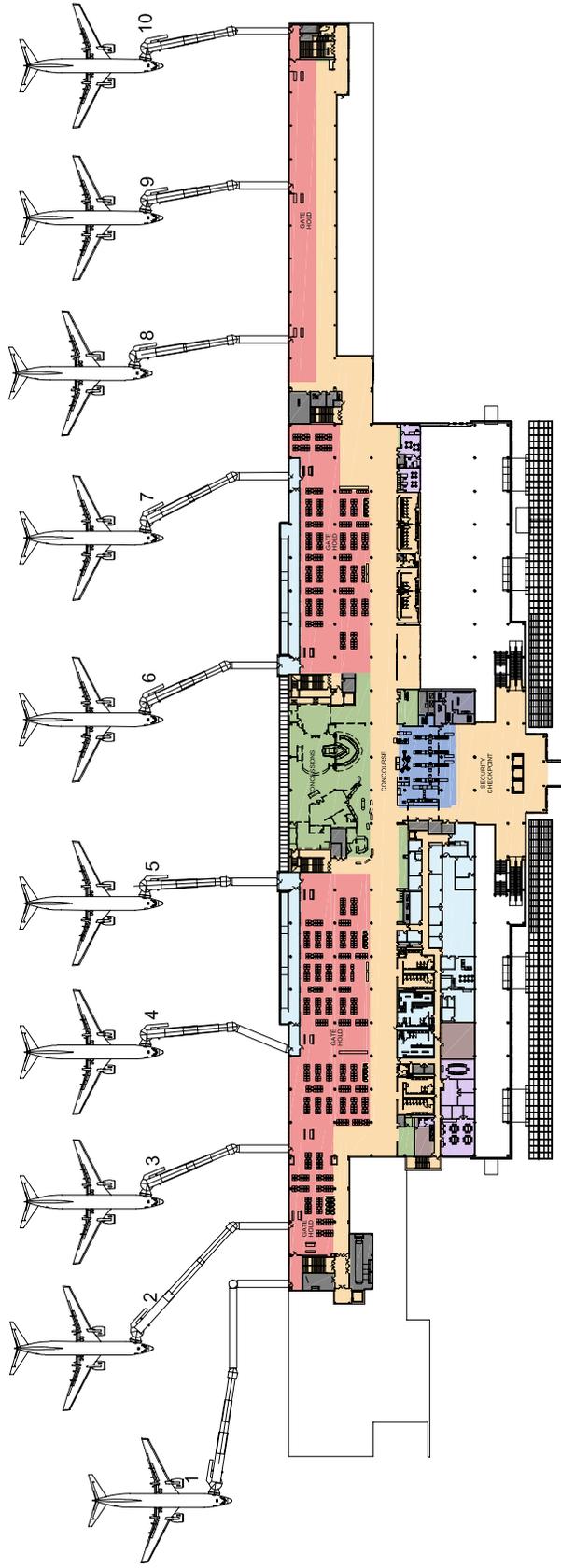
Within the confines of any negotiation undertaken relative to the Airline Operating Agreement, MAC will continually consider revising the MII language.

- H. Because of the interest that members of the traveling public may have in airline competitive issues at your airport, including your policy of ensuring reasonable access for new entrant airlines, we encourage you to put a copy of your competition plan, including this response, on your airport web page.**

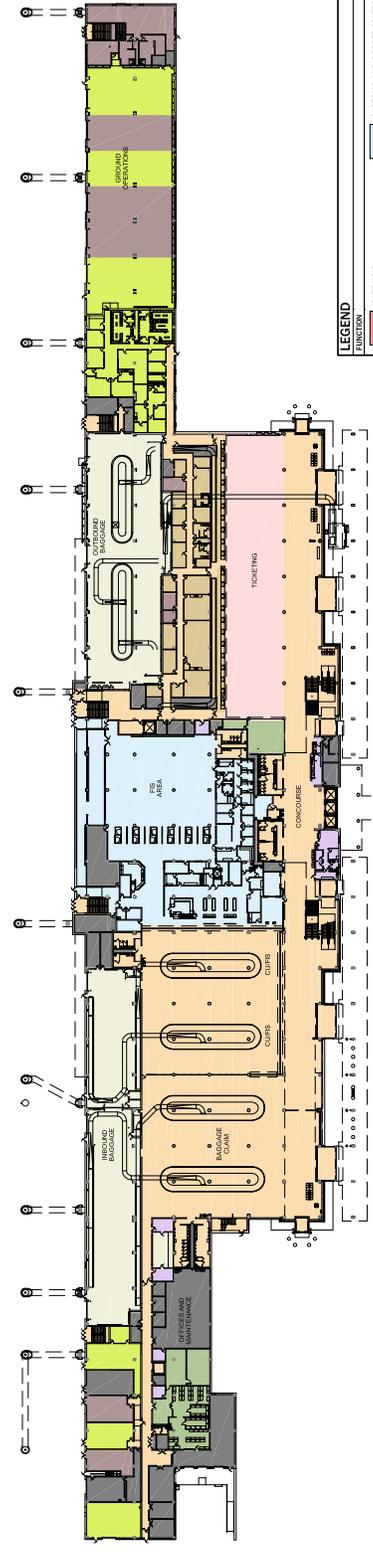
A copy of the 2000 Competition Plan, the FAA's response to the 2000 Competition Plan, as well as this update have been posted on MAC's web site at www.mspairport.com.

IX. STATUS REPORT ON PROMISES MADE WITHIN THE ORIGINAL COMPETITION PLAN ABOUT WORK TO BE UNDERTAKEN IN THE INTERVENING PERIOD

The new Humphrey Terminal opened May 2, 2001, creating a viable option for new entrant carriers to provide service. All other development projects constructing gates at MSP remain on schedule for opening in 2002. MAC continually updates a new entrant package described in the 2000 Competition Plan to reflect the addition of new gates, facilities, and opportunities for incumbent and new entrant carriers.



SECOND FLOOR PLAN



FIRST FLOOR PLAN

LEGEND

FUNCTION	Color
GATE HOLD	Light Blue
CONCESSIONS	Light Green
SECURITY CHECKPOINT	Light Purple
OFFICE	Light Yellow
CIRCULATION/PUBLIC	Light Orange
CUSTOMS AND BORDER CONTROL	Light Blue
BAGGAGE/PROCESSING	Light Green
TICKETING	Light Purple
AIRLINE TICKET OFFICES	Light Yellow
AIRLINE GROUND OPERATIONS	Light Orange
TSA	Light Blue
MEDIA/TELECOMMUNICATIONS	Light Green
UNASSIGNED	Light Yellow

MSP GATE UTILIZATION
Forecast Scheduled Jet Service - August 2001

Time	2400	0100	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300	
CONCOURSE G	G1																								
	G2																								
	G3																								
	G4																								
	G5																								
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CONCOURSE F	F1																								
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CONCOURSE E	E1-FL																								
	E2-US																								
	E3																								
	E4-TZ																								
	E5-TW																								
	E6-UA																								
	E7-CO																								
	E8-UA																								
	E9-CO																								
	E10-UA																								
	E11-DL																								
	E12-AA																								
	E13-DL																								
	E14-AA																								
	E15-DL																								
	E16-AA																								
CONCOURSE D	D1																								
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- American Airlines (AA)
- American Trans Air (TZ)
- America West (HP)
- Air Canada (AC)
- Air Tran Airways (FL)
- Continental Airlines (CO)
- Delta Air Lines (DL)
- Frontier Airlines (F9)
- Icelandair (FI)
- KLM Royal Dutch Airlines (KL)
- Northwest Airlines (NW)
- Sun Country Airlines (SY)
- Trans World Airlines (TW)
- United Airlines (UA)
- US Airways (US)

Notes:

The designation "-T" following an airline code indicates either an aircraft towed off a gate to another parking position at night or an aircraft towed onto a gate in the morning.

Block indicates that aircraft on neighboring gate precludes an aircraft being assigned to the blocked gate.

The asterisks (*) represent those instances in which there was a gap of less than 10 minutes between the departure of one aircraft and the arrival of another on that same gate. In some cases a gap of 10 minutes cannot be represented on the chart (ie. 10:01 - 10:19) and these instances are also represented with asterisks.

**MSP Gate Utilization
Scheduled Jet Operations By Airline - August 2001**

Northwest			
Equip	Operations	Seats per Operation	Seats
RJ-85	86	69	5,934
CRJ	17	50	850
DC9	12	100	1,200
D9S	259	110	28,490
D95	68	122	8,296
D10	40	285	11,400
A320	170	148	25,160
A319	70	124	8,680
72S	62	149	9,238
757	103	190	19,570
747	8	367	2,936
Total	895		121,754

Delta			
Equip	Operations	Seats per Operation	Seats
M80	16	142	2,272
72S	2	149	298
CRJ	14	50	700
733	2	128	256
Total	34		3,526

American			
Equip	Operations	Seats per Operation	Seats
100	30	87	2,610
M80	6	129	774
Total	36		3,384

Frontier			
Equip	Operations	Seats per Operation	Seats
73A	2	115	230
733	2	138	276
Total	4		506

KLM			
Equip	Operations	Seats per Operation	Seats
747	2	400	800
Total	2		800

Icelandair			
Equip	Operations	Seats per Operation	Seats
752	2	189	378
Total	2		378

Continental			
Equip	Operations	Seats per Operation	Seats
ERJ	6	50	300
735	16	105	1,680
733	6	128	768
Total	28		2,748

America West			
Equip	Operations	Seats per Operation	Seats
319	4	124	496
320	4	150	600
733	2	134	268
Total	10		1,364

**MSP Gate Utilization
Scheduled Jet Operations By Airline - August 2001**

Sun Country				
Equip	Operations	Seats per Operation	Seats	
72S	24	180	4,320	
738	14	153	2,142	
Total	38		6,462	

Air Tran				
Equip	Operations	Seats per Operation	Seats	
717	6	106	636	
Total	6		636	

TWA				
Equip	Operations	Seats per Operation	Seats	
M80	2	150	300	
D9S	4	110	440	
717	14	117	1,638	
Total	20		2,378	

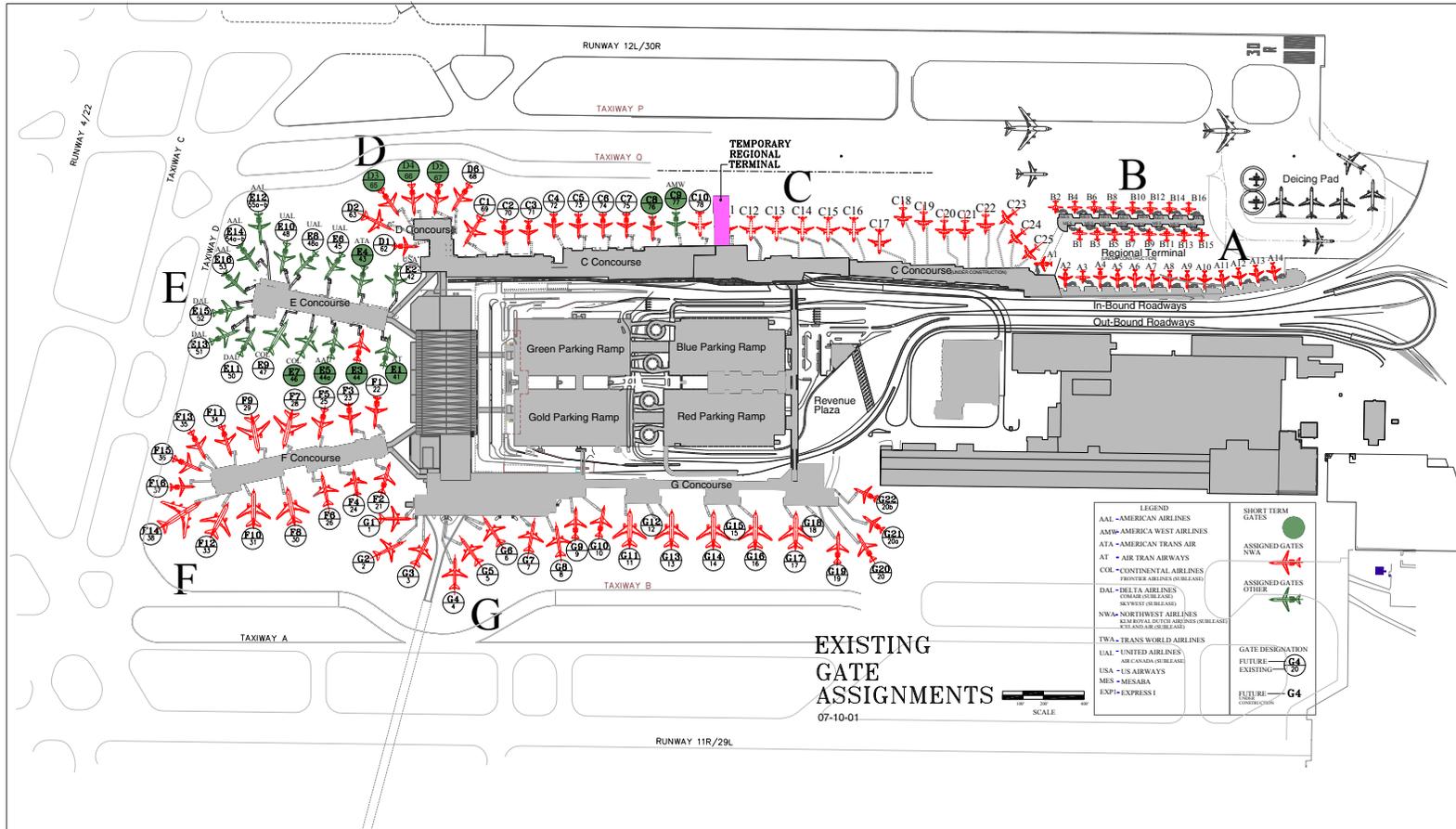
USAirways				
Equip	Operations	Seats per Operation	Seats	
734	2	144	288	
319	14	120	1,680	
Total	16		1,968	

American Trans Air				
Equip	Operations	Seats per Operation	Seats	
72S	8	173	1,384	
Total	8		1,384	

United				
Equip	Operations	Seats per Operation	Seats	
733	6	126	756	
732	16	115	1,840	
735	12	108	1,296	
72S	10	147	1,470	
F28	6	55	330	
Total	50		5,692	

**MSP Gate Utilization
Scheduled Operations per Gate - By Airline**

Airline	Gates	Operations	Avg/Gate	Turns/Gate
Air Tran	1	6	6.0	3.0
America West	1	10	10.0	5.0
American	3	36	12.0	6.0
American Trans Air	1	8	8.0	4.0
Continental	2	28	14.0	7.0
Delta	3	34	11.3	5.7
Frontier	n/a	4	n/a	n/a
Icelandair	n/a	2	n/a	n/a
KLM	n/a	2	n/a	n/a
Northwest	60	895	14.9	7.5
Sun Country	6	38	6.3	3.2
TWA	1	20	20.0	10.0
United	3	50	16.7	8.3
US Airways	1	16	16.0	8.0
Total	82	1149	14.0	7.0



Northwest Airlines - Announced New And Expanded Service From Minneapolis/St. Paul

Route	Service Type	New Frequency	Equipment Added	Start Date	Note
<i>June 2000 - January 2001</i>					
MSP - SAT	New Service	2/Daily	DC-9-30	15-Jun-00	
MSP - LAN	Expanded Service	2/Daily	DC-9-30	01-Jul-00	Doubles Existing 1/Daily frequency
MSP - KIX	Seasonal Service	1/Daily	747-200	01-Jun-00	Summer Service
MSP - GCM	New Winter Service	Saturday	A320	Dec - April	
MSP - PVR	Expanded Winter Service	Daily	A320	Feb - Mar	
MSP - PUJ	New Winter Service	Saturday	A320	Dec - April	
MSP - NRT	Expanded Service	2/Daily	747	01-Apr-01	Was 10/Week
MSP - HNL	Expanded Service	1/Daily	DC-10 and 747		Was Seasonal, will use DC-10 off peak
<i>Post-January 2001</i>					
MSP - BOI	Expanded Service	3/Daily	A319	01-May-01	Adds 1/Daily
MSP - BIL	Expanded Summer Service	4/Daily	DC-9	01-Jul-01	Adds 1/Daily Summer Service to 3/Daily year-round Service
MSP - TUL	New Service	2/Daily	CRJ	08-Jul-01	
MSP - LNK	Upgrade to RJ	5/Daily	CRJ	09-Jul-01	2/Daily CRJ flights replace S340
MSP - MLI	Upgrade to RJ	6/Daily	CRJ	09-Jul-01	1/Daily CRJ flight replaces S340
MSP - CWA	Upgrade to RJ	8/Daily	CRJ	09-Jul-01	1/Daily CRJ flight replaces S340
MSP - DSM	Upgraded Service	8/Daily	DC-9	01-May-01	1/Daily DC-9 flight replaces S340
MSP - DSM	Upgraded Service	8/Daily	DC-9	01-Jul-01	1/Daily DC-9 flight replaces S340
MSP - DSM	Upgraded Service	8/Daily	CRJ	01-Aug-01	1/Daily CRJ flight replaces S340
MSP - STC	Expanded Service	6/Daily	S340	01-Jun-01	1/Daily S340 Flight Added
MSP - MSO	Expanded Summer Service	3/Daily	727	June - Aug	Adds 1/Daily Summer Service to 2/Daily year-round Service
MSP - FCA	Expanded Summer Service	2/Daily	727	July - August	Upgrades 1/Daily Direct to Nonstop
MSP - GTF	Expanded Summer Service	3/Day on Saturday	DC-9	July - August	Adds 1 flight on Saturday
MSP - ATW	Upgrade to RJ	5/Daily	CRJ	01-Aug-01	2/Daily CRJ replaces a S340 and an ARJ
MSP - PVD	New Service	2/Daily	CRJ	13-Aug-01	
MSP - OKC	New Service	2/Daily	CRJ	10-Sep-01	
MSP - SUX	Upgrade to RJ	9/Daily	CRJ	04-Sep-01	1/Daily CRJ replaces S340
MSP - MLI	Upgrade to RJ	5/Daily	CRJ	04-Sep-01	1/Daily CRJ replaces S340
MSP - ATW	Upgrade to RJ	6/Daily	CRJ	04-Sep-01	1/Daily CRJ replaces S340
MSP - GRB	Upgrade to RJ	7/Daily	CRJ	04-Sep-01	1/Daily CRJ replaces S340

Source: Northwest Airlines Press Releases



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NWA loads up on regional jets

Tony Kennedy / Star Tribune

Northwest Airlines said Monday that it will buy at least 75 more Bombardier jets to strengthen the feed of regional passengers into its principal hubs.

Terms were not revealed and discounts are common on large orders, but the combined list price for the group of 44-seat Canadair Regional Jets (CRJs) is \$1.6 billion.

Brazilian jetmaker Embraer competed for the order, but lost. Bombardier spokesman Joe Singerman said the Canadian government helped the deal by stepping in with loan subsidies to help Bombardier match Embraer's government-backed financing package.



"This is a very significant order for us," Singerman said.

"It was a rigorous evaluation right up to the final weekend," he said.

Singerman said that once Canada helped neutralize the Brazilian financing package, Bombardier had an inside track because Northwest Airlink already operates a 50-seat version of the CRJ. For cost containment and ease of maintenance, fleet commonality is important to large carriers.

Northwest didn't discuss the financing package, but Pierre

Pettigrew, Canada's international trade minister, described it as a 15-year, low-interest loan for up to \$1.2 billion. He said it was intended to match what Canada considers illegal subsidies offered by Brazil to help Embraer.

The 75 newly ordered CRJs will be in addition to 54 50-seaters that Northwest ordered from Bombardier more than a year ago. Twenty of the 50-seaters have been delivered and the rest will arrive by mid-2004. Delivery of the new set of jets will begin in mid-2002 and continue through 2005.

The 50-seat CRJs have been used at Minneapolis-St. Paul International Airport for more than a month, operated by Express Airlines I of Memphis. Express, a Northwest Airlink affiliate, also flies the planes to and from **NWA's** hubs in Detroit and Memphis.

"This purchase further extends our ability to serve new markets, enhance service in existing areas and provide our regional passengers with fast, comfortable service," said Tim Griffin, Northwest executive vice president of marketing and distribution.

For several years, Northwest and other big carriers have upgraded their regional fleets to attract more customers. Most passengers prefer small jets to turboprops because they are quieter and smoother riding.

Northwest spokeswoman Mary Beth Schubert said the jets replace some turboprop flying, but they also are used to add flights on turboprop routes. One recent example was the addition of two CRJ flights from Minneapolis-St. Paul to Moline, Ill. The jets augment existing turboprop flights on the route.

In addition, CRJs have been used by Northwest Airlink to begin new routes, including Minneapolis-St. Paul to Providence, R.I.

Regional carriers

Northwest's latest CRJ deal automatically triggers competition between regional airlines for the right to sublease and fly the new planes. Dan Matthews, senior vice president and treasurer for Northwest, said the Eagan-based carrier will talk to "one or more regional airline carriers."

Though Matthews didn't name any contenders, Twin Cities-based Mesaba Airlines and Memphis-based Express are certain to vie for the planes and the additional routes they represent. Both regional carriers fly exclusively for Northwest.

In the last competition, Express won the right to fly 42 of the 54 CRJ 50-seaters. The remaining dozen aircraft from that order haven't been allocated yet to any regional airline.

"We think it's important to our growth strategy," Mesaba CEO Paul Foley said of his planned bid for the 44-seat CRJs.

Phil Trenary, CEO of Express, was unavailable for comment. Express is wholly owned by Northwest. Mesaba is publicly traded, but Northwest is its largest shareholder.

It has been more than a year since Mesaba took delivery of a new airplane, and Foley has acknowledged that shareholders have become impatient with the airline's inability to expand at previous rates.

He said Mesaba has shored up its operations after more than a year of disappointing results and is ready to impress Northwest with operational excellence, cost efficiency and capacity to handle growth.

"We frankly expect to be successful with Northwest or with some other carrier," Foley said.

Pilot contract

An important part of Mesaba's bid for the CRJs will be the pay rate that it negotiates with its pilots. Those talks recently began as part of new, overall contract negotiations with the group.

The expanded use of small jets by regional airlines has been a concern of union pilots at most major U.S. carriers. At Northwest, the pilots' contract prohibits Mesaba, Express or any other Airlink partner from operating a plane for Northwest with more than 69 seats.

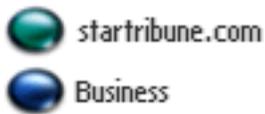
The job-security provision is designed to keep Northwest from shifting primary routes to lower-paid regional pilots. The contract puts limits on the number of 69-seat jets and 50-seat jets that Northwest can deploy through its regional partners. But Northwest said the limitation doesn't apply to 44-seat jets.

As part of the Bombardier deal, Northwest will be able to substitute 50-seat jets for the 44-seaters on order. In addition, **NWA** secured options to buy 25 more regional jets from Bombardier beginning in 2006. Northwest also obtained "certain other option rights" for the purchase of an additional 150 CRJ aircraft.

Northwest said Bombardier will provide favorable lease financing for each of the planes on firm order.

-- The Associated Press contributed to this report.

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