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Midwest Airlines signed an agreement Friday to acquire two MD-80s that will be used to expand long-haul flying from its Milwaukee hub. "The acquisition of these aircraft provides new opportunities for Midwest and its customers," said Senior VP and CMO Scott Dickson. The aircraft will be placed into service in the first half of 2007, with routes and schedules to be announced at a later date. Midwest currently operates a fleet of 11 MD-80s and 25 717s. With its wholly owned subsidiary Midwest Connect, it provides service to 47 cities.
by Sandra Arnoult

OAo Unified Aircraft Corp. CEO Alexei Fyodorov met with senior Airbus officials in Toulouse Friday to discuss potential Russian involvement in A350 XWB production, Bloomberg News reported. Russia has been seeking a greater role in Airbus work since a state-owned bank purchased a 5% stake in parent EADS earlier this year ([ATWOnline, Sept. 13](#)). It is unclear what kind of work Airbus officials discussed with the head of the Russian aerospace company. Airbus has said it plans to outsource 50% of A350 XWB production to keep costs down. Manufacturing plants in Russia likely could be operated less expensively than similar facilities in France and Germany, where the vast majority of Airbus production now takes place.

Travelport reached a definitive agreement last week to acquire Worldspan for \$1.4 billion, a merger the two companies said will make their GDS offerings more "cost effective and efficient." Travelport CEO Jeff Clarke said the takeover "will ensure that we are better positioned to meet the evolving needs of our customers, the travel suppliers, travel agencies and end consumers."

In a statement, Travelport said easy-to-use airline websites are growing in usage and putting pressure on GDS providers. "Competition in the travel distribution industry has increased," the company said. Added Worldspan Chairman, President and CEO Rakesh Gangwal: "The combination of Travelport and Worldspan directly addresses industry trends and will provide a new standard of technology, high-quality content and world-class customer service."

Travelport said the combined company will serve 750 travel suppliers, 63,000 travel agencies and "millions of end consumers...The transaction brings together two companies with global footprints and a proven track record." Initial integration will focus on consolidating technology and administrative operations, which Travelport said will result in near-term cost savings of approximately \$50 million. Clarke will lead the combined company as CEO. Gangwal, a former CEO of US Airways Group, will stay on through the sale's closing but will leave the combined company thereafter. The transaction has been approved unanimously by the boards and major shareholders of both companies but still needs regulatory approval, Travelport said.

SITA launched AirportConnect Open, its next-generation check-in application that had been tested with Continental Airlines in Orlando. The system permits airlines "for the first time" to have their own proprietary applications running on common use terminal equipment, SITA said, adding that this will reduce "pressure on airport space and provide] airlines with greater flexibility in how they operate within the airport." AirportConnect Open "has reduced our training costs and we no longer have to go through certification or to maintain two sets of applications, which is a major benefit," CO Senior Manager-Technology Robert Sloan said. SITA currently manages an estimated 30,000 CUTE workstations for 285 customers at airports worldwide.

Varig was conspicuously absent from last weekend's Star Alliance meeting and ceremony in Istanbul, prompting speculation about whether or not the struggling Brazilian carrier remains a viable component of Star. Alliance CEO Jaan Albrecht told reporters that "Varig is a full member of the Star Alliance...of good standing," and that "we have made every effort into supplying our required support, what the members can do, for one of the members who is under this restructuring process."

The airline, rescued by former logistics subsidiary VarigLog over the summer and reportedly operating just 15 aircraft, "is flying its schedule, a smaller schedule, with the possibilities of restructuring on the aircraft, on the composition of the routes, and a more limited schedule compared to what they were flying before," according to Albrecht. He said Varig is realigning its operation around its hubs in Rio de Janeiro and Sao Paulo and will add aircraft "very carefully."

Allegiant Travel Co., parent of Allegiant Air, raised \$90 million in gross proceeds late last week through an IPO of 5 million shares of common stock priced at \$18 per share. Allegiant granted the underwriters a 30-day option to purchase up to an additional 750,000 shares of common stock to cover any overallotments. The stock will trade on the Nasdaq under the symbol ALGT. Allegiant Air has operated primarily in leisure markets, linking smaller cities with major tourist destinations such as Las Vegas, Orlando and Tampa/St. Petersburg using a fleet of 26 MD-80s of which 23 are in service, according to the Ascend CASE database. Proceeds from the offering will be used to retire debt, purchase new aircraft in line with the carrier's growth strategy and as working capital.

by Sandra Arnoult

CAAC and Japan Airlines reached agreement to launch cooperative aviation safety study projects in conjunction with the Civil Aviation Safety Institute of China, saying their goal is to contribute "to the development of global flight safety."

Star Alliance Corporate Plus will bring in €2.2 billion (\$2.9 billion) in sales in 2006, alliance officials said Saturday in Istanbul. The program, which targets corporate travel buyers by offering the entire Star network through an individual carrier's sales team, now boasts more than 80 clients and is enjoying 20% year-over-year revenue growth. Star said it soon will announce a deal with Atlanta-based Coca-Cola, which the alliance proudly reminded reporters is in the "heart of SkyTeam territory."

Separately, Star launched a revamped website featuring a new look, content in seven languages and streamlined links to individual airlines' booking pages, flight tracking and notification and more.

Copa Airlines took delivery of its sixth E-190, which will seat 94 passengers in a two-class configuration.

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