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## Virgin America Studies Atlanta, Dallas for New Routes (Update2)

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By Mary Jane Credeur



Aug. 11 (Bloomberg) -- Virgin America Inc., the low-fare airline partly owned by U.K. billionaire **Richard Branson**, is studying whether to fly to Atlanta, Dallas and Austin, Texas, as it adds Florida routes, Chief Executive Officer **David Cush** said.

"Atlanta is certainly on the list. It's a big corporate headquarters city," Cush, 49, said in a telephone interview. "We have analyzed Dallas and Austin, places with big corporate and technology bases that certainly would have some synergies with San Francisco and Los Angeles."

Serving Atlanta and Dallas would put Virgin America into the hometown airports of **Delta Air Lines Inc.**, the world's biggest carrier, and No. 2 **American Airlines**. Chicago, where rivals have so far refused to cede gates, remains at the top of Virgin America's expansion choices, Cush said.

"Virgin would be going into the heart of these big hubs, and neither competitor would back off," said **Michael Derchin**, an analyst at FTN Equity Capital Markets Corp. in New York. "They'll be met with some fierce resistance. If they could make those flights break even, they could probably make it work."

Virgin America, which began flying in August 2007, unveiled Fort Lauderdale, Florida, as its 10th U.S. market today. Flights start Nov. 18 from San Francisco and Los Angeles, the Burlingame, California-based airline said in a statement.

### Corporate Headquarters

The cities Cush suggested as possible destinations include the homes of Atlanta-based **Coca-Cola Co.**, the world's largest soft-drink maker, and Dallas-based **AT&T Inc.**, the biggest U.S. phone company. **Dell Inc.**, the world's second-largest maker of personal computers, is based in the Austin suburb of Round Rock.

Toronto and Vancouver also are being studied as possible additions to the airline's system, said Cush, a former executive at **AMR Corp.**'s American, which is based in Fort Worth, Texas.

Virgin America, whose fleet consists of **Airbus SAS** A320s and A319s, may be interested in the 40 Airbus jets owned by **Frontier Airlines Holdings Inc.** should the Denver-based carrier be bought by **Southwest Airlines Co.** and sell the planes, Cush said.

Most of Frontier's jets are 5 years old or younger, according to Ascend Online Fleets data. Their **Honeywell International Inc.** electronics and engines by CFM International, a joint venture of **General Electric Co.** and **Safran SA** of France, would mesh with the equipment on Virgin America jets, Cush said.

### 'Right Economics'

"Those are recent-vintage aircraft, and under the right economics, we would be interested," Cush said. "In taking used aircraft, you'd look at the commonality. They have similar avionics and engines. We'd be interested in looking at that."

Talks continue with potential new U.S. investors, and Virgin America may add one or more by the end of the year, Cush said. The airline has been in "constant consultation" with the U.S. Department of Transportation about the matter, he said.

Cush said there have been no changes to Virgin America's investor base and board. The Wall Street Journal reported in March that majority shareholders Cyrus Capital Partners LP and Black Canyon Capital LLC sold stakes to Branson's [Virgin Group Ltd.](#), the London-based parent of Virgin Atlantic Airways Ltd.

Broader U.S. ownership may deflect claims by [Alaska Air Group Inc.](#) that Virgin America is violating federal laws limiting foreign ownership of domestic carriers to no more than 25 percent of voting stock.

"The DOT is satisfied with what we are telling them," Cush said. "I'm hopeful that in the near future we'll have resolution to it."

To contact the reporter on this story: [Mary Jane Credeur](#) in Atlanta at [mcredeur@bloomberg.net](mailto:mcredeur@bloomberg.net).

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