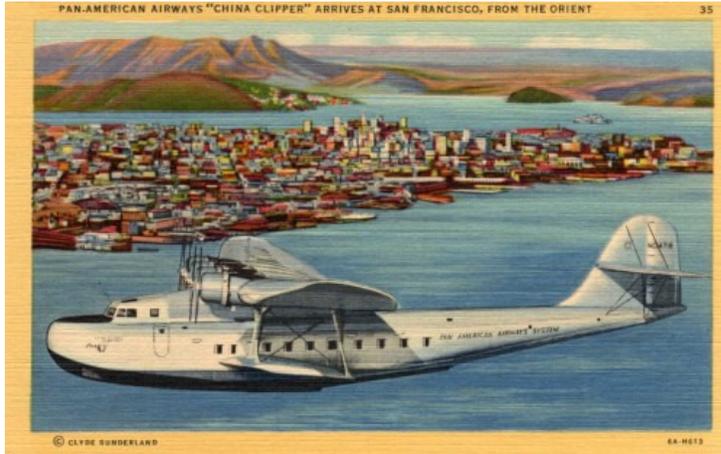


April 2012 Update- All things Aviation:



If you'd like additional information, please contact the City of Newport Beach.

JWA Posts Airport Statistics for February 2012

Airline passenger traffic at John Wayne Airport decreased in February 2012 as compared to February 2011. In February 2012, the Airport served 605,040 passengers, a decrease of 0.1% when compared to the February 2011 passenger traffic count of 605,390. Commercial aircraft operations increased 2.6%, while Commuter aircraft operations decreased 30.3% when compared to the levels recorded in February 2011.

However based upon the data and the fact that February 2012 has 29 days as compared to February 2011, the actually ADDs, or Average Daily Departures for Commercial and Commuter Operations make up the Class A and Class E aircraft regulated pursuant to the JWA Settlement Agreement, decreased to 109.46 vs. 112.18 for February 2011.

Mexico and Canadian Service

Meanwhile in an effort to boost passengers, beginning June 3, 2012 AirTran Airways (acquired by Southwest) begins offering Orange County travelers the first international flights from John Wayne Airport to Cabo San Lucas or Mexico City, Mexico. The new service will make it easier and more convenient than ever to get to these popular business and leisure destinations. In addition, on April 29, WestJet resumed daily, non-stop international service between JWA and Calgary, Alberta, Canada.

WestJet currently operates daily, non-stop service between Orange County and Vancouver.

Hawaiian Service Halted

However, as a result of lack of demand, United Airlines has announced that it is ending service between Orange County and Honolulu. You may recall that United previously ended service to Maui on Jan. 2nd. A spokesperson for United said, "We weren't seeing the demand we anticipated and the financial performance we needed."

JWA Upgrade

April 25th was the final date for submissions to John Wayne Airport, for proposals from qualified firms to provide Access/GANO Software Upgrade.

Noise Readings 4th Quarter and Some Comparisons

For those of you listening to the noise of the aircraft, the airport's fourth quarter noise report also released the latest figures. What follows are those numbers and some comparisons to previous years, while this is similar to last month; the year 2008 was included, at the request of some, since it contains data prior to the recent departure changes at JWA:

CNEL Noise Readings:

Time Period NMS#1 NMS#2 NMS#3 NMS#4 NMS#5 NMS#6 NMS#7 NMS#8N NMS#9N NMS#10N

Q-4 2011	65.9	65.0	64.1	56.8	56.2	58.4	53.4	66.5	44.6	54.6
---------------------	------	------	------	------	------	------	------	------	------	------

Year 2011	66.5	65.3	64.1	57.2	56.8	58.4	54.0	67.2	44.0	55.3
----------------------	------	------	------	------	------	------	------	------	------	------

Year 2008	67.0	65.5	65.0	57.9	57.1	59.2	55.1	68.0	43.8	56.5
----------------------	------	------	------	------	------	------	------	------	------	------

What follows are single noise events for two of the major carriers at JWA and comparisons for previous years.

SENEL Readings for Class A aircraft Southwest- 2008-2011:

Time Period	NMS#1	NMS#2	NMS#3	NMS#4	NMS#5	NMS#6	NMS#7	NMS#8N	NMS#9N	NMS#10N
Q-4 2011 Southwest 7377 – Class A 1561 Departs	92.0	91.3	87.3	81.8	81.2	82.2	79.4	90.2	80.5	79.9
Q-4 2010 Southwest 7377 – Class A- 1185 Depart.	92.6	91.4	87.4	81.9	81.8	82.4	79.4	89.5	79.1	80.6
Q-4 2009 Southwest 7377 – Class A 642 Depart.	90.8	90.2	86.0	81.2	80.7	81.7	78.8	89.2	78.3	78.4
Q-4 2008 Southwest 7377 – Class A- 366 Depart.	91.3	90.5	86.3	81.4	80.6	81.6	78.8	89.8	82.0	81.6

Class A-ADDs Aircraft, American Airlines: 2008-2011:

Time Period	NMS#1	NMS#2	NMS#3	NMS#4	NMS#5	NMS#6	NMS#7	NMS#8N	NMS#9N	NMS#10N
Q-4 2011 American 7378 – Class A 873 Departs	98.5	96.9	96.5	88.2	87.9	88.7	85.2	91.8	81.0	80.8
Q-4 2010 American 7378 – Class A- 999 Depart.	98.2	96.3	95.5	87.2	88.3	88.4	84.2	91.5	80.1	80.8
Q-4 2009 American 7378 – Class A 1029 Depart.	98.0	96.2	95.6	86.9	88.1	88.4	84.5	91.6	78.7	79.4
Q-4 2008 American 7378 – Class A- 916 Depart.	98.1	96.2	95.3	88.2	86.6	88.2	84.2	91.2	79.8	79.3
Noise Monitor Readings Allowable Class A	101.8 dB	101.1	100.7	94.1	94.6	96.1	93.0			

For a comparison of Class E for the 4th Quarter 2011 only please find the following:

Time Period	NMS#1	NMS#2	NMS#3	NMS#4	NMS#5	NMS#6	NMS#7	NMS#8N	NMS#9N	NMS#10N
Q-4 2011 Alaska 7377 – Class E- 326 Depart.	91.8	91.4	88.0	81.9	83.2	83.7	80.5	90.7	79.8	85.7
Q-4 2011 Southwest 7377 – Class E- 2332 Depart.	91.0	90.6	86.3	81.6	81.0	81.9	79.1	89.6	80.6	80.0
Q-4 2011 Skywest CRJ7 Class E- 351 Depart.	88.2	87.3	86.6	80.4	79.8	81.7	78.9	88.4	80.4	79.0
Noise Monitor Readings Allowable Class E	93.5 dB	93.0	89.7	86.0	86.6	86.6	86.0			

A comparison of the number of the Class E-ADDS flying for 4th Quarter 2011 vs. 2008 shows:

<u>Airline</u>	<u>2011</u>	<u>2008</u>
SWest	25.34	32.07
Alaska	3.54	3.63
Skywest	3.81	-

Airlines Success Mode for 2011 and More of the Same 2012

Despite everything that has been working against them, from a dismal global economy to rising fuel prices, the nation’s top airlines — United Continental Holdings, Delta Air Lines, US Airways, and Southwest Airlines — all turned a profit last year. The big airlines all turned a profit in 2011 as they reduced seats and combined higher ticket prices with more fees. Their recipe for success has been straightforward: fewer airlines, fewer planes and fewer seats combined with higher ticket prices and more fees. (*See- United Airlines will depart Oakland International Airport in June, ending service to the Bay Area's second-largest airport after 75 years.*)

While the United States economy is showing signs of strength, the airlines have indicated in their latest earnings reports that they intend to stick to the formula. Oil prices last year averaged about \$100 a barrel, about the same level as in 2008. But the airlines delivered higher-than-expected profits for 2011, while they lost 17 cents for every dollar of revenue they generated in 2008. As an example, United, the nation's top carrier since its 2010 merger with Continental Airlines, said that it cut its capacity, or the number of seats flown, by 2.5 percent in the fourth quarter. Meanwhile, it increased ticket prices by 9 percent over the same period a year earlier.

At the same time, top managers at global airlines are confident of an uptick in demand for cargo and passenger business over the next 12 months, in a quarterly industry survey just released, however the concern over fuel prices is still a major issue.

Southwest

U.S. Southwest Airlines CEO Gary Kelly has also warned about the rising fuel and maintenance costs in the aviation industry. Southwest as previously reported last month, Dallas-based Southwest, the country's largest discount airline, said it had expected to report a rare net loss for the first quarter due to a 250 million U.S. dollars' increase in jet fuel costs. Kelly noted that airline industry energy costs have risen six-fold since 2000.¹ On April 19th, the Airline reported an adjusted first-quarter loss of \$18 million amid rising fuel costs. That was a loss of 2 cents a share compared with a profit of 3 cents a share, or \$20 million, in the first three months of 2011. However, the airline did post a profit of \$98 million, or 13 cents a share, when special items such as the costs associated with integrating AirTran Airways and gains on fuel-hedging contacts were included. That's up from \$5 million, or a penny a share, the same time a year ago. The company also spent \$478 million more on fuel than in the first quarter of last year.

¹ See-Delta Air Lines may partner with JP Morgan to help run the ConocoPhillips' idled 185,000 barrel per day Trainer, Pa., refinery if the carrier decides to purchase the plant, as reported on Wednesday, April 11, 2012.

Their CEO also warned on the "escalation trend" in maintenance costs, saying that the trend needs to be halted. The increasing maintenance cost trend is part of a wider problem for Southwest and the aviation industry overall, he said. As you may recall, Southwest Airlines announced last month that it was raising ticket prices to offset the high cost of jet fuel. It was the airline's third increase this year. However Southwest is also worried that the days of easy fare increases are over and Southwest's planes were a bit less crowded than a year ago, and CEO Gary Kelly acknowledged April 19, 2012 that he's concerned that some passengers are resisting higher fares.

American

But things could be worse, American Airlines, parent company lost \$1.76 billion in the three full months since it filed for Chapter 11 bankruptcy protection in November, 2011. And the parent company of American Airlines says it lost \$1.66 billion in the first quarter of 2012, mostly on costs related to its bankruptcy restructuring. Despite higher prices, American was able to fill 79 percent of its seats, up from 77.1 percent a year ago (the load factor). The number of flights was virtually unchanged, *as American and other airlines continued to limit the supply of seats to control costs and drive up fares (emphasis added)*. Like other airlines, American was dogged by higher fuel prices. AMR paid \$3.24 per gallon for fuel, up from \$2.76 per gallon in the first quarter of last year. Its fuel bill rose by \$323 million, to \$2.17 billion.

Domestic Carriers Load Factors

In 2011, load factors for domestic airlines increased from 82.2 to 82.9%, an increase of .7%. Load factors are computed by calculating the number of passengers on a plane divided by the number of available seats. It is a way that the airlines determine the occupancy of their aircraft.

Meanwhile US Airways reported mainline passenger load factor was a record 78.3 percent for the month of February, up 1.5 points versus February 2011; Southwest, as a result of the AirTran merger saw load factors for February decrease. The load factor for the two airlines – which measures the overall percent of capacity at which the planes

flew – dropped year over year in February from 76.9 percent to 75.2 percent. At the same time, Southwest also reported that the two airlines' passenger revenue per available seat mile increased 4 percent year over year. American Airlines the other major carrier percentage wise at JWA saw its February domestic reach 78.1 percent, an increase of 0.9 point year-over-year.

However in March Alaska Airlines reported a record load factor on domestic airlines of 88.8 %; while Southwest reported a load factor of 81.8 %; American reported 84.3% domestically for a healthy increase. United/Continental reported 81.5%; Delta reporting 84%; US Airways reporting 84.6%. Revenue Passenger Miles also appear to show an uptick for most of the airlines.