



## WASHINGTON AVIATION SUMMARY

### FEBRUARY 2022 EDITION

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The Kirstein & Young law firm specializes in representing U.S. and foreign airlines, airports, leasing companies, financial institutions and aviation-related companies before U.S. Government agencies, Congress, the courts and in commercial and financing matters.

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## **I. REGULATORY NEWS**

### **1. IATA: Passenger, Cargo Results for 2021.**

The International Air Transport Association (IATA) reports full-year global passenger traffic results for 2021 show that demand (revenue passenger kilometers or RPKs) fell by 58.4% compared to full year 2019. In 2020, full year RPKs were down 65.8% versus 2019. International passenger demand in 2021 was 75.5% below 2019 levels; capacity (available seat kilometers) declined 65.3% and load factor fell 24% to 58%. Domestic demand in 2021 was down 28.2% compared to 2019; capacity contracted by 19.2% and load factor dropped 9.3% to 74.3%. . . . Full-year demand for air cargo increased by 6.9% in 2021, compared to 2019 (pre-COVID levels) and 18.7% compared to 2020 following strong performance in December 2021. This was the second biggest improvement in year-on-year demand since IATA started to monitor cargo performance in 1990 (behind 2010's 20.6% gain), outpacing the 9.8% rise in global goods trade by 8.9%. Capacity in 2021, measured in available cargo tonne-kilometers, was 10.9% below 2019 (12.8% for international operations). Capacity remains constrained with bottlenecks at key hubs.

### **2. ICAO Projects 2022 Traffic Scenarios.**

The International Civil Aviation Organization (ICAO) projects 2022 passenger totals at 26% to 31% less than pre-pandemic levels, with seat capacity down 20% to 23%. "More pessimistic scenarios point to a 75% recovery based on 58% international and 86% domestic recoveries [with] estimated losses of \$186–\$217 billion in gross airline passenger operating revenues in 2022, compared to 2019," said ICAO. "Longer-term forecasts indicate that current downturns will affect traffic patterns over the longer-term, with the 2018-2050 compound annual growth rate of global revenue passenger kilometers currently projected at 3.6%, down from the 4.2% forecast pre-COVID."

### **3. WHO, IATA Call for Easing of COVID-19 Travel Restrictions.**

The World Health Organization (WHO) called for all countries to lift or ease international traffic bans, as they contribute to economic and social stress and have failed to limit the international spread of the SARS-CoV-2 Omicron variant. Travel measures (masking, testing, isolation/quarantine, vaccination) should be based on risk assessments, and their financial burden should not be placed on international travelers. . . . IATA urged governments to accelerate relaxation of travel restrictions "as COVID-19 continues to evolve from the pandemic to endemic stage." IATA called for removing all travel barriers (including quarantine and testing) for those fully vaccinated with a WHO-approved

vaccine; enabling quarantine-free travel for non-vaccinated travelers with a negative pre-departure antigen test result; removing travel bans; and accelerating the easing of travel restrictions in recognition that travelers pose no greater risk for COVID-19 spread than already exists in the general population. “The billions spent testing travelers would be far more effective if allocated to vaccine distribution or strengthening health care systems,” said Willie Walsh, IATA Director General. The UK, France and Switzerland are among the first to begin removing travel measures, said Walsh. “More governments need to follow their lead. Accelerating the removal of travel restrictions will be a major step towards living with the virus.” Foreign national air travelers to the United States must be fully vaccinated and are required to show documentation of a negative viral test result taken within one day of departure.

**4. 5G Rollout Delayed Near Some Airports.**

AT&T and Verizon postponed a planned January 5 deployment of 5G C-band to January 19 to enable the Federal Aviation Administration (FAA) to continue to address potential interference with aircraft altimeters. The companies agreed to delay activation on towers at 50 airports. President Biden said the “agreement will avoid potentially devastating disruptions to passenger travel, cargo operations, and our economic recovery.” . . . As international airlines briefly canceled services to certain U.S. airports, Emirates President Tim Clark was widely quoted as saying the situation was “one of the most delinquent, utterly irresponsible” he’d seen in his aviation career. Regional Airline Association (RAA) President and CEO Faye Malarkey Black said regional aircraft serving smaller airports were largely excluded in the mitigations and urged regulators to ensure that all airports are protected from interference. . . . By January 25, FAA had cleared altimeters that allowed 90% of the U.S. commercial fleet to perform low-visibility landings at airports where 5G C-band is deployed. IATA called for all stakeholders and regulators “to continue sharing needed technical information and working together to reach a successful implementation plan that will ensure 5G technologies can safely co-exist with the aviation industry.”

**5. DOT: Final Rule Aids in Consumer Protection.**

The U.S. Department of Transportation (DOT) announced a final rule that will simplify and speed up hearing procedures used when it issues consumer protection rulemakings to prohibit unfair or deceptive practices by airlines and ticket agents. Upcoming consumer protection rulemakings on ticket refunds and transparency of ancillary fees will also be based on this authority. According to DOT, the final rule provides greater flexibility to appoint appropriate hearing officers, eliminating the requirement for the officer to issue a detailed report, and providing more options for the officer on when and how testimony is presented

at the hearing. It also clarifies that hearings will be granted only if they are in the public interest. DOT also announced that it intends, in the near future, to issue guidance on the definitions of “unfair” and “deceptive” for purposes of aviation consumer protection.

**6. Unruly Passenger Incidents Decline.**

FAA reported 151 unruly passenger incidents year-to-date, as of January 18; 92 were mask-related. For full year 2021 there were 5,981 reports; 4,290 were mask-related. Passengers who engage in unruly behavior can be fined up to \$37,000 per violation by FAA or prosecuted on criminal charges.

**7. FAA Sued for Failure to Establish Minimum Seat Standards.**

FlyersRights.org filed a petition in the U.S. Court of Appeals for the D.C. Circuit to order FAA to issue minimum airline seat size standards, citing safety concerns in aircraft evacuations. FAA has denied previous petitions. “FAA has had three years to address this important safety issue. As we have seen with safety certification, particularly with the Boeing 737 MAX, the FAA chooses to continue to act as a tombstone agency, only acting after fatal accidents occur,” said FlyersRights.

**8. FAA Grants Awarded to Develop Pilots, Maintenance Workers**

FAA awarded \$5 million in Aircraft Pilots Aviation Workforce Development Grants to accredited higher-education institutions, high schools, state and local governments and flight schools “to help nurture interest in aviation at an early age to build a career during one of the most dynamic times in aviation history.” Grantees can use the funding to create and deliver curriculum designed to prepare students to become pilots, aerospace engineers, or unmanned aircraft systems operators. . . . \$5 million in Aviation Maintenance Technical Workers Workforce Development Grants awarded to organizations that teach technical skills and prepare participants to pursue aviation maintenance careers can be used to establish educational programs; provide scholarships or apprenticeships for individuals pursuing employment in the aviation maintenance industry; conduct outreach about careers in the aviation maintenance industry to students; and support educational opportunities related to aviation maintenance in economically disadvantaged areas.

## II. AIRPORTS

### 1. Denver Approves Great Hall Completion.

The Denver City Council approved the final phase of the Great Hall Project, which includes a full buildout of improvements to the Jeppesen Terminal. A Center of Excellence and Equity in Aviation will be constructed to “help build a future skilled workforce and become a focal point for aviation knowledge and best practices.” Work begins this year, with completion expected in 2028. The project will be funded by airport revenues.

### 2. EU Slot Rules Result in Ghost Flights.

European carriers say they are operating ghost flights in order to comply with rules that require them to use 50% of their airport slots or lose them. Lufthansa Group faced the prospect of 18,000 unnecessary flights to keep its slots under current rules, said CEO Carsten Spohr. Ryanair urged the European Commission (EC) to ignore such claims, suggesting they are meant to protect slots to avoid competition from low fare airlines. “The solution is simple,” said Ryanair. “Lufthansa should sell the seats on these flights at low fares and reward EU consumers, many of whom have funded the €12bn of State Aid that Lufthansa and subsidiaries in Belgium, Austria and Switzerland have received from hard pressed taxpayers over the last two years of the COVID crisis.” . . . IATA asked the EC for the same business conditions for airlines as regulators have granted in other jurisdictions, particularly for airlines with large global networks. “Flexibility is core of what we are asking of the Commission (and all governments). That will allow airlines to react to markets conditions without taking a long-term penalty on their networks,” said IATA Director General Willie Walsh.

### 3. UK Extends Slot Rules.

The UK extended slot rule alleviation for the Summer 2022 season. Airlines need to use slots 70% of the time in order to keep them, but “will not have to operate carbon-inefficient ‘ghost flights’ to retain their slots where markets are substantively closed,” such as when COVID-19 restrictions at either end of a route result in severe reduction in demand. “Leaving the EU has allowed us to take back control of our airport slots rules,” said Transport Secretary Grant Shapps, “giving us greater flexibility to balance the needs of our magnificent aviation industry as it faces up to the pandemic.”

### **III. SECURITY AND DATA PRIVACY**

1. **TSA Update.**

The Transportation Security Administration (TSA) screened 1,728,383 travelers at U.S. airport checkpoints on Friday, January 14, compared to 903,039 on same weekday 2021 and 2,347,075 on same weekday 2020. . . .

In 2021, TSA screened 585.3 million travelers, averaging about 1.6 million passengers per day. . . . Last year, seven new airlines joined TSA PreCheck and over 1.8 million individuals enrolled in the expedited screening program, bringing the total Known Traveler number to over 11 million. The agency also reduced the cost to renew online. . . . On January 14, TSA had 3,456 employees with active COVID-19 infections, compared to 340 a month earlier. Security checkpoints at some airports were consolidated due to staffing issues. TSA has cumulatively had 18,371 federal employees test positive for COVID-19; 34 died, as did two screening contractors.

2. **DHS to Trial Self-Screening Security Checkpoint.**

The Department of Homeland Security (DHS) selected Vanderlande's concept for a self-screening passenger security checkpoint solution for airports for further design, development and operational testing. This will be carried out as part of the DHS Science and Technology Directorate's Screening at Speed Program to improve screening efficiency and the experience of passengers.

## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. Southwest Fares Available on KAYAK for Business.**

Southwest business customers can now access the airline's fares on KAYAK for Business, including discounts, and can book using Rapid Rewards points and check in early automatically. KAYAK for Business displays a side-by-side comparison of travel and fare options.

### **2. Hawaiian Revises Distribution Strategy.**

Hawaiian Airlines alerted travel agencies of two modifications for U.S. points of sale that are still using legacy technologies: fares for travel wholly within the Hawaiian Islands will no longer be available, and Hawaiian will recover its costs of agents choosing to use those legacy channels via a Distribution Cost Recovery surcharge. Travel agencies that wish to retain access to all Hawaiian fares without a surcharge for U.S. points of sale will be able to access HA Channel+ via HA Connect, the airline's New Distribution Capability (NDC)-based direct connect solution, the Hawaiian Airlines Partner Portal and HA Connect Approved Partners.

### **3. New Retailing Tools on Travelport+**

New retailing tools have been added to Travelport+, including simplified access to enriched content from multiple sources and NDC standard content. The global distribution system (GDS) has signed NDC content distribution deals with all three major European airline groups (Air France-KLM, International Airlines Group and Lufthansa Group), and continues to expand NDC connections with more than 16 airlines worldwide, including American, Emirates, Qantas and Singapore. A new Trip Manager portal enables travelers to service their own trip, "adding meals, bags, selecting seats and automatically checking into their flight."

## **V. ENERGY AND ENVIRONMENT**

### **1. Fuel Bill for Global Airline Industry.**

The average price of aviation jet fuel on January 14 was \$102.87/barrel, up 18.7% on the month and up 70.1% compared to a year ago, reports IATA. Jet fuel price average for 2022 was \$100.1/barrel.

### **2. First Commercial Alcohol-to-Jet SAF Plant Underway.**

The Microsoft Climate Innovation Fund made a \$50 million investment to support construction of the first alcohol-to-jet sustainable aviation fuel (SAF) production plant. LanzaJet, a renewable fuels producer, secured the financing for its Freedom Pines Fuels plant in Soperton, Georgia, which is expected to begin producing 10 million gallons of SAF and renewable diesel per year from sustainable ethanol, including from waste-based feedstocks, in 2023. The project also receives funding from the U.S. Department of Energy Bioenergy Technologies Office, Suncor Energy, Mitsui & Co., British Airways, Shell and All Nippon Airways.

### **3. Air France-KLM Adds SAF Ticket Surcharge.**

Air France-KLM added a ticket surcharge of up to €12 to offset the cost of using more expensive SAF. Under a new French law, airlines refueling in the country are required to use at least 1% SAF in their fuel mix. Noting a proposal “to achieve a compulsory SAF proportion of 2% by 2025 for all flights within and from Europe,” KLM added 0.5% SAF for flights departing Amsterdam and is offering customers the option to purchase more “to stimulate the market.”

### **4. FAA Descent Procedures Reduce Fuel Burn, Emissions.**

FAA said descent procedures put in place across the country will save millions of gallons of fuel and reduce CO<sub>2</sub> and other emissions by hundreds of thousands of tons. The 42 new Optimized Profile Descents (OPDs) allow planes to glide down safely from cruising altitudes into airspace for some of the nation’s largest airports instead of the fuel-consuming stair-step procedure. For each group of descents used at an airport, FAA estimates that an average 2 million gallons of fuel is saved and 40 million pounds of emissions reduced annually. That is equivalent to eliminating the fuel and CO<sub>2</sub> emissions of 1,300 Boeing 737 flights from Atlanta to Dallas.

### **5. EU Airlines, Airports Want Changes to Climate Legislation.**

An alliance of airlines, including Lufthansa and its subsidiaries and Air France-KLM, and major airports such as Frankfurt and Amsterdam Schiphol, called for



changes to a planned EU kerosene tax, claiming it will make them less competitive.

**6. Airbus to Establish Aircraft Lifecycle Center in China**

Airbus signed a Memorandum of Understanding with the city of Chengdu and Tarmac Aerosave to develop the first sustainable aircraft lifecycle service center in China. The facility will cover activities from aircraft parking and storage, to maintenance, upgrades, conversions, dismantling and recycling services for various aircraft types, “enabling the implementation of China’s ‘Green Industry’ strategy.” Aircraft phase-out in China is forecast to grow exponentially over the next 20 years. A formal agreement will be signed in mid-2022, with entry into service slated for end of 2023, subject to relevant regulatory approvals. Tarmac Aerosave will bring 15 years of expertise in eco-efficient aircraft dismantling to the project. Airbus subsidiary Satair will acquire ageing aircraft and trade and distribute resulting used parts to complete the full scope of lifecycle services. The facility will cover a surface area of 690,000 square meters and storage capacity of 125 aircraft.

**7. Abu Dhabi to Produce SAF from Green Hydrogen.**

Abu Dhabi’s renewable energy company Masdar, Siemens Energy and TotalEnergies agreed to co-develop a Masdar-led initiative focused on green hydrogen to produce SAF. A demonstrator plant, to be established at Masdar City in Abu Dhabi, “will help establish commercial viability of green hydrogen as an essential decarbonized fuel of the future, and will support Abu Dhabi’s development as a green hydrogen hub,” said Masdar. Other collaborators are Abu Dhabi Department of Energy, Etihad Airways, Lufthansa Group, Khalifa University of Science and Technology, Siemens Energy and Marubeni Corporation. TotalEnergies “will offer its expertise in SAF production, offtake and supply the partner airlines,” said Masdar.

## **VI. U.S. CONGRESS**

### **1. Transportation Committee Leaders Address 5G Deployment.**

House Transportation Committee Chair Peter DeFazio (D-OR) and Aviation Subcommittee Chair Rick Larsen (D-WA) called for targeted delays of 5G deployment near U.S. airports to prevent significant disruptions to the economy and passenger safety. “Nearly every other country that has deployed 5G has imposed some level of restrictions on its use to protect against harmful interference with aircraft,” they said. These include reducing the power levels of 5G transmissions, requiring more extensive exclusion zones at airports, ensuring 5G operates at a farther distance from the aviation frequency band or limiting the directional tilt of certain 5G broadband antennas, among other things.” The directive undertaken by the FCC helped pad the pockets of the telecom industry at the expense of aviation safety, they said. “Congress’ job is aviation safety. . . the telecommunications industry took on a massive amount of debt to invest in the 5G spectrum, but the safety of the traveling public has to come first.” The House Transportation Committee will hold a hearing on “5G Deployment & Aviation Safety” on February 3.

### **2. Travel Industry Asks Congress for Policies to Restore Travel.**

More than 600 members of the U.S. travel and tourism industry urged House and Senate leaders to enact policies that will increase demand for business and international travel and help stabilize the broader travel economy. According to Tourism Economics, the COVID-19 pandemic has cost the travel industry over \$730 billion in lost spending. Domestic business travel spending will be 50% below 2019 levels in 2021 and 24% below 2019 levels in 2022. International travel spending will be 78% below 2019 levels in 2021 and 28% below 2019 levels in 2022. “Without targeted federal policies to accelerate the return of business and international travel demand, both of these vital segments will not fully recover to 2019 levels until at least 2024.” Among requests, the group wants Congress to quickly pass the Restoring Brand USA Act; provide targeted tax stimulus to restore spending on business travel, live entertainment and in-person events; and provide additional funding for relief grants to severely impacted travel businesses.

## **VII. BILATERAL AND STATE DEPARTMENT NEWS**

### **1. U.S.-China Flights Suspended.**

Civil Aviation Administration of China suspended 44 flights operated by American Airlines, Delta and United, saying passengers tested positive for COVID-19 after arriving in China. In response, the U.S. Department of Transportation suspended 44 flights operated by Chinese airlines. “U.S. carriers, which follow all relevant Chinese regulations with respect to pre-departure and in-flight protocols, should not be penalized if passengers, post-arrival, later test positive for COVID-19,” said DOT.

### **2. U.S. Indicts Belarusian Officials Over Ryanair Incident.**

The U.S. Justice Department charged four Belarusian government officials with conspiracy to commit aircraft piracy. The defendants fabricated a bomb scare which forced a commercial flight to make an emergency landing in Belarus so they could arrest a dissident journalist. Four U.S. nationals and more than 100 other passengers were on board. Ryanair Flight 4978 was enroute from Athens to Vilnius, on May 23, 2021, when it was diverted to Minsk by air traffic control authorities. No bomb was found on the flight, which ultimately departed Minsk and continued to Vilnius. The defendants remain at large.

### **3. China Funds ICAO Tanzanian Aviation Safety Project.**

A project to strengthen Tanzania’s aviation safety oversight system was launched, funded through a Chinese assistance fund and implemented through ICAO’s Technical Cooperation Bureau. In addition to expert support for improvement of technical activities in the fields of aerodromes, flight operations, air navigation services, accident and incident investigation, the project will provide workshops and on-the-job training to build human resource capacities in these fields and procurement of safety hardware and software.

## **VIII. EUROPE AND AFRICA**

### **1. Lufthansa, MSC Bid for Stake in ITA Airways.**

Lufthansa and shipping company MSC Group are partners in a bid for a majority stake in ITA Airways. The companies asked the Italian government, which currently controls the Alitalia successor, for a 90-day period for exclusive talks and due diligence.

### **2. American, Aer Lingus Agree to Code Share.**

American Airlines and Aer Lingus launched a code share agreement under which American places its code on Aer Lingus flights between London Heathrow and Dublin. Customers can also book code share flights on Aer Lingus from Dublin to Amsterdam, Birmingham, and London Gatwick and Manchester, and from Heathrow to Belfast City, Cork and Shannon. Aer Lingus passengers can book on American's flights from Chicago O'Hare to Albuquerque, Nashville, Dallas-Fort Worth, Los Angeles (LAX), Seattle, San Francisco, San Jose and Tucson. The carriers participate in the Atlantic Joint Business (AJB) which also includes British Airways, Iberia and Finnair.

### **3. Virgin Atlantic, LATAM Announce Partnership.**

Under a new code share agreement, Virgin Atlantic customers can travel from London Heathrow direct to Sao Paulo and onward to 12 Brazilian airports including Rio de Janeiro. Customers traveling from Sao Paulo to Heathrow can connect to Virgin Atlantic destinations including Tel Aviv, Delhi and Hong Kong. . . . In other news, Virgin Atlantic will launch four- times weekly Boeing 787-9 passenger service to Austin, Texas in May, with 20 tons of cargo capacity on each flight. Joint venture partner Delta connects from Austin to 10 U.S. cities, and KLM plans three-time weekly Amsterdam-Austin services in March.

### **4. Norse Atlantic Airways Transatlantic Service Approved.**

Norse Atlantic Airways received DOT approval to offer routes from Norway and the European Union to U.S. destinations. The low-cost carrier has a fleet of 15 Boeing 787 Dreamliners. Flights to Fort Lauderdale, New York Stewart and Ontario (Los Angeles) from Oslo are expected to begin this spring. Norse Atlantic was founded by CEO and major shareholder Bjorn Tore Larsen; other shareholders include Norwegian Air Shuttle founder Bjorn Kjos.

### **5. KLM President & CEO Pieter Elbers to Step Down.**

KLM said CEO Pieter Elbers will not enter into third term, as of May 1, 2023, giving ample time to achieve a smooth leadership transition and also to offer a new CEO a sufficient induction period. Elbers has been with KLM for 30 years.

**6. Ryanair Closes Frankfurt am Main Base.**

Ryanair will close its Frankfurt am Main base on March 31 and has reallocated aircraft “to airports that have responded with lower airport charges to stimulate traffic recovery.” Pilots and cabin crew based at the airport received notification of the base closure and can secure alternative positions within the Ryanair network. . . . Ryanair offered fares from £16.99 to European cities for solo travelers in a Valentine’s seat sale, reciting, “Roses are red, adventure is great, you should try flying solo – you don’t need a date!”

**7. Qatar, Airbus Dispute Escalates.**

See Section IX, item 2.

## **IX. ASIA/PACIFIC AND MIDDLE EAST**

### **1. Virgin Australia, United File for Code Share Approvals.**

United and Virgin Australia have requested code share approvals in which Virgin displays United's code on intra-Australia flights and on flights between Australia and third-country points; and United displays the Virgin code on flights between the U.S. and Australia, intra-U.S. flights, and flights between the U.S. and third-country points. In December the carriers announced a partnership to take effect in April 2022. It will replace Virgin Australia's relationship with Delta.

### **2. Qatar, Airbus Dispute Escalates.**

In December, Qatar Airways began legal proceedings against Airbus in the High Court in London, having failed "to reach a constructive solution in relation to accelerated surface degradation condition adversely impacting the Airbus A350," and is seeking \$600 million in damages incurred due the grounding of 21 aircraft. A court case is scheduled to begin in April. Airbus has contended that the airline's attempt "to misrepresent this specific topic as an airworthiness issue represents a threat to the international protocols on safety matters." Airbus has canceled a Qatar order for 50 A321neos; Qatar is expected to challenge the termination, calling it "a matter of considerable regret and frustration." IATA chief Willie Walsh told reporters he "would hate to think that one of the suppliers is taking advantage of their current market strength to exploit their position" and said it was important for ties to return to normal.

### **3. EL AL Relaunches Boston Flights.**

EL AL Israel Airlines will resume service to Boston on March 27; the non-stop service was halted in mid-2020 due to the pandemic. Twice weekly flights will be operated by EL AL's new Boeing 787 Dreamliner fleet. EL AL has a code share agreement with JetBlue and an interline agreement with American. . . . Israel approved state aid to its airlines—El Al, Arkia and Israir—which will not exceed \$85 million for all. Israel has loosened travel restrictions for vaccinated foreigners.

## **X. AMERICAS**

### **1. Cancellations Continued Due to Staffing Shortages, Weather.**

Airline staffing shortages due to a rise in coronavirus infections, as well as weather issues, resulted in continued cancellations of thousands of flights into early January. United on January 11 said about 3,000 employees were “currently positive for COVID [and] in one day alone at Newark, nearly one-third of our workforce called out sick.” United and other airlines reduced near-term schedules.

### **2. American Reports 2021 Fourth-Quarter Net Loss of \$931 Million.**

American Airlines reported a 2021 fourth-quarter net loss of \$931 million. Revenue of \$9.4 billion was down 17% versus same period 2019 on a 13% reduction in total available seat miles. American “transported more than 165 million passengers in 2021, more than any other U.S. carrier, [and] ended the fourth quarter with \$15.8 billion of total available liquidity, the highest year-end liquidity balance in company history.” The company expects first-quarter 2022 capacity to be down 8% to 10%, and total revenue to be down 20% to 22%, compared to first quarter 2019. . . . Doug Parker will retire as CEO of American on March 31 and will be succeeded by current President Robert Isom. . . . American Airlines’ flight attendants “proposed a temporary reduction to onboard service levels and customer touchpoints [to] lessen the time that a passenger will not be wearing a mask and, in turn, limit Flight Attendant exposure.”

### **3. Delta Posts \$395 Million Fourth-Quarter Loss.**

Delta reported a fourth-quarter 2021 pre-tax loss of \$395 million, and a full-year pre-tax loss of \$3.4 billion on operating revenue of \$26.7 billion. CEO Ed Bastian said Delta was “the only major U.S. airline to deliver profitability across the second half of the year,” despite the rapidly spreading omicron variant which significantly impacted staffing levels and disrupted travel. “Omicron is expected to temporarily delay the demand recovery 60 days,” Bastian said, “but as we look past the peak, we are confident in a strong spring and summer travel season with significant pent-up demand for consumer and business travel.” . . . Scott Laurence has joined Delta as Vice President of Network Planning. He was with JetBlue for 14 years, where he served as head of revenue and planning and executed the partnership with American known as the Northeast Alliance. He earlier was with United. Delta said Laurence will work to strengthen its “global network and joint venture partnerships while positioning the airline for continued success and long-term growth opportunities.”

4. **United Reports \$2 Billion Net Loss for 2021.**

United reported a fourth-quarter 2021 net loss of \$0.6 billion and full year net loss of \$2 billion. First quarter 2022 total operating revenue is expected to be down 20% to 25% versus first quarter 2019. Fourth quarter capacity was down 23%, compared to fourth quarter 2019; first quarter 2022 capacity is expected to be down 16% to 18% versus first quarter 2019; previously planned capacity increases are delayed to later in 2022 due to Omicron. United expects to “nimble ramp up capacity by ungrounding 52 Pratt & Whitney-powered Boeing 777s, as demand returns,” said CEO Scott Kirby.

5. **Southwest Reports Fourth Quarter Profit.**

Southwest reported its first quarterly profit, excluding special items, since fourth quarter 2019, before the COVID-19 pandemic began, said Chairman and CEO Gary Kelly. “Leisure travel demand was strong, particularly during the holidays, and business revenues continued to recover compared with 2019 levels.” Bob Jordan, EVP and incoming CEO effective February 1, said priorities for this year include hiring 8,000 to 10,000 workers to ensure operational reliability, and restoring business route frequencies. Southwest expects to take delivery of 114 aircraft this year.

6. **Alaska Reduces January Schedule by 10%.**

Alaska Airlines reduced departures by about 10% through the end of January, as “the continued impacts of omicron have been disruptive [and] unprecedented employee sick calls have impacted our ability to operate our airline reliably . . . This will also give us time and space to find our path forward together, with COVID-19 as a continued reality in our business and our world.”

7. **Frontier Adds Chicago Midway, Houston Hobby Service.**

Frontier announced new nonstop service from Chicago Midway to Atlanta, Dallas, Denver, Las Vegas, Ontario, Calif., Phoenix, Tampa, Trenton, Fort Lauderdale and Orlando; and from Houston Hobby to Cancun, Las Vegas and Orlando. Frontier also serves Chicago O’Hare and George Bush Intercontinental.

8. **Spirit to Offer Salt Lake City Service.**

Spirit will debut Salt Lake City service in May with daily nonstops to Las Vegas, Los Angeles and Orlando.

9. **Allegiant Orders Up to 100 737 MAX Jets.**

Allegiant announced an order for 50 Boeing 737 MAX jets, with options for another 50. “While the heart of our strategy continues to center on previously-



owned aircraft, the infusion of up to 100 direct-from-the-manufacturer 737s will bring numerous benefits for the future – including flexibility for capacity growth and aircraft retirements, significant environmental benefits, and modern configuration and cabin features,” said Allegiant Chairman and CEO Maurice Gallagher, Jr. Allegiant currently operates a fleet of 108 Airbus A319 and A320 airplanes.

**10. Breeze Debuts Airbus A220s, to Announce New Routes.**

Breeze Airways plans to announce new, longer routes, as 15 A220-300s enter service, including transcontinental service. The new aircraft will be used on 17 existing routes starting May 4, with a ‘Nice,’ ‘Nicer’ and ‘Nicest’ fare structure. David Neeleman’s newest airline began service in May 2021 with an all-Embraer fleet; 80 A220-300s are scheduled to be delivered over the next six to seven years.

**11. Avelo Set to Add Aircraft, Destinations.**

Startup Avelo Airlines raised \$42 million in Series B funding, which was primarily funded by Series A shareholders including CEO Andrew Levy, board members (or the entities they represent), and members of management who collectively invested more than \$34.7 million. Morgan Stanley’s North Haven Tactical Value Fund (MSTV) is the airline’s largest shareholder. With a capital base of over \$160 million, the Houston-headquartered airline plans to add nine more aircraft to its fleet of six Boeing Next-Generation 737s this year, increase its network from 19 destinations to at least 40, and hire 450 more crew members. Avelo initiated service in April 2021 from Hollywood Burbank; an East Coast base at Tweed-New Haven opened in November.

**12. Northern Pacific Airways Preps for Takeoff from Anchorage.**

Anchorage-based Northern Pacific Airways unveiled its first of nine Boeing 757s, with plans to launch this year. CEO Rob McKinney said the carrier intends to be “the Icelandair of the Pacific,” flying passengers between the U.S. and Asia via Anchorage, subject to government approval. McKinney is also CEO of regional Ravn Alaska.

**13. Lynx Air Set for Calgary Launch.**

Lynx Air, Canada’s newest airline, will enter service in April with fares starting at \$39 one-way. Merren McArthur is CEO of the Calgary-based ultra-low-cost carrier; she formerly was CEO of Tigerair Australia, Virgin Australia Regional Airlines and Virgin Australia Cargo. Firm orders and lease agreements are in place for 46 new Boeing 737s, to be delivered over the next seven years with the first three to arrive in early 2022.

**14. Aeromexico Set to Emerge from Bankruptcy.**

Aeromexico shareholders and large creditors approved the company's restructuring plan. Some junior creditors argue the plan benefits large shareholders at their expense. A group of unsecured creditors withdrew objections as Aeromexico offered them potential distributions from a four-year, \$40-million "contingent value right" note. A hearing to consider the bankruptcy case began on January 27. Creditor Apollo Global Management will be primary stakeholder, as Delta's holding falls to about a fifth of the stock. Aeromexico declared Chapter 11 in 2020. Separately, the carrier is taking deliveries of 12 Boeing 737 MAX 8 aircraft, ordered in March 2021.

**15. GOL Acquisition of MAP Approved.**

Brazilian authorities approved GOL's acquisition of MAP, which operates ATR turboprops from Manaus and Sao Paulo Congonhas. GOL closed financing of up to \$600 million for the acquisition of new Boeing 737 MAX 8 aircraft. GOL plans to return up to 18 737 NG aircraft in 2022 and 34 by year-end 2025.

**16. American, Aer Lingus Agree to Code Share.**

See Section VIII, item 2.

**17. Virgin Atlantic, LATAM Announce Partnership.**

See Section VIII, item 3.

**18. Norse Atlantic Airways Transatlantic Service Approved.**

See Section VIII, item 4.

**19. Virgin Australia, United File for Code Share Approvals.**

See Section IX, item 1.

**20. EL AL Relaunches Boston Flights.**

See Section IX, item 3.