

**EPISODE 167**

[EPISODE]

**[00:00:07] IP:** Hello and welcome to episode 167 of AvTalk. I am Ian Petchenik, here, as always with –

**[00:00:16] JR:** Jason Rabinowitz. How are you, Ian?

**[00:00:18] IP:** I'm well, Jason. How are you?

**[00:00:20] JR:** I'm good. Good to hear that you're well.

**[00:00:22] IP:** I'm excited. I'm getting ready to travel. I pulled out the suitcase today. I'm not flying till Saturday, so I have no intention of packing it until probably Saturday morning.

**[00:00:32] JR:** You're going to glance at it every now and then.

**[00:00:34] IP:** The suitcase is now in the house, so there's that. Yeah. No, I'm doing well. I'm looking forward to – I'm heading off to Sweden next week for the next week. That will be my journey. Heading over to the office to meet some folks that I have not yet met, because while we've been hiring people, circumstances jesters widely at the world. Circumstances have kept many of us completely remote and apart. We're getting back into the swing of things, doing a little bit of traveling. That'll be fun. You're traveling as well, good, sir.

**[00:01:06] JR:** I am. I have not even thought about packing yet, but I will be heading out to Hamburg, Germany, for the first Aircraft Interior Expo since 2019. Remember when we did conferences and stuff every year?

**[00:01:20] IP:** I'm still getting the hang of all of the things that used to happen on a regular basis.

**[00:01:24] JR:** Yeah, weird. Yeah, I'm looking forward to that. I'm flying Iberia through Madrid on the way out, and then BA through London on the way back. Thankfully, when getting home matters a little less than actually getting there. It seems like, Madrid is one of the few European airports that has its stuff together and doesn't have, all fingers crossed, knock on wood, doesn't have any major operational issues right now.

**[00:01:45] IP:** Yeah. Yeah, it's been rough. I'm not looking forward to returning a week from Saturday, when I've heard that the lines at Orlando have been not the best, but also not the worst, certainly that we've seen. We'll talk a little bit more about that, what we covered in depth last week. We'll have some updates later in the show.

**[00:02:07] JR:** Yeah. Since we talked to John Walton last week, things have gotten seemingly only worse.

**[00:02:12] IP:** Yes, worse and it's expanded. While we're talking about travel, I will say that next week's show will be an interesting one. Both Jason and I will be in Europe, but not together, which the last time we – I think we were both at AIX in 2019. You'll be there and we'll chat next week about what you're seeing, what you've seen, some of the new stuff that's coming out. Hopefully, some really interesting stuff. People have been away for a few years, so hopefully, they're really eager to show off what they've been working on and have people sit in seats and touch screens and all of those things. I'm looking forward to that. That'll be a big part of next week's episode.

**[00:02:54] JR:** Yeah, definitely looking forward to talking to some engineers and marketing people that will inevitably reply, "Well, we've taken the last two and a half years sitting in the basement playing around with things, and here's our latest products." Either going to be delusionally crazy, or magnificently beautiful. We'll see.

**[00:03:11] IP:** Or a combination of both.

**[00:03:13] JR:** Maybe. We'll see.

**[00:03:14] IP:** That's what will work. Stay tuned for that in next week's episode, The saga of the Spirit, Frontier, JetBlue triangle of airline acquisitions continues. This week, JetBlue offered more money for Spirit and adjusted their deal in a number of ways. As a result, Spirit has postponed the shareholder vote that was supposed to take place on Friday of this week, and they have postponed it until the 30<sup>th</sup> of June, so that they can assess JetBlue's proposal.

JetBlue's revised proposal, I believe this is the third revised proposal to acquire Spirit Airlines is different in a few ways. One, it enhanced the reverse breakup fee. If at the end of the transaction the government said, "No, you can't do this. We're not approving this merger." JetBlue would pay 350 million dollars, or \$3.20 per Spirit share as a reverse breakup fee, payable to Spirit in the – this is from JetBlue's release, "Unlikely event the transaction is not consummated for antitrust reasons." That is a 150 million dollar increase over the reverse breakup fee that they had previously proposed. As JetBlue notes, it's a 100 million dollars greater than the amount being offered by Frontier, which itself had increased its offer of a reverse breakup fee to Spirit late last week.

**[00:04:56] JR:** I don't want to talk about this anymore. I don't want to talk about this until something happens already. This back and forth, every day there's something in my email inbox waiting to tell me that JetBlue did this and then Frontier did that and Spirit said this. It's just a lot has happened without anything actually happening.

**[00:05:14] IP:** Yes, but. I think, these are things that are happening, because – At the beginning, we talked about this and we assessed the intentions and the nature of JetBlue's proposed acquisition of Spirit, what they wanted to get out of it and why they believed they should do this, following Frontier's announcement that they were going to acquire Spirit and JetBlue jumped in. My assessment has not changed. My interest in JetBlue's strenuous pursuit of Spirit, I'm much more interested now, because there's a lot more money on the table, not enough that I think it changes the game, but enough to make it extremely interesting. Plus, the way that they're structuring the payments.

For instance, another change in the JetBlue deal structure that they're offering to acquire Spirit is that they would prepay \$1.50 cent per share in cash. About a little over 165, 164, 165 million dollars of the reverse breakup fee as a cash dividend to Spirit shareholders, following the Spirit

stockholder approval of a merger between Spirit and JetBlue. Shareholders would get a chunk of sorry, the government didn't approve this, upfront, a chunk of that cash. They're also saying that their cash offer is superior to Frontier's.

None of that has changed. The amount of money that JetBlue is willing to say that they're willing to pay has not changed, but the structure of the deal has changed enough that Spirit has gone back to take a look. Does this change anything in the long-term? I don't know. It's interesting, nonetheless. This is the round in which we find ourselves of recrimination press releases. I guess, we'll see where we go from here.

**[00:07:14] JR:** Yeah. I don't know. At this point, if it really is just about JetBlue absorbing Spirit to acquire their pilots, it sure seems like that at this point that would be cheaper just to go down the United path and spin up their own pilot training school and home grow them. I don't know.

**[00:07:32] IP:** I mean, United this week announced that they're throwing another 100 million into their pilot training program. I mean, not all at once. I mean, that's –

**[00:07:42] JR:** It's not chump change, but it's not it's apparently money JetBlue has to screw around with in the Spirit acquisition.

**[00:07:48] IP:** Yeah, maybe. Maybe they do. I've yet to hear anyone provide a cogent argument that this merger makes sense and will get regulatory approval.

**[00:08:04] JR:** Yeah, that last bit's the tricky part.

**[00:08:07] IP:** Those are the two things that I still haven't heard. We've been talking about this for months now. I mean, it's important to keep talking about it, because it is two major US airlines, or three major US airlines that are part of this. Like we said at the very beginning, in any situation, Frontier ends up the winner.

If I'm Frontier, I'm going, "Talk among yourselves. You guys fight it out. Let us know if we should send a check, or if we should move on." That, I think, is one of the most interesting things out of all of this is that Frontier wins either way.

**[00:08:40] JR:** Yep. Stay tuned until, what was it? June 20<sup>th</sup>, or 30<sup>th</sup> now.

**[00:08:46] IP:** 30<sup>th</sup>. End of the month. 30<sup>th</sup>.

**[00:08:48] JR:** For shareholder meeting. Then we'll have an actual concrete clue as to what's going to happen here. Between now and then, I imagine there will be many more press releases and very questionable emails directly to JetBlue customers touting the merger, which you feel is really just not necessary at this point.

**[00:09:08] IP:** Getting a little out of yourself there.

**[00:09:09] JR:** A little bit. Yeah. I don't think there's anything, your typical true blue member flying from JFK to West Palm Beach can do about this merger.

**[00:09:17] IP:** Also, I can't imagine a lot of JetBlue customers being excited about flying on Spirit Airlines. Because, well, they're going to refit the cabins, that takes time. You keep the airlines separate until – I mean, that's a whole another – We'll talk about that.

**[00:09:36] JR:** That's a whole other podcast.

**[00:09:37] IP:** If and when it ever comes to pass. Let's turn our attention back to what we talked about last week. If you didn't listen to last week's episode, I highly suggest you listen to our conversation with John Walton that we had on last week's episode, episode 166, where we talked about the airport meltdowns that we're seeing mostly across Europe. We got dinged in a review or a comment Jason and I did, because I guess, we sounded incredulous that John's solution of pay people more and treat them better was the solution to the problem.

**[00:10:12] JR:** But that is the solution.

**[00:10:14] IP:** That is the solution. I guess, we were we were a bit too incredulous for this particular listener's ears. I thought that was funny.

**[00:10:22] JR:** If that listener has a better idea, we would love to hear it.

**[00:10:26] IP:** No, no, no, no. They were saying that we were pushing John to come up with another idea, because it couldn't possibly be that simple.

**[00:10:35] JR:** Oh, no. It is. We just wanted him to say it.

**[00:10:37] IP:** Let's talk about what's happening now. Jason, tell me about what happened, well, pretty much right as we released the week's episode.

**[00:10:45] JR:** Oh, man. The day after we talk to John about European airline and airport meltdowns, KLM ratcheted up to an unprecedented level. I don't really recall this thing ever happening, where they just – They turned off the airline. It got so bad in Amsterdam and the delays staggered so badly across KLM's network that on Saturday afternoon, they threw in the white towel, the white flag and threw in the towel and said, "We can't do this anymore at this point, from the rest of today. Any flight for KLM that operates, it's going to come back to Amsterdam and it's going to come back empty." In an attempt to reset the airline to get passengers out of Amsterdam, basically. Get the airplanes back and take care of the irregular operations by getting these empty airplanes and filling them up with passengers that have been stranded there in Amsterdam.

Of course, that strands other people elsewhere who have now been bumped off their flights. Thankfully, it seems like by now, that's been, as of the time of recording this, at least that's been resolved. Passengers have gotten where they've needed to go. I have never heard of a situation so bad at an airline that they basically recalled all of their aircraft empty to reset.

Things happen after a regular operations, after storms, or after major IT outages, where you have to move a few aircraft around empty to get them where they're needed, or to get them where their crew is. To shut down the entire airline for half a day is that's bad.

**[00:12:20] IP:** Yeah. I think, we should back up and talk about where this came from. It wasn't just the airline's operations in a vacuum. What had happened was the security and check-in situation in Amsterdam has been an absolute disaster for weeks. Huge queues, very terrible

experiences for passengers. KLM has been dealing with that. In addition, it was a holiday weekend. With Sunday and Monday, national holidays in a lot of places in Europe. Everyone has the chance to travel and make a long weekend out of it. One of the first ones after the school year and things like that. Putting all that together, plus there was poor weather in the morning on Saturday in Amsterdam and there was runway construction.

What happened was a lot of the flights weren't able to operate, because of a confluence of events. Then the flights that did operate, they didn't have the ability to manage the passenger flow inbound to Amsterdam. What they did is they took the decision to stop the inbound flow of passengers to the Amsterdam hub from European origin cities. Any of their intercontinental flights outside of Europe, those still continued. The long-haul jets, those were still operating. Any of the short-haul stuff coming from Europe, all of those passengers, their flights were canceled and they brought the aircraft back to Amsterdam.

Like Jason said, I've never seen that breadth of cancellations and repositioning flights that we saw from KLM on Saturday, through the rest of Saturday. An unprecedented situation that we found ourselves in across a number of airlines and a number of airports and places. Other airlines are taking note of this. Today, Lufthansa announced that they're canceling over a thousand flights for the month of July. That will hopefully reduce the strain on their hubs in Frankfurt and Munich.

900 domestic and intra-European flights for July, those are affecting Lufthansa mainline flights. Then Eurowings will also take several hundred flights off the system for the month of July in order to "stabilize the tourist offer." Which I assume sounds much better than the original German.

**[00:14:50] JR:** Yeah. They do go on to specify that the cuts are concentrated for Friday, Saturday and Sunday, and it's only about 5% of the weekend capacity. That a lot of them are these hub-to-hub airports flights, which more than likely, have many other flights to accommodate passengers on. This one seems much more surgical than KLM's shut it all down approach. That's what KLM tried at first, too. KLM, before they did their whole mass shutdown, they had greatly limited ticket sales leading up to that weekend, where they restricted the fare

buckets for anything what you would consider a reasonable fare, leaving only the highest value business and highest value economy fares that no sane person is going to purchase.

**[00:15:37] IP:** You could theoretically purchase a ticket on the flight. But say, the normal price – It was one of those things where if you wanted to purchase a ticket, you had to pay what? It was like, four to six times what you would have to pay otherwise.

**[00:15:53] JR:** It was a unique way to try to leave some availability to shuffle passengers around without actually restricting sales. It was interesting, but just in the end, it was not enough.

**[00:16:03] IP:** It wasn't enough, yeah. There's a lot of moving parts, millions of moving parts, and some of those moving parts are people, some of those moving parts are our airplanes. This is all going to be – I mean, the episode that we did, I think six weeks ago now that basically said, this summer is not going to be great, we're seeing that already and it's just the beginning of summer. Hopefully, these things do work themselves out. Hopefully, airlines are able to manage their schedules. Hopefully, airports are able to find enough people to staff the airport. Until that happens, I mean, I'm going into my flight next week, Chicago to Stockholm with one set of expectations and coming back from Stockholm to Chicago with another very different set of expectations.

I'm very curious to hear from anyone who's done any flying in Europe especially, but also, outside of Europe. I mean, we haven't heard a lot about the way airports are operating outside of Europe. Are they experiencing the same frustrations? Are travelers experiencing the same frustrations? I would love to hear from anyone listening who has experienced either a really great experience. Check-in security, boom, on the plane, done. Or if you've been stuck in the airport and you're still there six weeks later. I would love to hear anything on either of those and in the middle. Email us at [podcast@fr24.com](mailto:podcast@fr24.com) with what you've experienced while you've been traveling, so that we can share some other experiences besides just our own.

Jason, let's turn our attention to where we are going to park Roman Abramovich's 787 after the US seizes it, and we pick it up for pennies on the dollar at a Sunday afternoon auction, because I assume that's how they do these things.



**[00:17:54] JR:** Yeah. Bad luck, though. Pennies on the dollar is probably still more than we can afford for this.

**[00:17:58] IP:** Oh, man. Okay. Pennies on the penny? Can you do that?

**[00:18:02] JR:** Pennies on the penny would do.

**[00:18:03] IP:** We could do that.

**[00:18:04] JR:** How many pennies on the dollar is it when the jet cost 350 million dollars approximately? I don't know. This specific 787-8 BBJ, registered P4BDL, it's been all over the world. I'm sure many people have seen it in many different places. I think, I've seen it in Saint Martin even.

**[00:18:23] IP:** Yeah, usually.

**[00:18:24] JR:** The Southern District of New York US Attorney's Office has issued a warrant for the seizure of two of the Russian oligarchs aircraft, one of which is this 787. The other is a Gulfstream, registered LXRAY, serial number 6417, worth approximately 60 million dollars. That one is currently in Russia, I think you said, Ian. Good look at that one.

**[00:18:49] IP:** Yeah. The 787 is in Dubai. It's at Dubai World Center. The Gulfstream G650ER is parked in Moscow. I don't think that they're going to have much luck seizing either of these jets. The one in Dubai, maybe.

**[00:19:07] JR:** Is an outside chance.

**[00:19:09] IP:** Maybe. But there's no way that Gulfstream is going to be seized anytime soon. That's just not going to happen.

**[00:19:16] JR:** No. Especially since the UAE is one of the few countries really still operating flights to Russia. I know Emirates is, Qatar. I know Qatar is not in the UAE, but the three Middle

Eastern airlines, I think, have still have not broken their flights to Russia, along with Turkish as well. There's probably some leverage there in Moscow keeping that plane from being repossessed. We will definitely be keeping an eye on that one and see where, if anywhere it heads to next anytime soon.

**[00:19:47] IP:** Yeah. I mean, is just making sure it stays parked in Dubai good enough, though? I mean, what are they going to do with it?

**[00:19:53] JR:** If I owned a private 787 and I was not allowed to use it, I would be pretty pissed off. That should be enough.

**[00:20:02] IP:** I feel like, he's got bigger problems to worry about right now.

**[00:20:05] JR:** Probably. Every little bit helps.

**[00:20:07] IP:** Yeah. Yeah, that's true. That's true. While we're talking about aircraft repossession, this was a very interesting story. The structure of geopolitics, there always being an aviation angle. An Aeroflot A330, which has been reregistered as RA73702, the former registration is VQBMV, as an Airbus A330-300 and it is operating for Aeroflot. After reregistration, it began operating mostly to Colombo, in Sri Lanka. It flew to Colombo on the 1st of June. When it landed, a court had processed repossession paperwork for that particular aircraft. This particular aircraft was leased to Aeroflot by GECAS when it was still GECAS. Now it's owned by AerCap, which absorbed GECAS a few years ago. They had filed the paperwork through the court. The court said, "Yeah, it's your plane. Go and get it." They grounded it in Colombo.

Then the government realized what had happened and they became very concerned, because they've been supportive of Russia and Russia has been supportive of them. One of their big problems was that they didn't want to assist in the repossession of the jet, once the main government figured out that that's what was happening. It sat for a week. On the 6<sup>th</sup> of June, it returned to Moscow. A very interesting set of circumstances. The follow-on flight to Colombo has been canceled. It didn't operate today.

**[00:22:03] JR:** I believe at that point, Russia had also told its citizens, “Leave Sri Lanka and come home.” It seems like the country is a bit off limits at this point.

**[00:22:13] IP:** I mean, just a microcosm of the difficulties that lessors are going to have ever getting these planes back.

**[00:22:21] JR:** They came close this time. They came real close.

**[00:22:24] IP:** So close. I think, I think, I think this would have been the first widebody repossession. There were a few that were amicably returned, shall we say, when the sanctions were imposed. This would have been the first actual repossession, court ordered repossession of the aircraft, of a widebody aircraft from Russian Airlines. At some point, they're just not going to want them back. I'm sure, I'm sure they've done the cost-benefit analysis on this and said, “Okay, once we get to this point, it's not worth trying to even get them back.”

**[00:23:03] JR:** Well, that leads well into our next topic about why I think – That was nice. Some of these leasing companies are not going to want these aircraft back, because they're going to turn radioactive and become untouchable by pretty much any airline that would possibly take these aircraft. This report, it's in Russian, and it had to be translated into English for us.

Apparently, Russia has authorized the small-scale tow dipping of homebrew manufacture of aircraft parts. By small scale, I mean innocuous parts, like galley components and possibly seats. This really seems like it's the first step in Russia looking to keep these Western Airbus and Boeing aircraft. I guess, any other aircraft, CRJs, whatever in the service by crafting its own parts. At that point, once Aeroflot, or S7 or Euro airlines starts to put parts that are not certified, not made by the companies who actually make these parts, once they install these in their aircraft, they're pretty much going to become untouchable. The record keeping, the certification for these things, it's probably not going to be very good, or trustworthy.

No leasing company, no airline is going to want to touch an aircraft that potentially had counterfeit parts installed, because at some point, it's going to be impossible to know what work that aircraft has had done. Too bad, they weren't able to wrangle that A-330 back to home base at this point, because who knows what happens to it and who knows how long that aircraft is

really going to be let into places like the EU? Because every Russian airline is on the EU blacklist right now and are we going to get to the point where some aircraft end up on a blacklist?

**[00:24:54] IP:** Yeah. I mean, I think it's only a matter of time before you start having to have other parts made, that aren't galley parts, that aren't seat fittings, that aren't things like that. That happen to have very real consequences for making sure that they're certified and work properly. We've talked about this, I think, a few times, and we've also talked about it in the context of other countries that have been able to do those things.

Again, one of the important things to remember is that with all of these newer aircraft that they're going to need to keep in service to keep their widebody fleets going, those are going to be more difficult than older A320s, or older 737s, where there's far fewer electronic things that need to be maintained. It'll be interesting to see how this works out and what level of a weird version of creativity the Russian aerospace industry manages to come up with.

**[00:25:53] JR:** Yeah, it's a good comparison. We have to remember, these are not 727s, or MD-82s being kept in service. These are A350s and 787s, brand-new fly-by-wire, computer-driven aircraft. Good luck, I guess.

**[00:26:10] IP:** Yeah. I mean, you don't want the planes coming out of the sky.

**[00:26:13] JR:** No.

**[00:26:14] IP:** That's the last thing anybody wants. Hopefully, it doesn't come to that.

**[00:26:19] JR:** These reports that we're seeing now that to cope with this Russian Airlines, especially Aeroflot being a state-owned airline, they're going to really double down on ordering Russian made aircraft. None of these are particularly great aircraft, but the Sukhoi Superjet that – what was it? TU-204 is somehow still kicking around and potentially being ordered.

**[00:26:41] IP:** Yeah, I mean, it was still in production.

**[00:26:43] JR:** Yeah. Kind of, sort of, it's still there. Maybe the UAC aircraft in the future, hopefully, they can deliver something in the near future, but those are not yet certified. Maybe this year, but would be much better solution, I think if they were able to take delivery of homegrown aircraft, rather than homegrown parts to put in Airbus, or Boeing aircraft, that could lead to some not great consequences.

**[00:27:07] IP:** Yeah. Let's talk about an interesting set of developments that is occurring in Scandinavia. SAS has been on a recovery path for a while now. The latest recovery path that the airline is on is called SAS Forward. It's a plan that they're recently implemented. The CEO has brought with them. They're working on making the airline not lose so much money.

This week, the Swedish government said, "We're going to help you out and we're going to convert the debt owed to the state into equity. We're going to do that, but we're not going to give you any more money. We're also going to wind down our ownership and exit the airline altogether."

**[00:28:00] JR:** Uh-oh. Is SAS the new Alitalia?

**[00:28:02] IP:** Well, I mean, one is –

**[00:28:04] JR:** Is that a stretch too far, or is that what we're looking at?

**[00:28:09] IP:** At this point, I think it's still a stretch to say that SAS is the new Alitalia. I think, that's still a stretch. However, this feels like a very familiar cycle of we're done with this airline. We're done with you. You're on your own. You're going to have to stand on your own. Well, we can't let the national airline fail, so here's more money. It's just one of those things where it ebbs and flows. Right now, I think we're in an ebb portion, where the government has said, "No, we're not going to give you any more money." Last week, SAS said it needed about a billion dollars.

**[00:28:44] JR:** Yeah, me, too. The same.

**[00:28:46] IP:** I wish I could just announce that I need a billion dollars and see how that works out. No shareholders, none of their major shareholders, including the states of Sweden and

Denmark, have said that they would contribute additional funding. Sweden and Denmark currently own 21.8% of the airline apiece. Just over 40% is owned by the two governments.

Sweden said, they'll convert the loans into capital and the debt will be converted into shares. They're not going to give any more money. They're going to decrease their ownership over time and they are definitely going to get out of the game. The Swedish government is definitely not going to own the airline long-term.

**[00:29:27] JR:** Yeah, interesting times for SAS, now that – I mean, over the last week or so, I keep seeing these ridiculously low SAS fares, and I keep thinking about stuff like, “Why don't you just charge more for your fares like everyone else and maybe you'll make some more money?” I know both of us have taken advantage of those low fares recently, so maybe don't do that.

**[00:29:48] IP:** I mean, it's one thing to as we sit here, we wear multiple hats. One of our hats is people who enjoy flying and spend money on it and like to spend as little, I think, as anyone does, as little of our money as possible to fly as nicely as possible.

**[00:30:05] JR:** Love a good deal.

**[00:30:06] IP:** Yeah. Who doesn't love a good deal? On the other hand, the other hat we wear is a hat I like to feel is imbued with common sense. Common sense to me says, if you need more money, perhaps you could charge more money. I'm sure they have revenue management folks that are looking at this and going, “Well, if we charge a little bit more, no one's going to pay that.” But at some point –

**[00:30:28] JR:** Maybe they're right, because maybe SAS needs to figure out what it wants to be when it grows up. Because you know as well as I do that SAS is this low-cost carrier, but full-service carrier, but not really either one. It's a mix of both. We know quite well at this point that that just does not work. You have to pick a lean and stick to it and they have not done that. I think that's something they need to figure out. Do they want to be a low-cost carrier? Do they want to be a full-service carrier? Do they want to be Norwegian? Do they want to be, dare I say it, Lufthansa? I don't know. Maybe Lufthansa wants to buy SAS, but they need to figure out.

**[00:31:02] IP:** Don't give Lufthansa any ideas.

**[00:31:04] JR:** The idea is already planted. I would be shocked if Lufthansa group's not already swimming around somewhere in SAS headquarters, trying to snatch them up.

**[00:31:12] IP:** Well, the other is –

**[00:31:13] JR:** Or just take 20%.

**[00:31:15] IP:** Yeah, exactly. The other part of this is that last week, a group of investors said that there, or it was reported that a group of investors is looking to possibly purchase the airline. The reporting around that coming out of Swedish television is that it could possibly be the China Development Bank. The China Development Bank's leasing arm owns a few of the SAS aircraft, as part of a sale and leaseback transaction.

I think it's a few A320neos and at least one, if not more of their new delivery, that is second round of delivery A350s. That is also I mean, it's certainly a possibility. It's not outside of their own possibility that there could be a new owner for SAS. I don't know if it's in the near future. It's certainly in the cards.

**[00:32:07] JR:** I'm calling it. SAS is the new Alitalia.

**[00:32:10] IP:** All right.

**[00:32:11] JR:** You hate to see it, but I think it's true.

**[00:32:13] IP:** June 8<sup>th</sup>, 2022. Jason says. Okay. Let's move on and talk about if half of what this guy's lawsuit says is true. Good grief, Charlie Brown.

**[00:32:27] JR:** Somebody has a lot of explaining to do. Tell us what happened.

**[00:32:32] IP:** I can barely even explain what happened. I will do my best. Because just reading this was, oh, it makes me so angry. A New Mexico man has sued American Airlines, saying that he spent 17 days in jail after he was wrongly identified as a shoplifter in a Dallas airport. I will back up and explain what happened.

There was a shoplifter at DFW on May 12<sup>th</sup>, 2020. The airport said, "Hey, we've got a shoplifter. He's carrying a bunch of stuff. This is when it happened." The police asked the airline for a list of people. They found out where the guy went. They asked for a list of people on a particular flight. Instead of producing that list of passengers on that particular flight, they provided one name. They only gave the name of Michael Lowe.

The flight concluded and all of this goes on. Until he finds out that more than a year later, there are arrest warrants. There's a warrant out for his arrest. He was at a party in New Mexico, and something happened and the police were at the party, unrelated to trying to find him. They ran the IDs of the people at the party, and the warrant popped up and they arrested him. Then he spent 17 days in a New Mexico jail. Basically, no one told him why he was there, or what he was being charged with.

Eventually, he got out. Had to make his way home. He's lost work. He's lost friends. He's lost a lot of things. They issued another warrant, because on the day that he got out of jail, he was supposed to be in court. He didn't know that, and so they issued another arrest warrant, because he missed court. Eventually, the DA in the case looked at the pictures from the surveillance camera, realized that the guy looked nothing like the guy in the surveillance cameras doing the shoplifting, and they dropped all the charges.

**[00:34:54] JR:** So much went wrong here in every link of the process, it seems like. First of all, yeah, I can understand the suit against American for improperly providing just his name, instead of the entire manifest of who was ever on that flight. That raises other questions on airlines know exactly when passengers boarded the flight when you scanned your boarding pass. That's down to the second, so they should have been able to know that this guy was already onboard the aircraft when whatever happened happened, so this never should have happened. It's also just a story of the ridiculousness of the US justice system, the laziness of, in this case,



detectives and police, in that all they had to do was look at a picture to determine this was not the guy we're after. That took 17 days.

Not surprised, because this happens. But just every possible link in the chain failed so miserably. I hope, really hope this guy gets what he's looking for. Again, he sued American here, not the, I guess, the DFW airport police, because of qualified immunity, basically means, police in this country are unaccountable for their actions. He's going after American, which by all means, they screwed up. They broke protocol. They should have provided the list of every name onboard that flight. They should not have conducted any investigation on their own. This wasn't their terminal. Yes, it's their airport, but –

**[00:36:22] IP:** That was the weird thing to me. This didn't even happen on an American Airlines plane.

**[00:36:27] JR:** No, it was in DFW, in a shared terminal. There are other airlines operating this terminal. American should have handed over the list of names of every passenger onboard this aircraft. said, "Okay, we're done here." It had to do this and it had to go a couple steps too far, and it's opened itself up to, probably going to be quite an expensive liability.

**[00:36:47] IP:** Yeah. I'm going to follow this and see, hopefully, that this guy gets a little bit of justice out of the whole thing.

**[00:36:54] JR:** Yeah. I hope so.

**[00:36:55] IP:** Let's turn a 180 degrees and talk about something that you know much more about and hopefully, have a sense of understanding. Because I read through Brett Snyder's explanation here, and I still don't quite understand how they made it all work. I'm referring to American Airlines Heat program, Jason. Tell me more.

**[00:37:16] JR:** Yes, American do bad things. American do good things. In this case, I know very little about it, too, since apparently, not many people outside of American's operation center know about this. Brett Snyder over at Cranky Flier does know. It's an interesting project that American has been cooking up for three years now. I guess, this is one of those cases where

COVID hit and they went into the basement in the headquarters and tried to cook up some new cool things, and this is one of them.

Basically, it's a system in which when they can anticipate weather events coming towards one of their major hubs, they can mitigate the impact of it by shifting their entire operation. Now, I'm just going to rip straight from Cranky's article here, because this information doesn't exist anywhere else, but there's three possibilities here. If there's a high confidence of weather, that's actually going to happen. They really move their entire bank. A bank is a condensed departure operation. It's when a bunch of planes come in, passengers move to their connecting flight, and a bunch of those flights all go out at the same time.

What this aims to do is when you have hubs where you have predictable weather that you know is going to happen, you can shift all of your flights a little bit, without actually having to cancel them in mass. They're only doing this at airports where they can predict the weather and they know the weather is going to happen. They've in the few cases they've actually used it, they say they've managed to reduce cancelations by 80%, while the number of diversions have dropped by 60%. Those are pretty impressive numbers, if I have to say so.

**[00:38:55] IP:** Yeah. I mean, I think the key thing is that you have the ability to have a predictable weather event. There's a time window. You know that their storms are going to move through between 10 a.m. and noon. Instead of having all of the stuff from 10 a.m. to noon arrive, or launch and then you've got a mess on your hands, you can move things around. I think, one of the things that they also find is that you have to have better weather later in the day in order to be able to use this. It has to end at some point.

**[00:39:29] JR:** It has to be at a hub where you can actually predict the weather. He notes specifically that this isn't going to work in places like Miami, where thunderstorms pop up out of nowhere. It's not a storm front. They just appear. It's not going to help in places like New York, unfortunately, because for one thing, the airspace is so congested, you don't really have that much wiggle room to move around with, and the storms are a lot more unpredictable than they are in places like their super hubs, in DFW, or Charlotte, or Phoenix. They've only used this 15 times since mid-April. So far, it sounds like it's pretty impressive. Hopefully, they don't get this and restrict it only to American and other airlines can learn from this behavior.

**[00:40:12] IP:** I'm sure they'll hopefully, hopefully figure out a way to take advantage of this. The only thing that I find disappointing about Brett's article, which we'll include in the show notes, is that he didn't ask if every time they activate this, they have to sing The Heat is On, like that's how they activate.

**[00:40:27] JR:** Or this plays over the PA at DFW.

**[00:40:29] IP:** Right. Is that how they activate it? You get a little Beverly Hills Cop theme music going. That was the only thing I was a little disappointed.

**[00:40:35] JR:** Shockingly, yeah, that's not in the article.

**[00:40:38] IP:** We'll put a link to that in the show notes, too. Let's close out the show with some good stuff here. Norse is expanding. Norse Atlantic Airways. Their long ships, their 787 long ships. I love a good theme. They've announced that they're going to serve Los Angeles, LAX and New York. Have they said which airport? Is it JFK?

**[00:40:59] JR:** JFK.

**[00:41:01] IP:** Okay.

**[00:41:02] JR:** The good one.

**[00:41:02] IP:** The good one. To Berlin. That will be coming in August, and that will also be the airline's first non, also flown by their Norwegian predecessor's roots.

**[00:41:15] JR:** Yeah. Remember, Norse is definitely not Norwegian. It's definitely not just Norwegian under a new name with the same airplanes. This is totally different. It's going to be great.

**[00:41:25] IP:** It is. Yeah.

**[00:41:25] JR:** Yeah. But interestingly, Norwegian did serve Berlin, but not for long-haul operations. This is a bit of an interesting twist. They keep announcing these new routes without actually announcing them. They just put it on their website one day and go, “Here you go. Book it.”

**[00:41:40] IP:** I'm okay with that.

**[00:41:41] JR:** I'm okay with it. Eventually, they do make issue a press release, or an email to somebody somewhere. The fares are low. They are very low. It doesn't matter to me how ridiculous this plan is, if it reintroduces super-low-cost fares across the Atlantic on nice aircraft. Again, I am all for it.

**[00:42:01] IP:** We will see if it works. It'll be interesting to see – I'm interested to see how Norse does it, if they can manage all of this well. I think, it'll be a fine experience. One of the things that I'm playing with and something that I'm springing on Jason at the moment now is that Jason, Gabriel and I will each fly Norse. Will be given a base fare and you folks will all vote on our ancillary. We'll give you a budget for our ancillary fees and you all get to choose what we purchase besides the base fare.

**[00:42:38] JR:** Oh, jeez.

**[00:42:39] IP:** This is something that I still need to play with this and figure out when we can do it, but that's the plan.

**[00:42:45] JR:** The crazy thing with Norse is, yeah, it's definitely the play where you add ancillaries and suddenly, you're paying \$400 for bags and a meal. Upgrading to premium, which is just what Norwegian had in premium, sometimes it's \$30 more than the lowest of the low economy fare. For that, you get a carry-on bag and two meals. It could be interesting, because if you play your cards right, you can get a much, much better deal than just going for the baseline fare and adding some things on top.

**[00:43:15] IP:** Then adding. Yeah, exactly, exactly. There's a way to play the game.

**[00:43:18] JR:** Not at all like Norwegian. Nope. Definitely not the same thing.

**[00:43:22] IP:** They're different, Jason.

**[00:43:23] JR:** This is different.

**[00:43:23] IP:** They're very different.

**[00:43:23] JR:** They're white. No red nose.

**[00:43:26] IP:** With a little bit of blue on the tail. I think, we should call that an episode. I think, we should then go pack our bags. The next time we talk to you, fine people, we will be coming to you from – I'll be in Stockholm. Jason, I think at that point you'll be in Hamburg, and we'll have hopefully, a lot of really great stuff to share from the Airline Interiors Expo.

Until then, this has been Episode 167 of AvTalk. Thank you all very, very much for listening. We truly appreciate it. I am Ian Petchenik, here, as always with –

**[00:43:58] JR:** Jason Rabinowitz. Thanks for listening.

[END]