



Making a Move in New York City

In my last column, I talked briefly about the moves Delta has taken – especially in New York – in an attempt to become the main carrier in that market and push us toward the sidelines. Well, as you hopefully saw in the recent announcement of the American-JetBlue agreement, the company is serious about competing and winning in New York.

I think Mr. Arpey put it best in a letter to employees when he said, “It is hard to overstate the importance of the New York region to our future success. As a gateway between the United States and the rest of the world, New York plays a pivotal role in our global network.” This move acts as another step in the company’s “cornerstone” strategy to strengthen its network in New York as well as DFW, Los Angeles, Miami and Chicago.

The announced agreement with JetBlue includes a slot swap where American will gain 12 pairs of landing and takeoff slots at JFK and allow us to connect passengers on JetBlue routes in 18 domestic markets where we currently don’t compete. By year-end, American and American Eagle will add 31 flights to 13 new routes at LaGuardia and JFK combined. The announcement also includes 23 new roundtrip flights from New York to seven new destinations including Fort Lauderdale, Cincinnati, Indianapolis, Norfolk, Atlanta, Charlotte and Minneapolis-St. Paul.

Some of you may be thinking, “Why doesn’t American just do all of this flying?” The simple answer is that if AA can fly a route and make money, the company will do everything possible to make it happen. We actually have a contractual obligation to do so. But if we can’t, we have to find partners who can so we’re still competitive in the marketplace. It wouldn’t make financial sense to add a lot of our own capacity into a market when the demand doesn’t support it, and that’s exactly the case in New York. However, through partnerships such as this one, we can continue to provide the services that our customers demand. They help strengthen AA’s domestic schedule, and the company expects that it will foster additional growth and flying opportunities in the future. That’s a win-win situation in my book.

The announcement generated a number of positive comments from analysts and industry observers that I think capture the story pretty well. Here is a sampling of those that point out some benefits of the deal:

- “For American, this gives them more flights in New York on their own (via the slot transfer) as well as more feed for their international flights from the domestic interline agreement. The domestic flights are also only on routes where the two airlines don’t fly head-to-head. So it should help connect traffic between the two networks that can’t be well-served by either today.” **Brett Snyder, CrankyFlier.com**
- “In a time of intense airline industry deal-making, this agreement offers vast advantages for both carriers. American has been under assault in New York from Delta, which has a bigger hub at Kennedy and is seeking to build a second hub at LaGuardia airport. American would get a bigger presence at Kennedy, with feed from the airport’s biggest domestic carrier, as well as more feed at Boston Logan.” **Ted Reed, TheStreet.com**
- “American’s new partnership with JetBlue – to feed passengers from domestic cities to American international flights – also points to the big carrier’s desire to shore up its position in the New York market.” **Dan Reed, USA Today**
- “American’s growing presence at JFK remains a key part of this story. Delta is playing to “win” at New York, but the new agreement between JetBlue and American will up the competition Delta faces. The move is big, and will certainly be interesting to watch as time goes on. The limited partnership will help both JetBlue and American grow, and will add value for customers looking to fly with ease out of the northeast airports.” **Jonathan Heckman, SeattlePI.com**
- “The one thing that is clear – and is good for passengers – is that the airlines are clearly focused on capturing loyalty in New York.” **Scott McCartney, The Wall Street Journal**

In short, it looks to me as though American has put itself in a really good position here. Industry analysts, observers and reporters agree that this will be an important accord that will improve American's profitability and market share, and help us to be more competitive with Delta in one of our key markets. If you want more details of AA's partnership with JetBlue and plans for New York, click [here](#).

Strength and Honor,

A handwritten signature in black ink, appearing to read "John Hale". The signature is fluid and cursive, with a prominent initial "J" and "H".

Captain John Hale
HaleComments@aa.com