



IN FOCUS

weekly industry update

UAL may revive merger talks with Continental

Provided by Justin Baer Financial Times

United Airlines was considering a new round of talks to merge with Continental Airlines if its negotiations with another rival, Delta Air Lines, ended without an agreement, people familiar with the company's plans said.

Glenn Tilton, United chief executive and an outspoken proponent of industry wide consolidation, signaled yesterday that the Chicago-based airline could still strike a deal even if Delta merged with Northwest Airlines. Delta opened negotiations with both United and Northwest earlier this month, the people said. "Our position has always been that we control our decisions; no one makes them for us," Mr. Tilton said yesterday in a message to employees. "The advantage of our situation is that we have choices that we continue to consider with our board."

United and Continental discussed a deal a year ago after US Airways made a hostile bid for Delta, then under bankruptcy protection, the people said. Those talks cooled after Delta rejected the advances of US Airways, but the two sides remained in touch, they said. United and Continental declined to comment.

Record fuel prices, vocal shareholders and the slowing US economy have pressed airlines to pursue deals that help cut costs, reduce unprofitable routes, and extend global reach. Delta may have an easier time winning the approvals of anti-trust regulators and labor leaders in a deal with Northwest, the smaller of the two potential partners. And Richard Anderson, Delta's chief executive, once ran Northwest.

Nevertheless, United and Continental will probably need to wait for their peers to reach a deal before they sign one of their own; Northwest has the right to block a Continental merger under most conditions. Continental in turn can buy out that so-called golden share for \$100 once Northwest reaches a definitive agreement of its own.

Larry Kellner, Continental chief executive, said this week he would "act aggressively" to ensure the company does not lose ground to rivals that merge.

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American Airlines will be first to offer in-flight Internet access

Provided by Suzanne Marta The Dallas Morning News

Surfing the Internet and checking e-mail during an American Airlines Inc. flight may only be a few months away. The Fort Worth-based airline installed its first Aircell LLC wireless Internet system last week on one of its Boeing 767-200 airplanes. The system still has some regulatory hurdles to cross, and the airline will spend the next few months doing testing and additional installations before customers get their first taste of the broadband service.

But American says customer testing on its fifteen 767-200 planes should begin no later than the end of June. American will be the first carrier to offer broadband service, although other carriers have announced similar tests for this year. Now, for frequent business travelers, time spent in the air means more time for e-mails and voicemails to pile up. Once off the plane, they power up their BlackBerrys, other handheld wireless devices and laptop computers to retrieve those missed messages.

Time

Kevin Hager, a consultant based in Flower Mound who flies two or three times a month, is also eager to stay connected during flights. "It adds two to three hours of productivity to your day," he said. "Now, that's just dead time." Pricing is still being worked out. But a spokeswoman for Aircell said access during trips over three hours long would cost travelers \$12.95; shorter flights would cost around \$10. The company is working on daily, monthly and yearly subscriptions for frequent travelers.

Surveys by Forrester Research showed 55 percent of leisure travelers were interested in connectivity during flights of four hours or more and 45 percent were willing to pay \$10 for it. Those taking shorter flights also had strong demand, with 41 percent saying they'd be interested when on flights of two to four hours and 24 percent saying they'd be interested on flights between one and two hours.

"There's no question that passengers want and even expect airlines to be able to offer in-flight Internet access to them in this day and age, and they're willing to pay for it," said Henry Harteveltdt, a Forrester Research analyst. He said Forrester surveyed leisure travelers because for them, unlike business travelers, in-flight connectivity would be discretionary and paid for out of their own pockets.

Demand from business travelers, Mr. Harteveltdt said, is expected to be stronger. American has committed to installing the system on its 767-200s, which typically fly the carrier's transcontinental routes. "If this goes well, we'll want to install it [to other fleets] as quickly as possible," said H. Douglas Backelin, American's manager of in-flight communications and technology.

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Business travelers can eat well while saving

Provided by Gary Stoller USA Today

Business travelers can savor great food on the road without taking a big bite out of their companies' expense budgets. For about \$50 per day, it's possible to enjoy three sensational meals at restaurants in the nation's largest cities.

At the request of USA TODAY, Zagat Survey identified what it considers the top two restaurants in 10 cities for breakfast under \$10, lunch under \$12 and dinner under \$30. Zagat Survey, which publishes guidebooks based on reviews by restaurant customers, rated the restaurants on food quality. In nearly every case, the eateries are in the central city. "With so many food options available in all of these cities, you really don't have to break the bank.

And the winners are

Diners may have to be selective about menu choices at some restaurants to adhere to a \$50-per-day budget. Zagat's picks include restaurants with familiar fare, such as mouth-watering burgers and to-die-for pizza, as well as ethnic eateries with relatively unknown delights such as arancini and arepas.

At Boston's Galleria Umberto, for example, Zagat Survey says diners can lunch on arancini (baked rice balls) that "taste like heaven." The No. 1 bargain restaurant for dinner in the 10 cities — Boston, New York, Washington, Miami, Chicago, Dallas, Las Vegas, Los Angeles, San Francisco and Seattle — is New York's Caracas Arepa Bar. The small East Village eatery serves "wildly satisfying Venezuelan street food," including arepas, corn-meal bread stuffed with a choice of about 20 fillings. Maribel Araujo, who owns the restaurant with her husband, Aristides Barrios, says the best one, priced at \$6.75, is stuffed with shredded beef, black beans, sweet plantains and cheese. Those fillings "bring out the essence of the arepa," she says.

Zagat Survey rates Seattle's Bakery Nouveau as the No. 1 bargain restaurant for breakfast, and Chicago's Hot Doug's as the No. 1 bargain eatery for lunch. Bakery Nouveau serves "scrumptious French pastries that are well worth the calories," and Hot Doug's offers "outrageously decadent sausage sandwiches."

Savoring savings

Corporate travel managers relish the thought of employees eating well at a bargain price.

Susan Gurley, executive director of the Association of Corporate Travel Executives, which represents about 2,500 corporate travel managers and suppliers, says the cost of keeping road warriors fed is on the rise. "The cost of some entrees in reasonably priced chains has crept from \$12.95 to \$15.95, an increase of (about) 25%," she says.

For business travelers, finding great, cheap meals brings "greater culinary diversity, a break from the typical business trip fare and something to look forward to while being away from home," Gurley says.

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Canada stiffens border checks, lawyers say

Provided by Alan Gomez USA Today

Americans are finding it increasingly difficult to get into Canada, as border agents with better access to American criminal databases are turning people back for offenses ranging from assault to drunken driving to shoplifting. Canada has had better access to criminal records since the Sept. 11 terror attacks but lawyers say they are now using the records more aggressively. "There have been some changes in procedures," says Enrico Caruso, a Detroit-based immigration lawyer who says he has received more complaints in recent months from Americans shut out for old non-violent offenses. "There's more questions being asked at the point of entry," he says.

Americans took nearly 44 million trips to Canada in 2000, according to Canada Statistics, the federal government's statistical agency. Fewer than 29 million made the trip in 2006, the last year for which figures were available. Caruso says one reason for the drop in visitors is concern among some Americans that Canada will stop them because of their past. "It is absolutely the case," he says. "An indiscretion can be anything from a DUI to when you were 18 and scalped tickets to a Red Wings game."

The Canadian Consulate General's office says almost all convictions can bar you from entry and improved sharing of criminal databases have made it easier for Canadian border agents to identify Americans with a criminal past. Canada Border Services spokesperson Derek Mellon says there has been no change in the line of questioning asked by his agents. And he says the number of Americans turned away is small. In fiscal year 2006, he says fewer than 6,000 people were turned away.

Randy Kutter, a firefighter from Princeton, Minn., had been taking fishing trips to Canada his entire life. But Canadian border agents barred him in 2005 because of two DUI convictions in the 1980s. "I couldn't fault any nation for trying to protect their borders," Kutter said. "I think that people who have paid their debt to society need to be forgiven at some point."

Although the United States has similar access to Canadian records the policy here does not appear to be as stringent. Michael Friel, a spokesman with U.S. Customs and Border Protection, says convictions for crimes like DUI, simple assault, disorderly conduct and breaking and entering do not make a person inadmissible to the United States.

David Cohen, a Montreal-based immigration attorney for 25 years, says that for the first time more than half of his calls in 2007 have come from Americans surprised after being turned back at the border.

He said the big difference has been a question asked more frequently of visitors: "Do you have any criminal offenses?" "Normally, that isn't a question that would be asked to U.S. residents coming into Canada," Cohen says. "It was kind of on the honor system."

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