

Founder of JetBlue Is Planning a Start-Up Airline for Brazil

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Andre Penner/Associated Press

David Neeleman, founder of JetBlue Airways, announced plans for a new Brazilian airline at a news conference in Sao Paulo on Thursday.

David Neeleman, who as founder of JetBlue Airways helped to redefine start-up carriers in the United States by using new jets and offering above-bargain-basement service, said Thursday that he would start a domestic airline in Brazil.

He has already agreed to buy 36 Brazilian-made jets with a total list price of \$1.4 billion.

Mr. Neeleman said he had raised \$150 million to finance the airline and invited Brazilian consumers and travel agents to suggest a name for the carrier, promising the first person to submit the winning name free lifetime travel for two on the airline.

Mr. Neeleman, 48, also plans to invite consumers to weigh in on elements like flight attendant uniforms and paint schemes, he said in a telephone interview from São Paulo, while carrying on conversations in Portuguese with people around him.

Mr. Neeleman was born in Brazil. His father was a journalist stationed there for United Press International. Mr. Neeleman returned to Brazil for two years, starting when he was 19 to do Mormon missionary work. He has dual citizenship in Brazil and the United States, which allows him to hold a controlling interest in an airline in both countries.

He said that he owned 25 percent of the Brazilian start-up and that other United States investors held about 55 percent, though he holds their voting rights. The rest is owned by Brazilian investors, whom he would not identify.

Mr. Neeleman stepped aside as chief executive of JetBlue last May, a few months after the carrier suffered a breakdown of operations during an ice storm at John F. Kennedy International Airport, stranding hundreds of passengers for long periods on the tarmac. He remains chairman of JetBlue.

"One of the things that excites me about Brazil is they don't have ice storms," Mr. Neeleman said. The country's air space, with the exception of São Paulo and Rio de Janeiro, is not crowded.

JetBlue, beginning in 1999, offered low fares between New York and Florida and on transcontinental flights, stimulating demand and undercutting the prices offered by hub-and-spoke carriers. But the business model was upended when fuel prices rose. Since then, JetBlue has tried to raise fares, slow its growth and behave in some ways more like the big airlines it competes against.

Mr. Neeleman said he might end up resigning as chairman of JetBlue, given the time he will need to devote to the new airline.

"That's a discussion I'll have to have with the board" at JetBlue, he said. He still owned about seven million JetBlue shares and had been selling them, at 100,000 shares a month.

Mr. Neeleman said that domestic air travel in Brazil was 50 percent more expensive — measured in cents per mile traveled — than in the United States. He said he believed that a low-fare carrier could stimulate new demand among people who now travel long distances on buses. Brazil will have about 50 million air travelers this year, versus 750 million in the United States.

He ordered 36 Embraer E-195 jets, which seat four across — two-and-two, no middle seats — and would accommodate a total of 118 passengers a plane. JetBlue uses the Embraer, seating about 100, to serve routes that are not busy enough to support its Airbus A320 planes, which seat 150 in a single-class configuration.

Mr. Neeleman said he expected the carrier to start operations in 2009 with three planes and then take delivery of an additional plane roughly each month.

Gol and Tam, the established Brazilian domestic carriers, "are going to be ferocious competitors," Mr. Neeleman acknowledged.

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