

Midwest Airlines cooks up new menu, upgrades, expansion, while dodging takeover

by *Chris_Barnett*

In-flight fare, even when it was free, wasn't much to write home about. Now that most airlines charge you for everything from soup to nuts, you may or may not get what you pay for.

A notable exception: Midwest Airlines, known for its surprisingly tasty steak dinners and free wines when it flew as Midwest Express, still serves creative cuisine aloft. Now you pay for the pleasure, of course, but that's fine with me.

I'll gladly fork over \$5 for a pumpkin-and-toasted-pecan muffin with cardamom streusel topping, served with cappuccino yogurt, pistachio pralines and mixed winter fruit. That's Midwest's version of a continental breakfast.

In fact, Midwest has once again put a limited-menu restaurant in the skies and gives you the tab without asking for a tip. The name isn't exactly appetizing - Best Care Cuisine - but the courses themselves sound tasty.

For example, one dinner is a grilled flank steak with mushroom sauce, buttered carrots and roasted garlic whipped potatoes. It's served with a baby-greens salad in champagne tarragon vinaigrette and a roll and butter. The in-flight price: \$10. There's also a "tapas" dinner with grilled pesto chicken salad in a pita with tomato and lettuce, served with sun-dried tomato mayonnaise. That one costs \$5, including the side of potato chips.

This isn't "industrial-strength food mass-cooked in some outsourced commissary kitchen," Midwest's chief marketing officer, Scott Dickson, told me.

Instead, the carrier has contracted with Mader's (www.maders.com) a well-known German restaurant in Milwaukee, Midwest's hometown and primary hub. Mader's prepares and cooks Midwest's meals from scratch.

"By catering our own aircraft, we've reduced our costs and our buy-on-board meals are a profit center," Dickson contends.

The question, of course, is how long can this culinary concept last. Midwest Air Group, Midwest's parent company, is embroiled in a hostile and increasingly nasty takeover battle launched by AirTran Airways.

AirTran went public with its takeover attempt in mid-December, but it had been unsuccessfully courting Midwest's management for at least two months before that. In recent weeks, AirTran has tried to circumvent Midwest management. It launched a tender offer for shareholders and last week proposed the election of three new directors to the Midwest board. AirTran's current proposal is scheduled to expire March 8.

Midwest management has steadfastly refuse to consider any of AirTran's proposals and has urged shareholders to line up behind the carrier's independent business plan for 2007.

In its extraordinarily quiet way, Midwest has been a trailblazer among U.S. carriers. Founded in 1984, Midwest Express once flew aircraft exclusively configured in a business-class style with 22-inch-wide leather seats placed two by two. Today, Midwest Airlines flies Boeing 717s and MD-82s in two configurations: The so-called Signature Service retains the unique two-by-two seating configuration, while Saver Service offers a more familiar all-coach arrangement with chairs positioned three by two.

Even in Saver Service, however, travelers receive a generous 33 inches of legroom, 2 inches more than the industry standard.

By contrast, AirTran flies spartan coach cabins with as little as 30 inches of legroom. For \$35 extra - if you're lucky - you can upgrade to one of AirTran's 12 business class seats with a roomy 37 inches of seat pitch.

And no one has ever raved about AirTran's in-flight food offerings.

If AirTran wins control of Midwest, it's a pretty good bet that AirTran, which maintains its primary hub in Atlanta, will jettison Midwest's operating style and go with a more traditional two-class operations.

In fact, however, Midwest is already planning to go to a two-class operation on its own. Although details have been sketchy, Midwest management says it will be adding several rows of two-by-two Signature Service seating to aircraft currently configured for Saver Service.

Details of other parts of Midwest's independence plan are better known. Management hopes to add a half-dozen new cities and 12 new routes this year. Frequencies are being increased on existing routes, too. Flights between its Kansas City, Mo., hub and Seattle/Tacoma begin April 1. Fort Myers, Fla., which had been a seasonal destination, becomes a year-round fixture on the route map beginning May 1. And Midwest is bringing back its seasonal service between Milwaukee and San Francisco, this year running the flights between May 1 and Oct. 31

The airline is also upgrading its Midwest Connect commuter service to an all-jet fleet, says Dickson. It is slowly phasing out 19-seat Beech 1900 in favor of 32-seat Fairchild regional jets. Fifty-seat regional jets are also being integrated on the Midwest Connect route map.

Beginning May 1, for example, Midwest launches 50-seat flights to Columbus from its Kansas City hub. A month earlier, all flights on the Milwaukee-Columbus route will have upgraded to 50-seat planes.

Midwest seems to be piloting itself pretty well on the financial front, too. It went from a \$65 million loss in 2005 to a \$5.4 million profit last year. That's 29 cents a share, and Dickson claims that Midwest expects to post earnings of \$1.70 a share in 2007.

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