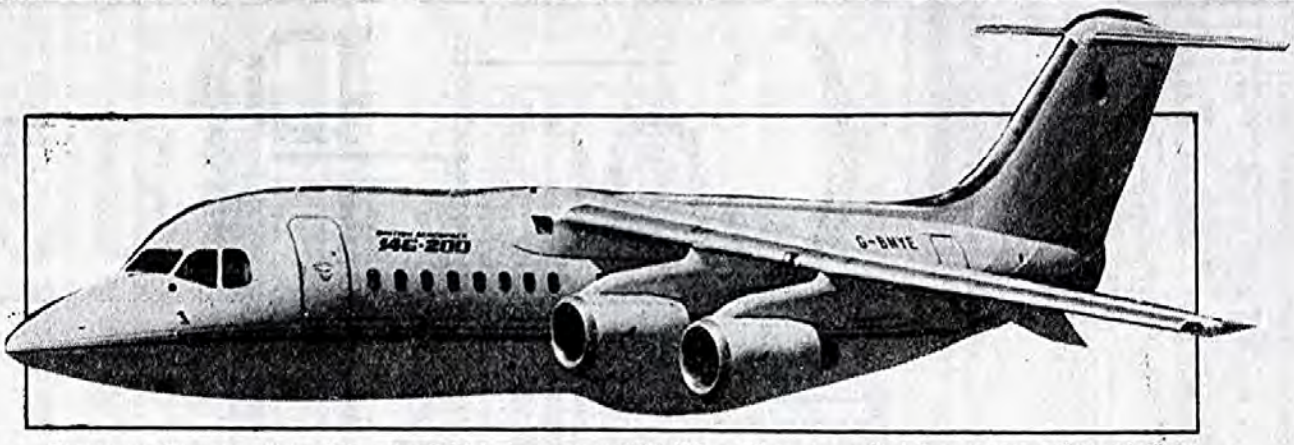

Discovery Airways will be flying the British Aerospace 146-200, a 97-seater called the world's quietest jetliner.

Discovery Airways alights here

Char, ex-Mid Pacific execs, aim for Dec. 15 takeoff

By Ilene Aleshire
Advertiser Business Writer

Three former airline executives announced the birth of a new inter-island airline yesterday , saying that more competition is needed in the market.

That competition isn't going to include cheaper air fares, however, they added.

The new airline, named Discovery Airways Inc., is tentatively scheduled to start flying Dec. 15, according to its chairman Kenneth F.C. Char.

Char said the new, privately held corporation is seeking the necessary approvals from federal regulatory agencies. Company officers declined to release possible flight schedules and rates until approval is granted.

Discovery Airways is not planning, however, to undercut Hawaiian and Aloha airlines' fares, according to its management team.

"We're not going to compete on price," Char said, "We're not going to be a cheap airline."

Char has been president of both the Hawaii Visitors Bureau and Aloha Airlines. (Char stepped down as Aloha's president a year after the company was fined $75,000 for maintaining an illegal corporate slush fund. He also was fined $1,000 for an illegal political campaign contribution.)

Char

Mancassola

Straight

Franco Mancassola, the man who started the Discovery project rolling, and who will serve as vice chairman for the airline, said that he is optimistic about Discovery's possibilities despite the experience of Mid Pacific Airlines, which went bankrupt and closed down last year. Mancassola was vice president of marketing for Mid Pacific.

Mid Pacific's problems were, however, due in large part to using out-of-date equipment that left it unable to perform its job, Mancassola said, and not to any inability to win a share of the market.

Discovery doesn't anticipate equipment problems.

It has contracted with British Aerospace for 12 planes with a total price tag of $300 million. The first five planes, which will be 97-seat BAe 146-200s, will be acquired under a lease-purchase agreement, according to Discovery President Don Straight, who was formerly president and chief operating officer of Mid Pacific.

Seven BAe 146-300s, which seat 107 people, will be added to the fleet over the next three years, he said, and these are intended to be straight purchases.

Two of the initial batch of planes will be about two years old, the rest will be new. The airline's officers said the four-engine planes are specifically designed for a high-intensity, short-haul type of airline such as Discovery and that they are the world's quietest jets.

Discovery is starting out with $6 million to $10 million in capital, Char said, with the investment coming from a variety of sources in a variety of forms. Entrepreneur Philip Ho will be the major shareholder in the company, Char said. (The company is issuing 1 million shares of common stock and 10 million shares of non-convertible preferred stock.)

Ho is president of Nansay Hawaii Inc., which also is investing in the new airline through subordinate debentures, essentially promissory notes that will be paid off

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Discovery Airways aims to start service Dec. 15

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after other debts. Nansay Hawaii, which purchased the Kohanaiki resort site on the Big Island, is a subsidiary of Nansay Corp. of Japan.

Company officials declined to be specific about the breakdown of its financing but said that 85 to 90 percent of the company would be U.S.-owned. (Federal regulations require that at least 75 percent of American carriers be U.S.-owned.)

Char said that Discovery needs at least 15 to 20 percent of the market to be viable but both he and Mancassola said that they expect further growth in demand, and that the birth of a third airline was the natural result of recent growth.

Discovery's two locally based competitors, who declined comment on the new entrant in the market, have been flying with far from full planes in recent months.

Statistics for the two most recent quarters available, the end of 1988 and early 1989, show a passenger load factor of 64 to 65 percent for Hawaiian Airlines; 58 to 63 percent for Aloha Airlines.

Discovery's new managers remain optimistic on all fronts, however, including their chance of finding a home at Honolulu airport.

The new airline has asked for space in the main terminal, Straight said, and state authorities have said that they will try, but can't guarantee it. Straight said that if it's necessary, Discovery will operate out of the inter-island terminal. "I'm optimistic. I'm sure they can fit us in somewhere."