

JOHN F. BROWN COMPANY EMAIL NEWSLETTER

Consultants to the Airport Industry

22 January 2002

✈ FINANCIAL STATE OF THE AVIATION INDUSTRY

PANEL PROPOSES 37 PERCENT RAISE FOR MECHANICS AT UNITED AIRLINES

Summarized from Bloomberg News, 1-22-02:

The presidential emergency board recommended that United Airlines increase salaries for its mechanics by 37.3 percent although the airline claimed it could not afford wage hikes due to \$15 million daily losses after the September 11 terrorist attacks. United said that it had "serious reservations" about some of the recommendations and would discuss the issue with its board's labor committee on Tuesday.

AMERICA WEST SECURES \$429 MILLION IN LOANS

Summarized from Reuters, 1-18-02:

America West Airlines said it secured \$429 million in loans backed by \$380 million in government guarantees and another \$600 million in concessions, financing, and other financial assistance. The airline had paid about \$49 million in previously deferred aircraft lease payments.

DELTA/AIR FRANCE PACT GETS FINAL U.S. APPROVAL

Summarized from Reuters, 1-18-02:

The U.S. Transportation Department granted final approval to an agreement between Delta Airlines, Air France, and two other European carriers that allows them to more closely share fares, schedules, and revenues. A similar application by American Airlines and British Airways is still pending in the Transportation Department.

TERROR'S HIDDEN COSTS

Summarized from Los Angeles Times, 1-22-02:

The September 11 terrorist attacks not only dealt the economy a heavy blow, but also significantly changed the operating environment of American corporations. Some economists estimate that the additional security expense due to rising security concerns could amount to \$110 billion, one percent of the Gross Domestic Product. The Patriot Act was passed hastily without much debate and it allowed the Treasury Department to scrutinize confidential financial transactions. Bankers and financial executives are concerned about the potential conflicts with privacy as well as the Act's effectiveness. The shipping industry is another one facing tremendous changes after the airline and financial industries. Although the currently imposed security measures haven't slowed the flow of goods at Customs, the industry is concerned about the next move of Congress. The current proposals vary from full truck and container inspection at Customs to international cooperation on shipments to the U.S.

✈ AIR TRAFFIC

AMERICANS SLOWLY RETURN TO FLYING

Summarized from CNN, 1-18-02:

Air Transport Association (ATA) figures indicate that Americans are slowly but surely returning to the sky. Passenger enplanements in December were down 14.2 percent domestically compared to December 2000, and 9.9 percent internationally. The traffic has been steadily rising since September when the traffic was down 34.2 percent. In December, domestic revenue passenger miles declined 13.2 percent, while international RPMs decreased 14.5 percent. The system-wide load factor was 68.6 percent in December 2001, compared to 69.2 percent in December 2000.