

JOHN F. BROWN COMPANY EMAIL NEWSLETTER

Consultants to the Airport Industry

4 October 2001

✈ FINANCIAL STATE OF AVIATION INDUSTRY

DOT RELEASES LIST OF AIRLINES RECEIVING FEDERAL AID

More than 55 U.S. airlines have received nearly \$2.5 billion so far in federal emergency money to cover lost revenues stemming from the Sept. 11 terrorist attacks in New York and on the Pentagon, according to data released Wednesday by the Department of Transportation. DOT officials said another \$2.5 billion in cash payments to airlines will be paid out of the U.S. Treasury in short order as part of a \$15 billion bailout plan enacted Sept. 22. Spokesman Bill Mosley said the second \$2.5 billion in emergency cash won't come as quick, giving DOT officials more time to calculate and adjust payments to more accurately reflect actual lost revenue at individual airlines. Administration officials are currently drafting regulations that authorize another \$10 billion in federal loan guarantees for airlines. Airlines, which laid off more than 100,000 workers to stay solvent, told lawmakers they needed at least \$24 billion over the next eight months to fully recover. (WSJ, 10-03-01)

Federal Aid to Airlines	
Airline	Federal Aid (in millions of \$)
American	\$359.4
United	\$390.7
Delta	\$327.0
Northwest	\$230.0
Continental	\$191.2
US Airways	\$159.7
Southwest	\$144.4
America West	\$60.3
Alaska	\$45.4
FedEx	\$100.7
UPS	\$24.6

Allocations were based on available seat miles or actual lost revenue, whichever was less.

Source: WSJ, 10-03-01

MIDWAY AIRLINES NOW SEEKS ITS SHARE OF \$5 BILLION AIRLINE AID PACKAGE

Midway Airlines, which shut its doors Sept. 12, is now asking for the U.S. government for its share of the \$5 billion airline aid package. The airline has been saying that it intends to be back in the skies by late October. Midway expects \$12 million in cash and \$28 million loan guarantees from the government, even though it filed for Chapter 11 bankruptcy on Aug. 13 and is under investigation by the North Carolina for its last payments to employees. (AD, 10-04-01)

GEAE TO LAY OFF 13%, CITING LOWER DELIVERIES

GE Aircraft Engines, saying that aircraft manufacturers anticipate deliveries of new aircraft to decline sharply over the next two years, expects to lay off up to 4,000 employees, or 13% of its total workforce by early next year. GEAE said that prior to Sept. 11 it had expected a production slowdown for large commercial jet engines to begin by mid-2002 but that recent events "accelerate, and exacerbate, the timetable of the aviation industry slowdown." (AD, 10-04-01)

✈ AIRPORT SECURITY

REAGAN NATIONAL AIRPORT REOPENS

Reagan National, the nation's last airport to reopen after the terrorist attacks, is expected to operate at about one-quarter of its capacity for the next few weeks. Authorities had been

concerned because the airport's normal flight paths followed the Potomac River, bringing planes close to CIA headquarters, the White House, the Capitol and the Pentagon. Now, flights from the north will follow a straight line to the airport over some residential areas. The airport reopened with shuttle flights to New York and Boston and limited service to six other cities, according to the Metropolitan Washington Airports Authority. In November, another 10 cities will be added. All passengers have to go through two security checkpoints, show identification twice and be limited to one carryon bag. They also are subject to random screenings with handheld metal detectors. There also were expanded identification checks for airport employees and flight crews, and more police and K-9 patrols. On Wednesday, work crews installed several new X-ray machines at the check-in counters. The 7,000-pound machines use computers to compare a bag's contents with a database of explosives and weapons. (AP, 10-04-01)

[Editor's note: The statement that Reagan National is the nation's last airport to reopen is in error. Chicago's Meigs Field (CGX) remains closed by order of the mayor.]

SFAR 91 BECOMES EFFECTIVE FRIDAY

In its first non-operational response to the terrorist attacks of September 11, the FAA this week published a new regulation -- SFAR 91 -- which requires Part 91 operators to comply with new security requirements when loading or unloading passengers in certain areas of airports used by air carriers. Special FAR 91 also mandates an aircraft search and screening of passengers, crewmembers and their carry-on property for any -- any -- operation of an aircraft weighing in excess of 12,500 pounds MGTOW regardless of how or by whom it's operated and regardless of which airports are used. (AW, 10-04-01)

✈ AIR TRAFFIC

UNITED CONTINUE TO SLASH ITS NETWORK

United yesterday continued to slash its network, revealing plans to discontinue the United Shuttle brand and incorporate Shuttle flights and routes into its mainline and Express service effective Oct. 31. The operation has 59 Boeing 737s and operated 470 daily West Coast flights prior to Sept. 11. (AD, 10-04-01)

Source Key: AD Aviation Daily
 AP Associated Press
 AW AvWeb
 WSJ Wall Street Journal