

JOHN F. BROWN COMPANY EMAIL NEWSLETTER

Consultants to the Airport Industry

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✈ FINANCIAL STATE OF AVIATION INDUSTRY

OMB OFFICIALS PLAN TO RELEASE AIRLINE LOAN GUIDELINES FRIDAY

White House officials said they plan to release Friday final application guidelines and terms of a \$10 billion loan guarantee program designed to help airlines recover from the Sept. 11 terrorism attacks on the World Trade Center and Pentagon. "We're still in the process of drafting them," a spokeswoman for the Office of Management and Budget said Thursday night. "The deadline is Saturday, and we'll be releasing them before that." The rules would be effective immediately upon publication in the Federal Register, expected Monday. (WSJ, 10-05-01)

BILL TO AID SMALL FLIGHT BUSINESSES

Small airports, flight schools and other aviation-related small businesses say they've been hurt by the terrorist attacks but won't get any help from the airline bailout package passed by Congress. Stan Rodenhauer, who owns Freeway Airport in Mitchellville, Md., said he has had to lay off 25 of his 31 employees since Sept. 11 and has lost about \$150,000 in earnings. He came to Washington for a news conference Thursday by about 15 House members pushing a bipartisan bill aimed at businesses like Rodenhauer's. The bill, sponsored by Rep. Bill Shuster, R-Pa., would make aviation-related businesses eligible for \$500 million in Small Business Administration grants and loans to recover losses from the attacks. The measure also allows the treasury secretary to extend tax deadlines for the businesses. Companies covered by Shuster's bill are not included in the \$15 billion aid package for airlines signed by President Bush on Sept. 22. Shuster said he hopes to get the provisions incorporated into an economic stimulus package that is working its way through Congress. (AP, 10-04-01)

✈ AIRPORT SECURITY

THOMPSON PRESSES FOR CONTROL OF SCREENERs

Sen. Fred Thompson (R-Tenn.) yesterday introduced an amendment to the Aviation Security Act requiring toughened government oversight of airport baggage screeners. The act would mandate government to set and enforce standards and require a head-of-aviation-security report to Congress so the government can track results. (AD, 10-05-01)

NATIONAL GUARDSMEN AT LOGAN AIRPORT

National Guardsmen began fanning out to the state's airports early Friday, adding a layer of security prompted by the Sept. 11 terrorist attacks. The largest contingent, at Boston's Logan Airport, began arriving before 4 a.m. Other airports slated to get guardsmen included Martha's Vineyard, Nantucket, Barnstable, Hanscom and Worcester. The federal government will pay for the National Guard operation for six months. It's also been paying for the U.S. Marshals Service, Border Patrol officers and Immigration and Naturalization Service officers who have helped tighten security at Logan. (AP, 10-05-01)

✈ AIR TRAFFIC

AIRFARES ON LEISURE FLIGHTS ARE LOWERED

Leisure airfares tumbled, a few days after most airlines lowered their business tariffs to try to jump-start travel after the terrorist attacks. Delta Air Lines led the charge, offering a sale on tickets purchased through Monday for domestic travel through Dec. 15. Delta said additional 10% savings are available if the tickets are purchased on its Web site. UAL Corp.'s United Airlines and Northwest Airlines announced similar promotions. Other big carriers, including AMR Corp.'s American Airlines, Continental Airlines and US Airways Group Inc., also matched the promotion, according to Orbitz LLC, an airline-owned travel Web site. Orbitz said the extra 10% savings can be had if the tickets are booked on Orbitz or the participating carriers' Web sites. UBS Warburg analyst Sam Buttrick estimated the fares on offer in this promotion are 15% to 20% cheaper than those available in a late summer leisure sale and a comparable sale a year earlier. (WSJ, 10-05-01)

SOUTHWEST APPEARS ON WAY TO FAST RECOVERY

Ever the industry maverick, Southwest Airlines appears to be recovering from the travel industry's plunge faster than its competitors. The Dallas-based discount carrier filled 53 percent of its seats last month - and 52 percent of its seats in the final week - as consumer demand for air travel began to rebound after the Sept. 11 terrorist attacks triggered a big drop in demand. On the surface, those figures appear to be in line with the reports from other big airlines this week. But unlike Southwest, which has been flying its full schedule since shortly after restarting operations after the attacks, the nation's other major carriers have cut their operations by about 20 percent on average. Thus, 50 percent loads at those carriers overstates their ability to generate enough revenue to cover costs. (FWST, 10-05-01)

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