

JOHN F. BROWN COMPANY EMAIL NEWSLETTER

Consultants to the Airport Industry

22 October 2001

✈ FINANCIAL STATE OF AVIATION INDUSTRY

BRITISH AIR HOPES FOR GOVERNMENT SUPPORT

Summarized from the Associated Press, 10-21-01:

British Airways is seeking aid from the British government to help meet rising insurance and security costs. It is, however, quick to add that it is not just looking for handouts. "We want to make sure our government here in the U.K. provides a level playing field so that we can compete globally, but we are not looking for the government to bail us out," stated BA head Rod Eddington. Furthermore, Eddington predicts that imminent European air carrier consolidation may one day result in as few as three major players.

KLM DROPS FARES 25 PERCENT

Summarized from the Associated Press, 10-22-01:

KLM is cutting leisure economy fares by 25 percent on all European destinations. Additionally, the airline is allowing ticket amendments for no charge for the first time.

AIRLINES SEEK BAILOUT...FROM EMPLOYEES

Summarized from the Wall Street Journal, 10-17-01:

Two airlines have set up formalized programs that allow employees to effectively make tax-deductible contributions in an effort to keep their companies financially viable. American Airlines allows (and encourages) employees to participate by payroll deduction or lump sum contributions. Southwest Airlines has a similar program that encourages employees to donate part of their November and December paychecks. The airlines view these contributions as reductions in salary, thereby lowering the employees' taxable income. The IRS has not issued any guidelines on these voluntary payroll reductions.

DELTA CUTS IN-FLIGHT MEALS

Summarized from Reuters, 10-19-01:

Delta, following the lead of US Airways, American, and TWA, will be limiting in-flight food service on many domestic flights, as a cost cutting maneuver. As of November 1, no food will be served on domestic flights of less than 1,750 miles in coach, and of less than 700 miles in first class. Beverage service will continue unchanged.

✈ AIRPORT SECURITY

LAX RE-OPENS PARKING

Summarized from LAWA press release, 10-19-01:

LAX central terminal area parking, closed since the September 11th attacks, is re-opening. Private vehicles, however, will be unable to drop off and pick up passengers at the curbside, but will instead do so inside the parking garages. LAWA Executive Director Lydia Kennard approved the reopening plan following a briefing by Airport Police Chief Bernard Wilson and other officials. The re-opening conforms to all new FAA security guidelines.

FLIGHT SIMULATOR TIME FOR MILES PROGRAMS UNDER REVIEW

Summarized from the Wall Street Journal, 10-22-01:

In the aftermath of the Sept. 11 terrorist attacks, several airlines are taking a close look at programs that allow frequent fliers the chance to redeem miles for flight simulator time. British Airways has already suspended their program. Virgin Atlantic said they would probably conduct a review of their program. However, Lufthansa and Thai Airways are continuing their flight simulator time for miles programs.

UNITED AND CONTINENTAL COMPLETE COCKPIT DOOR REINFORCEMENT

Summarized from United and Continental press releases, 10-22-01:

United and Continental have completed the reinforcement of cockpit doors on their entire fleets, in accordance with new FAA guidelines. The new guidelines require a crossbar- or deadbolt-style reinforcement to the doors.

✈ AIR TRAFFIC

BRITISH AIR PRESSES FOR 'OPEN SKIES'

Summarized from CBS MarketWatch, 10-22-01:

British Airways today confirmed its participation in preliminary discussions with the U.S. and U.K. governments about a possible 'open skies' agreement. Such an agreement, like the one reached last week between France and the U.S., would allow American and British carriers unlimited access to each other's airports. British Airways has also been involved in talks with KLM discussing the possibility of working closely to overcome the recent dramatic drop in air traffic.

US AIRWAYS SHUTTLE RETURNS

Summarized from US Airways press release, 10-19-01:

US Airways Shuttle will resume its hourly service between Reagan National and both New York LaGuardia and Boston Logan. There will be 15 daily flights to and from New York and 14 daily flights to and from Boston. By November, US Airways will be permitted to operate 61 roundtrips out of Reagan National. Prior to the September 11th attack, US Airways operated 70 roundtrips out of Regan National.

MORE AIRPORTS OPENED TO VFR FLIGHT

Summarized from AVweb, 10-22-01:

The FAA will allow VFR flight operations in the enhanced class B airspace around all major metropolitan areas by the end of the week, with the exception of Boston, New York and Washington, DC. A ban on flights for traffic monitoring or news reporting flights, and blimps, remains in effect within enhanced class B airspace.