

JOHN F. BROWN COMPANY EMAIL NEWSLETTER

Consultants to the Airport Industry

29 October 2001

✈ FINANCIAL STATE OF AVIATION INDUSTRY

GOODWIN LEAVES UNITED

Summarized from the New York Times, 10-29-01:

James Goodwin resigned his post of United Airlines CEO, under increasingly intense pressure from unions and the company's directors. Goodwin was replaced by John Creighton Jr., former Weyerhaeuser Company CEO and UAL board member since 1998. Both the pilots and machinists unions have applauded the move, and said they look forward to working with Creighton.

SEPTEMBER AIRFARES, REVENUE PLUMMET

Summarized from the Air Transport Association, 10-23-01:

Average airfares in September fell 18.7 percent, according to the Air Transport Association Office of Economics. As a result, airline revenues dropped by 45 percent. The ATA report stated that coach fares fell 19.0 percent, while first-class fares declined 15.5 percent. The average domestic airfare for September was \$118.54, based on actual prices paid by consumers (not including aviation taxes) reported by carriers to ATA. The carriers report cents per passenger per mile to ATA and the data is then normalized for a 1,000-mile trip. The average fare computation is based on a 1,000-mile trip.

FEDEX EXPECTS PROFITABLE QUARTER

Summarized from Reuters, 10-29-01:

FedEx Corp. projected earnings for the quarter ending Nov. 30 in the range of 40 to 45 cents per share, above the estimates of many analysts. This projection does not include the \$101 million in federal grant money following the September 11 attack. Earnings per share increased to the range of 61 to 66 cents per share with inclusion of the grant. FedEx expects future growth to come from its ground operations, with package volume increasing 9 percent and yields growing 6 percent in the quarter ending Nov. 30. During the same period, FedEx estimated that its Express domestic package volumes would fall 11 percent compared with last year, and international priority shipments would decrease 5 percent. The company expects future growth to come from its home delivery services and its business-to-business services.

✈ AIR TRAFFIC

EU CARRIERS WILL NOT LOSE SLOTS

Summarized from Aviation Daily, 10-29-01:

The European Commission has recommended that European carriers be able to retain their grandfathered slot rights through the winter of 2002-03, even if they are not utilized. The Association of European Airlines, meantime, has requested an extension through to summer 2003. Normally in the European Union, carriers lose slot rights at congested airports after one year in which they are not used for at least 80% of the time scheduled.

QANTAS HELPS OUT PARTNER AMERICAN

Summarized from Reuters, 10-29-01:

Qantas has ordered 15 Boeing 737-800s to cope with domestic demand since the demise of Ansett Australia. In addition, Qantas has optioned 60 more planes that would be used to replace 737-300s and 737-400s in the fleet, and that originated from existing orders that had been placed by alliance partner American Airlines. The two carriers have finalized a 10-year strategic alliance that will further expand code-sharing agreements.