

## JOHN F. BROWN COMPANY EMAIL NEWSLETTER

*Consultants to the Airport Industry*

Friday, November 15, 2002

### **S.F. AIRPORT WINS SAFETY PLAN OK**

*Summarized from The San Jose Mercury News, 11/8/2002:*

By this summer, every piece of checked baggage at SFO will be CAT-scanned for explosives before being loaded onto aircraft. Under the airport's \$100 million plan involving 50 new bomb detection machines, this testing will be automated and performed away from the ticket counters. Until the plan is fully implemented, though, a screening process involving x-ray machines, bomb-sniffing canines, "swab" tests, and physical searches will be in place at SFO. Regarding the plan, Bob McKinley, the airport's assistant deputy director, remarked that "We're going to be the fastest, most efficient and safest in the nation."

### **BILL WOULD DELAY BAG SCREENING REQUIREMENT AT US AIRPORTS**

*Summarized from Dow Jones Newswires and the New York Times, 11/14/2002:*

On Wednesday, the U.S. House passed a bill to create a Homeland Security Department that would include the Coast Guard, the TSA, the Customs Service, FEMA, the INS, and the Secret Service. Importantly, the bill provides a one-year extension to the December 31, 2002 airport baggage screening deadline. James Loy, head of TSA, believes that about 95 percent of the affected airports will meet the deadline. Nevertheless, supporters of the bill (including the managers of 143 airports, in a recent letter to Congress) had argued that adhering to the original deadline using low-tech methods would cause chaos in airports, and that hundreds of airports would not be able to have high-tech screening systems in place by the deadline.

The bill also would give pilots the right to have firearms in cockpits following training.

### **AIRPORTS SEEK MORE FINANCIAL FLEXIBILITY**

*Summarized from The Dallas Morning News, 11/13/2002:*

In the difficult post-September 11, 2001 economic environment facing the airline and airport industries, airports say they cannot rely on revenues derived from airlines as much as they used to. Although other funds are often available to airports, they are frequently encumbered by federal restrictions relating to how they may be used. Commenting on this situation and related FAA rules, David Plavin, ACI president, said that airports can pay for some things from one source and some things from another source but that "it's time to get rid of the walls between those [sources]."



### **UAL: FURLOUGHS, CONCESSIONS, LOAN GUARANTEES**

*Summarized from Dow Jones Business News and others, 11/10/2002:*

Last Friday, November 8, United announced that 4,800 more flight attendants would be furloughed. Nevertheless, by Sunday, the flight attendants union agreed to \$412 million in wage cuts over the next five-and-a-half years. After having earlier reached agreements on wage cuts with its pilots' and meteorologists' unions, only the airline's mechanics' and ground workers' unions have not yet agreed to wage concessions. And with a \$375 million loan payment due on December 2, the airline is reportedly considering filing for bankruptcy protection if it does not receive a \$1.8 billion ATSB loan guarantee by then. Glenn Tilton, United's CEO, arguing that the airline has met all of the requirements, has launched an aggressive campaign lobbying the government for approval of the federal guarantees. In the same interview, Tilton criticized United's competitors for "attempting to derail" the airline's loan guarantee application. Meanwhile, the company has recently begun seeking a \$2 billion debtor-in-possession loan that would allow it to continue operating in case it does file for bankruptcy protection. [Other sources: Chicago Tribune, Reuters 11/14]

### **US AIR SEES EXIT FROM CHAPTER 11 IN MARCH**

*Summarized from Reuters, 11/14/2002:*

US Airways reportedly will file a plan for its reorganization by the end of this year, and, according to its most recent 10-Q filed with the SEC, the airline plans to emerge from chapter 11 bankruptcy protection in March 2003.

### **US AIRWAYS, DELTA TO RECORD MINIMUM PENSION LIABILITY**

*Summarized from Reuters, 11/14/2002:*

Joining United (\$1.5 billion), American (\$1 billion), and Northwest (\$0.7 billion), Delta confirmed that it will take an estimated \$0.8 billion charge this year against shareholders' equity related to an underfunded defined benefits pension plan. Announcing its own pension liability of \$0.7-0.8 billion for this year, US Airways added itself to the list of airlines reporting such charges this year.