

JOHN F. BROWN COMPANY EMAIL NEWSLETTER

Consultants to the Airport Industry

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✈ FINANCIAL STATE OF AVIATION INDUSTRY

US AIRWAYS BEGS UNION FOR REGIONAL JETS

Summarized from US Airways, 12-20-01:

In an effort to compete for East Coast market share with Delta and Continental, US Airways asked its pilot union for permission to expand regional jet fleet beyond the 70 that it is currently limited to by its pilot contract. In November, Delta operated 215 regional jets, while Continental had 131. Orders and options could expand their regional jet assets to beyond 800 and 300, respectively. A meeting between US Airways and representatives from ALPA, its pilots union, is scheduled for January 3, 2002.

DELTA PILOTS VOTE FOR LEAVE PROGRAM

Summarized from the Associated Press, 12-19-01

Pilot union leaders at Delta Air Lines voted Wednesday to approve a company proposal that would give them a month off but trim that month's paycheck by about 26 percent. Delta, the nation's third-largest airline, says it is losing about \$8 million per day as the effects of the Sept. 11 terrorist attacks continue to depress revenues. The proposal would allow Delta to solicit volunteers from among overstaffed pilot groups. Delta expects to save \$1 million to \$2 million each month from the leave program.

PRESIDENT THWARTS UNITED MECHANIC STRIKE...FOR NOW

Summarized from the Wall Street Journal, 12-21-01:

President Bush appointed a presidential emergency board to mediate the labor dispute between United Airlines and its mechanics. United mechanics voted to strike as early as today in an effort to obtain higher pay. The president's move means that the mechanics cannot legally strike until February. The three-member presidential emergency board will conduct hearings and recommend nonbinding settlement terms within 30 days, giving the parties another 30 days to weigh their options. Afterward, the mechanics still would have the right to strike if a new contract wasn't agreed upon.

AIRLINES RECALLS SOME FURLOUGHED EMPLOYEES

Summarized from the Dallas Morning News, 12-20-01

American Airlines said Wednesday that it has begun calling nearly 800 reservations agents back to work, due to the industry fare sales and increasing share of leisure travelers in American's passenger mix. This week, Northwest Airlines Inc. said it was calling back some part-time reservationists and was reducing the number of pilots it planned to furlough. It is an indication that travel business is slowly improving. However, Airline analyst Brian Harris of Salomon Smith Barney Inc. said he didn't expect any significant change in capacity for the large U.S. airlines in the first half of next year.

MIDWAY AIRLINE RESUMES OPERATION

Summarized from Los Angeles Times, 12-20-01

Midway Airlines Corp. launched its bid to fly out of bankruptcy Wednesday with help from a \$10 million federal grant. Midway filed for Chapter 11 bankruptcy in August, due to the low business travel volume in North Carolina. Chief Executive Robert Ferguson insisted that the company is changed substantially since the post-attack shutdown and that costs have been reduced. However, analysts remained skeptical about the airline's future.

ESSENTIAL AIR SERVICE GETS \$113 MILLION

Summarized from Regional Aviation Partners, 12-20-01:

Congress appropriated \$113 million to the Essential Air Service program under the Air Transportation Safety and System Stabilization Act, which was signed into law on September 22. The Essential Air Service program subsidizes air service to communities that can't economically support an air carrier.

✈ AIRPORT SECURITY

MAGAW SAYS BAGS WILL BE SCREENED BY DEADLINE

Summarized from the New York Times, 12-20-01:

All deadlines relating to baggage screening and other aviation security measures will be met, including a January 18 deadline to screen all checked bags for bombs, according to John W. Magaw, the man selected to head up the new Transportation Security Administration. The declaration diverges from Transportation Secretary Mineta's comments on November 27 when he indicated that the January 18 deadline was unrealistic. Airlines are seeking a 30-day extension to the deadline.

✈ AIR TRAFFIC

RECESSION DRIVES AWAY MORE TRAVELERS THAN TERRORIST ATTACK

Summarized from the New York Times, 12-21-01:

A survey by the DOT's Bureau of Transportation Statistics (BTS) found that about 8 million fewer people planned to travel over the Christmas and New Year's holidays following the September 11 terrorist attack. The greater reduction from last year's travel numbers is due to the weakened economy. The BTS survey also found that approximately 1.4 million travelers elected to change their mode of travel after September 11. About 900,000 travelers switched from plane to car, a smaller number from train to car, and even a few from car to plane, probably as a result of bargain airfares. The survey predicted that air travel would be down 20 percent.

Changes in Holiday Travel Plans

Adults Planning to Travel in 2001	
Before Sept. 11	47 million
After Sept. 11	39 million
Adults that traveled in 2000	62 million to 66 million

Source: Bureau of Transportation Statistics, DOT

PASSENGER TRAFFIC DOWN 20 PERCENT IN NOVEMBER

Summarized from Air Transportation Association Press Release, 12-18-01

The Air Transport Association (ATA) reported that passenger enplanements were down 19.8 percent, on average, in November. The number of enplanements declined 19.5 percent domestically, and 23.4 percent internationally. Domestic revenue passenger miles (RPMs) declined 17.7 percent, while international RPMs decreased 27.4 percent. The system-wide load factor was 67.1 percent in November 2001 compared to 70.9 percent in November 2000. The domestic load factor was 68.2 percent and the international load factor was 63.9 percent in November 2001, compared to 70.6 percent and 71.7 percent respectively, a year ago. ATA members transport over 95 percent of all the passenger and cargo traffic in the United States.