

**JOHN F. BROWN COMPANY EMAIL NEWSLETTER**  
*Consultants to the Airport Industry*

3 December 2001

**✈ FINANCIAL STATE OF AVIATION INDUSTRY**

**AMERICA WEST WAITS FOR DECISION**

Summarized from the Wall Street Journal, 12-3-01:

America West Airlines is awaiting a pending decision by the Air Transport Stabilization Board on its application for \$400 million in federal loan guarantees. The \$400 million would be a part of the \$10 billion authorized to be distributed by Congress. A negative decision would force America West to seek financing elsewhere, and increase the risk of its declaring bankruptcy.

**RATE CUT IS ANTICIPATED**

Summarized from the Wall Street Journal, 12-3-01:

While consumer spending has stabilized, the economy continues to contract. Many expect that the Federal Reserve will cut the federal funds rate by another quarter-point when it meets next week. Federal Reserve Bank of Philadelphia President Anthony Santomero pointed out that the September 11 attacks have had less economic impact than forecasters had originally speculated, while Fed Chairman Alan Greenspan differentiated between the job market, which is in bad shape, and the overall economy, which is marginally less so.

**✈ AIRPORT SECURITY**

**MANY CALL 12-31-02 DEADLINE IMPOSSIBLE**

Summarized from USA Today, 11-30-01:

The recently enacted Aviation and Transportation Security Act requires all airports to possess and use explosive detection systems sufficient to screen all bags by December 31, 2002. However, many are expressing outright skepticism that the deadline can be met. Only 150 of the machines are currently in use nationwide, and at least 2,000 will be needed to comply with the law. Many also state that the machines, \$1 million each, will not be affordable to airports unless the government begins funding the purchases. Finally, officials at InVision Technologies and L3 Communications, the only two firms certified to make the machines, state that they will only be able to produce 1,200 machines by the end of next year.

**✈ CRUISE SHIP INDUSTRY**

**ROYAL CARIBBEAN AND P&O STEP TOWARD MERGER**

Summarized from the Wall Street Journal, 12-3-01:

The Norwegian government ruled Friday that the proposed merger between Royal Caribbean Cruises and P&O Princess Cruises would not be considered taxable. This helps solidify the support of Royal Caribbean's founding Wilhelmsen family, who still own a 24 percent stake in the company. Had the merger been considered taxable, the family would have faced a 28 percent capital gains tax.