

JOHN F. BROWN COMPANY NEWSLETTER
Consultants to the Airport Industry

27 September 2002

REGISTERED TRAVELER PROGRAM

Summarized from the New York Times, 9-25-02:

Transportation employees at LAX and PHL will receive the first “registered traveler” identification cards in a test that could lead wider passenger applications. The test must await a congressional nod of approval before commencing.

RANDOM GATE CHECKS TO END

Summarized from the Associated Press, 9-23-02;

Once federal screeners are fully deployed, TSA’s Loy intends to phase out random passenger searches at gates. The move is intended to improve the balance between security and customer service.

LOCKHEED MARTIN COMPLETES CHECKPOINT ASSESSMENTS

Summarized from Airport Security Report, 9-25-02:

Lockheed Martin has completed assessments of passenger screening security checkpoints at 429 airports. Upgrades are in design for over 150 checkpoints; under construction for over 130 checkpoints; and substantially completed at five checkpoints.

TSA HIRING PALES

Summarized from the Los Angeles Times, 9-25-02:

Demographics of security checkpoint personnel are changing as TSA candidates are thinned by citizenship requirements and exams. Although TSA claims to be pleased with its minority hiring efforts, others claim that achieved diversity is inadequate. Whites account for 61 percent of TSA screeners, 21 percent are black, 10 percent are Latino, 2 percent are Asian, and 1 percent are American Indian.

UNION COST REDUCTION PLAN FOR UNITED

Summarized from USA Today, 9-24-02 and 9-26-02; New York Times, 9-26-02:

Five unions at United offered a five-year, \$5 billion cost saving plan that included significant savings from management. The figure falls short of United’s call for \$9 billion of savings (\$1.5 billion per year for six years). United’s Board was slated to consider the proposal on Thursday and Friday (9-26 and 27). Several airline analysts expressed doubt that United had reserved much negotiating room.

ALABAMA FINANCING FOR US AIRWAYS

Summarized from USA Today, 9-27-02:

The Retirement Systems of Alabama (RSA)—an investor in golf courses and TV stations—agreed to invest \$240 million in US Airways when it emerges from Chapter 11 bankruptcy protection. Although higher bids could be accepted, for now, the RSA bid trumped the Texas Pacific Group. As additional sweeteners, the RSA offer includes providing a loan of up to \$500 million for operations during bankruptcy and restructuring \$340 million of US Airways debt already held by RSA. Rono Dutta is advising RSA.

AMERICAN'S CARTY EXPLAINS MOVES TO "AVOID FINANCIAL PERIL"

Summarized from USA Today, 9-26-02:

In a meeting with Wall Street analysts, American's Don Carty argued that a bankruptcy filing by United would not lead to a domino effect in the industry. Carty cited a long list of airlines that entered bankruptcy, never to emerge, and affirmed American's determination to run the company in a way that avoids bankruptcy. Carty said winter traffic would be 10-11 percent below the summer level (compared to an earlier announcement of a 9 percent drop). He said the hub and spoke system will continue with the spreading of service implemented in ORD being applied to DFW in November. He anticipates regulatory problems for the proposed Delta-Continental-Northwest code share, but that the United-USAirways code share is less likely to be disapproved.