

Aviation

Change and competitive pressure are constants for airline, aviation and aerospace companies. Andrews Kurth has partnered with industry clients throughout airline and aviation history, beginning with our representation of the legendary Howard Hughes, Jr., in various aviation ventures that culminated in the 1966 public offering of his 78% ownership of Trans World Airlines. Today we handle a wide range of business transactions and litigation for airlines, aviation manufacturers and aerospace groups. We also advise lenders and investors in the industry, as well as airport authorities and facility operators.

Negotiating structure and terms of financial transactions

We represent air carriers, lenders and investors in many complex financial transactions, including leveraged leases, debt offerings, restructurings, financings and securitizations. The range of our transactional work reflects the airline industry's competitive evolution since deregulation began three decades ago:

- During the 1970s and 1980s we represented institutional debt participants and owners in numerous leveraged lease transactions for passenger and cargo jets of such carriers as:
 - Aloha
 - Delta
 - Eastern
 - Empire
 - Federal Express
 - KLM
 - Southwest
 - Western
- Among these deals were the first and several follow-on dual currency leases for KLM, denominated in guilder debt and dollar equity
- At this time we also helped bank and institutional lenders restructure Eastern's fleet mortgage
- In 1995 we represented Texas Commerce Bank (now JP Morgan Chase Bank) as the debt participant in a \$150 million aircraft leveraged lease transaction for Southwest Airlines
- During the late 1990s we assisted carrier America West in a variety of transactions:
 - A \$100 million revolving bank credit facility fully secured by aircraft, engines and parts as collateral
 - A securitization transaction backed by aircraft lease pass-through certificates
 - Another securitization transaction valued at over \$218.5 million
- Today we help individual clients negotiate timeshares in executive jet aircraft.

Advising on corporate finance and governance

Andrews Kurth advises a publicly traded regional carrier on securities disclosure, corporate governance and transactional work. In 2003 we helped our client issue \$137 million of convertible notes in a Rule 144A offering, and we also handle employment policies, document retention programs, NYSE-regulatory compliance and other strategic matters for them.

Protecting clients in bankruptcy

We have assisted clients on both sides of the table in national air carrier bankruptcy cases. As debtor's counsel to America West in its Chapter 11 bankruptcy, we advised on debtor-in-possession financing and on the subsequent reorganization plan. Our creditor work in airline bankruptcies is extensive, and has included:

- Representing Air Canada as an investor in Continental on its most recent emergence from Chapter 11 bankruptcy
- Representing ABN in the Chapter 11 bankruptcy and Chapter 7 liquidation of Swift Aire, a California commuter carrier

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- Representing the official committee of creditors, which includes funds affiliated with Apollo, TCW and Blackhawk, in the bankruptcy of International Express One, an air cargo company
- Representing Wells Fargo, as the agent of the senior secured bank lender to Kitty Hawk, a commercial air carrier, in the company's Chapter 11 bankruptcy.

Securing funds for airport improvements

As bond financing disclosure counsel for the City of Houston, we helped issue \$65 million in Airport System Subordinate Lien Revenue Refunding Bonds during 2001 and \$675 million in Airport System Revenue bonds during 2002 for ongoing capital improvements at George Bush Intercontinental Hobby airports. Our lawyers prepared the offering documents for both bond issues, and crafted their disclosure language to address the difficult issues of 9/11's effect on the Airport System's operations and financial performance.

Providing guidance on regulatory concerns

We have particular strength at handling complex environmental issues involving airport fuel and maintenance operations, including propylene glycol discharges, and above and underground fuel storage tank contamination. We have conducted due diligence and issues evaluation on these environmental liabilities for a foreign investor considering the purchase of a U.S. carrier, for another U.S. carrier regarding its operations and for fixed base operators and airports. We also work on other regulatory concerns affecting airline and aviation clients, particularly antitrust compliance involving mergers, acquisitions and other business combinations, and Federal Aviation Administration (FAA) permits and regulations covering air charters and contract carriers.

Assisting the travel industry with vendor programs

Our lawyers helped Hilton Hotels Corporation and Hilton International negotiate a reservations software development and outsourcing agreement for their worldwide reservations system, and represent the Hilton Honors fulfillment program (the frequent flyers equivalent program).

Defending manufacturers in litigation

Andrews Kurth defended a large manufacturer of military commercial aircrafts and two affiliate companies in a premises liability asbestos personal injury case filed in Brazoria County Texas District Court. Our clients were among 30 defendants in the lawsuit brought by 100 workers as plaintiffs. We worked with the client's in-house counsel to prepare a brief for removal of the case from local jurisdiction based on federal officer/federal enclave arguments. The defense was unique to our clients, and secured their dismissal from the lawsuit.

Helping to manage your risks

Your airline, aviation or aerospace company has to contend with one of the toughest operating environments of any industry, made even more challenging the past several years by the effects of terrorism and economic downturns. Our lawyers understand the high-stakes, capital-intensive decisions you have to make, and help manage your legal, regulatory and financial risks.

Whether you're faced with multimillion dollar leasing agreement, a business reorganization, a base operations problem or a code red terror alert, there's no time for anything but straight talk. Andrews Kurth lawyers know the help you need, and will come through under the toughest deadlines and circumstances .