

■ Thales has appointed **François Gayet** senior vice president, France defence. He was previously chairman of Thales North America and chairman and chief executive (CEO) of Thales Inc. Gayet is succeeded in North America by **Dr Lawrence Cavaioia**, the ex-president of Northrop Grumman Litton Ship Systems Full Service Center. ■ Northrop Grumman has named **Robert Iorizzo** as president of the company's Electronic Sensors and Systems Sector. Iorizzo, succeeding James Roche, is to head a sector that has expanded as a result of NG's acquisition of Litton Industries. ■ BAE Systems has named **Harris Belman** as vice president for business development- systems integration at its Information & Electronic Systems Integration sector. Belman joins from IBM Services. ■ The Australian Government has appointed **Ted Anson** to be chairman of the Civil Aviation Safety Authority. Meanwhile, **Mick Toller** has been confirmed for another three-year term as aviation safety director. ■ **Robert Strain** is to become the new executive vice president and general manager of Orbital's Space Systems Group. ■ **John Phillippe** has been named as senior vice president and chief financial officer for AvGroup. ■ **Jan Forsberg** is to take over from Jan Pettersson as managing director of SAS' navigation data and charting unit SAS Flight Support. ■ Arianespace has named **Edouard Perez** as senior vice president of engineering, while **David Quancard** is to become vice president of product division.

CHAPTER 11 REBECCA RAYKO / MIAMI

# National Airlines seeks rescue

Troubled Las Vegas carrier stakes its future on talks with two possible white knights

National Airlines has been given a short stay of execution from bankruptcy until 22 June by a US federal court judge.

The Las Vegas-based carrier, which filed for Chapter 11 bankruptcy protection last December, will use the time to continue negotiating a rescue plan with billionaire financier Carl Icahn.

National is also in talks with a

second bidder for the airline, the *Las Vegas Sun* newspaper says. Negotiations with a second party were confirmed by National chief executive Mike Conway, although he declines to disclose its identity.

Icahn, former owner of TWA, has been negotiating the purchase of two-year-old National since May.

National, which is losing cash at the rate of \$2m per month, contin-

ues to operate its fleet of 16 Boeing 757s from McCarran International Airport hub until it runs out of options. The airline blamed fuel costs for its difficulties when it filed for protection last year.

Icahn also bid to purchase TWA during its bankruptcy proceedings earlier this year. He stands to lose a lucrative discount ticketing agreement with TWA when American Airlines finalises the integration of the two airlines. Icahn has been reselling discounted TWA tickets through his Internet company, Lowestfare.com. Analysts believe Icahn is likely seeking a similar arrangement with National.

Meanwhile, Harrah's Entertainment, which owns 48% of National, was prevented by court order last week in Las Vegas from collecting more than \$17m in loans from the airline. Had Harrah's collected, National would have been unable to receive cash advances from ticket sales which would have essentially grounded the carrier.



MARK WAGNER

National will operate its 757s until it runs out of options

## RESTRUCTURING

# MEA staff want board dismissed

Pilots and other staff employed by Lebanese flag-carrier Middle East Airlines (MEA) are calling for the dismissal of the entire board including chairman Mohammed Hout, accusing them of mismanagement.

The move is part of efforts by staff to prevent the planned lay-off of up to 1,400 of the 4,200 workforce in an effort to stem worsen-

ing financial losses. The pilots, in a letter to Lebanon's Central Bank, which owns 99% of MEA, allege "the chairman is solely to blame for the company's current financial status and disintegration".

Since 1996 when the Central Bank acquired the airline, MEA has lost \$400 million. With \$70 million being spent each year on salaries, the management argues

that the workforce must be cut.

MEA's difficulties are due in part to an accumulation of setbacks suffered since the start of the Lebanese civil war in 1975. Since the war ended in 1990, the return of business confidence to Beirut has been slower than predicted. Meanwhile, MEA finds itself with a size of workforce appropriate to when Beirut was a thriving business centre.

## CONSOLIDATION

# China Eastern Airlines completes first merger in CAAC's blueprint

China Eastern Airlines has finalised its acquisition of Ningbo-based Great Wall Airlines as China's sweeping airline consolidation exercise continues.

Announced last year, it is the first merger to be completed among the carriers under direct "control and administration" of the regulatory Civil Aviation

Administration of China (CAAC).

The CAAC has been calling for consolidation among the country's more than 30 airlines for years. In 2000 it ordered the 10 under its direct authority to combine into three groups.

Under the merger blueprint, provisionally finalised earlier this year, Beijing-based Air China will take

over China Southwest Airlines and China National Aviation; China Eastern of Shanghai will acquire China Northwest Airlines, Great Wall and Yunnan Airlines; and Guangzhou-based China Southern Airlines swallows China Northern Airlines and Xinjiang Airlines.

Analysts estimate the full merger exercise will take around 18

months to complete, starting with small carriers such as Great Wall, which has three Boeing 737-200s and a handful of Tupolev Tu-154s.

Mergers among second- and third-tier airlines have already begun. Hainan Airlines has acquired Changan Airlines and China Xinhua Airlines and is currently acquiring Shanxi Airlines.