



SUBURBAN O'HARE COMMISSION
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For Immediate Release

Chicago billionaire, Lester Crown, engaged in conflict of interest in pushing O'Hare Airport expansion.

A company with close ties to the chief business pitchman for O'Hare expansion has signed deals with United Airlines that will make the company, General Dynamics Corp., billions of dollars.

Lester Crown, a principal, if not the largest, shareholder in General Dynamics, has been lobbying politicians, meeting with the media and pushing on all fronts for the \$15-billion-plus O'Hare expansion plan whose chief beneficiaries are United and American airlines.

General Dynamics, a \$12-billion defense contractor and airplane manufacturer, announced on December 15 that it is won an order from United Airlines for as many as 67 Gulfstream business jets from the Avolar unit of UAL Corp., United Airline's parent. The order has a potential value of \$1.5 billion, but with options and maintenance, agreements could exceed \$2 billion. Avolar is a new entrant in the "fractional-jet" business, designed to recapture premium class customers that United Airlines has been losing to the growing private jet market.

This order is in addition to a June, 2001 order, valued at \$1.25 billion, that Avolar placed with General Dynamics last June for 12 other Gulfstream planes.

"Mr. Crown travels near and far, pitching a massive and wasteful over-expansion of O'Hare Airport—something that directly benefits his company's customers—and Mr. Crown's company gets a deal that could exceed \$3 billion," said John Geils, Chairman of the Suburban O'Hare Commission, "Yet, no one raises an eyebrow about this glaring conflict of interest."

Geils emphasized that a state of Illinois had found that passengers using O'Hare Airport have been paying \$600 million in fare overcharges because of the near-monopoly control of the airport by United and American airlines. One of the

questions not being asked or answered about the O'Hare expansion "compromise" between Mayor Richard M. Daley and Gov. George Ryan is what effect the expansion will have on this monopoly situation. "Surely, United and American, which will use some of those fare overcharges to finance bonds to pay for their part of the expansion, will not be in a mood to give away any of that additional capacity to competitors," Geils said.

Geils, who is president of the blue-collar suburb of Bensenville, which stands to be wiped out by the O'Hare expansion, acknowledged that it and other suburbs are conducting an uphill battle against the billionaire, who appears on lists of America's and the world's richest people. "The kind of cozy relationship that Crown, the Chicago business elite and the airlines have ought to trouble truly civic-minded people, and make them ask why Crown would be so aggressively pushing an O'Hare expansion plan that would so directly benefit his customers. Or why he would so aggressively push an O'Hare expansion that would kill a major south suburban airport that the United and American airlines so vehemently oppose because it would provide a new hub for their competitors," Geils said.

As recently as Dec. 14, the Chicago Tribune published a letter from Crown, hailing the O'Hare backroom deal as "...generating billions of dollars of additional revenues for the regional economy." Noted Geils: "Conveniently, Crown didn't mention—nor does the Tribune—how the deal will advance his own financial interests. It is no surprise that Crown, with all his billions, has no room for public scrutiny of the O'Hare expansion, preferring instead that Congress pass his self-serving plan in the dark of night."

Crown is the most visible member of a family that long has exercised significant clout in Chicago politics. The family first made its fortune from its Material Service Corp., whose building materials are in many city public works projects, including the CTA subways. Crown sold Material Service to General Dynamics Corp. in 1959. Afterwards he bought back enough General Dynamics stock to become its largest shareholder. The company still dominates the family's diversified portfolio of holdings. Crown remains a board member of General Dynamics, with employs about 50,000. The Suburban O'Hare Commission is a council of governments, which represents more than 1 million people and advocates for open and rational—instead of politically driven and secretive—aviation planning for the Chicago region.

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