

those housed in the World Trade Center where staffs and offices were decimated.

In the days following, Americans became afraid or temporarily unwilling to fly, shop and eat in restaurants. Only slowly are consumers returning.

According to the Siena College Research Institute, New Yorkers' consumer confidence and their desire to spend plunged to record lows after the Sept. 11 attacks.

To standardize the impact of this lost or reduced business, the Financial Accounting Standards Board, said companies must report profits or losses related to the attacks as "continuing operations," not as one-time "extraordinary events."

"Sept. 11 was so significant, so pervasive and so entangled with the changes in the economy" that it would be impossible to separate them from the ongoing businesses of companies, said Tim Lucas, head of the FASB's Emergency Issues Task Force. The board helped fashion new accounting rules to address these issues beginning with the three months ended Sept. 30.

"We were expecting a muted holiday season before" the attacks, said CIBC World Markets retail analyst Dorothy Lakner. "Now we take an even more sober view. The third quarter will be pretty terrible."

Corporate profits of just the 500 companies in the Standard & Poor's 500 index could fall by \$15 billion, according to Salomon Smith Barney economist Steven Wieting.

Thompson Financial/First Call, which calculates earnings,

duty-free shops in airports hurt cosmetics giant Estee Lauder, which said it was reducing expectations for sales and profit growth largely because of the Sept. 11 attacks.

Its biggest customer, Federated stores, said sales have been 20% below normal since the attacks. The owner of Macy's and Bloomingdale's said sales since the attacks were down 20% and profit estimates would be trimmed. Federated accounts for 11% of Estee Lauder's sales.

Upscale retailer Nordstrom's said it was resorting to rare 60% reductions on clothes, shoes and accessories to clear out merchandise for new holiday goods and slashed earnings forecasts. It also has laid off 2,500 employees nationwide since Sept. 1.

As fewer Americans have taken to the roads in rented cars or booked hotel rooms, Candant said its lodging and Avis rental car units have been hit by a sharp drop in bookings.

"It's like we're all just sitting on the fence waiting for someone to shoot us down," said 20-something Megan Northam, a Delta flight attendant with three years seniority. "I think we've all been in the bar more than usual."



DAVID BURNS DAILY NEWS
Jeanette Mammontree was laid off from American Airlines.

Before Sept. 11, the top six U.S. airlines had about 38,000 employees split among the three major local airports. With New York flight reductions now ranging from 20% to 36% per airline, more than 9,000 local personnel are expected to lose their jobs.

Those affected say the deep industry-wide cuts and high unemployment have them worried and scrambling.

"Sometimes I think maybe I should just go home to Minnesota," said Catrina Albrecht, laid off after a six-month stint as a Northwest flight attendant.

Albrecht said she's already tried to find restaurant work with Houlihan's, but the chain isn't hiring, another casualty of diminished tourism.

"A lot of us are starting to move in together to save money," said Julimarie Sulli-

Most airline furloughs run the gamut from pilots to ticket agents to mechanics and ground workers.

The closure of TWA operations at Kennedy airport alone is resulting in about 1,400 mechanic and ground worker layoffs, according to the International Association of Machinists and Aerospace Workers.

Perry Esposito, furloughed from his mechanic job with TWA after 16 years, said "it's not like TWA is hurting so I'll go apply at United." Everyone's hurting, and all airlines have long lists of workers waiting to be called back.

At 35, Esposito is concerned that his resume is limited to airline experience. "When American first acquired TWA, the idea was for me to just change uniforms in January," he said. "Now I'll have to change trades."

Silverstein snags super-lawyer for insurance fight

By ERIC HERMAN
DAILY NEWS BUSINESS WRITER

Larry Silverstein is taking no chances when it comes to assembling his team of lawyers.

The developer who controlled the World Trade Center has hired Herbert Wachtell, a take-no-prisoners trial lawyer known for high-profile cases as a key member of his legal army for his upcoming battle with insurers.

"Herb's in a bit of a league by himself," said Richard Scruggs,

who faced Wachtell in lawsuits against tobacco companies during the 1990s and was later depicted in the film "The Insider." "He can be a bit intimidating."

Silverstein will need all the legal help he can get, experts said. The developer faces a morass of legal problems from the Sept. 11 terrorist attack.

Most urgently, Silverstein needs to collect billions of dollars from his insurance companies so he can pay rent owed to

the Port Authority. He also needs insurance money to rebuild the World Trade Center. Silverstein has vowed to erect four towers of 50 or 60 stories each on the site.

Silverstein's insurance policies provide about \$3.6 billion in coverage "per incident." The developer is saying that each plane crash was a separate incident, entitling him to \$7.2 billion.

"I think he's well-advised to get a guy like Herb Wachtell up front before they miscalculate

and try to jack him around on coverage," Scruggs said.

Wachtell has handled some of the toughest, most sensitive cases in recent memory. Philip Morris, the nation's largest tobacco company, hired him to defend it against a raft of lawsuits brought against the cigarette industry during the late 1990s.

Former Disney president Jeffrey Katzenberg brought in Wachtell when he sued the company and chairman Michael Eisner for \$250 million.