

ORIGINAL

BEFORE THE FEDERAL AVIATION
U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

75642

In the matter of

THE WENDELL H. FORD AVIATION
INVESTMENT AND REFORM ACT FOR
THE 21st CENTURY

For exemptions from 14 C.F.R. Part 93, under
49 U.S.C. § 41718(a) (beyond-perimeter slot
exemptions for Reagan National Airport)

Docket OST-2000-7181 - 8

APPLICATION OF NATIONAL AIRLINES, INC.
FOR AN EXEMPTION

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Dated: May 3, 2000

NOTICE: Answers to this application must be filed and served on all persons served with this application by May 22, 2000.

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Docket OST-2000-7181
May 3, 2000

APPLICATION OF NATIONAL AIRLINES, INC.
FOR AN EXEMPTION

National Airlines, Inc. ("National"), a new entrant air carrier, hereby applies for six of the beyond-perimeter slot exemptions to be made available for service at Ronald Reagan Washington National Airport ("DCA") under section 231 of the recently enacted Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21"). See 49 U.S.C. § 41718(a). National proposes to use the beyond-perimeter slot exemptions to perform three daily nonstop roundtrip flights between DCA and Las Vegas' McCarran International Airport ("LAS").

The new nonstop service will greatly benefit passengers traveling between the heart of our Nation's capital and Las Vegas, as well as passengers traveling from DCA to Los Angeles and San Francisco, two other cities served by National via its Las Vegas hub. In addition, the service will

satisfy all of the criteria established by AIR-21 for obtaining relief from the high density and perimeter rules at DCA because it will: (1) provide air transportation with domestic network benefits in areas beyond the perimeter, (2) increase competition by a new entrant air carrier and in multiple markets, (3) not reduce travel options for communities within the perimeter, (4) not result in meaningfully increased travel delays, and (5) be conducted using only Stage 3-compliant aircraft.

National requests that the six beyond-perimeter slot exemptions remain effective indefinitely, subject to the requirement that National continue using the exemptions for its proposed DCA-LAS service.

I. National's Proposed DCA-LAS Service

National proposes to operate three daily nonstop roundtrip flights between DCA and LAS. As indicated in Exhibit NA-1, four of National's DCA-LAS flights will be scheduled for operation during the daytime traveling hours of 8:00 a.m. to 9:00 p.m., which are generally preferred by business and leisure travelers alike. A fifth flight will depart DCA at 9:00 p.m. and arrive at LAS later in the evening. The sixth flight will carry passengers from LAS to DCA overnight. These last two flights provide convenient service for the most time-sensitive travelers, who prefer to save their daytime for activities other than traveling.

As indicated in Exhibit NA-1, National estimates that its proposed DCA-LAS service will reduce the average westbound enroute time for passengers by 25.9% (from about 7 hours, 12 minutes to 5 hours, 20 minutes) and the average eastbound enroute time by 26.3% (from approximately 6 hours, 20 minutes to 4 hours, 40 minutes).

To perform these flights, National will use Stage 3-compliant Boeing 757 aircraft that are configured with 175 seats. National's use of the Boeing 757 aircraft will help to ensure that the maximum public benefits are realized from the slot exemptions to be issued because the Boeing 757 is the largest capacity aircraft authorized to operate at DCA.

National's new nonstop DCA-LAS service will provide a needed increase in capacity in direct air service between the Nation's capital and Las Vegas, and will provide 7,350 passenger seats per week for travelers. See Exhibit NA-1.

The need for such an increase in capacity is a function of the growing demand for passenger air transportation to and from Las Vegas, combined with the stagnant passenger capacity levels in the DCA-LAS market.

Over the past ten years, Las Vegas has continued its dynamic expansion as one of the leading destinations in the United States for leisure

travel and for conventions and trade shows. 1/ Indeed, as indicated in the following chart, Las Vegas has become the fourth largest domestic origin and destination (“O&D”) market. Significantly, it is the second largest domestic market outside DCA’s 1,250-mile perimeter, and the largest such market served by a major mid-continent hub. 2/

Domestic Market	O&D Passengers
1. Los Angeles	32,835,870
2. Chicago	26,644,730
3. Atlanta	25,716,770
4. Las Vegas	22,757,490

Source: DOT O&D Survey Data for Year Ending in September 1999.

In 1999, Las Vegas was visited by 33.8 million people, handled 33.7 million enplanements and deplanements, hosted 3,847 conventions and trade shows for about 3.8 million attendees, and made over 120,000 hotel rooms available to accommodate the visitors. 3/ See Exhibit NA-2. The average

1/ According to a survey conducted by the U.S. Tour Operators Association, its members identified Las Vegas as the best-selling domestic tour destination and predicted that Las Vegas will be one of the two fastest growing destinations in the U.S. See Viva Las Vegas! USTOA Ranks City as Ton Tour Destination, Travel Weekly, April 1, 1999, at 2.

2/ Las Vegas is also the seventh busiest airport in the world in terms of aircraft movements. See Exhibit NA-3.

3/ According to statistics gathered by the Las Vegas Convention and Visitors Authority, 18 of the 20 largest hotels in the United States are found in Las Vegas.

rates of growth in these measurements of Las Vegas' business strength and travel needs have been significant over the past ten years. For instance, as indicated in Exhibit NA-2, the number of visitors grew by 5.5% per year from 1990 through 1999. The total number of passengers enplaned and deplaned at McCarran International Airport increased by 6.5% per year. The number of conventions and convention attendees increased by an impressive 16.0% and 9.0% per year, respectively. Finally, the number of available hotel rooms increased by 5.6% per year.

Las Vegas' McCarran International Airport has also grown recently at a rate of 12% in the number of passengers enplaned and deplaned and 14.6% in the number of aircraft movements. See Exhibit NA-3. In terms of passengers and aircraft movements, these high growth rates make LAS the fastest growing major hub airport outside DCA's perimeter.

The number of hotel rooms in Las Vegas is also continuing to increase markedly. As indicated in Exhibit NA-2, the number of Las Vegas hotel rooms is projected to grow by at least 6.7% from 1999 through 2002. The Las Vegas Convention and Visitors Authority has identified an additional 49,352 hotel rooms expected to be constructed in Las Vegas in the near future that will represent an increase of 47.7% over the hotel rooms available at the end of 1999.

However, in contrast to the vibrant growth enjoyed by the Las Vegas business and tourism sectors, passenger capacity in the DCA-LAS market has been relatively stagnant. As shown in Exhibit NA-4, the number of passengers traveling in the DCA-LAS market during the year ending in September 1999 was just 53,160, only 2.4% more than the preceding year. ^{4/} During the same one-year period, the number of passengers traveling in the neighboring Washington Dulles International Airport (“IAD”)-LAS market actually decreased by 4.2%. ^{5/} Such passenger statistics provide evidence that capacity in the DCA-LAS market and in the Washington, D.C.-Las

^{4/} These O&D passenger statistics provide the best available measure of capacity in the DCA-LAS market which lacks nonstop service. It is impracticable to try to derive passenger seat capacity figures from the existing one-stop, two-stop, and connecting services because the number of passenger seats actually available for travel between DCA and LAS varies depending on the demand for seats to the other stops and connecting points included in the carriers’ respective routes. The same passenger statistics are used in Exhibit NA-4 for IAD and BWI to provide a basis for comparison.

^{5/} Overall capacity in the Washington, D.C.-Las Vegas city pair increased because Baltimore-Washington International Airport (“BWI”) experienced a 27.2% increase in passengers. See Exhibit NA-4. However, it would be misleading to use BWI’s passenger growth statistics to determine whether adequate capacity exists in the Washington, D.C.-Las Vegas city pair because a significant number of the passengers using BWI’s service come from a broad catchment area that includes other cities and states that clearly should not be considered part of the Washington, D.C. area. Furthermore, many passengers on BWI flights would prefer to use the more convenient DCA if greater LAS service options were available there.

Vegas city pair is inadequate when measured against the significant overall business and travel growth rates discussed above.

In addition to providing needed capacity, National's new nonstop DCA-LAS service will provide significantly enhanced service options for travelers in the market. Currently, eastbound passengers desiring direct service to DCA have only one carrier from which to choose, and that carrier's service offering is limited to one daily flight. See Official Airline Guide: North America Edition 831 (May 2000) (hereinafter "OAG").

II. National's New Nonstop DCA-LAS Service Satisfies the Requirements of AIR-21

AIR-21 establishes the following standards for the award of beyond-perimeter slot exemptions under 49 U.S.C. § 41718(a).

- a. The proposed service must "provide air transportation with domestic network benefits in areas beyond the perimeter" in effect at DCA.
- b. The proposed service must "increase competition by new entrant air carriers or in multiple markets."
- c. The proposed service must not reduce travel options for communities served by small hub airports and medium hub airports within the perimeter.
- d. The proposed service must not result in meaningfully increased travel delays.
- e. The proposed service must be conducted using only Stage 3-compliant aircraft.

See 49 U.S.C. § 41718(a)(1)-(4), (c)(l).

National's new nonstop DCA-LAS service will satisfy all of these standards. 6/

A. National's New Nonstop DCA-LAS Service Will Provide Significant Domestic Network Benefits in Areas Beyond the Perimeter

As discussed above, National's new nonstop DCA-LAS flights will offer dramatically improved service for passengers traveling to and from Las Vegas, the largest domestic O&D market outside the 1,250-mile perimeter from DCA that is served by a mid-continent hub. This new nonstop service will also generate significant domestic network benefits from National's Las Vegas hub to areas beyond DCA's perimeter.

1. Domestic Network Benefits from Flights Operated by National

National's proposed DCA-LAS service will enable National immediately to provide competitive one-stop or connecting service between

6/ To the extent that the Department considers whether National's proposed service will provide the maximum benefit to the U.S. economy (see 49 U.S.C. § 41715(c)(1)), National notes that its use of an all-Boeing fleet, as well as its employment of over 1,000 employees here in the United States, provides tremendous benefits for the U.S. economy in addition to the consumer benefits that will be generated by National's proposed service, as described in this Application.

DCA and both Los Angeles ("LAX") and San Francisco ("SF, "). ^{7/} In addition, as National continues expanding the number of destinations that it serves from its Las Vegas hub, National's DCA-LAS service will enable it to provide competitive one-stop or connecting service to additional points west of LAS. Indeed, National already has plans to add flights from LAS to Portland (Oregon), San Diego, San Jose, and Seattle within the next four years.

The two West Coast markets that National is already serving, together with the destinations that National plans to serve in the near future, account for a significant percentage, 75.6%, of the passenger traffic from DCA to LAS and, via LAS, to cities further west. See Exhibit NA-5.

2. Domestic Network Benefits from Flights Operated by Carriers with Which National Has Ticketing and Baggage Agreements

National's new nonstop DCA-LAS service also will immediately facilitate convenient connecting service from LAS to points served by carriers

^{7/} National's service from Las Vegas has already received a warm welcome both at Los Angeles and San Francisco. National started in May 1999 with only four daily flights in the Las Vegas-Los Angeles market and two daily flights in the Las Vegas-San Francisco market. Today, despite serious competition, National offers five daily flights in both markets with a sixth flight in each market on certain days of the week. National anticipates that its proposed DCA-Los Angeles and DCA-San Francisco services would be similarly well-received.

with which National has entered into ticketing and baggage agreements. 8/

These connecting services will include:

- a. New connecting service between DCA and Fresno, California. Currently, Fresno does not have any direct or connecting service to DCA. OAG 291, 828.
- b. New eastbound connecting service and new competitive westbound connecting service between DCA and Grand Canyon, Arizona. Grand Canyon currently does not have any direct or connecting service eastbound to DCA. OAG 828. Westbound, it has a one-stop flight operated by one carrier and a connecting flight that is operated via Miami. OAG 293.
- c. New westbound connecting service to, and new competitive eastbound connecting service from, Palm Springs, California. Palm Springs currently does not have any direct or connecting westbound flights. OAG 594. It has a one-stop eastbound flight. OAG
- d. Connecting service to Portland, Oregon.
- e. Connecting service to Seattle/Tacoma, Washington.

8/ National has such ticketing and baggage agreements with eight of the 20 domestic air carriers that serve Las Vegas, including Alaska, American Trans Air, Hawaiian, Northwest, Scenic, and US Airways. These agreements generally allow National and the other signatory carrier to issue tickets that include connecting flights operated by the other carrier. The agreements also provide for the automatic transfer of passengers' baggage between connecting flights operated by National and the other carrier.

B. National's New Nonstop Service Will Increase Competition by a New Entrant Air Carrier and in Multiple Markets

National's new nonstop DCA-LAS service will increase competition by a "new entrant air carrier," and will also increase competition in multiple markets.

As amended by AIR-21, the term "new entrant air carrier" includes each air carrier "that does not hold a slot at the airport concerned and has never sold or given up a slot at that airport after December 16, 1985."

49 U.S.C. § 41714(h)(3). National qualifies as a "new entrant" because it does not hold, and never has held, any slots or slot exemptions at DCA.

After receiving the slot exemptions it is requesting and making the necessary arrangements for establishing service at DCA, National will immediately begin promoting competition in the DCA-LAS, DCA-LAX, and DCA-SFO markets by ensuring the availability of lower average ticket prices for passengers. In fact, as indicated in Exhibit NA-6 hereto, all of National's proposed fares from the slot-controlled, perimeter-restricted DCA to LAS will be less than the comparable fares being offered by United Air Lines in the neighboring IAD-LAS market. For example, National's estimated first class fare for nonstop DCA-LAS service (\$679) will be 50.9% lower than United's IAD-LAS first class fare (\$1,384). National's estimated unrestricted tourist class fare for DCA-LAS (\$454) will be 58.2% less than United's comparable

IAD-LAS fare (\$1,087). Further, National's estimated 7-day advance purchase fare (\$358) will be 69.3% less than United's comparable fare for IAD-LAS (\$1,165).

National's proposed DCA-LAS fares will even be competitive with the fares that Southwest Airlines offers for service between BWI and LAS. ^{9/} For example, National's 7-day advance purchase ticket prices for DCA-LAS (\$358 and \$408) will actually be 9.6%-31.8% less than Southwest's current comparable fares for BWI-LAS service (\$396 and \$598, respectively). Furthermore, none of National's restricted DCA-LAS fares will cost over \$20 more than a comparable ticket for Southwest's BWI-LAS service.

As a result of offering such competitive, lower ticket prices for its new nonstop DCA-LAS service and connecting DCA-LAX and DCA-SFO services, National estimates that it will attract a significant number of incremental travelers to the markets over the next year. ^{10/} Moreover, as National

^{9/} National is able to offer such competitive fares because National has developed below average air carrier unit costs for its operations.

^{10/} National's experience in the LAS-Miami market demonstrates the demand-stimulating potential of National's competitively priced services. According to the Department's O&D survey data, an average number of 141.6 passengers per day traveled each way in the LAS-Miami market during the year ending in September 1999. Now, after only three months in the market, National's lower cost service is already attracting more than 200 passengers per day each way. Thus, with other carriers still providing service, the

[Footnote continued]

continues expanding its service network from its Las Vegas hub, increasing numbers of passengers will benefit from the highly competitive fares and services that National will bring into the new markets. ^{11/}

C. National's New Nonstop DCA-LAS Service Will Not Reduce Travel Options for Communities Within the Perimeter

Since National has not previously served DCA, it offers no service between DCA and any community that is served by a small hub airport or medium hub airport within the perimeter. As a result, the start of National's new nonstop DCA-LAS service will not involve the possibility that the carrier might cease operating existing flights to such communities, nor will the new frequencies result in reduced travel options for those communities.

D. National's New Nonstop DCA-LAS Service Will Not Result in Meaningfully Increased Travel Delays

National's proposed service will not result in meaningfully increased travel delays at DCA. The General Accounting Office has estimated that DCA is able to handle 7 more flight operations (i.e., takeoffs and landings)

[Footnote continued]

number of passengers being carried by National alone is 140% of the historic daily traffic.

^{11/} As noted above, the two West Coast markets that National is already serving, together with the destinations that National plans to serve in the

[Footnote continued]

per hour than it currently does. ^{12/} In contrast, operations at DCA will only increase by one or two operations per hour when the AIR-21 slot exemptions are awarded and put into use. See 49 U.S.C. § 41718(c)(2) (requiring that the slot exemptions granted under 49 U.S.C. § 41718 not increase operations by more than two operations in any one-hour period). Moreover, the 6 slot exemptions requested by National would be spread throughout the day and should not adversely affect the flow of aircraft into and out of DCA.

E. National's New Nonstop DCA-LAS Service Will Be Conducted Using Stage 3-Compliant Aircraft

As discussed above, National intends to use only the Stage 3-compliant aircraft in its all-Boeing 757 fleet.

III. Conclusion

The public interest will be served if the Department authorizes National, a new entrant, to conduct new nonstop DCA-LAS flights, thus providing a badly needed increase in competitive capacity and sharply

[Footnote continued]

near future, account for 75.6% of the passenger traffic from DCA to LAS and, via LAS, to cities further west. See Exhibit NA-5.

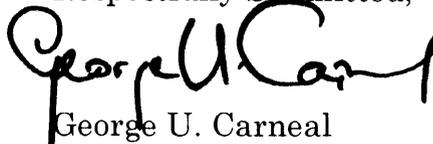
^{12/} General Accounting Office, Reagan National Airport: Capacity to Handle Additional Flights and Impact on Other Area Airports, GAO/RCED-99-245, September 1999, at 9 (citing a study conducted by the Department and the views of the Metropolitan Washington Airports Authority).

reducing elapsed travel times between DCA and Las Vegas, the second largest domestic O&D market outside the perimeter from DCA. National will use its new nonstop DCA-LAS service as a springboard for providing new high quality, lower cost, convenient services to benefit travelers in the DCA-LAS, DCA-LAX, and DCA-SFO markets. The DCA slot exemptions will also enable National to increase competition and offer improved service in other O&D markets to the west of Las Vegas, particularly as National continues expanding its domestic route network.

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WHEREFORE, National Airlines, Inc. requests that the Department grant it six beyond-perimeter slot exemptions under 49 U.S.C. § 41718(a) so that National may operate three daily nonstop roundtrips between DCA and LAS. National further requests that the six beyond-perimeter slot exemptions remain effective indefinitely, subject to the requirement that National continue using the exemptions for its proposed DCA-LAS service.

Respectfully Submitted,



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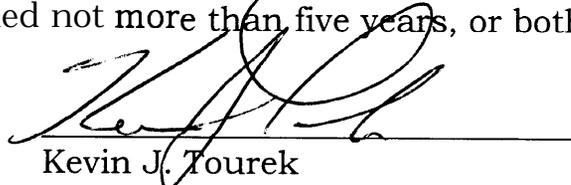
Counsel for
National Airlines, Inc.

Dated: May 3, 2000

Application for Exemption
National Airlines, Inc.

CERTIFICATION

Pursuant to 18 U.S.C. § 1001, I, Kevin J. Tourek, in my individual capacity and as the authorized representative of National Airlines, Inc. ("National"), have not in any manner knowingly and willfully falsified, concealed, or failed to disclose any material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing, or prosecution of the foregoing "Application of National Airlines, Inc. for an Exemption." I understand that an individual who is found to have violated the provisions of 18 U.S.C. § 1001 shall be fined or imprisoned not more than five years, or both.



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Dated: May 3, 2000

Application of National Airlines, Inc.
Docket OST-2000-7181
(beyond-perimeter slot exemptions at DCA)

Exhibit NA-1

National Airlines' Proposed Service

National Airlines' Proposed Schedule [1]

DCA Departure	LAS Arrival	LAS Departure	DCA Arrival	Aircraft	Capacity Per Flight	Weekly Frequency	Weekly Capacity
8:10 a.m.	10:25 a.m.			B-757	175	7	1,225
6:10 p.m.	8:25 p.m.			B-757	175	7	1,225
9:00 p.m.	11:15 p.m.			B-757	175	7	1,225
		9:30 a.m.	4:55 p.m.	B-757	175	7	1,225
		12:40 p.m.	8:00 p.m.	B-757	175	7	1,225
		11:45 p.m.	7:10 a.m.	B-757	175	7	1,225

Weekly Number of Passenger Seats to Be Offered by National Airlines **7,350**

Estimated Reduction in Travel Time Resulting from National's Proposed Service

	Current Travel Time	Estimated Travel Time	Percent Reduction
Westbound	7 hours, 12 minutes	5 hours, 20 minutes	25.9%
Eastbound	6 hours, 20 minutes	4 hours, 40 minutes	26.3%

Note(s):

1. The times provided in this chart reflect the times that National desires to arrive and depart from DCA. National understands that the precise time that it would be allowed to operate at DCA must be determined in consultation with the FAA once the Department grants National slot exemptions.

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Application of National Airlines, Inc.
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(beyond-perimeter slot exemptions at DCA)

Exhibit NA-2

Las Vegas Visitor and Business Information

Historic Data

Calendar Year	Number of Visitors	Passengers Enplaned/Deplaned	Number of Conventions	Number of Convention Attendees	Total Hotel/Motel Rooms at Year End
1990	20,954,420	19,089,684	1,011	1,742,194	73,730
1991	21,315,116	20,171,557	1,655	1,794,444	76,879
1992	21,886,865	20,912,585	2,199	1,969,435	76,523
1993	23,522,593	22,492,156	2,443	2,439,734	86,053
1994	28,214,362	26,850,486	2,662	2,684,171	88,560
1995	29,002,122	28,027,239	2,826	2,924,879	90,046
1996	29,636,361	30,459,965	3,827	3,305,507	99,072
1997	30,464,635	30,315,094	3,749	3,519,424	105,347
1998	30,605,128	30,227,287	3,999	3,301,705	109,365
1999	33,809,134	33,669,185	3,847	3,772,726	120,294
Average annual growth rates	5.5%	6.5%	16.0%	9.0%	5.6%

Future Increases in Hotel/Motel Room Accommodations

Completion Year	New Rooms Constructed	Rooms Available At Year End	Percent Increase Over Base Year 1999
1999 (actual)		120,294	
2000	4,230	124,524	3.5%
2001	1,338	125,862	4.6%
2002	2,512	128,374	6.7%
Undetermined	49,352	177,726	47.7%

Source: Las Vegas Convention and Visitors Authority

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Exhibit NA-3

Comparison of the World's Twenty Busiest Airports

In Terms of Passenger Traffic [1]			In Terms of Aircraft Movements [2]		
Airport	Total	Change [3]	Airport	Total	Change [3]
1 Atlanta (ATL)	65,177,160	6.3%	1 Atlanta (ATL)	755,103	7.5%
2 Chicago (ORD)	61,000,480	0.3%	2 Chicago (ORD)	745,565	-0.2%
3 Los Angeles (LAX)	53,410,988	4.2%	3 Dallas/Ft. Worth (DFW)	690,985	-1.3%
4 London (LHR)	52,960,462	2.8%	4 Los Angeles (LAX)	647,250	n.a.
5 Dallas/Ft. Worth (DFW)	47,102,978	-1.2%	5 Detroit (DTW)	467,446	3.9%
6 Tokyo (HND)	45,644,883	6.4%	6 Phoenix (PHX)	464,639	3.8%
7 Frankfurt (FRA)	39,186,656	7.7%	7 Las Vegas (LAS)	447,509	14.6%
8 Paris (CDG)	37,083,239	13.0%	8 Oakland (OAK)	434,794	1.1%
9 San Francisco (SFO)	34,109,438	0.6%	9 Miami (MIA)	430,227	-4.0%
10 Denver (DEN)	32,129,455	3.9%	10 Minneapolis/St. Paul (MSP)	425,423	6.1%
11 Amsterdam (AMS)	31,459,504	7.0%	11 Long Beach (LGB)	422,592	7.9%
12 Minneapolis/St. Paul (MSP)	28,581,421	12.3%	12 St. Louis (STL)	422,252	0.2%
13 Detroit (DTW)	28,538,338	8.9%	13 Boston (BOS)	415,737	-2.2%
14 Newark (est.) (EWR)	28,482,826	4.8%	14 Denver (DEN)	408,626	5.7%
15 Miami (MIA)	28,250,090	n.a.	15 Philadelphia (PHL)	398,636	2.4%
16 Las Vegas (LAS)	28,245,600	12.0%	16 Santa Ana (SNA)	396,742	12.6%
17 Phoenix (PHX)	27,755,626	4.6%	17 Paris (CDG)	396,718	10.1%
18 Seoul (SEL)	27,631,038	13.9%	18 Cincinnati (CVG)	396,124	7.8%
19 Houston (IAH)	27,547,558	6.0%	19 Washington, D.C. (IAD)	386,596	22.3%
20 New York (JFK)	27,112,439	2.3%	20 Houston (IAH)	385,755	3.5%

Source: Airports Council International, The World's Busiest Airport: Top 30 ACI Airports by Passenger Traffic/Cargo Volume/Aircraft Movements (last modified Feb. 8, 2000) <<http://www.airports.org/traffic/busiest.html>>.

Note(s):

1. The totals below include the number of passenger enplaned and deplaned. Passengers in transit were counted only once.
2. The totals below reflect the number of aircraft landings and take-offs.
3. The numbers provided below reflect the percentage change from Jan.-Oct. 1998 to Jan.-Oct. 1999.

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Exhibit NA-4

Passenger Capacity in the DCA-LAS, IAD-LAS, and BWI-LAS Markets

Market/City Pair	O&D Passengers for Year Ended 3d Qtr. 1998	O&D Passengers for Year Ended 3d Qtr. 1999	Percent Change
DCA-LAS Market	51,910	53,160	2.4%
IAD-LAS Market	74,360	71,210	-4.2%
BWI-LAS Market	253,480	322,420	27.2%
Washington, D.C.-Las Vegas Total	379,750	446,790	17.7%

Source: DOT O&D Survey Data for the year ended September 1999.

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Exhibit NA-5

Analysis of DCA-LAS and Connecting O&D Traffic

Market	Number of Passengers in the Market	% of Passengers From DCA to LAS & Cities West
From DCA to LAS and, via LAS, to Cities to the West Now Served by National	393,090	41.6%
From DCA, via LAS, to Additional Cities to Be Served by National within Four Years	<u>322,060</u>	<u>34.1%</u>
From DCA to LAS and, via LAS, Cities to the West Now Served and to Be Served	715,150	75.6%
From DCA to LAS and, via LAS, to All Cities to the West	945,630	

Source: DOT O&D Survey Data for year ended September 1999.

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Exhibit NA-6

**Comparison of National Airlines' Proposed Fares for O'Hare-Las Vegas Service
 With Comparable Fares Currently Offered by the Incumbent Carriers**

Fare Class	National Airlines (DCA-LAS)		Southwest (BWI-LAS)		United Airlines (IAD-LAS)	
	One-Way	Round Trip	One-Way	Round Trip	One-Way	Round Trip
7-day AP, sale fare (off peak)		\$218		\$198		
14-day AP, sale fare (off peak)						\$459
21-day advance purchase						\$655
14-day advance purchase		\$308				\$811
7-day advance purchase		\$358		\$396		\$1,165
7-day advance purchase		\$408		\$598		
14-day advance purchase - OW				\$219		
3-day advance purchase - OW	\$254				\$987	
OW	\$354					
Y	\$454		\$315		\$1,087	
F	\$679				\$1,384	

Source: Sabre Reservation System on April 17, 2000.

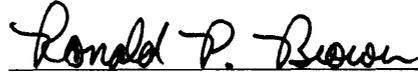
General Notes:

1. Airlines capacity-control their fares and, thus, may have more than one fare available in a particular fare class.
2. "OW" denotes a one-way ticket. Passengers can purchase round trip tickets for twice the one-way fare indicated above.
3. "Y" denotes tourist/coach class service, and "F" denotes first class service.
4. "Y" fares are fully refundable fares and require no advanced purchase.
5. List does not include sale or promotional fares.

May 3, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing
“Application of National Airlines, Inc. for an Exemption” on all persons
named on the attached Service List by causing a copy to be sent by first class
mail, postage prepaid.



Ronald P. Brower

Dated: May 3, 2000

1077043

Service List

America West

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City of Washington, D.C.

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