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

DEPT. OF TRANSPORTATION  
DOCKETS  
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Joint Application of  
AMERICAN AIRLINES, INC.  
And  
BRITISH AIRWAYS PLC  
For Approval of and Antitrust Immunity for an  
Alliance Agreement under 49 U.S.C. §§ 41308  
and 41309

Docket OST-2001-10387-131

Joint Application of  
AMERICAN AIRLINES, INC.  
And  
BRITISH AIRWAYS PLC  
For Blanket Code-Share Authorizations and  
Related Exemptions

Docket OST-2001-10388-99

Joint Application of  
UNITED AIR LINES, INC.,  
BRITISH MIDLAND AIRWAYS LIMITED,  
AUSTRIAN AIRLINES, OSTERREICHISCHE  
LUFTVERKEHRS AG,  
LAUDA AIR LUFTFAHRT AG,  
DEUTSCHE LUFTHANSA, A.G.,  
And  
SCANDINAVIAN AIRLINES SYSTEM  
Under 49 U.S.C. §§ 41308 and 41309 for approval  
of and antitrust immunity for an Alliance  
Expansion Agreement and an Amended  
Coordination Agreement

Docket OST-2001-10575-12

Joint Application of  
UNITED AIR LINES, INC.  
And  
BRITISH MIDLAND AIRWAYS LIMITED  
Under 14 C.F.R. Part 212 for statements of  
authorization (blanket codesharing) and under  
49 U.S.C. § 40109 for related exemption authority

Docket OST-2001-10576-5

ANSWER OF VIRGIN ATLANTIC AIRWAYS LIMITED IN SUPPORT  
OF NORTHWEST AIRLINES, INC.'S MOTION TO CONSOLIDATE

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Dated: November 9, 2001

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

Joint Application of  
AMERICAN AIRLINES, INC.  
And  
BRITISH AIRWAYS PLC

Docket OST-2001-10387

For Approval of and Antitrust Immunity for an  
Alliance Agreement under 49 U.S.C. §§ 41308  
and 41309

Joint Application of  
AMERICAN AIRLINES, INC.  
And  
BRITISH AIRWAYS PLC

Docket OST-2001-10388

For Blanket Code-Share Authorizations and  
Related Exemptions

Joint Application of  
UNITED AIR LINES, INC.,  
BRITISH MIDLAND AIRWAYS LIMITED,  
AUSTRIAN AIRLINES, OSTERREICHISCHE  
LUFTVERKEHRS AG,  
LAUDA AIR LUFTFAHRT AG,  
DEUTSCHE LUFTHANSA, A.G.,  
And  
SCANDINAVIAN AIRLINES SYSTEM

Docket OST-2001-10575

Under 49 U.S.C. §§ 41308 and 41309 for approval  
of and antitrust immunity for an Alliance  
Expansion Agreement and an Amended  
Coordination Agreement

Joint Application of  
UNITED AIR LINES, INC.  
And  
BRITISH MIDLAND AIRWAYS LIMITED

Docket OST-2001-10576

Under 14 C.F.R. Part 212 for statements of  
authorization (blanket codesharing) and under  
49 U.S.C. § 40109 for related exemption authority

Dated: November 9, 2001

**ANSWER OF VIRGIN ATLANTIC AIRWAYS LIMITED IN SUPPORT  
OF NORTHWEST AIRLINES, INC.'S MOTION TO CONSOLIDATE**

Virgin Atlantic Airways Limited 1/ hereby files this answer in support of the Motion to Consolidate Proceedings filed by Northwest Airlines, Inc. in the above captioned proceedings on October 31, 2001 (the "Motion").

**I. The American/British Airways and United/British Midland/Star Alliance Proceedings Should Be Consolidated Because They Involve Significant, Common Issues of Law and Fact.**

It is essential that the Department consolidate the American Airlines/British Airways proceedings (Dockets OST-2001-10387 & 10388) and the United Air Lines/British Midland/Star Alliance proceedings (Dockets OST-2001-10575 & 10576) because both pairs of cases involve common questions of law and fact that must be resolved by the Department simultaneously and in a consistent manner. Chief among these are the following threshold issues:

1. Whether an open skies agreement has been signed by the United States and the United Kingdom;

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1/ Virgin and other carriers mentioned in this Answer are referred to by their commonly used names.

2. Whether the open skies agreement provides adequate new and expanded access at London airports, particularly slot-constrained Heathrow;
3. Whether an immunized American/British Airways alliance would be in a position to exercise monopoly power, particularly in the U.S.-Heathrow market, vis-à-vis other immunized alliances, such as United's Star Alliance, or with respect to carriers that are not participating in immunized alliances; and
4. Whether immunizing a pair of alliances between American and British Airways, on the one hand, and among United, British Midland, and the other Star Alliance members, on the other, would promote competition or foster an oligopoly in the U.S.-U.K. and U.S.-Heathrow markets, resulting in less price and service competition.

Obviously, the Department cannot allow itself to reach one conclusion on any of these issues in the American/British Airways proceedings and reach a different conclusion in the United/British Midland/Star Alliance proceedings. Likewise, it is important that the Department not attempt to assess the full anticompetitive effects of immunizing one of these proposed alliances without considering whether one or two such alliances will be permitted to exist. To reduce the potential for such inconsistencies and to give proper regard for the relationship between the proposed alliances, the Department must consolidate the above captioned proceedings and process the carriers' applications simultaneously.

**II. The American/British Airways and United/British Midland/Star Alliance Proceedings Should Be Consolidated Because They Require the Development of a Common Evidentiary Record.**

As Virgin has indicated previously in the American/British Airways proceedings, no party will be able to comment fully and meaningfully on the implications of an immunized American/British Airways alliance or United/British Midland/Star Alliance until the party is first fully apprised of the details of both alliances. At this point, however, parties to the American/British Airways proceedings have been forced to comment on the code-share and immunity applications of those two airlines without being able first to assess the information to be produced in the United/British Midland/Star Alliance proceedings. The Department is only now beginning to make that information available to interested parties. 2/

The Department should remedy this problem and give interested parties an opportunity to make more informed comments on the applications of American and British Airways and of United, British Midland, and the other Star Alliance carriers by consolidating the above captioned proceedings and by authorizing the parties to use confidential information taken from any one of the docketed cases in submissions made to the other dockets. The

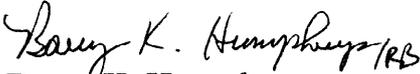
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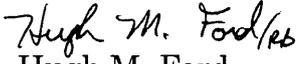
2/ See Notice Providing Access to Documents, issued in Dockets OST-2001-10575 & 10576 on November 6, 2001.

Department should further permit interested parties to amend the comments that they have filed with respect to the applications of American and British Airways so that the parties may add arguments or information raised by, or made available in, the material that United, British Midland, and the other Star Alliance carriers have submitted.

WHEREFORE, Virgin Atlantic Airways Limited urges the Department to grant the relief sought by Northwest Airlines in its Motion by consolidating the above captioned proceedings. Virgin further urges the Department to grant Northwest's Motion by authorizing the parties in each alliance proceeding to use the confidential information supplied in the other alliance proceedings to present their arguments and by authorizing parties in the American-British Airways alliance proceedings to file supplemental answers based on the information that is to be made available by United, British Midland, and the other Star Alliance carriers.

Respectfully Submitted,

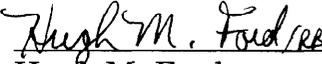
  
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Virgin Atlantic Airways Limited

  
Hugh M. Ford  
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Virgin Atlantic Airways Limited

Dated: November 9, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing  
“Answer of Virgin Atlantic Airways Limited in Support of Northwest  
Airlines, Inc.’s Motion to Consolidate” on all persons named on the attached  
Service List by causing a copy to be sent by first class mail.

  
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Hugh M. Ford

Dated: November 9, 2001

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