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November 21, 2001

Ms. Dorothy Y. Beard  
Chief, Dockets Section  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

**Re: Joint Application of United Air Lines, Inc., British Midland Airways Limited, Austrian Airlines, Österreichische Luftverkehrs AG, Lauda Air Luftfahrt AG, Deutsche Lufthansa AG, and Scandinavian Airlines System (Docket OST-01-10575); U.S.-U.K. Alliance Case (Docket OST-01-11029)**

Dear Ms. Beard:

Pursuant to the Department's Order 2001-11-10, United Air Lines, Inc. ("United"), British Midland Airways Limited ("bmi"), Austrian Airlines, Österreichische Luftverkehrs AG and Lauda Air Luftfahrt AG (collectively, the "Austrian Group"), Deutsche Lufthansa AG ("Lufthansa"), and Scandinavian Airlines System ("SAS") (collectively, the "Joint Applicants") hereby submit additional documents and information in support of their joint application dated September 5, 2001 for approval of and antitrust immunity for an Alliance Expansion Agreement and an Amended Coordination Agreement.

As explained further below, the Joint Applicants are submitting certain documents and information subject to a motion for confidential treatment under 14 C.F.R. § 302.12. The following briefly summarizes the documents and information being provided:

1. Per the Department's request (see Order 2001-11-10, at 3-4 & nn.2, 3), the Joint Applicants are submitting an electronic copy of the list of city pairs that would receive first on-line service as a result of an immunized alliance between United and bmi.<sup>1</sup> This list also includes an estimate, based on O&D data, of the number of passengers that would benefit from such on-line service and, of those passengers, how many would be U.S.-originating. (The Joint Applicants filed a hard copy of this list on a confidential basis in conjunction with their submission dated October 18, 2001.)

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<sup>1</sup> Per the Department's request, this electronic copy is being submitted to Randall Bennett, the Director of the Office of Aviation Analysis.

2. The Department has directed the Joint Applicants to submit complete copies of any documents previously submitted on a redacted basis. Order 2001-11-10, at 13. The Joint Applicants have not submitted any redacted documents, with one exception. In conjunction with the Joint Applicants' submission dated October 18, 2001, United filed in the public docket a redacted copy of a Bilateral Cargo Rate and Space Agreement between United and bmi dated December 15, 1999, as subsequently amended. United hereby is submitting a complete copy of that agreement, subject to a motion for confidential treatment under 14 C.F.R. § 302.12.

3. Per the Department's request (see Order 2001-11-10, at 13, n.36), the Joint Applicants are submitting a copy of their current transatlantic schedules, in both hard copy<sup>2</sup> and electronic format.

4. The Department also has directed United and bmi to provide documents regarding "any planned (or current draft) transatlantic schedules to be implemented for each of two years after implementation of the proposed alliance (defined as the earliest date at which current alliance service plans are expected to be fully realized)." Order 2001-11-10, at 13 n.36. None of the Joint Applicants has any documents that respond to the Department's request.

Although the Joint Applicants have not developed any specific schedules for particular city pairs following a grant of immunity, the Joint Applicants, as stated in the September 5, 2001 joint application, will seek to coordinate and expand their networks in order to further enhance the range and quality of their global services, if the Department grants immunity to the United/bmi alliance and the addition of bmi to the immunized United/Lufthansa/SAS/Austrian Group alliance. Such enhancements would include new and increased services between London Heathrow and certain U.S. cities, subject to the Joint Applicants' ability to obtain additional London Heathrow slots and facilities. Although bmi is not currently a potential London Heathrow-U.S. entrant,<sup>3</sup> once immunity is granted, it would hope to introduce service between both London Heathrow and points in the U.S. using its own aircraft. While bmi has previously highlighted specific London Heathrow-U.S. routes it may wish to operate, bmi is not now in a position to commit itself to specific routes and frequencies given the current economic uncertainty. bmi will make a firm decision on commencing London Heathrow-U.S. services when open skies has been achieved, antitrust immunity granted and currently prevailing market conditions have improved.

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<sup>2</sup> See Appendix A hereto.

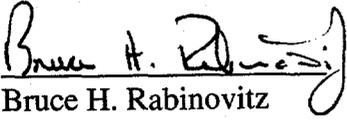
<sup>3</sup> bmi is a relatively small carrier that lacks the resources necessary to bear the financial risk of introducing service between London and the U.S. using its own aircraft. However, with the benefit of the traffic feed and coordinated network operations that an immunized alliance with United, Lufthansa, the Austrian Group, and SAS will provide, bmi expects to be willing and able to introduce such service. See Joint Application, dated September 5, 2001, at 3-5.

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United, meanwhile, would hope to increase its frequency of service between Heathrow and Chicago and institute new Heathrow-Denver nonstop service. However, the development of specific arrangements for the implementation of such services inevitably is contingent on at least three factors: i) the timing of the Department's (and other regulatory authorities') grant of authority enabling such implementation on an immunized basis; ii) prevailing market and economic conditions; and iii) the availability of a sufficient quantity of suitable slots and other facilities at Heathrow to support such services.

5. In order to assist the Department in developing a more complete record, the Joint Applicants will file updated copies of Exhibits JA-7, -8 and -9, which were submitted in conjunction with their September 5, 2001 joint application. Those exhibits provide U.S.-Europe and U.S.-U.K. seat and traffic shares based on OAG and CRS booking data. The Joint Applicants expect to file those updated exhibits by November 28, 2001.

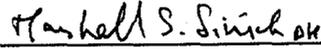
Respectfully submitted,

  
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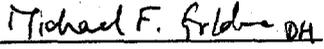
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Enclosure

cc: Service list (attached)

  
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## APPENDIX A

Carrier	Orig	Dest	Flt #	AC Type	Seats	Weekly Freq
BD	MAN	IAD	701	332	244	6
BD	IAD	MAN	702	332	244	6
BD	MAN	ORD	705	332	244	7
BD	ORD	MAN	706	332	244	7
OS	VIE	JFK	87	332	259	7
OS	JFK	VIE	88	332	259	7
OS	VIE	IAD	93	332	259	7
OS	IAD	VIE	94	332	259	7
UA	LHR	JFK	905	763	193	7
UA	ORD	LHR	928	763	193	7
UA	LHR	ORD	949	763	193	7
UA	IAD	BRU	950	763	193	7
UA	BRU	IAD	951	763	193	7
UA	ORD	DUS	952	763	193	7
UA	DUS	ORD	953	763	193	7
UA	JFK	LHR	956	763	193	7
UA	IAD	MUC	962	763	193	7
UA	MUC	IAD	963	763	193	7
UA	IAD	MXP	970	763	193	7
UA	MXP	IAD	971	763	193	7
UA	JFK	LHR	976	763	193	7
UA	LHR	JFK	979	763	193	7
UA	BOS	LHR	998	763	193	7
UA	LHR	BOS	999	763	193	7
UA	SFO	FRA	900	777	267	7
UA	FRA	SFO	901	777	267	7
UA	EWR	LHR	906	777	267	7
UA	LHR	EWR	907	777	267	7
UA	IAD	CDG	914	777	267	7
UA	CDG	IAD	915	777	267	7
UA	IAD	FRA	916	777	267	7
UA	FRA	IAD	917	777	267	7
UA	IAD	LHR	918	777	267	7
UA	LHR	IAD	919	777	267	7
UA	IAD	LHR	924	777	267	7
UA	LHR	IAD	925	777	267	7
UA	LHR	ORD	929	777	267	7
UA	SFO	LHR	930	777	267	7
UA	LHR	SFO	931	777	267	7
UA	LAX	LHR	934	777	267	7
UA	LHR	LAX	935	777	267	7
UA	ORD	LHR	938	777	267	7
UA	ORD	FRA	940	777	267	7
UA	FRA	ORD	941	777	267	7
UA	ORD	CDG	942	777	267	7
UA	CDG	ORD	943	777	267	7
UA	ORD	FRA	944	777	267	7
UA	FRA	ORD	945	777	267	7
UA	IAD	AMS	946	777	267	7
UA	AMS	IAD	947	777	267	7
UA	SFO	LHR	954	777	267	7

UA	LHR	SFO	955	777	267	7
UA	ORD	LHR	958	777	267	7
UA	LHR	ORD	959	777	267	7
UA	SFO	CDG	960	777	267	7
UA	CDG	SFO	961	777	267	7
UA	FRA	IAD	977	777	267	7
UA	IAD	FRA	978	777	267	7
SK	ARN	EWR	903	763	204	7
SK	EWR	ARN	904	763	204	7
SK	CPH	EWR	909	763	204	7
SK	EWR	CPH	910	763	204	7
SK	CPH	IAD	925	763	204	7
SK	IAD	CPH	926	763	204	7
SK	CPH	SEA	937	763	204	7
SK	SEA	CPH	938	763	204	7
SK	CPH	ORD	943	763	204	7
SK	ORD	CPH	944	763	204	7
SK	ARN	ORD	945	763	204	7
SK	ORD	ARN	946	763	204	7
LH	ATL	FRA	445	342	212	6
LH	FRA	ATL	444	342	212	6
LH	BOS	FRA	423	343	247	7
LH	FRA	BOS	422	343	247	7
LH	DEN	FRA	437	343	235	1
LH	DEN	FRA	447	343	235	6
LH	FRA	DEN	446	343	235	7
LH	DFW	FRA	439	342	212	5
LH	FRA	DFW	438	342	212	5
LH	DTW	FRA	443	343	247	6
LH	FRA	DTW	442	343	247	6
LH	EWR	FRA	403	744	390	7
LH	FRA	EWR	402	744	390	7
LH	FRA	IAD	418	744	368	7
LH	IAD	FRA	419	744	368	7
LH	FRA	IAH	440	343	247	5
LH	IAH	FRA	441	343	247	5
LH	FRA	JFK	400	343	247	7
LH	FRA	JFK	404	744	390	7
LH	JFK	FRA	401	343	247	7
LH	JFK	FRA	405	744	390	7
LH	FRA	LAX	456	744	368	7
LH	LAX	FRA	457	744	368	7
LH	FRA	MIA	462	744	390	7
LH	MIA	FRA	463	747	390	7
LH	FRA	ORD	430	744	390	7
LH	ORD	FRA	431	744	390	7
LH	FRA	PHL	426	342	212	5
LH	PHL	FRA	427	342	212	5
LH	FRA	PHX	448	342	212	3
LH	PHX	FRA	449	342	212	3
LH	FRA	SFO	454	744	368	7
LH	SFO	FRA	455	744	368	7

LH	MUC	ORD	434	343	235	7
LH	ORD	MUC	435	343	235	7

Source: OAG electronic version November 2001 and company information.

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