



**NORTHWEST
A I R L I N E S**

Northwest Airlines, Inc.
Suite 310
901 15th Street, NW
Washington DC 20005

202 842-3193
202 289-6834 Fax

DEPT. OF TRANSPORTATION
DOCKETS

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November 27, 2001

BY HAND

Dorothy W. Beard
Chief, Dockets Section
U.S. Department of Transportation
PL-401
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: U.S.-U.K. Alliance Case, Docket OST-2001-11029 -9

Dear Ms. Beard:

We are enclosing statements by 23 United States Senators raising serious concerns about the proposed alliance of American Airlines and British Airways, and request that these be placed in the record. Copies of these statements are being served on all persons named on the attached service list.

Thank you for your attention to this matter.

Respectfully submitted,

Megan Rae Rosia
Managing Director, Government Affairs
& Associate General Counsel
Northwest Airlines, Inc.

cc: Service list



United States Senate

WASHINGTON, DC 20510

November 13, 2001

The Honorable Norman Mineta
The Secretary of Transportation
U.S. Department of Transportation
Washington, D.C. 20590

Dear Mr. Secretary:

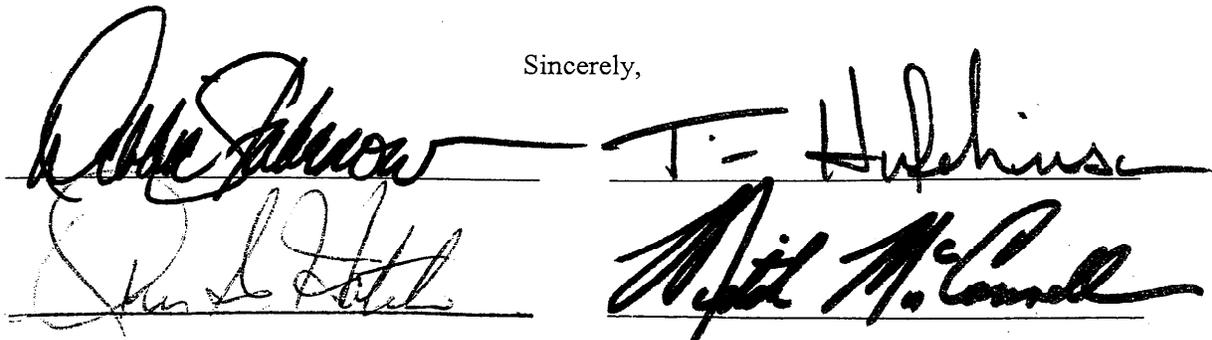
We are writing to you and to the Secretary of State regarding airline service between the United States and the United Kingdom. Each of our respective states has a substantial interest in obtaining new and improved United States airline service to London's Heathrow Airport. Heathrow is one of the most important international destinations for U.S. passengers and, in particular, is critical as one of the world's key business destinations. Long-standing efforts to obtain adequate service to Heathrow for our states, however, have been frustrated by aviation agreements that bar all but two U.S. airlines from serving Heathrow.

It is now proposed that a new agreement nominally opening up airline access to U.S.-U.K. markets be put in place in return for the Department of Transportation's granting an exemption from the U.S. antitrust laws to a proposed alliance of British Airways and American Airlines. We find that this proposal, regrettably, would in reality take our states farther away from their goal of improving their airline and service options to Heathrow.

The cruel reality is that the proposed deal would do nothing to solve the actual problem, which is that Heathrow is effectively closed to new U.S. airline service, due to severe slot and facility constraints. British Airways and American Airlines are two of the largest airlines currently serving the U.S.-Heathrow market, and two of only four U.S. and British airlines authorized to serve Heathrow under the existing aviation agreement. Approval of their proposed alliance would substantially increase concentration in the U.S.-Heathrow market and on seven U.S.-U.K. overlap city-pair routes. This will lead to fewer service options and higher prices for our constituents, because airlines wishing to compete with the alliance will be unable to obtain the necessary slots and facilities at Heathrow to do so.

Carriers must have the ability to create an effective, competitive presence at Heathrow, if this alliance is allowed to proceed. We do not want our states put in a position of having to compete against each other for a few, scarce opportunities for new service to Heathrow. It is the long-standing policy of the U.S. that we do not grant antitrust immunity to airline alliances, unless the country in question offers real and full competitive access for the airlines of both countries. We urge you not to disadvantage our states and consumers by deviating from that policy.

Sincerely,


Robert Byrd
Tom Harkin
Kent Conrad
[Signature]

Max Baucus

[Signature]

Robert F. Bennett

Byron L. Dorgan

Khaz. I. Iwata

Jim Bunning

Grent Lott

Bill Frist

George V. Voinovich

Max Cleland

Paul Wellstone

Orly Lapid

Jeff Thompson

Kent Conrad

Jack Conway

Gene Miller

United States Senate

WASHINGTON, DC 20510

November 13, 2001

The Honorable Colin Powell
The Secretary of State
U.S. Department of State
Washington, D.C. 20520

Dear Mr. Secretary:

We are writing to you and to the Secretary of Transportation regarding airline service between the United States and the United Kingdom. Each of our respective states has a substantial interest in obtaining new and improved United States airline service to London's Heathrow Airport. Heathrow is one of the most important international destinations for U.S. passengers and, in particular, is critical as one of the world's key business destinations. Long-standing efforts to obtain adequate service to Heathrow for our states, however, have been frustrated by aviation agreements that bar all but two U.S. airlines from serving Heathrow.

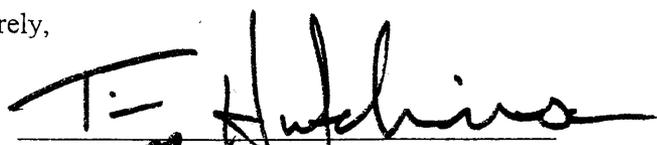
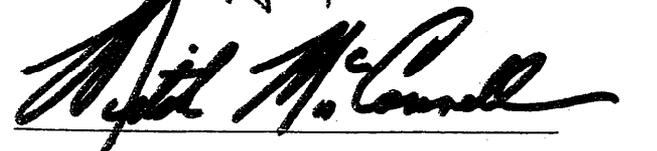
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Sincerely,



Max Baucus

My

Robert F. Bennett

Beyon L. Taylor

Khong. L. Linn

Tom Bunning

Grant Lott

Bill Frist

George V. Voinich

Max Cleland

Paul Wellstone

Carl Levin

Joe Stump
Kent Conrad

Just Coxe

Gene Miller

Congress of the United States
Washington, DC 20510

November 20, 2001

The Honorable Norman Y. Mineta
Secretary
U.S. Department of Transportation
Room 10200
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Mr. Secretary:

As you know, Northwest Airlines serves more communities and carries more passengers in South Dakota than any other airline. The aviation network operated by Northwest connects us with destinations around the world, and this network's long-term stability is very important to the residents of our state, as well as travelers throughout the entire Upper Midwest region.

Northwest officials have raised with us their strongly held view that approval of the pending application for antitrust immunity submitted by American Airlines (AA) and British Airways (BA) would create further instability in the airline industry and undermine the viability of smaller airlines such as Northwest. They point out that access to Heathrow is extremely valuable for airlines jockeying for competitive advantage and argue that the proposed alliance, and United Airlines' companion filing, would strengthen the world's two largest airlines' position at Heathrow and substantially enhance their ability to compete for business travelers and dominate the European market. They also firmly believe that an "open skies" agreement without wider dissemination of slots at Heathrow is a hollow bargain.

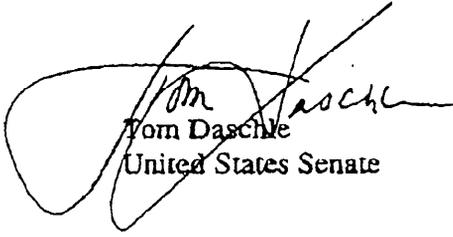
On the other side of the argument, American Airlines officials have advised us that circumstances have changed since the Department of Transportation reviewed and rejected a proposal for a similar alliance between American Airlines and British Airways four years ago. Also, we appreciate that some aviation experts conclude that approval of the AA-BA alliance is an acceptable price to pay for conclusion of the long-sought "open-skies" agreement between the United States and Great Britain, particularly if new slots at Heathrow are made available to other airlines.

While we appreciate that your department is responsible for evaluating this request for antitrust immunity within the context of the broad public interest, we take seriously the prospect that approval of an AA-BA alliance at this time could further destabilize an already shaky domestic airline industry struggling to recover from the shock of the September 11 tragedy, and adversely affect travelers in the Upper Midwest who seek access to convenient, reasonably priced air service. Therefore, as your department conducts its antitrust review, we urge you to fully

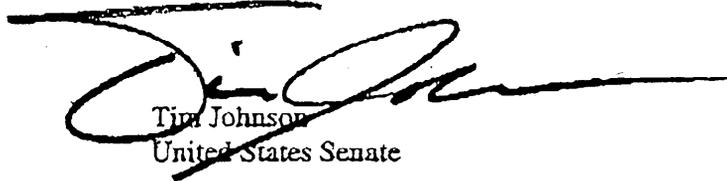
evaluate the potential impact of an AA-BA alliance on air travel in our region of the country and report to us your assessment of the suggestion that this proposal would undermine competition and promote further concentration in the airline industry.

Thank you for your timely attention to this matter. We look forward to your response.

Sincerely,



Tom Daschle
United States Senate



Tim Johnson
United States Senate

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN

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MARK BUSE, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

November 19, 2001

The Honorable Norman Y. Mineta
Secretary
Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Secretary Mineta:

I am writing to express my strongest desire and expectation that the application of American Airlines and British Airways for antitrust immunity will receive a complete and thorough review. Everyone understands that immunity for this proposed alliance and the prospect of Open Skies with the United Kingdom are inextricably linked. While I have pushed hard for many years for a truly open air services market with Britain, it is essential that such an agreement and any associated conditions, such as approval of the alliance, produce a truly competitive and fair regime.

I have not made any judgement as to whether a grant of antitrust immunity in the context of an Open Skies agreement is in the best interests of the United States. But it is clear to me that your decision in this regard must not be rushed. Quite obviously, addressing the events of September 11 and their aftermath has been the focus of the Department in the last two months, and I support and applaud your efforts. Recent demands on Department time, resources, and personnel, however, should not take away from analyses of matters as important as an American Airlines-British Airways alliance and an Open Skies agreement. Despite my long enduring frustration with the lack of an open air services market with the U.K., I do not believe that these are issues to be rushed through. I understand the pressures to reach an agreement quickly, but the competitive implications of an alliance the size of American Airlines and British Airways, particularly with respect to Heathrow access, necessitate a close and intense scrutiny.

Let me add that I trust that whatever decision or course of action the Department may take with respect to these issues will be in the best interests of the country. I seek no preferential treatment for anyone involved in this matter, and request only that all interested parties be treated appropriately and fairly.

The Honorable Norman Y. Mineta

November 19, 2001

Page 2

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "John McCain".

John McCain
Ranking Republican

JM/mrn

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of November 2001, a copy of the foregoing document was served upon the following persons:

R. Bruce Keiner, Jr.
Crowell & Moring
1001 Pennsylvania Avenue, N.W.
10th Floor North
Washington, D.C. 20004

Jeffrey A. Manley
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037

Marshall S. Sinick
Squire Sanders & Dempsey
1201 Pennsylvania Avenue, N.W.
Suite 500
Washington, D.C. 20004

Joanne W. Young
Baker & Hostetler
Washington Square, Suite 1100
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036

Donald T. Bliss
O'Melveny & Myers LLP
555 13th Street, N.W.
Suite 500 West
Washington, D.C. 20004-1109

Carl B. Nelson, Jr.
Associate General Counsel
American Airlines, Inc.
1101 17th Street, N.W., Suite 600
Washington, D.C. 20036

Brian T. Hunt
AmericanTrans Air, Inc.
P.O. Box 51609
Indianapolis, IN 46251

Nathaniel P. Breed, Jr.
Shaw Pittman
2300 N Street, N.W.
Washington, D.C. 20037

Robert Papkin
Squire Sanders & Dempsey
1201 Pennsylvania Avenue, N.W.
Suite 500
Washington, D.C. 20004

Don H. Hainbach
Boros & Garofalo
1201 Connecticut Avenue, N.W.
Suite 700
Washington, D.C. 20036

John L. Richardson
Crispen & Brenner
1100 New York, Ave., N.W.
Suite 850
Washington, D.C. 20005

D. Scott Yohe
Senior Vice President – Government
Affairs
Delta Air Lines, Inc.
1275 K Street, N.W., Suite 1200
Washington, D.C. 20005

William Evans
Verner Liipfert Bernhard McPherson
and Hand, Chartered
901 15th Street, N.W. #700
Washington, D.C. 20005

Michael Goldman
Silverberg, Goldman & Bikoff
1101 30th Street, N.W.
Washington, D.C. 20007

Robert E. Cohn
Shaw Pittman,
2300 N Street, N.W.
Washington, D.C. 20037

Alfred J. Eichenlaub
Sr. Vice President & General Counsel
Polar Air Cargo, Inc.
100 Oceangate #15-Flr.
Long Beach, CA 90802

David L. Vaughan
Kelley Drye & Warren LLP
1200 19th Street, N.W.
Washington, D.C. 20036

Office of Aviation Negotiations
U.S. Department of State
2201 C Street, N.W. Room 5531
Washington, D.C. 20590

Roger F. Fones
Chief, Transportation, Energy &
Agriculture Section; Antitrust Division
Department of Justice
325 7th St., N.W.
Washington, D.C.

Richard P. Taylor
Steptoe & Johnson
1330 Connecticut Ave., N.W.
Washington, D.C. 20036

Jeffrey N. Shane
Hogan & Hartson
555 13th Street, N.W.
Washington, D.C. 20004

James W. Tello
Roller & Bauer
1020 Nineteenth Street, N.W.
Suite 400
Washington, D.C. 20036

Julie Sorenson Sande
Manager, Contracts & Regulatory
Affairs
World Airways
HLH Building
101 World Drive
Peachtree City, GA 30269

Edgar N. James
Marie Chopra
James & Hoffman
1146 Nineteenth Street, N.W.
Suite 600
Washington, D.C. 20036-3703

Stephen H. Lachter
1150 Connecticut Ave., N.W.
Washington, D.C. 20036

First Secretary (Transport)
British Embassy
3100 Massachusetts Ave., N.W.
Washington, D.C. 20008

Daryl Libow
Sullivan & Cromwell
1701 Pennsylvania Ave., N.W.
Washington, D.C. 20006

Mark Schechter
Howrey & Simon
1229 Pennsylvania Ave., N.W.
Washington, D.C. 20004

Ava L. Mims
Deputy Director, AFS-2
Federal Aviation Administration
800 Independence Ave., S.W.
Washington, D.C. 20591

U.S. TRANSCOM/TCJ5-AA
Attn: Air Mobility Analysis
508 Scott Drive
Scott AFB, IL 62225-5357

Fawn A. Severino
Fawn A. Severino