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Squire, Sanders & Dempsey

L.L.P.

Counsellors at Law

1201 Pennsylvania Avenue, N.W.

P.O. Box 407

Washington, D.C. 20044-0407

Telephone (202) 626-6600

Cable Squire DC

Telex (202) 626-6780

Direct Dial Number

(202) 626-6601

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VIA HAND DELIVERY

Paul L. Gretch
Director
Office of International Aviation
U.S. Department of Transportation
400 Seventh Street, S.W.--Room 6401
Washington, D.C. 20590

Re: Application of United Air Lines, Inc. for Statement of Authorization

Dear Mr. Gretch:

Compania Mexicana de Aviacion, S.A. de C.V. ("Mexicana") hereby responds to the answer of American Airlines, Inc. ("American") objecting to the May 20, 1998 application of United Air Lines, Inc. ("United") for a statement of authorization to engage in certain codeshare operations with Mexicana between Chicago and Toronto. To the extent necessary, Mexicana requests leave to file this response. Mexicana's response will assist the Department in evaluating and assessing the validity of American's objections.

American's answer adds nothing to the record. All of the objections raised by American have been made previously, considered fully, and rejected by the Department. Choosing to ignore this simple fact, American instead seems committed to continuing its litany of misinformation about Mexicana and the Cintra Group in a transparent effort to stymie Mexicana and United in their effort to bring increased benefits to travelers. The Department rejected American's objections in the past and it should reject them today.

American's suggestion that a monolithic Mexican Government controls and manipulates the Cintra Group for the purpose of blocking the expansion of American's codeshare with Aero California is inaccurate and without merit. Mexicana operates subject to the same rules and conditions as Aero California, and obtains designations to serve codeshare markets in the same manner as Aero California or any other Mexican carrier. The codeshare regime that exists currently between Mexico and the United States applies equally to Mexicana and Aero

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California. Although the Government of Mexico owns a minority interest in the Cintra Group, the suggestion that the Government has attempted to thwart expansion of the American/Aero California codeshare is wrong. In any case, the Mexican Government has announced its intention to sell its entire interest in the Cintra Group by the end of 1998. A pending divestiture can hardly form the foundation for the sort of control suggested by American. Nor is there any basis for American's suggestion that disapproval of United's application will preserve or enhance the United States' leverage in codeshare discussions with Mexico. To the contrary, denial of the application will prevent numerous passengers from enjoying the benefits of new on-line connecting services between Mexico and Toronto, while achieving American's goal of circumscribing a rival carrier's ability to compete effectively. Mexicana could today offer service to Toronto via Chicago from five Mexican points, and could also provide local transportation in the Chicago-Toronto market without additional authority from the Department. Thus, approval of United's request to display Mexicana's code on United's Chicago-Toronto flights will simply provide Mexicana with an alternative avenue to offer services approved already by the Department. Additionally, United has stated that the ability to codeshare with Mexicana on the Chicago-Toronto route will enhance United's ability to compete with the market incumbents, including American and its codeshare partner Canadian Airlines International.

Also ignored by American is the Mexican Government's reciprocal treatment of U.S. carrier codeshare applications. The Mexican Government has approved on the basis of comity and reciprocity U.S. carrier codeshare applications, including United's request to display Mexicana's code on United's flights between Mexico City and San Jose, Costa Rica providing United with an additional revenue source.

Under the circumstances, Mexicana urges the Department to deny American's objections and approve United's application. Denial of United's application would serve only American's interests and would be contrary to the Department's findings and conclusions in related codeshare cases.

Very truly yours,

Robert D. Papkin / CFO
Robert D. Papkin

cc: David A. Schwarte, Esq. (817-967-3179)