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July 9, 1998

Hand-delivered

Paul L. Gretch, Director
Office of International Aviation
U.S. Department of Transportation
Room 6402
Washington, D.C. 20590

RE: Application of American Airlines, Inc. ("American") for a statement of authorization under 14 C.F.R. Part 207 (code sharing with Aero California, S.A. de C.V. ("Aero California")); Chicago-Monterrey and Miami-Cozumel)

Dear Sir:

United Air Lines, Inc. ("United") submits the following response to American's application for a statement of authorization under 14 C.F.R. Part 207 to place Aero California's "JR" designator code on American's Chicago-Monterrey and Miami-Cozumel flights.¹

One of the markets in which American seeks to code share with Aero California -- Chicago-Monterrey -- is a market in which United and Compania Mexicana de Aviacion, S.A. de C.V. ("Mexicana") have a pending code-share application (Docket OST-97-3237). United does not object to American's Chicago-Monterrey request provided the joint application of United and Mexicana for Chicago-Monterrey code-share authority is approved simultaneously. United and

¹ We are unaware of a corresponding Aero California application for exemption authority to serve either of the markets in which American seeks to code share. Moreover, it does not appear that a designation is available for Aero California in the Miami-Cozumel market, a market already served by both Mexicana and Aeromexico. Accordingly, the issue of city-pair designation restrictions in the U.S.-Mexico bilateral air services agreement must be resolved before the Department can act on American's request for Miami-Cozumel code-share authority. See, e.g., Order 97-9-38 at 5 ("We have decided to grant the joint petition of American and Aero California for reconsideration of Order 97-7-31 and, upon reconsideration, to affirm our decision in that order to limit our approvals to those markets where authority is available under the U.S.-Mexico aviation agreement and Aero California holds the necessary underlying authority and designation from its government to operate the proposed code-share services").

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Mexicana are filing concurrently a motion for immediate action on the Chicago-Monterrey portion of their broad code-share application pending in Docket OST-97-3237 to facilitate this end. Simultaneous approval of these applications will stimulate additional competition in the market and generate important consumer benefits.

Accordingly, American's application for a statement of authorization to code share with Aero California in the Chicago-Monterrey market should only be approved if the pending United/Mexicana request for Chicago-Monterrey authority is approved simultaneously.

Respectfully submitted,

/s/ Joel Stephen Burton
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GINSBURG, FELDMAN AND BRESS,
CHARTERED

Counsel for
UNITED AIR LINES, INC.

cc: All Persons on Service List

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