

DOT ATTACHMENT

UNITED/MEXICANA--Page 1 of 2

The code-sharing operations conducted under this authority must comply with 14 CFR 399.88 and with any amendments to the Department's regulations concerning code-share arrangements that may be adopted. Notwithstanding any provisions in the contract between the carriers, our approval here is expressly conditioned upon the requirements that the subject foreign air transportation be sold in the name of the carrier holding out such service in computer reservation systems and elsewhere; that the carrier selling such transportation (*i.e.*, the carrier shown on the ticket) accept responsibility for the entirety of the code share journey for all obligations established in its contract of carriage with the passenger; that the passenger liability of the operating carrier be unaffected; and that the operating carrier shall not permit the code of its U.S. code-sharing partner to be carried on any flight that enters, departs, or transits the airspace of any area for whose airspace the Federal Aviation Administration has issued a flight prohibition.

The authority granted here is specifically conditioned so that neither United nor Mexicana shall give any force and effect to any contractual provisions between themselves that are contrary to these conditions.

Authorization of the code-share services may be withdrawn in any U.S.-Mexico city-pair where another U.S. carrier proposes to operate services with its own aircraft (direct carrier services), and (1) additional designations are not available to authorize the proposed direct carrier service; and (2) the Department determines that the proposed direct carrier services would provide benefits and service options superior to the code-share operations in the market.

RESPONSIVE PLEADINGS: American and Aero California jointly filed an answer to the United/Mexicana application, opposing any Departmental action in this matter which would confer a "license of a continuing nature," within the meaning of section 377.3(a). The respondents urge the Department to adhere to its previous practice of granting only short-term renewals of code-share authorizations for no more than 180 days, until a more liberal code-share regime is established.

DECISION: We have decided to extend the requested code-share authorizations for 179 days. We anticipate meeting with Mexican officials in the near future in the interest of achieving liberalization of the U.S.-Mexico code-share regime. In the meantime, we

UNITED/MEXICANA--Page 2 of 2

believe that our policy to limit U.S./Mexican carrier code-share authorities to 179 days provides an adequate opportunity to monitor closely the aviation relationship with Mexico in this regard, while still facilitating the services that U.S. and Mexican carriers, including American and Aero California, now provide.

REMARKS: Approval is granted based on the expectation that the Mexican Government will renew the authorization of Northwest Airlines and Alaska Airlines to conduct code-share services in the U.S.-Mexico market.