

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

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| Application of | : | |
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| CONTINENTAL AIRLINES, INC. | : | Docket OST-97- |
| | : | |
| for an exemption pursuant to 49 U.S.C. § 40109 | : | |
| (Newark-Caracas) | : | |
| | : | |

APPLICATION OF
CONTINENTAL AIRLINES, INC.
FOR AN EXEMPTION

Pursuant to 49 U.S.C. § 40109 and Rule 401 of the Department's Rules of Practice, Continental¹ applies for an exemption from 49 U.S.C. § 41102 authorizing Continental to provide scheduled foreign air transportation of persons, property and mail between Newark, New Jersey, and Caracas, Venezuela. Continental asks that authority be awarded as soon as possible to facilitate planning and marketing of these services and that the exemption become effective immediately and remain in effect for two years.

¹ Common names of carriers are used.

May 7, 1997

In support of its Application, Continental states as follows:

1. Granting Continental Newark-Caracas authority clearly serves the public interest. No airline -- U.S. or foreign -- currently serves the Newark-Caracas market. Only Continental's Newark flights will offer Caracas service at a true hub in the Newark/New York area. Although both American and United offer nonstop service between JFK and Caracas, neither airline operates a hub at JFK. Thus, Continental's daily B-737 service will offer the benefits of a new gateway at Newark, additional competition in the Newark/New York-Caracas market and a hub providing connecting service between Caracas and the 95 cities served nonstop through Continental's Newark hub (excluding South America).

2. Continental's proposed service is consistent with the U.S.-Venezuela bilateral air transport agreement. Continental plans to institute daily Newark-Caracas B-737 service on April 5, 1998 (see Exhibit A). Since Continental already holds authority between Houston and Caracas and plans to institute nonstop Houston-Caracas service beginning December 15, 1997, Continental seeks Newark-Caracas authority so it can begin advertising and marketing both Newark and Houston services well in advance of the start-up of Continental's Houston-Caracas service. By operating complementary Caracas services at both the Houston and Newark hubs, Continental will be able to provide a comprehensive pattern of U.S.-Venezuela service options for travelers and shippers throughout

the United States and compete effectively with American's Miami hub and United's Miami gateway as well as competing with those carriers' services at JFK.

3. Continental holds various certificates of public convenience and necessity authorizing it to engage in scheduled air transportation of persons, property and mail between the U.S. and South America. (See e.g., Continental Routes 29-F, 381, 645, 682 and 739)

4. Continental will obtain fuel from existing sources and anticipates no difficulty in obtaining adequate fuel supplies for the proposed service.

For the foregoing reasons, Continental urges the Department to grant this application for Newark-Caracas exemption authority promptly so Continental can begin promoting and selling its proposed Newark-Caracas service well in advance of its proposed institution of service in the market.

Respectfully submitted,

CROWELL & MORING LLP

By: /s/ R. Bruce Keiner, Jr.

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May 7, 1997
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