

UNGARETTI
& HARRIS

November 19, 1997

Nancy McFadden, Esquire
Office of the General Counsel
Department of Transportation
400 Seventh Street, S.W., Room 10428
Washington, DC 20590

Dear Nancy:

WASHINGTON

1747 Pennsylvania Ave., N.W., Suite 1120
Washington, D.C. 20005-4404
Telephone: 202 872 4310
Fax: 202 331 1496

CHICAGO

3500 Three First National Plaza
Chicago, Illinois 60602-4293
Telephone: 312 977 4400
Fax: 312 977 4405

<http://www.uhlaw.com>

Writer's Direct Dial

202.778.4460



LAI 00129

UNGARETTI
& HARRIS

Nancy McFadden, Esquire

November 20, 1997

Page 2

As you know, Bob Crandall stated that he will sue everyone in American to close Love Field if the Wright Amendment is changed in any way. Consistent with his promise, on Friday, October 10, 1997 the City of Fort Worth sued the City of Dallas, Dallas/Ft. Worth Airport Board, Legend, Dalfort and others to prohibit additional Love Field operations.¹ As part of American (and its "friends") efforts to maintain it's dominance over the DFW market,² on November 7, American joined the City of Fort Worth in this suit. In another interesting move, the DFW Airport Board opposed the City of Dallas' request to change venue from state to federal court. It is difficult to believe that DFW -- a named defendant -- is willing to allow the case to remain in state court. Even though a named defendant, DFW supports Fort Worth's position.

Several days after joining the Fort Worth litigation, Bob Crandall once again issued a public threat. He proclaimed that if Love Field is opened "we will go to Love Field." Company officials stated that they could operate as many as 200 flights a day. Of course, Crandall added that he would not shift all of these flights to Love if "Fort Worth and Dallas agree to limit any Love Field passenger flights to only Texas and the four adjoining states." In other words, American will double activity at Love Field unless Crandall gets what he wants -- no competition.³

¹ It is interesting to note that although the plaintiffs sued Legend -- a company that is not flying and does not have DOT or FAA certificates -- they did not sue Southwest -- that has announced it will use the new authority contained in the Appropriations Act -- and Continental Airlines that is modifying two Love Field gates for jet operations.

² Counsel for the City of Fort Worth also represents American and Dee Kelley, lead partner in the firm, is on American's Board of Directors.

³ If American added 200 departures per day, it would operate as many flights as Southwest and about 10 times the number to be operated by Legend.

UNGARETTI
& HARRIS

Nancy McFadden, Esquire

November 20, 1997

Page 3

American has now taken this threat to the next level. While admitting that it doesn't think that the city should allow expanded service at Love Field, it has requested gates so that it can "institute a substantial schedule of interstate service form Love Field" if additional authorities are permitted. Any action by the City of Dallas to prevent new operations from Love Field would wipe out the language in the Appropriations Bill and would be more restrictive than the original Wright Amendment.

All of this comes at a time that American is increasing its share of the Dallas-Fort Worth market and has once again announced record breaking profits.

American and its surrogates are attempting to force Dallas officials to slow down any actions that would permit Legend or other carriers to operate at Love Field. They know that by delaying the start-up of a new carrier and increasing its costs that the carrier may be driven out of the marketplace. They also are using all of their resources to threaten and coerce Dallas officials into taking steps to prevent Legend or any other new entrant from operating. This type of collusion and anti-competitive behavior should not be tolerated.

As you can see from the attached ads in the Dallas papers, Bob Crandall and American are demanding that the parties prevent the competition allowed by the Transportation Bill or they will bombard Love Field with multiple flights. The cost of advertisement and litigation is worth it to American if it enables them to stop or slow down any possible competition.

I urge the Department to review all actions taken by American and their partners on closing Love Field to competitive service.

Sincerely,



Edward P. Faberman

LAI 00131

COMMERCIAL AIR PASSENGER SERVICE
IN THE DALLAS/FORT WORTH AREA

FORT WORTH'S POSITION
AND
SUPPORTING DOCUMENTS

November 18, 1997

LAI 00132

FORT WORTH'S POSITION

- **The Cities of Dallas and Fort Worth, through the 1968 Regional Airport Concurrent Bond Ordinance, have given the D/FW Airport Board the authority to determine the level of decentralized Certificated Air Passenger Service from airports owned by both cities.**
- **The City of Dallas is not required by any congressional action or federal regulation to permit air passenger service to points outside of the State of Texas.**
- **The City of Dallas can not permit air passenger service from Love Field to the three States mentioned in the Shelby Amendment without the approval of the D/FW Airport Board.**
- **The City of Fort Worth expects the City of Dallas to uphold its commitment to the 1968 Regional Airport Concurrent Bond Ordinance and not allow expanded air passenger service from Love Field without the approval of the D/FW Airport Board.**