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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION

MAY 25 1999 2:51

Joint Application of

ALITALIA-LINEE AEREE ITALIANE-
S.p.A
and
KLM ROYAL DUTCH AIRLINES
and
NORTHWEST AIRLINES, INC.

Docket OST 99-5674

for approval of and antitrust immunity for
agreements pursuant to 49 U.S.C. § 41308
and 41309

PETITION OF
TRANS WORLD AIRLINES, INC.
FOR RECONSIDERATION OF ORDER 99-5-10

Communications with respect to this document should be sent to:

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TWA hereby petitions for reconsideration of Order 99-5-10 insofar as it fails to require the applicants to submit an analysis of competition between Continental, in which Northwest has the controlling voting interest, and Alitalia, Northwest's proposed partner in antitrust immunity. Specifically, TWA requests that Item D of the information request be amended to add at the end "or where Continental competes with Alitalia." In support of its answer, TWA states as follows:

1. On May 20, 1999, TWA filed an Answer to the Joint Application of Northwest, KLM and Alitalia, in which it noted that the applicant had failed to provide any information about the impact of the alliance and the grant of antitrust immunity upon competition between Continental, over which Northwest has control, and Alitalia, with which Northwest will have an immunized agreement.

2. The Department's Order was issued on May 21, 1999, apparently before it had the opportunity to review TWA's pleading. Therefore, it requests information on the competitive effect of the alliance "in city-pair markets where Northwest and/or KLM now compete with Continental and/or Alitalia." This formulation excludes the key issue of competition between Continental and Alitalia. As TWA explained in its Answer:

"An alliance in which both Continental, either directly or indirectly, and Alitalia are partners raises serious competitive issues in the U.S.-Italy market. Alitalia and Continental are the two largest carriers between the United States and Italy.

	<u>Share of Seats</u>
Alitalia	40.9%
Continental	<u>22.1</u>
Combined Share	63.0%

Source: Ex. JA-5

The combination of Continental and Alitalia into an alliance would increase both the individual carrier and total market HHI index far above the thresholds that raise competitive issues under Department of Justice Merger Guidelines.

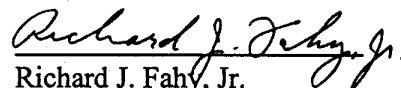
	<u>Alliance</u>	<u>Total Market</u>
Alitalia only	1672	2451
With Continental	3969	4257

Source: Ex. JA-5"

It is essential, therefore, that the Department include an analysis of competition between Continental and Alitalia in its consideration of this case.

Wherefore, TWA respectfully requests that the Department reconsider Order 99-5-10, and amend Information Request D as outlined above.

Respectfully submitted,


Richard J. Fahy, Jr.
Attorney for
Trans World Airlines, Inc.

May 20, 1999