

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Joint Application of

THE AUSTRIAN GROUP
BRITISH MIDLAND AIRWAYS LIMITED
DEUTSCHE LUFTHANSA AG
POLSKIE LINIE LOTNICZE LOT S.A.
SCANDINAVIAN AIRLINES SYSTEM
SWISS INTERNATIONAL AIR LINES LTD.
TAP AIR PORTUGAL
and
UNITED AIR LINES, INC.

Docket OST-2005-22922

under 49 U.S.C. §§ 41308 and 41309 for approval
of and antitrust immunity for Alliance Expansion
Agreements and an Amended Coordination Agreement

Joint Application of

UNITED AIR LINES, INC.
and
AIR CANADA

under 49 U.S.C. §§ 41308 and 41309 for approval of and
antitrust immunity for commercial alliance agreements

ANSWER OF
CONTINENTAL AIRLINES, INC.

Further expansion of United's¹ web of global immunized alliances by including Air Canada (creating the first immunized global alliance between two North American airlines), LOT, Swiss and TAP in the existing alliance between United, Austrian, Lufthansa and SAS, will likely provide far more benefits to United and its foreign partners than to the traveling and shipping public, at the expense of independent competitors such as Continental. In

¹ Common names are used for airlines.

particular, Continental opposes approval of the expansion insofar as it would apply to air transportation between the U.S. and London and between the U.S. and Poland, markets in which Continental is disadvantaged by its inability to offer competitive service at London's Heathrow Airport, which is served by all of the Star Alliance applicants, and to codeshare with Air France on flights operated between France and Poland. For these reasons, any approval for expansion of the Star Alliance to include LOT, Swiss and TAP should carve out immunity for any services offered between the U.S. and London and between the U.S. and Poland.

Continental states as follows in support of its position:

1. United, the second largest U.S. airline, already holds antitrust immunity with Lufthansa, one of Europe's largest airlines, SAS and Austrian, blanketing U.S.-Europe routes with codeshare service via hub gateways in Germany, Scandinavia and Austria. Adding additional hub gateways in Switzerland, Portugal and Poland would solidify the Star Alliance dominance of immunized U.S.-Europe codesharing and duplicate U.S.-Europe codeshare services already offered by Star Alliance members. Adding Air Canada to the immunized transatlantic Star Alliance would fold Canada's dominant North America-Europe airline into the Star Alliance and divert transatlantic traffic from U.S. gateways to Canadian gateways. Although the ability to coordinate schedules, fares, travel agent commissions, corporate contracts and routes among eight transatlantic airlines will

