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Order 2001-4-7

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UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 4th day of April, 2001

Joint Application of

**AMERICAN AIRLINES, INC.
TWA AIRLINES LLC
TRANS WORLD AIRLINES, INC.**

for transfer of certificate and other authorities under 49
U.S.C. 41105 and for exemptions under 49 U.S.C.
40109

Docket OST-01-9027-12

Applications of

TRANS WORLD AIRLINES, INC.

under 49 U.S.C. 41102 for renewal of certificates of
public convenience and necessity for combination
services (U.S.-Foreign Points)

Dockets 43430

50037

OST-96-984-4

Applications of

TRANS WORLD AIRLINES, INC.

under 49 U.S.C. 40109 for exemption authority
(U.S.-Foreign points)

Dockets OST-98-3325-10, OST-98-4144-
OST-99-5066-9, OST-99-5860-2,
OST-99-6431-6, OST-00-6799-3,
OST-00-6993-5, OST-00-7089-3,
OST-00-7908-7, OST-00-7940-5,
OST-00-7941-7, OST-00-7942-5,
OST-00-7943-5

ORDER TRANSFERRING AUTHORITY

Summary

By this order, we transfer the interstate and foreign scheduled passenger certificates and other authorities currently issued to Trans World Airlines, Inc. (TWA) to American Airlines, Inc. (American), and its subsidiary, TWA Airlines LLC (LLC).

Background

TWA, headquartered in St. Louis, Missouri, has operated for over 70 years and holds various domestic and international certificates and other authorities from the Department and its predecessor agencies.¹

TWA provides regularly scheduled passenger services to points in the United States, Mexico, Europe, the Middle East, Canada, and the Caribbean with a fleet of approximately 190 jet aircraft operating from its primary hub at St. Louis and another gateway at New York's John F. Kennedy International Airport. During the past decade, TWA has filed and emerged from bankruptcy twice--in 1992 and again in 1995. On January 10, 2001, TWA filed its third petition for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code.

As part of the current reorganization process, TWA's bankruptcy court provided for a competitive auction of the airline's assets on March 5. On March 12, the court selected American's bid from among all proposals presented.² In doing so, the court noted that the failure to select American would most likely result in the immediate liquidation of TWA and the resulting discontinuation of that carrier's operations.

Once the transaction closes, American plans to merge TWA's operations with its own. To facilitate this process, American has established a subsidiary, LLC. American will transfer TWA's operations and assets from the latter's bankruptcy estate to LLC, which will then conduct services previously provided by TWA until the integration of those operations with American's is complete.³

The Application

On February 28, 2001, American, TWA, and LLC (collectively, "the Applicants") filed a joint application in Docket OST-01-9027 requesting that the Department transfer the certificate, exemption and other authorities held by TWA to LLC and American.⁴ Pending final

¹ TWA's predecessor, Transcontinental and Western Air, was formed in 1930 as a result of the merger of two other companies--Western Air Express and Transcontinental Air Transport. In 1950, the company's name was changed to Trans World Airlines.

² In general, American agreed to purchase substantially all of TWA's assets for approximately \$742 million plus the assumption of approximately \$3.5 billion in TWA obligations. Certain parties have appealed the bankruptcy court's March 12 sale order, and have sought a stay of the transaction pending the appeals. Most of the appeals and the related stay requests are still pending at this time. No stay request has been granted. No party appealing the sale order has filed objections in this proceeding and we are not otherwise aware that the appeals raise significant issues adverse to our action here.

³ At that time, LLC is to be dissolved.

⁴ The Applicants request transfer of all TWA interstate and foreign authority except for the following segments on Route 147: Newark, New York and St. Louis-Italy; Boston and Los Angeles-Rome; Newark, New York, and St. Louis-Portugal; Newark, New York, and St. Louis-Spain; Newark, New York, and St. Louis-Israel; and Los Angeles-Tel Aviv. In this connection, where any of the authority granted to TWA remains in force due to a timely and still pending renewal application submitted by TWA under the automatic extension provision of 5 U.S.C. 558(c) and 14 CFR 377, the Applicants ask for renewal as well as transfer of such authorities.

Department action on the transfer request, the Applicants request that American and LLC be granted an exemption to proceed with the transaction and to integrate all of American's current authority with all of the route authorities that the Applicants are asking to be transferred.⁵

The Applicants state that the transfer of TWA's authority to American and LLC is in the public interest. In support of their position, they maintain that TWA is a financially failed firm that, absent the American transaction, would have to cease its air carrier operations. If such a situation were to happen, they argue, consumers would be harmed, TWA's St. Louis hub would be dismantled, and 20,000 TWA employees would be without work. American has proposed to acquire substantially all of TWA's assets, hire most of its employees, and continue operating a hub at St. Louis, thus benefiting consumers and TWA's employees, and enhancing competition. They further state that American and LLC are both U.S. citizens and are fit to hold the proposed transferred authority.⁶

The Applicants also contend that the proposed transfer is consistent with U.S. international aviation policy objectives. American intends to link the routes that TWA serves to its own system, which the Applicants believe will provide consumers with broader opportunities for traveling and shipping. The Applicants state that, with respect to TWA's current services in limited-entry markets, there are no nonstop overlaps with any of American's current operations except for TWA's seven weekly nonstop-flights between New York and Paris.⁷ The Applicants argue that, with American's broad domestic and international network and its participation in the "oneworld" alliance, approval of the transfer will allow American to offer stronger competition against foreign carriers and other global alliances. This, they argue, will improve the trade position of the U.S. in the international air transportation market.

According to the Applicants, the transfer will also improve American's viability, enabling American to expand its operations into new markets and to improve its long-term position as a vigorous competitor on both domestic and international routes. Domestically, they argue that the transfer will make American a more effective competitor in regions where it now has limited operations, most particularly at TWA's St. Louis hub.⁸

Finally, the Applicants believe that the transfer will positively affect the employees of both TWA and American. For TWA's workers, it will mean continued job opportunities that would

⁵ The Applicants also asked us to shorten the period for filing answers to the application from 21 to 14 days. Although by Notice dated March 13, 2001, we denied the request to shorten the answer period, we did grant a subsequent request of the Applicants to shorten the 14-day period for replies to answers from April 4 to March 28 (see Notice dated March 20, 2001).

⁶ The application included information in support of the two companies' fitness.

⁷ American intends to continue operating TWA's New York-Paris frequencies. The Applicants state that the U.S.-France market is highly competitive, with services operated by Continental, Delta, Northwest, United, and US Airways, as well as Delta/Air France code-share services.

⁸ The Applicants state that integration of TWA's St. Louis hub with American's own operations will make American a more effective competitor for east-west traffic flows that will be a benefit for consumers nationwide. They state that American and TWA have only two hub-to-hub overlap routes, St. Louis-Chicago and St. Louis-Dallas/Ft. Worth. They contend that there are no barriers to entry in the St. Louis-Dallas/Ft. Worth market and that American will continue to face strong competition from United and Southwest between St. Louis and Chicago.

otherwise be lost if TWA were forced to liquidate. For American's employees, the transfer means the enhancement of American's domestic and global network and, thus, its long-term viability. The Applicants state that the integration of TWA's operations and employees will improve American's ability to develop new services, fostering greater job security and new career opportunities for workers at both airlines.

On March 21, we received an answer in support of the application from the City of St. Louis and the St. Louis Airport Commission (the "St. Louis Parties").⁹ The St. Louis Parties urge the Department to grant the Applicants' request as expeditiously as possible. Doing so, they aver, will maintain TWA's operations for the benefit of the public and of the communities served and preserve jobs for TWA's employees. They further state that, although antitrust policy will sometimes disfavor the acquisition of healthy air carriers by their competitors, there is a long-standing exception when the proposed acquisition involves a failing carrier.¹⁰ They also state that, if the American acquisition is not allowed to proceed, St. Louis risks losing its air carrier hub, which would have serious implications for the St. Louis community.

DECISION

Transfer of Authority

We have decided to approve the transfer of TWA's route and other authorities to American and LLC.¹¹

The Statute provides that no certificate can be transferred unless the Department approves the transfer as being consistent with the public interest.¹² In applying this standard, the Department considers whether the proposed route transfer is consistent with our international aviation policy, the likely effects of a proposed route transfer on competition in the domestic airline industry, the viability of each applicant, and the trade position of the United States.¹³ We also consider the impact of any proposed sale of route authority on airline workers.¹⁴ Finally, the acquiring entity must be a citizen of the United States and be fit to hold the transferred authority.

American has proposed to acquire substantially all of TWA's assets, to hire most of its employees, and to continue a hub operation at St. Louis. American's action will provide for the continuation of TWA's services and provide public benefits for consumers, TWA's employees, and the communities associated with those services. A Federal bankruptcy court

⁹ No answers opposing the application were filed in the docket.

¹⁰ In this regard, their answer mirrors the bankruptcy court's finding that, without American's involvement, TWA will be forced to stop flying and liquidate its assets.

¹¹ See **SPECIFIC ROUTE TRANSFERS** section below for a discussion of the authority being transferred.

¹² See section 41105 of Title 49 of the United States Code (49 U.S.C. 41105).

¹³ See, e.g., *Joint Application of Northwest Airlines and Delta Air Lines*, Order 95-4-41 at 3; *Joint Application of Federal Express Corporation and Evergreen Airlines*, Order 95-8-9 at 4; *Joint Application of Federal Express Corporation and Florida West International Airlines*, Order 97-10-3 at 4; and *Joint Application of United Parcel Service Co. and Challenge Air Cargo*, Order 2000-3-2 at 4.

¹⁴ See *Joint Application of United Parcel Service Co. and Challenge Air Cargo*, Order 2000-3-2 at 4.

has approved the proposed transaction, finding that American had presented the most effective plan for continuing TWA's services. The Department of Justice has reviewed the transaction and decided not to challenge it under its antitrust authority.

Against this background, and after considering all other matters of record, we find that the proposed route transfer meets our standards and should be approved.

The proposed transaction will enable American to expand its operations into new markets and to improve its long-term position in aviation markets. This consideration should have a positive impact on American's viability.

The transfer should also advance U.S. international aviation policy objectives by providing consumers with new competitive options. The transfer will strengthen American's ability to compete with other airlines and alliances in both open and limited-entry international aviation markets. As to the latter, we note that American and TWA overlap most significantly in the U.S.-France market.¹⁵ American is authorized to provide more flights in that market than any other U.S. airline: 53 weekly U.S.-France roundtrips, including 14 roundtrips in the New York-Paris market. TWA is authorized to provide 14 weekly U.S.-France roundtrips, including seven in the New York-Paris market. American intends to operate TWA's U.S.-France frequencies. In April 2002, another 14 frequencies will be available, and in April 2003, all frequency limitations will be lifted. Therefore, consummation of the proposed transaction would strengthen American's already strong position in the short term in the U.S.-France market, and in the New York-Paris market, in particular. However, the U.S.-Paris market is now served by five U.S. airlines with their own aircraft and by extensive code-share services operated by Delta and Air France, and additional service opportunities will become available over the next two years. We believe that the services operated by other airlines in the U.S.-France market will effectively discipline the enhanced service of American in that market.

The transfer of TWA's route authorities to American will improve the trade position of the United States. With its broader network of services and traffic support, American will be able to expand TWA's existing international service. This development should strengthen American's ability to compete against foreign carriers and enhance U.S. commerce and the U.S. trade position.

Our examination of the record in this case also indicates that the proposed transfer should not have an undue effect on domestic airline competition. No party has objected to the requested transfer, and the Department of Justice, which has primary responsibility for evaluating the likely effects of the proposed transaction on domestic competition, has decided not to oppose the acquisition on antitrust grounds. The addition of TWA's route authority in limited-entry international markets should not significantly reduce competition in domestic markets.

¹⁵ The U.S.-U.K. is the only other market in which the airlines' actual operations overlap. However, there is no city-pair overlap because TWA operates only between St. Louis and London and American or LLC is planning to maintain that service.

American already serves TWA's major foreign destinations, such as London and Paris, primarily from different U.S. gateways. Moreover, TWA's financial condition must be considered. While American and TWA now provide overlapping service in some markets, that competition would be lost if TWA's financial position caused it to cease operating as the Applicants contend. American's acquisition will also maintain the competition provided by TWA's service in other markets that would be ended if TWA were liquidated.

The transfer should also have an overall positive impact on airline employees. American's commitment to hire almost all of TWA's employees provides continued job opportunities for those individuals. The acquisition of TWA's assets, and the integration of American's and TWA's networks and employees, should improve American's ability to develop new services with the resultant job opportunities for all employees.¹⁶ Neither TWA's nor American's employees nor any other parties filed comments on this issue in the record of this case.

Fitness and Citizenship

We also conclude that American and LLC are citizens of the United States and are fit to hold the authority at issue. American is a wholly owned subsidiary of AMR Corporation (AMR).¹⁷ It has previously been found to be a citizen of the United States and to be fit by the Department and its predecessor agencies and currently holds and operates pursuant to numerous domestic and international route authorities.¹⁸ We are aware of no information at this time that leads us to conclude that it is not a U.S. citizen and fit. Moreover, as discussed below, we find that LLC, under American's ownership, is also a U.S. citizen and fit.

Current management personnel at American and TWA will hold similar positions with LLC. Thus, LLC will have three Board members: Donald J. Carty, currently Chairman, President and Chief Executive Officer of American and AMR; Robert W. Baker, currently Vice Chairman of American and AMR, who will also serve as Chairman and Chief Executive Officer of LLC; and Thomas W. Horton, currently American's Senior Vice President-Finance and Chief Financial Officer, who will be LLC's Chief Financial Officer.

Other senior key managers include: William Compton, currently President and Chief Operating Officer of TWA, who will be President of LLC; R. Stan Henderson, presently TWA's Senior Vice President for Operations Development, who will be LLC's Chief Operating Officer/Senior Vice President of Operations; James A. Beer, American's Vice President-Corporate Development and Treasurer, who will be LLC's Treasurer; Charles D. MarLett, Corporate Secretary for American, who will hold the same position with LLC; James R. Jenson, at present Senior Vice President-Maintenance and Engineering for TWA, who will

¹⁶ Application, at 12-13.

¹⁷ AMR also owns AMR Eagle Holding Corporation, which, in turn, owns two regional airlines--American Eagle Airlines and Executive Airlines--that provide connecting services for American to smaller markets in the U.S., Canada, the Bahamas, and the Caribbean.

¹⁸ At the end of 2000, American operated over 700 aircraft and provided scheduled services to more than 169 destinations in North America, Latin America, Europe and the Pacific.

be Senior Vice President of Maintenance of LLC; and Thomas C. Irwin, TWA's Vice President-Flight Operations, who will occupy the same position with LLC.

In addition, the following individuals currently holding FAA-required key technical positions at TWA will fill the same positions with LLC: Thomas Irwin, Director of Operations; Hugh Schoelzel, Director of Safety; Terry L. Tubb, Chief Pilot; Michael Hildreth, Director of Maintenance; and A. Figueroa, Chief Inspector. While LLC and American will share some senior management personnel, we note that the day-to-day operational managers are separate from those overseeing American's own operations, which should provide for adequate oversight of LLC's operations pending their integration with American.

Financial support for operations conducted under the transferred authority will be provided by American or AMR.¹⁹ In this regard, the Applicants filed financial statements for the past three years for American and AMR.²⁰ These documents indicate that American and AMR have been consistently profitable²¹ and that their overall financial position is good. At December 31, 2000, American had approximately \$1.6 billion in cash and short-term investments, negative working capital of \$2.36 billion, a current assets to current liabilities ratio of 0.65 to 1, \$23.16 billion in total assets, \$4.5 billion in retained earnings, and \$6.4 billion in net stockholders' equity. AMR's balance sheet at the same date shows \$2.23 billion in cash and short-term investments, negative working capital of \$1.8 billion, a current assets to current liabilities ratio of 0.74 to 1, \$26.2 billion in total assets, \$5.9 billion in retained earnings, and \$7.1 billion in net equity. The December 31, 2000, SEC report also indicates that American has access to a \$1.0 billion credit facility that expires in 2005, none of which had been drawn upon at that time.

The Applicants state that there are no actions or outstanding judgments against LLC, nor is LLC the subject of any current charges of unfair, deceptive or anti-competitive business practices, fraud, felony, or antitrust violations. Moreover, there is nothing relative to American's compliance history that indicates that it or LLC, under American's ownership and

¹⁹ We note that, at the time of TWA's bankruptcy filing in January, American provided TWA with \$200 million to allow the latter's operations to continue during the bankruptcy process. American has recently provided additional funds to meet TWA's financial needs, bringing the total debtor-in-possession funds committed to TWA thus far to \$330 million.

²⁰ This includes copies of 10-K reports filed by American and AMR with the Securities and Exchange Commission (SEC) for the calendar years ending December 31, 1998, 1999, and 2000, SEC 10-Q reports filed by American and AMR for the quarters ending March 31, June 30, and September 30, 2000, as well as AMR's 1998 and 1999 annual reports to its shareholders.

²¹ The reports show that for the 12-months ending December 31, 1998, American reported operating and net profits of \$1.7 billion and \$1.0 billion, respectively, on \$16.3 billion in revenues. For the same period ending December 31, 1999, it reported operating and net profits of \$1 billion and \$627 million, respectively, on \$16.3 billion in revenues. For the year ending December 31, 2000, American reported operating and net profits of \$1.24 billion and \$778 million, respectively on \$18.1 billion in revenues. AMR's financial statements reported consolidated operating and net profits of \$2.3 billion and \$1.3 billion, respectively, on \$19.2 billion in revenues for the 12-month period ending December 31, 1998. For the 12-month period ending December 31, 1999, it reported operating and net profits of \$1.1 billion and \$985 million, respectively, on \$17.7 billion in revenues. For the year ending December 31, 2000, AMR reported operating and net profits of \$1.38 billion and \$813 million, respectively on \$19.7 billion in revenues.

control, would likely fail to perform its operations in a satisfactory manner.²² We have also been in contact with the FAA and been advised that that agency is working closely with the Applicants to facilitate the transfer of TWA's Air Carrier Certificate and Operations Specifications to LLC.

49 U.S.C. 41102 requires that authority to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. 40102(a)(15). That section specifies that the president and two-thirds of the board of directors and other managing officers be U.S. citizens and that at least 75 percent of the outstanding voting stock be owned by U.S. citizens. We have also interpreted the Statute to mean that, as a factual matter, the carrier must be actually controlled by U.S. citizens.

As noted earlier, we have previously found American to be a U.S. citizen.²³ LLC, American's wholly-owned subsidiary, was organized in the State of Delaware on February 15, 2001. All of the individuals who are to hold key management positions with LLC are U.S. citizens.²⁴ The Applicants have provided an affidavit attesting that LLC and American are citizens of the United States within the meaning of the Statute. Finally, our review of the application has uncovered nothing that suggests that control of either American or LLC rests with non-U.S. citizens.

In view of the foregoing, we conclude that American and LLC are U.S. citizens and are fit to hold the authority transferred to them in this order.

²² In 1999, AMR entered into a plea agreement with the United States Government with respect to a one count indictment relating to the storage of hazardous materials. As part of the plea agreement, AMR was placed on probation for three years and has adopted a comprehensive compliance program. We also note that, on May 13, 1999, the United States (through the Antitrust Division of the Department of Justice) sued AMR, American, and AMR Eagle Holding Corporation. The lawsuit alleges that American unlawfully monopolized or attempted to monopolize airline passenger service to and from Dallas/Ft. Worth International Airport (DFW) by increasing service when new competitors began flying to DFW, and by matching these new competitors' fares. The Government seeks to enjoin American from engaging in the alleged improper conduct and to impose restraints on American to remedy the alleged effects of its past conduct. The case is currently set for trial in May of this year. Seven class action lawsuits have also been filed against American, AMR and/or related companies containing allegations similar to those contained in the U.S. Government lawsuit discussed above. American is also the subject of class action lawsuits alleging breach of contract with respect to changes made in 1988 to its frequent flyer programs and agreements between American and travel agencies. American states that it intends to defend itself vigorously against the charges in the Department of Justice and other lawsuits noted here. Finally, in March 2000, American was served with a federal grand jury subpoena calling for it to produce documents relating to de-icing operations at DFW since 1992. The carrier states that it is not aware of the full scope of this investigation or American's role in it, but that it has complied with the subpoena. Should action be taken in any of these lawsuits or any other action involving American that leads us to question its compliance disposition, or that of LLC, we will take appropriate action at that time.

²³ See Order 2000-5-31, issued March 29, 2000.

²⁴ American's Chairman, Donald Carty, holds both U.S. and Canadian citizenship.

SPECIFIC ROUTE TRANSFERS

In light of all of the above, we have decided to grant the Applicants' request for transfer of all of TWA's interstate and foreign route authorities with the following exceptions.²⁵ First, since American currently holds an identical interstate certificate, we will transfer TWA's interstate certificate authority to LLC only; the foreign authority will be transferred to American and LLC jointly.

Second, we are not transferring Route 468 (St. Louis-London) as the authority on that certificate is duplicative of the authority transferred to American and LLC on Route 147 (Segment 1 and Condition (9) regarding authority for the carriage of London-Frankfurt local traffic). In this connection, we will dismiss TWA's pending renewal application (in Docket 50037) for that route and will delete the certificate for Route 468 in its entirety. Third, we will not transfer Segments 2 and 3 of Route 755 (U.S.-Japan) which authorized service between Portland, Oregon, and the conterminal points Osaka, Nagoya, and Fukuoka, Japan (Segment 2) and between Los Angeles, California, and Tokyo (Segment 3). These services were restricted to same-country code-share operations with Delta Air Lines on flights operated by Delta. As Delta and TWA no longer hold the necessary allocation of same-country code-share frequencies under the 1998 U.S.-Japan Memorandum of Consultations for these services, the certificate authority is no longer effective and we have deleted it from the transferred certificate.²⁶ The remaining authority on the certificate to serve the St. Louis-Tokyo market (Segment 1), together with the frequency allocation of seven weekly frequencies, has been transferred.

The Applicants have also requested that any certificate authority now held by TWA, for which TWA has sought renewal, be granted for an additional five-year term. Currently, TWA has pending requests to renew its New York-Moscow authority on Route 612 (Docket OST-96-984); its St. Louis-London authority on Route 468 (Docket 50037) which, as noted above, we intend to dismiss; and, on Route 147, its St. Louis-London authority, authority to serve Ireland, London, France, Greece, Saudi Arabia, Yemen, Mandalay, Myanmar, the Azores, Algeria, Tunisia, Vietnam, Iraq, Libya, and Istanbul and Ankara, Turkey, as well as authority to carry local traffic in the London-Frankfurt market (Docket 43430). We have granted the requests with respect to the New York-Moscow authority on Route 612. Given the state of aviation relations, we are deferring action on renewal of the authorities to serve Vietnam, Libya, and Iraq on Route 147. We are also deferring action on TWA's renewal application for

²⁵ A list of the authorities to be transferred is shown in Attachment A. We note, however, that the transfer of TWA's foreign certificate authority to American and LLC is subject to Presidential review under 49 U.S.C. 41307. Transfer of interstate certificate authority does not require Presidential review.

²⁶ See Order 98-5-17, *1998 U.S.-Japan Combination Service Proceeding*, Docket OST-98-3419, Order 98-12-6 and Notice of Action Taken dated June 30, 2000, Docket OST-98-4364.

London-Frankfurt authority which is contested.²⁷ These authorizations will continue in effect under the automatic extension provisions of the Administrative Procedure Act, 5 U.S.C. §558(c), pending action on the renewal applications. We have granted the requests with respect to the other countries listed above.²⁸

We note that certain of the transferred authority includes international authority that is now dormant. Some of this dormant authority includes points where there are no restrictions on entry by other U.S. carriers. Others involve markets where entry is not permitted either by virtue of the governing bilateral aviation agreement or the restrictive policies of the foreign governments involved with respect to the number of carriers that may serve and/or the frequencies available for U.S. carrier services. While we are prepared to transfer this authority since the transfer is not opposed, we remind American and LLC that, consistent with our long-standing policy with respect to dormant authority, should there be a request for authority to serve any dormant limited-entry market, the holding of such dormant certificate authority by American and/or LLC will not be considered as providing any preference for American or LLC in a competitive carrier selection proceeding to determine which of the requesting carriers would be awarded the limited-entry authorization.²⁹

Except as noted above, the requests for renewed certificate authority in all limited-entry markets, including dormant certificate authority, have been granted and, consistent with our standard practice, the duration of such certificate authority has been limited to five years under §41102(c). In addition, for any transferred limited-entry authority currently held by TWA with an earlier expiration date, and for which no renewal application has been filed, the authority has been transferred using the existing expiration date in TWA's certificates.³⁰ On the other hand, where the authority at issue was once limited, but is now unrestricted, the transferred authority will be effective for an indefinite duration.

Finally, we will grant the Applicants' request to integrate the authorities now held by American Airlines with the authorities now held by TWA and transferred to American and LLC. We find that approval of this request is in the public interest as it will provide the carriers the maximum operating flexibility possible and will facilitate the ability of the carriers to implement the transferred authorities. As is our standard practice, the route integration authority granted is subject to the provisions of the aviation agreements between the United

²⁷ TWA's renewal application for this authority was not timely filed under Part 377 of our regulations. On January 24, 1994, TWA requested a waiver of the 180-day advance filing requirement so that the authority would continue in effect under the automatic extension provisions of 5 U.S.C. 558(c), pending Department action on the renewal application. On March 31, 1994, we orally granted TWA's waiver request.

²⁸ TWA also holds authority of a fixed duration to serve Italy, Israel, Portugal and Spain (including Barcelona), and has included, in Docket 43430, a renewal application for these authorities. However, the Applicants, in Docket OST-01-9027, have requested that the authority on Route 147 to serve these countries, except Barcelona, Spain, not be transferred. Therefore, we have dismissed that portion of TWA's renewal application in Docket 43430 (except for Barcelona), and have deleted these authorities from Route 147.

²⁹ See *American Airlines, Inc./Trans World Airlines, Inc., Route Transfer Case*, Order 91-3-38 at 15.

³⁰ See *American Airlines, Inc./Trans World Airlines, Inc., Route Transfer Case*, Order 91-3-38 at 19, and Order 91-4-47 at 38.

States and the foreign countries involved, and to our standard condition regarding route integration in limited-entry markets.

EFFECTIVE AUTHORITY CONDITIONS AND LIMITATIONS

The authority contained in the transferred certificates will not become effective until American and LLC have provided evidence that LLC has received an Air Carrier Certificate from the FAA to conduct operations under such authority.

Moreover, because of the close ownership, managerial and financial relationship between American and LLC, were LLC to cease to be a subsidiary of American, it is not clear that our fitness finding here would remain valid. Therefore, we propose to condition LLC's certificate authority on its continued existence as a wholly owned subsidiary of American.

ACCORDINGLY:

1. We transfer the interstate and foreign authority currently issued to Trans World Airlines, Inc., as set out in Attachment A, to American Airlines, Inc., and/or TWA Airlines LLC.³¹
2. We reissue the certificates of public convenience and necessity currently issued to Trans World Airlines, Inc., to TWA Airlines LLC, authorizing TWA Airlines LLC, to engage in interstate and foreign scheduled air transportation of persons, property, and mail in the forms and subject to the Terms, Conditions, and Limitations attached.
3. We grant American Airlines, Inc. and TWA Airlines LLC, an exemption under the provisions of 49 U.S.C. §40109 to integrate the exemption and certificate authorities currently held by American Airlines, Inc., with the certificate and exemption authorities transferred jointly to American Airlines, Inc., and TWA Airlines LLC, by this order, and shall remain in effect for a period of two years.
4. The route integration authority granted in ordering paragraph 3, above, is subject to the condition that all such integrated operations are in compliance with the provisions of all applicable bilateral aviation agreements, and *provided further*, that (a) nothing in the award of the route integration authority granted should be construed as conferring upon American Airlines, Inc., and/or TWA Airlines LLC, additional rights (including fifth-freedom intermediate and/or beyond rights) to serve markets where U.S. carrier entry is limited unless American Airlines, Inc., or TWA Airlines LLC, first notifies the Department of its intent to serve such a market and unless and until the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights; and (b) should there be a request by any carrier to use the limited-entry route rights that are included in this authority by virtue of the route integration authority granted here, but not being used, the holding of such authority by route integration will not be construed as

³¹ The transfer of the authorities in paragraphs B, C, and D of Attachment A is subject to the same terms, conditions, and limitations applicable immediately prior to the transfer.

providing any preference for American Airlines, Inc., or TWA Airlines LLC, in a competitive carrier selection proceeding to determine which carrier(s) should be entitled to use the authority at issue.

5. The frequency allocations transferred in Attachment A (Japan and France) are subject to the condition that the frequencies will expire and will revert automatically to the Department if they are not used for a period of 90 days.³²

6. We renew, to the extent necessary for the purposes of this proceeding, the New York/Newark-Moscow authority of Trans World Airlines, Inc., on Route 612 (Docket OST-96-984).

7. We renew, to the extent necessary for the purposes of this proceeding, the authority of Trans World Airlines, Inc., on Route 147 to serve London; Ireland; France; Greece; Saudi Arabia; Yemen; Algeria; Tunisia; Barcelona, Spain; Istanbul and Ankara, Turkey; and Mandalay, Myanmar (Docket 43430).

8. We delete in its entirety the certificate of Trans World Airlines, Inc., for Route 468 to engage in scheduled foreign air transportation of persons, property, and mail between St. Louis, and London.

9. We delete authority on Route 147 transferred and reissued by this order to American Airlines, Inc., and/or TWA Airlines LLC, to serve the following markets: New York-Newark, and St. Louis, on the one hand, and Italy, Portugal, Israel, and Spain (except Barcelona), on the other; Boston-Rome; Los Angeles-Rome; and Los Angeles-Tel Aviv.

10. We defer action on the application of Trans World Airlines, Inc. in Docket 43430 for renewal of certificate authority to serve Hanoi, Vietnam, Libya, and Iraq; and to carry local traffic between London and Frankfurt, Germany.

11. We confirm our oral action of March 31, 1994, granting Trans World Airlines, Inc., in Docket 43430, a waiver of the 180-day advance filing requirements of Part 377 of our regulations with respect to its London-Frankfurt authority on Route 147.

12. We dismiss the application of Trans World Airlines, Inc., in Docket 43430 to the extent that it seeks renewal of authority to serve Italy, Portugal, Israel, and Spain (except Barcelona).

13. We dismiss, as moot, the application of Trans World Airlines, Inc., in Docket 50037, for renewal of its certificate for Route 468.

³² With respect to the France frequencies, the 90-day dormancy period will begin upon the effective date of the transfer. In this regard, we note that TWA operated its St. Louis-Paris service on a seasonal basis only. The Japan frequencies are currently subject to a dormancy waiver through August 30, 2001. The dormancy waiver is also being transferred to American Airlines, Inc., and TWA Airlines LLC.

14. We dismiss, as moot, the request of American Airlines, Inc., TWA Airlines LLC, and Trans World Airlines, Inc., in Docket OST-01-9027 for a *pendente lite* exemption.

15. The authority transferred or otherwise granted here shall become effective upon the Department's receipt of evidence that TWA Airlines LLC, has received an Air Carrier Certificate from the Federal Aviation Administration.

16. To the extent not transferred here, or otherwise deleted or deferred, all foreign certificate, exemption and other authority currently issued to Trans World Airlines, Inc., is hereby cancelled upon the effectiveness of the authority transferred to American Airlines, Inc., and/or TWA Airlines LLC.

17. To the extent not granted, dismissed, or deferred, we deny all requests in the captioned dockets.

18. Unless disapproved by the President of the United States under section 41307 of the Statute, this order shall become effective on the 61st day after its submission for section 41307 review or upon the date of receipt of advice from the President or his designee under Executive Order 12597 and implementing regulations that he or she does not intend to disapprove the Department's order under that section, whichever occurs earlier.³³

19. We will serve a copy of this order on the persons listed in Attachment B.

By:

SUSAN McDERMOTT
Deputy Assistant Secretary for
Aviation and International Affairs

(SEAL)

*An electronic version of this order is available on the World Wide Web at
<http://dms.dot.gov>*

³³ This order was submitted for section 41307 review on April 4, 2001. On April 6, 2001, we received notification that the President's designee under Executive Order 12597 and implementing regulations did not intend to disapprove the Department's order.

**TRANS WORLD AIRLINES, INC. CERTIFICATES
AND OTHER AUTHORITIES TO BE TRANSFERRED TO
AMERICAN AIRLINES, INC., AND TWA AIRLINES LLC**

A. CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY

1. Certificate for interstate scheduled passenger transportation as reissued by Order 98-7-6.
2. Route 147 (U.S.-Europe/Africa/Middle East/Asia), reissued by Order 92-4-49 as follows:

St. Louis-London
Boston-Paris
Los Angeles-Paris
Washington, D.C.-Paris
New York-Newark and St. Louis-
France (including the intermediate point Paris, but excluding Marseille and Nice)
Ireland
Switzerland
Barcelona, Spain
Austria
Istanbul and Ankara, Turkey
Casablanca, Morocco
The Azores
Greece
Egypt
Jordan
Iraq
Kuwait
Saudi Arabia
Yemen
Bahrain
Qatar
United Arab Emirates
Oman
Sri Lanka
India (excluding that portion of India north of the 20th parallel, except for Calcutta)
Mandalay, Myanmar
Hanoi, Vietnam
Bangkok, Thailand
Hong Kong
Algeria
Tunisia
Libya
U.S.-Belgium; the Netherlands; Luxembourg; the Federal Republic of Germany;
Stockholm, Sweden
New York/Newark and Philadelphia-Bermuda

New York-Copenhagen, Denmark and Oslo, Norway
 Washington-Geneva, Switzerland
 London-Frankfurt (local traffic rights)

3. All of Route 164 (U.S.-Asia), as issued by Order 81-1-30 and amended by Order 82-8-69, as follows:

The coterminal points Los Angeles-Ontario-Long Beach, California; Honolulu and Hilo, Hawaii; and Guam; the intermediate points Okinawa, Taiwan, Hong Kong, and Thailand; and beyond Thailand, the intermediate and terminal points within Sri Lanka and that portion of India which lies south of the 20th parallel.

U.S.-Taiwan, Korea, Hong Kong, Thailand, and Singapore.

4. All of Route 612 (New York-Moscow), as issued by Order 91-8-2.
5. Route 755 (St. Louis-Tokyo), as issued by Order 98-5-17.
6. All of Route 781 (U.S.-Canada), as issued by Order 99-3-27.
7. All of route 794 (U.S.-Mexico), as issued by Order 2000-5-31 as follows:

New Orleans-Mexico City/Toluca
 New York/Newark-Cancun
 St. Louis-Acapulco, Cancun, Cozumel, Ixtapa/Zihuatanejo, Mexico City/Toluca, Puerto Vallarta

B. EXEMPTIONS

1. San Juan-Caracas, Venezuela, Notice of Action Taken, July 7, 1999. Docket OST-99-5860.
2. New York, NY/St. Louis, MO-Bermuda, Notice of Action Taken, February 2 & 3, 2000. Dockets OST-99-6431 and 2000-6799.
3. U.S. Points-Bahamas, Notice of Action Taken, March 23, 2000. Docket OST-2000-6993.
4. New York-St. Maarten, Notice of Action Taken, May 30, 2000. Docket OST-98-4144.
5. U.S. Points-Antigua, Notice of Action Taken, September 13, 2000. Docket OST-2000-7908.
6. U.S. Points-Aruba, Notice of Action Taken, October 6, 2000. Docket OST-2000-7942.
7. U.S. Points-Dominican Republic, Notice of Action Taken, October 6, 2000. Docket OST-2000-7943.
8. U.S. Points-Jamaica, Notice of Action Taken, October 6, 2000. Docket OST-2000-7940.

9. U.S. Points-Turks and Caicos, Notice of Action Taken, October 6, 2000. Docket OST-2000-7941.
10. Route integration authority, Notice of Action Taken, February 8, 2001. Docket OST-99-5066.
11. (Property and mail only):
Los Angeles/Honolulu/New York/Chicago-Auckland/Christchurch/Sydney/
Melbourne/Brisbane via Fiji, Notice of Action Taken, March 23, 2000. Docket OST-98-3325.
12. (Property and mail only):
Between a point or points in the U.S. and a point or points in Japan, Notice of Action Taken,
April 10, 2000. Docket OST-2000-7089.

C. FREQUENCY ALLOCATIONS

1. U.S.-France, 14 weekly frequencies (currently used for New York-Paris, and St. Louis-Paris), Order 98-6-29. Docket 98-3872
2. U.S.-Japan, 7 weekly frequencies (St. Louis-Tokyo), Order 98-5-17. By Notice of Action Taken, March 23, 2000, the Department granted a waiver of the dormancy condition through August 30, 2001. Docket OST-98-3419

D. CODE-SHARE AUTHORIZATIONS UNDER 14 CFR PART 212 (Property and Mail only)¹

1. Display of "TW*" designator code on flights operated by Air New Zealand between Los Angeles and Auckland, Sydney, and Christchurch; between Honolulu and Auckland, Brisbane, Melbourne, and Sydney; and between New York, Chicago, Los Angeles, and Honolulu, on the one hand, and Nadi, Sydney, Auckland, and Melbourne, on the other; display of NZ*" designator code between Los Angeles, on the one hand, and New York, Washington, Dallas/Ft. Worth, St. Louis, San Francisco, Atlanta, Chicago, Orlando, Miami, Denver, and Boston, on the other. These authorizations were most recently renewed for an indefinite term by Department Action, March 23, 2000. Docket OST-2000-7014
2. Display of "TW*" designator code on flights operated by All Nippon Airways between a point or points in the United States and a point or points in Japan for the carriage of TWA's mail traffic. This authorization was granted for an indefinite term by Notice of Action Taken, April 10, 2000. Docket OST-2000-7089.
3. Display of "TW*" designator code on flights operated by Singapore Airlines between New York/Los Angeles/San Francisco, on the one hand, and Singapore, on the other; and between New York and Frankfurt. This authorization was granted for an indefinite term, February 25, 1999. Undocketed application No. 99-60.

¹ Certain of these statements of authorization are held by TWA, and others are held by TWA's foreign partner.



***Certificate of Public Convenience and Necessity
for Interstate Air Transportation***

(as reissued)

This Certifies That

TWA AIRLINES LLC

is authorized, subject to the provisions of Subtitle VII of Title 49 of United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in interstate air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

***Issued by Order 2001-4-7
On April 4, 2001
Effective on (See Attached)***

***Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs***



Terms, Conditions, and Limitations

TWA AIRLINES LLC

is authorized to engage in scheduled interstate air transportation of persons, property, and mail between any point in any State, territory, or possession of the United States or the District of Columbia, and any other point in any of those entities.

This authority is subject to the following provisions:

- (1) The authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).
- (2) Pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card) or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) The effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.
- (5) The holder's authority is effective only to the extent that such operations are also authorized by the FAA, and comply with all FAA requirements concerning security.
- (6) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).
- (7) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.

* This certificate is reissued to reflect the transfer of authority from Trans World Airlines, Inc., to TWA Airlines LLC.

- (8) In the event that the holder receives effective scheduled passenger authority, the following additional conditions will apply:
- (a) The holder may reduce or terminate service at any point or between any two points, subject to compliance with the provisions of 49 U.S.C. 41734 and all orders and regulations issued by the Department of Transportation under that section.
 - (b) The holder may not provide scheduled passenger air transportation to or from Dallas (Love Field), Texas, except within the limits set forth in section 29 of the International Air Transportation Competition Act of 1979, as amended by section 337 of the Department of Transportation and Related Agencies Appropriations Act, 1998.
- (9) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(l)), it must first comply with the requirements of 14 CFR 204.5.
- (10) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy, unless the holder is conducting operations under another type of certificate authority. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under all certificates held shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.



***Experimental Certificate of Public Convenience and
Necessity for Foreign Air Transportation***

***Route 147
(as reissued)***

This Certifies That

**AMERICAN AIRLINES, INC.
and/or TWA AIRLINES LLC**

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

***Issued by Order 2001-4-7
On April 4, 2001
Effective on (See attached)***

***Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs***



***Terms, Conditions, and Limitations
for Route 147***

**AMERICAN AIRLINES, INC., and/or
TWA AIRLINES LLC**

is authorized to engage in scheduled foreign air transportation of persons, property, and mail:

1. Between the terminal point St. Louis, Missouri, and the terminal point London, England.
2. Between Boston, Massachusetts; Los Angeles, California; and Washington, D.C.; on the one hand; and Paris, France, on the other hand.
3. Between the coterminal points St. Louis, Missouri; New York, New York-Newark, New Jersey; on the one hand; and points in France (including the intermediate point Paris, but excluding Marseille and Nice); Ireland; Switzerland; Greece; Egypt; Jordan; Iraq; Kuwait; Saudi Arabia; Yemen; Bahrain; Qatar; United Arab Emirates; Oman; Sri Lanka; India (excluding the portion of India north of the twentieth parallel except for Calcutta); Mandalay, Myanmar; Hanoi, Vietnam; Bangkok, Thailand; Hong Kong; The Azores; Algeria; Tunisia; Libya; Barcelona, Spain; Casablanca, Morocco; Austria; and Istanbul and Ankara, Turkey; on the other hand.
4. Between a point or points in the United States and a point or points in Belgium; The Netherlands; Luxembourg; the Federal Republic of Germany; and Stockholm, Sweden.
5. Between the coterminal points New York, New York-Newark, New Jersey; and Philadelphia, Pennsylvania, and the terminal point Bermuda.
6. Between New York, New York, and the terminal points Copenhagen, Denmark; and Oslo, Norway.
7. Between Washington, D.C., and Geneva, Switzerland.

* This certificate, last reissued by Order 89-8-30 and amended by Orders 90-6-44, 91-1-72, 91-4-47, and 92-4-49, is reissued to reflect the transfer of authority on this route from Trans World Airlines, Inc. (TWA) to American Airlines, Inc., and/or TWA Airlines LLC. The certificate (1) incorporates new standard terms and conditions applicable to U.S. carriers; (2) deletes certificate authority to serve the New York/Newark/St. Louis-Italy/Portugal/Spain (except Barcelona)/Israel markets, the Boston/Los Angeles-Rome markets, and the Los Angeles-Tel Aviv market, as described in the text of this order; and (3) deletes obsolete terms and conditions.

This authority is subject to the following terms, conditions, and limitations:

- (1) With respect to TWA Airlines LLC, the authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).
- (2) With respect to TWA Airlines LCC, pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) With respect to TWA Airlines LLC, and subject to the other provisions of this certificate, the effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.
- (5) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of 49 U.S.C., or the Department's regulations shall be sufficient grounds to revoke this certificate.
- (6) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights), in limited-entry markets unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.
- (7) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

(8) The holder may combine services authorized by this certificate with all services authorized by other Department of Transportation certificates or exemptions; *provided that* such operations are in compliance with the provisions of all applicable bilateral aviation agreements, and *provided further* that (a) nothing in the award of the route integration authority granted should be construed as conferring upon the holder additional rights (including fifth-freedom intermediate and/or beyond rights) to serve markets where U.S. carrier entry is limited unless the holder first notifies the Department of its intent to serve such a market and unless and until the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights; and (b) should there be a request by any carrier to use the limited-entry route rights that are included in this certificate by virtue of the route integration authority granted here, but not being used, the holding of such authority by route integration will not be construed as providing any preference for the holder in a competitive carrier selection proceeding to determine which carrier(s) should be entitled to use the authority at issue.

(9) The holder is authorized to carry local traffic between London, United Kingdom, and Frankfurt, Federal Republic of Germany, on flights between the United States and Frankfurt, through April 12, 1994.¹

(10) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.

(11) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(12) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.

(13) In the event that the holder ceases all such operations for which it was found "fit, willing, and able," its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

(14) One carrier, either American Airlines, Inc., or TWA Airlines LLC, but not both of them, may operate or be designated to operate over a route or route segment in a bilateral air transport services agreement that limits U.S. carrier entry on that bilateral route or route segment.

¹ TWA has pending in Docket 43430 an application for renewal of this authorization. As discussed in the text of this order, we have deferred action on renewal of this authority. The authority will continue in effect pending Department action on the renewal application.

(15) The following authority will expire on [5 years from the effective date of this certificate]:

Segment 1: London, England.

Segment 2: Paris, France.

Segment 3: France; Greece; Saudi Arabia; Yemen; Mandalay, Myanmar; Algeria; Tunisia; Barcelona, Spain; Bangkok, Thailand; India; St. Louis-Hong Kong.

(16) The following authority will expire on September 17, 1994:²

Segment 3: Hanoi, Vietnam; Iraq; Libya.

(17) The holder acknowledges that the authority referred to in conditions (15) and (16) is granted to determine if the holder's projected services, efficiencies, methods, rates, fares, charges, and other projected results will, in fact, materialize and remain for a sustained period of time, and to determine whether the holder will provide the innovative and low-priced air transportation it proposed in its application for this authority.

² As discussed in the text of this order, we have deferred action on TWA's pending requests to renew the certificate authority to serve Hanoi, Vietnam, and to serve Iraq and Libya. The authority to serve each of these points, which was to expire September 17, 1994, has been kept in force pursuant to the Administrative Procedure Act, 5 U.S.C. 558(c).



***Experimental Certificate of Public Convenience and
Necessity for Foreign Air Transportation***

***Route 164
(as reissued)***

This Certifies That

**AMERICAN AIRLINES, INC.
and/or TWA AIRLINES LLC**

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

***Issued by Order 2001-4-7
On April 4, 2001
Effective on (See attached)***

***Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs***



***Terms, Conditions, and Limitations
for Route 164***

**AMERICAN AIRLINES, INC., and/or
TWA AIRLINES LLC**

is authorized to engage in scheduled foreign air transportation of persons, property, and mail:

1. Between the coterminal points Los Angeles-Ontario-Long Beach, California; Hilo and Honolulu, Hawaii; and Guam; on the one hand; and intermediate points within the following areas:

Okinawa;
Taiwan;
Hong Kong; and
Thailand;

and beyond Thailand, intermediate and terminal points within Sri Lanka and that portion of India which lies south of the 20th parallel.

2. Between a point or points in the United States; and coterminal point or points in Korea; Taiwan; Hong Kong; Thailand; and Singapore.

This authority is subject to the following terms, conditions, and limitations:

(1) With respect to TWA Airlines LLC, the authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).

(2) With respect to TWA Airlines LCC, pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."

* This certificate, last issued by Order 78-3-8 and amended by Orders 81-1-30 and 82-8-69, is reissued to reflect the transfer of authority on this route from Trans World Airlines, Inc., to American Airlines, Inc., and/or TWA Airlines LLC. The certificate incorporates new standard terms and conditions applicable to U.S. carriers, deletes obsolete terms and conditions, and, as discussed in the text of the attached Order, assigns a fixed duration to the authority to serve Thailand, Hong Kong, and Okinawa.

- (3) With respect to TWA Airlines LLC, and subject to the other provisions of this certificate, the effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly-owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.
- (5) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights), in limited-entry markets unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.
- (6) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of 49 U.S.C., or the Department's regulations shall be sufficient grounds to revoke this certificate.
- (7) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.
- (8) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.
- (9) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).
- (10) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.
- (11) In the event that the holder ceases all such operations for which it was found "fit, willing, and able," its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

(12) The following authority will expire on [5 years from effective date of this certificate]:

Segment 1: Okinawa, Hong Kong, Thailand, India;

Segment 2: Thailand, Hong Kong.

(13) The holder acknowledges that the authority referred to in condition (12) is granted to determine if the holder's projected services, efficiencies, methods, rates, fares, charges, and other projected results will, in fact, materialize and remain for a sustained period of time, and to determine whether the holder will provide the innovative and low-priced air transportation it proposed in its application for this authority.

(14) One carrier, either American Airlines, Inc., or TWA Airlines LLC, but not both of them, may operate or be designated to operate over a route or route segment in a bilateral air transport services agreement that limits U.S. carrier entry on that bilateral route or route segment.



***Experimental Certificate of Public Convenience and
Necessity for Foreign Air Transportation***

Route 612
(as reissued)

This Certifies That

**AMERICAN AIRLINES, INC.
and/or TWA AIRLINES LLC**

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

Issued by Order 2001-4-7
On April 4, 2001
Effective on (See attached)

Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs



***Terms, Conditions, and Limitations
for Route 612***

**AMERICAN AIRLINES, INC., and/or
TWA AIRLINES LLC**

is authorized to engage in scheduled foreign air transportation of persons, property, and mail:

Between the terminal point New York, New York, and Moscow, the Russian Federation.

This authority is subject to the following terms, conditions, and limitations:

- (1) With respect to TWA Airlines LLC, the authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).
- (2) With respect to TWA Airlines LCC, pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) With respect to TWA Airlines LLC, and subject to the other provisions of this certificate, the effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly-owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.
- (5) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including

* This certificate, issued by Order 91-6-2, is reissued to reflect renewal for five years, and the transfer of authority on this route from Trans World Airlines, Inc., to American Airlines, Inc., and/or TWA Airlines LLC. The certificate incorporates new standard terms and conditions applicable to U.S. carriers, and (2) deletes obsolete terms and conditions.

fifth-freedom intermediate and/or beyond rights), in limited-entry markets unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.

(6) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

(7) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of 49 U.S.C., or the Department's regulations shall be sufficient grounds to revoke this certificate.

(8) The holder acknowledges that this certificate is granted to determine if the holder's projected services, efficiencies, methods, rates, fares, charges, and other projected results will, in fact, materialize and remain for a sustained period of time, and to determine whether the holder will provide the innovative and low-priced air transportation it proposed in its application for this authority.

(9) The holder may combine its authority on Route 147 to serve Frankfurt, Germany with its authority to serve New York, New York, and Moscow, the Russian Federation, contained in this certificate.

(10) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.

(11) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(12) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.

(13) In the event that the holder ceases all such operations for which it was found "fit, willing, and able," its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

(14) One carrier, either American Airlines, Inc., or TWA Airlines LLC, but not both of them, may operate or be designated to operate over a route or route segment in a bilateral air transport services agreement that limits U.S. carrier entry on that bilateral route or route segment.

The authority shall expire [five years from the effective date], unless the Department earlier suspends, modifies, or deletes the authority.



***Experimental Certificate of Public Convenience and
Necessity for Foreign Air Transportation***

***Route 755
(as reissued)***

This Certifies That

**AMERICAN AIRLINES, INC.
and/or TWA AIRLINES LLC**

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

***Issued by Order 2001-4-7
On April 4, 2001
Effective on (See attached)***

***Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs***



***Terms, Conditions, and Limitations
for Route 755***

**AMERICAN AIRLINES, INC., and/or
TWA AIRLINES LLC**

is authorized to engage in scheduled foreign air transportation of persons, property, and mail:

Between the terminal point St. Louis, Missouri, and the terminal point Tokyo, Japan.

This authority is subject to the following terms, conditions, and limitations:

- (1) With respect to TWA Airlines LLC, the authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).
- (2) With respect to TWA Airlines LCC, pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) With respect to TWA Airlines LLC, and subject to the other provisions of this certificate, the effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly-owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.
- (5) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them. To the extent that the holder

* This certificate, issued by Order 98-5-17, is reissued to reflect the transfer of authority on this route from Trans World Airlines, Inc., to American Airlines, Inc., and/or TWA Airlines LLC. The certificate (1) incorporates new standard terms and conditions applicable to U.S. carriers; (2) deletes same-country code-share only certificate authority to serve the Portland-Osaka/Nagoya/Fukuoka markets and the Los Angeles-Tokyo market, as described in the text of this order; and (3) deletes obsolete terms and conditions.

has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights), in limited-entry markets unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.

(6) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

(7) The holder acknowledges that this certificate is granted to determine if the holder's projected services, efficiencies, methods, rates, fares, charges, and other projected results will, in fact, materialize and remain for a sustained period of time, and to determine whether the holder will provide the innovative and low-priced air transportation it proposed in its application for this authority.

(8) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.

(9) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(10) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of 49 U.S.C., or the Department's regulations shall be sufficient grounds to revoke this certificate.

(11) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.

(12) In the event that the holder ceases all such operations for which it was found "fit, willing, and able," its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

(13) The holder may combine services authorized by this certificate with all services authorized by other Department of Transportation certificates or exemptions; *provided that* such operations are in compliance with the provisions of all applicable bilateral aviation agreements, and *provided further* that (a) nothing in the award of the route integration authority granted should be construed as conferring upon the holder additional rights (including fifth-freedom intermediate and/or beyond rights) to serve markets where U.S. carrier entry is limited unless the

holder first notifies the Department of its intent to serve such a market and unless and until the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights; and (b) should there be a request by any carrier to use the limited-entry route rights that are included in this certificate by virtue of the route integration authority granted here, but not being used, the holding of such authority by route integration will not be construed as providing any preference for the holder in a competitive carrier selection proceeding to determine which carrier(s) should be entitled to use the authority at issue.

(14) One carrier, either American Airlines, Inc., or TWA Airlines LLC, but not both of them, may operate or be designated to operate over a route or route segment in a bilateral air transport services agreement that limits U.S. carrier entry on that bilateral route or route segment

The authority shall expire May 12, 2003, unless the Department earlier suspends, modifies, or deletes the authority.



***Certificate of Public Convenience and Necessity
for Foreign Air Transportation***

***Route 781
(as reissued)***

This Certifies That

**AMERICAN AIRLINES, INC.
and/or TWA AIRLINES LLC**

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

***Issued by Order 2001-4-7
On April 4, 2001
Effective on (See attached)***

***Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs***



***Terms, Conditions, and Limitations
for Route 781***

**AMERICAN AIRLINES, INC., and/or
TWA AIRLINES LLC**

is authorized to engage in scheduled foreign air transportation of persons, property, and mail:

Between any point or points in the United States and any point or points in Canada.

This authority is subject to the following terms, conditions, and limitations:

- (1) With respect to TWA Airlines LLC, the authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).
- (2) With respect to TWA Airlines LCC, pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) With respect to TWA Airlines LLC, and subject to the other provisions of this certificate, the effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly-owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.
- (5) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights), in limited-entry markets unless the Department

* This certificate, issued by Order 99-3-27, is reissued to reflect the transfer of authority on this route from Trans World Airlines, Inc., to American Airlines, Inc., and/or TWA Airlines LLC. The certificate incorporates new standard terms and conditions applicable to U.S. carriers.

has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.

(6) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

(7) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.

(8) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(9) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of 49 U.S.C., or the Department's regulations shall be sufficient grounds to revoke this certificate.

(10) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.

(11) In the event that the holder ceases all such operations for which it was found "fit, willing, and able," its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

(12) Any all-cargo services operated under this certificate shall be subject to the following condition:

Points in the territory of Canada shall not be combined on any same plane scheduled or nonscheduled all-cargo courier service operated with aircraft having a maximum takeoff weight greater than 35,000.

(13) In addition to the authority granted on this certificate, the holder may also conduct operations beyond points in Canada to points in third countries that it holds authority to serve, without local traffic rights between points in Canada and such other points in third countries (*i.e.*, on a blind-sector basis).



***Experimental Certificate of Public Convenience and
Necessity for Foreign Air Transportation***

***Route 794
(as reissued)***

This Certifies That

**AMERICAN AIRLINES, INC.
and/or TWA AIRLINES LLC**

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

***Issued by Order 2001-4-7
On April 4, 2001
Effective on (See attached)***

***Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs***



***Terms, Conditions, and Limitations
for Route 794***

**AMERICAN AIRLINES, INC., and/or
TWA AIRLINES LLC**

is authorized to engage in scheduled foreign air transportation of persons, property, and mail over the following U.S.-Mexico route segments:

New Orleans-Mexico City/Toluca
New York/Newark-Cancun
St. Louis-Acapulco
St. Louis-Cancun
St. Louis-Cozumel
St. Louis-Ixtapa/Zihuatanejo
St. Louis-Mexico City/Toluca
St. Louis-Puerto Vallarta

This authority is subject to the following terms, conditions, and limitations:

- (1) With respect to TWA Airlines LLC, the authority to operate under this certificate will not become effective until the Department has received a copy of the holder's Air Carrier Certificate authorizing such operations from the Federal Aviation Administration (FAA).
- (2) With respect to TWA Airlines LCC, pending receipt of effective authority, the holder may not accept payment of any kind (*i.e.*, cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) With respect to TWA Airlines LLC, and subject to the other provisions of this certificate, the effectiveness of the authority contained in this certificate is conditioned upon the holder's continuing existence as a wholly owned subsidiary of American Airlines, Inc.
- (4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.

* This certificate, last issued by Order 2000-5-31, is reissued to reflect the transfer of authority on this route from Trans World Airlines, Inc., to American Airlines, Inc., and/or TWA Airlines LLC. The certificate incorporates new standard terms and conditions applicable to U.S. carriers.

(5) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights), in limited-entry markets unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.

(6) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

(7) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.

(8) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(9) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of 49 U.S.C., or the Department's regulations shall be sufficient grounds to revoke this certificate.

(10) The holder acknowledges that this certificate is granted to determine if the holder's projected services, efficiencies, methods, rates, fares, charges, and other projected results will, in fact, materialize and remain for a sustained period of time, and to determine whether the holder will provide the innovative and low-priced air transportation it proposed in its application for this authority.

(11) (a) The holder may combine services on all segments of this certificate and combine services on this certificate with U.S.-Mexico combination services authorized by other Department of Transportation certificates or exemptions.

(b) The provisions in paragraph 11(a), above, shall not authorize services which would constitute multiple designations on city-pair markets where such multiple designations are not agreed to by the United States and Mexico.

(12) The holder may combine services authorized by this certificate with all services authorized by other Department of Transportation certificates or exemptions; *provided that* such operations are in compliance with the provisions of all applicable bilateral aviation agreements, and *provided further that* (a) nothing in the award of the route integration authority granted should be construed as conferring upon the holder additional rights (including fifth-freedom intermediate and/or beyond rights) to serve markets where U.S. carrier entry is limited unless the holder first notifies the Department of its intent to serve such a market and unless and until the Department has completed any necessary carrier selection procedures to determine which carrier (s) should be authorized to exercise such rights; and (b) should there be a request by any carrier to use the limited-entry route rights that are included in this certificate by virtue of the route integration authority granted here, but not being used, the holding of such authority by route integration will not be construed as providing any preference for the holder in a competitive carrier selection proceeding to determine which carrier(s) should be entitled to use the authority at issue.

(13) The holder shall file a notice with the Department if it discontinues services on a route segment for 90 days or longer. This notice shall be given as soon as the decision to discontinue service (other than seasonally) is made, but in no case later than the 91st day of dormancy. Notices shall be filed in the form of a letter addressed to the U.S. Department of Transportation, U.S. Air Carrier Licensing Division, X-44, 400 Seventh Street, SW, Washington, DC 20590, and shall identify the dormant route segment, the certificate route number, and the date the 90th day of dormancy will or did occur.

(14) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5

(15) In the event that the holder ceases all such operations for which it was found “fit, willing, and able,” its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

(16) One carrier, either American Airlines, Inc., or TWA Airlines LLC, but not both of them, may operate or be designated to operate over a route or route segment in a bilateral air transport services agreement that limits U.S. carrier entry on that bilateral route or route segment.

The authority to serve each route segment in this certificate shall continue in effect until May 30, 2005; *notwithstanding the above, however*, the authority to serve any segment shall expire (a) the 90th day after the holder discontinues service on that segment, or (b) the holder notifies the Department (as provided in this certificate) that the segment is dormant, whichever occurs earlier; unless the Department earlier suspends, modifies, or deletes the authority.

**SERVICE LIST FOR AMERICAN AIRLINES, INC.,
TWA AIRLINES LLC and
TRANS WORLD AIRLINES, INC.**

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