



AIR TRANSPORT ASSOCIATION

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By Electronic and Regular Mail

Kerry Long, Esq.
Chief Counsel
Federal Aviation Administration
800 Independence Ave. S.W., Room 900
Washington, DC 20591

Re: Support of Request for Waiver of Minimum Slot Usage Requirement

Dear Mr. Long:

The Air Transport Association supports¹ the temporary waiver of minimum slot usage requirements for the Winter 2008/2009 season, as requested by letter dated May 8, 2008 from ATA members AirTran Airways, American Airlines, Delta Air Lines, Northwest Airlines, United Airlines and US Airways.

The recent and unprecedented rise in the price of fuel – through June 3, 2008 jet fuel prices have surged 66% compared to 2007 – has sent shock waves through the airline industry. Indeed, last Friday's NYMEX increase of \$10.75, to \$138.54 bbl, translates into a \$4 billion cost increase for the U.S. airline industry. The resulting instability is comparable to what the airlines experienced in the fourth quarter of 2001. According to analysts at J.P. Morgan, if current fuel prices persist, “the impact on industry profitability is expected to rival – if not exceed – that of the 9/11 terrorist attacks. . . .”² In the past week several airlines

¹ ATA is the principal trade and service organization of the major scheduled air carriers in the United States. ATA airline members are: ABX Air, Inc.; AirTran Airways; Alaska Airlines, Inc.; American Airlines, Inc.; ASTAR Air Cargo, Inc.; Atlas Air, Inc.; Continental Airlines, Inc.; Delta Air Lines, Inc.; Evergreen International Airlines, Inc.; Federal Express Corporation; Hawaiian Airlines; JetBlue Airways Corp.; Midwest Airlines, Inc.; Northwest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; UPS Airlines; and US Airways, Inc. ATA Airline Associate Members are: Air Canada, Air Jamaica Ltd. and Mexicana. Continental Airlines, Midwest Airlines and JetBlue do not join in this letter.

² J.P. Morgan, Apr. 15, 2008.

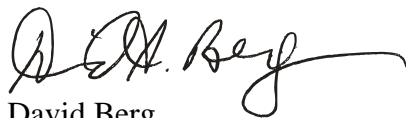
have announced drastic reductions in their fleets and service in order to cope in the near term with fuel costs that are out of their control. Simply put, airlines cannot rationalize their business models overnight to cope with \$138 per barrel oil; it will take some time to achieve a new equilibrium between costs, demand and services that offers the hope of breaking even, much less profitability.

In the meantime, the need to comply with minimum use requirements, also known as “use-it-or-lose-it” rules, at slot-controlled airports (or airports that the Department of Transportation has proposed subjecting to operating restrictions) could skew service decisions, and even impede the necessary process of finding a rational mix of service and markets to meet the new reality of sharply higher operating costs. As was the case in the months following the terrorist attacks of 9/11, airlines serving these airports need a brief period to assess the longer-term trends in the industry and adjust their schedules and service accordingly.

The request for a temporary blanket waiver for the Winter 2008-2009 season (roughly through March, 2009) would allow the affected airlines to focus on long-term stabilization. A stable, financially sound U.S. airline industry serves the interests of the traveling and shipping public by providing the critical air transportation services that drive approximately 10% of GDP and that knit our country together. The joint temporary waiver request will provide a brief respite from what has become an unexpected an extraordinary disruption of the industry, and should not be interpreted as a means of shielding noncompliance with slot use requirements prior to the time the waiver is granted. Moreover, the carriers requesting the waiver have stated that they are not opposed to the temporary transfer of slots that are not used by their holder to other operators for the term of the waiver. Within those parameters, such a waiver would not harm the interests of other airlines or the public.

ATA member airlines, including those who do not currently serve any of the slot-controlled airports, are unanimous in supporting this request, and respectfully ask that you give it your most serious consideration.

Sincerely,



David Berg

cc: D.J. Gribbin, DOT
Rebecca MacPherson, FAA