

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Application of)
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)
 TRANS WORLD AIR LINES, INC.)
 and) Docket OST 00-7826
 UKRAINE INTERNATIONAL AIRLINES)
)
 for an exemption pursuant to 49 U.S.C. 40109)
 and Statements of Authorization pursuant to)
 14 C.F.R. Part 212 (U.S. - Ukraine Code Sharing))
)

Application of)
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)
 UKRAINE INTERNATIONAL AIRLINES) Docket OST 97-2987
)
)
 for an amendment to an exemption)
 pursuant to 49 U.S.C. 40109 (St. Louis))
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**CONSOLIDATED REPLY OF
TRANS WORLD AIRLINES, INC.**

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Dated: September 14, 2000

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Trans World Airlines, Inc. ("TWA") submits the following Consolidated Reply to the Consolidated Answer of American Airlines, Inc. ("American") in the above referenced dockets. TWA submits this Consolidated Reply to briefly restate its position in the above referenced dockets.

1. TWA hereby incorporates by reference its Reply and Motion for leave to file dated August 30, 2000 in Docket OST 00-7784. American's Consolidated Answer dated September 5, 2000, retreads its arguments set forth in Docket OST 00-7784. However, American's Consolidated Answer in

the instant exemption proceedings fails to address any of the substantive arguments already raised by TWA.

TWA urges the Department to reject American's Answer in this proceeding as wholly inapplicable. Specifically, TWA again asserts that there is no need to deny TWA and Ukraine International exemption authority on the grounds that American urges the grant to it of a third country code-share Designation. The narrow legal issue presented to the Department is whether to make final its tentative decision to grant a Designation currently belonging to TWA to American in Docket OST 00-7784. Exemption authority in the instant proceeding is a wholly separate matter. Specifically, the Department may choose to grant TWA and Ukraine International's requests for exemption and statement of authorization subject to the requirement that the separate grant of a Designation is required. Indeed, TWA again points out that there may be extra-bilateral remedies that do not implicate the Designation sought in this proceeding by both TWA and American.

2. American's position essentially urges the Department to take and the unnecessary step of denying exemption requests. Such a step would be offensive to the United States' bilateral partners. Given the fact that the Exemption authority and Designation authority are discrete legal rights that do not require linkage, American's position that the Department unnecessarily deny Ukraine International's request for exemption authority is gratuitous and unnecessary. Indeed, even assuming that Department

wishes to accept American's invitation to strip TWA of its designation, there are extra-bilateral remedies available that could favorably resolve this matter for TWA. Therefore, TWA urges the Department to grant the exemption authority requested in these proceedings, without determining the outcome of the separate Designation proceedings in Docket OST 00-7784.

3. As a separate matter, TWA urges the Department consider which service proposal -- American's or TWA's -- offers the maximum benefit to the traveling public. TWA respectfully believes that a careful examination of the services offered by TWA reveals a far greater benefit to the traveling public. Specifically, TWA's and Ukraine International's code share services will operate ten (10) flights per week, as compared with American's proposal to operate only seven (7) flights per week. When one further considers that the Department will have the ability to allow United to operate an additional four (4) flights per week using additional third country code share opportunities, the traveling public will receive twice as many flights (fourteen versus seven) as well as twice as many cities (two versus one) between TWA and United. These public interest considerations would appear compelling enough to permit TWA to continue to hold its designation.

4. TWA wishes to once again highlight the competitive implications of striping a small carrier, such as TWA, of its designation to the advantage of a mega-carrier, such as American. Specifically, the Department should note that Ukraine International already code-share's with American's

code share partner Swissair between Zurich and Kiev. See, OAG, September 2000. Not only should the Department carefully consider the competitive balance that it will affect by a decision to weaken smaller carriers in the code sharing arena, but the message that it might inadvertently send to its bilateral partners. American has asked the Department to consider, for the record, that "Ukraine [International] has had over two years to select another U.S. carrier partner with which it would not have faced such delays."

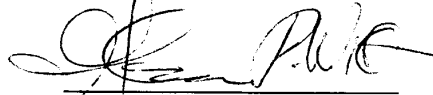
The Department should not adopt American's predatory view of code sharing. Moreover, the Department should not, at the same time, go one step further than is necessary and gratuitously deny separate and unlinked requests for exemption authority. Instead, the Department, at the very least, should make an effort to accommodate a U.S.-Ukraine bilateral code share through either bilateral or extra-bilateral means to ensure that competition in the international code-sharing arena survives.

* * * *

WHEREFORE, for the reasons set forth above, TWA respectfully request that the Department grant a statement of authorization for code-sharing services as well as TWA's exemption authority to engage in scheduled foreign air transportation of persons, property, and mail between New York (JFK) and St. Louis in the United States, on the one

hand, and Kiev, Ukraine, on the other hand, or such other relief as the Department deems necessary and appropriate.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Glenn P. Wicks", written over a horizontal line.

Glenn P. Wicks

Counsel for Trans World Airlines, Inc.