



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

DEPT. OF TRANSPORTATION
DOCKET

Assistant Secretary

1200 New Jersey Ave., S.E.
Washington, DC 20590

OCT 23 2008

The Honorable Arnold Schwarzenegger
Governor of California
Sacramento, CA 95814

Dear Governor Schwarzenegger:

Thank you for your letter of September 26, supporting a request by American Airlines, British Airways, Iberia Airlines, Finnair, and Royal Jordanian for a grant of antitrust immunity to operate an integrated alliance. The Secretary has asked that I respond on her behalf.

The U.S. Department of Transportation's review of this request is part of a public proceeding in which interested parties have the opportunity to comment. The Department carefully considers all requests for antitrust immunity, beginning with a review of the record to assess whether there is sufficient information to make a reasoned decision that satisfies all statutory requirements. Decisions regarding requests for antitrust immunity are made after consultation with the Department of Justice, and are based upon statutory standards that include antitrust principles. As this proceeding is pending, I am sure you understand that I cannot comment on the merits of the case. I assure you, however, that the Department will give full and fair consideration to the Joint Applicants' request, as well as all comments in the docket.

As is our normal practice, I am placing a copy of your letter and this response in Docket OST-2008-0252 as a contact outside the record in this matter. I appreciate your interest in this proceeding.

Sincerely yours,

Michael W. Reynolds
Acting Assistant Secretary for
Aviation and International Affairs



GOVERNOR ARNOLD SCHWARZENEGGER

September 26, 2008

The Honorable Mary E. Peters
Secretary of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Docket DOT-OST-2008-0252

Dear Madam Secretary,

I am writing to urge the Department of Transportation to approve the antitrust immunity application filed by American Airlines, British Airways, Finnair, Iberia and Royal Jordanian. Approval of this application would enable these five oneworld alliance airlines to work together to deliver more competitive flight schedules, fares and service to their customers. It would also allow them to compete with the Star and SkyTeam alliances, which already have broad antitrust immunity for transatlantic flights.

I also ask that you approve the request by American Airlines, British Airways and Iberia to establish a joint business agreement for operations between North America and Europe, which would create a more efficient and comprehensive transatlantic network for the carriers' customers. This action will positively impact the air travel industry by offering customers more service, scheduling and pricing options and will help ensure that they continue to benefit from having three competitive air alliances.

Thank you for considering these two important requests. If I can provide any assistance, please do not hesitate to contact me.

Sincerely,


Arnold Schwarzenegger

/jh