

Congress of the United States
Washington, DC 20515

June 21, 2002

The Honorable R. Hewitt Pate
Deputy Assistant Attorney General
U. S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, DC 20530

Dear Mr. Pate:

We are writing to express our concern about Orbitz, the online travel joint venture of the five major air carriers, and the anti-competitive, anti-consumer effects that this collaboration of direct competitors is having upon travel distribution.

At a recent House Small Business Regulatory Reform and Oversight Subcommittee hearing, small offline and online travel agents described how the major airline owners of Orbitz are using the joint venture to control airline ticket distribution and eliminate competition by denying access to the full range of the airlines' discounted fares. Access to these low fares is critical for travel agents to remain competitive and be able to continue to provide services to consumers. The continued viability of independent travel agencies in today's zero commission environment depends upon their access to these fares. At the subcommittee hearing, the travel agents all described in detail the already devastating impact their lack of access to these fares has had upon their businesses.

Further, several members of the subcommittee noted how the major airlines had come to Congress last Fall seeking a bailout, and then imposed and continued anti-competitive restrictions on commissions and access to fares to the detriment of travel agents and their customers, and for the benefit of their jointly owned travel site. At the hearing, the Orbitz speaker was unable to identify any pro-competitive reason for these restrictions.

The anti-competitive most favored nations clauses and exclusivity incentives in Orbitz's agreement with airline members have guaranteed Orbitz access to low fares and inventory not available to independent offline and online travel agents. A level playing field for fare access, regardless of the distribution channel the consumer chooses, is the cornerstone of a competitive travel industry. However, this cannot be achieved in the current market environment where the five largest carriers are able to use Orbitz to disadvantage competitors.

We urge you to intensify the ongoing investigation of Orbitz and competition in the travel distribution industry, and to stop the major airlines from withholding discount air fares from travel agencies.

Sincerely,

John J. Guerin Jr. NY 01

Kevin Kelly

Nydia M. Velazquez

Jim Welch

Ben Gilman

Maureen Hendry

[Signature]

[Signature]

John Sweeney

Steve Tavel

[Signature]

George Butler

[Signature]

Charles A. Jozaly