



Department of Justice

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**JUSTICE DEPARTMENT FILES PRICE FIXING SUIT AGAINST
EIGHT AIRLINES AND FARE DISSEMINATION SYSTEM**

WASHINGTON, D.C. -- The Department of Justice today filed a civil antitrust suit against eight of the largest U.S. airlines and a data exchange system for alleged price fixing. The suit also alleged that the airlines are operating a computerized fare exchange system in a manner that unreasonably restrains price competition in the \$40 billion domestic air passenger transportation industry.

The complaint was filed in U.S. District Court in Washington, D.C. At the same time, the Department filed a proposed consent decree that would settle the suit against two of the airlines.

The airlines named as defendants in the civil suit are: American Airlines Inc. of Forth Worth, Texas; United Air Lines Inc. of Elk Grove Village, Illinois; Delta Air Lines Inc. of Atlanta, Georgia; Northwest Airlines Inc. of St. Paul, Minnesota; USAir Inc. of Arlington, Virginia; Continental Airlines Inc. of Houston, Texas; Trans World Airlines Inc. of Mt. Kisco, New York; and Alaska Airlines Inc. of Seattle, Washington. The proposed consent decree would settle the suit against United Air Lines and USAir.

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Airline Tariff Publishing Company (ATP) headquartered in Chantilly, Virginia, also was named as a defendant. ATP is an airline fare data collection and dissemination service owned by a group of airlines that includes the eight defendant airlines.

The complaint alleges that beginning at least as early as April 1988, and continuing through at least May 1990, the airline defendants at various times agreed to increase particular fares and eliminate particular discounts for travel between specific cities, so-called "city pairs."

The complaint also alleged that beginning as early as April 1988, and continuing to the present, the defendants combined to create and operate the ATP system in a manner that allowed the airlines to better coordinate their pricing.

J. Mark Gidley, Acting Assistant Attorney General in charge of the Antitrust Division, said, "Using ATP, the airlines were able to engage in an elaborate dialogue with one another about future fares. The airlines engaged in a process that involved repeated exchanges through ATP of price increase proposals and counterproposals, with the effect of raising fares to consumers.

"For example, by using ATP, airlines communicated the details of proposed fare increases to competitors and obtained their reactions. These discussions often continued until there was an agreement on a higher fare," said Gidley.

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In particular, the airlines used the first and last ticket date provisions of ATP to reach agreement on fares. A first ticket date is the earliest date the public is permitted to purchase a ticket. Because the airlines often used future first ticket dates, the fares were not yet available for sale. According to Gidley, this aspect of ATP allowed the airlines to discuss and agree on fares before they were offered to the public.

A similar feature of ATP enabled airlines to agree to eliminate discount fares. A last ticket date is the last date a particular fare can be sold to the public. By using last ticket dates and other means in ATP, the airlines would negotiate the elimination of discounts.

Under the proposed consent decree, the two settling airlines, United and USAir, would stop using first ticket dates. The settling airlines also would stop using last ticket dates, except to advertise the ending date of a new promotional fare. The proposed consent decree also includes prohibitions that prevent the use of other methods to communicate future pricing intentions and to negotiate coordinated fare changes.

For the decree to become effective, the court must approve the proposed consent decree following expiration of a 60-day comment period in compliance with the Antitrust Procedures and Penalties Act.

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The antitrust enforcement action is a result of the Department's intensive three-year investigation of airline pricing practices.

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