



Department of Justice

FOR IMMEDIATE RELEASE
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**REVISIONS IN PRIVATE SETTLEMENT BETWEEN TWA AND TRAVEL AGENTS
ALLEVIATES JUSTICE DEPARTMENT'S ANTITRUST CONCERNS**

WASHINGTON, D.C. -- The Department of Justice said today that it will not challenge a revised agreement that settles a private suit between Trans World Airlines Inc. and the nation's 25,000 travel agents. The parties dropped two provisions concerning travel agent commissions that appeared in the original settlement and that the Department had said raised anticompetitive concerns.

The Department, in a brief filed in U.S. District Court in Minneapolis today, said it will not object to the modified settlement agreement which strikes the two anticompetitive provisions. One of those provisions had pegged TWA commissions at 10 percent until September 30, 1995, and the other had required TWA to pay 10 percent commissions as long as total TWA sales by all travel agents continued to generate a 10 percent increase in TWA's revenues.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "Under the modified settlement

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proposal, TWA's future commission policies will be established by its independent business decisions rather than by an agreement with all travel agents." Bingaman also said that "The modified proposal eliminates the incentive for travel agents to act collectively to shift passengers from other airlines to TWA."

The proposed settlement involves a private antitrust suit brought by the American Society of Travel Agents and other travel agents against TWA and six other major airlines alleging that the airlines colluded to reduce travel agent commissions. The Department has expressed no view as to the merits of the underlying action.

In February, each of the defendant airlines announced that it would place a cap on travel agent commissions at \$50 for roundtrip tickets and \$25 for one-way tickets. For many years prior to the announcements, travel agents earned a commission of 10 percent on the total cost of each ticket sold, the Department said.

TWA has announced that it will terminate the cap on commissions, although it does not commit to do so for any fixed period of time into the future. Under the modified agreement, TWA would pay agents 10 percent retroactively for the period February 15 to April 30, 1995. The modified settlement also states that TWA will announce a "travel agent appreciation program" in the next 21 days, the provisions of which are not specified.

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The proposed settlement must be distributed to travel agents for comment and approved by the court before it becomes effective.

The other airlines in the lawsuit that are not parties to the settlement are: American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Air Lines, and USAir.

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