



DEPARTMENT OF JUSTICE

Antitrust Division

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Leonard R. Stein, Esq.
Steeffel, Levitt & Weiss
One Embarcadero Center
Thirtieth Floor
San Francisco, California 94111-3784

Dear Mr. Stein:

This letter responds to your request on behalf of the Interactive Travel Services Association ("the Association") and its founding members for the issuance of a business review letter pursuant to the Department of Justice's business review procedure, 28 C.F.R. § 50.6. You have requested a statement of the Department's current antitrust enforcement intentions regarding the proposed creation and operation of the Association as a trade association for providers of online travel services. Based on the information and assurances that you have provided, the Department has no current intention to challenge the establishment and proposed activities of the Association.

You indicate that in recent years, a number of firms have begun offering travel services via computer to consumers who have the ability and interest to obtain such services on an on-line basis. Your clients believe that their industry is in a nascent stage, and that there is a need to create greater consumer awareness of the availability of on-line travel services as an alternative to the more traditional types of travel services. To that end, they propose to create a trade association to promote their interests. The firms that seek to create the Association are: American Express, Biztravel.com, Inc., Internet Travel Network, Microsoft, Inc., Preview Travel, Inc., America Online, Inc., Excite, Inc., Pegasus Systems, Inc., Sun Microsystems, and the Trip.com, Inc.

The proposed trade association would engage in the following activities: (1) identification and discussion of common industry problems; (2) promotion of consumer protection; (3) education of consumers as to the features and benefits of on-line travel services; (4) education of travel suppliers re the same; (5) presentation of industry views to governmental bodies; (6) serving as an information clearinghouse; and, (7) conducting market research. All companies actively involved in selling on-line travel services will be eligible for full membership. All other interested parties will be eligible for associate membership. An independent Executive Director -- one without ties to any member -- will be hired to manage the Association's activities. Experienced antitrust counsel will

be retained to review the Association's agendas, meetings and activities to avoid antitrust risks. The Association will also develop written antitrust guidelines as part of an antitrust compliance program.

The Association will not attempt to influence its members' pricing or other competitive activities. Nor will it attempt to force members to adhere to positions or standards espoused by the Association. The information gathering and research activities of the Association will be limited so as not to include any company-specific competitively sensitive information. Such information exchanges and market research will be reviewed by antitrust counsel, and the Association currently plans to make its information and research available to all persons free of charge through its website.

On the basis of the information and assurances that you have provided to the Department, the conduct that you propose should not create antitrust concerns. To the extent that the Association confines its activities to those discussed above, and does not allow itself or its members to exchange price, customer or other competitively sensitive information, neither its establishment nor its activities would raise risks to competition. The prophylactic measures that will be undertaken, if effective, should protect the Association and its members from engaging in any activities that would reduce price, output, or service rivalry amongst the members. Moreover, if the Association is successful in increasing consumer knowledge of the relative benefits of on-line travel services, its actions could increase output and competition to the benefit of consumers.

This letter expresses the Department's current enforcement intentions, and is predicated on the accuracy of the information and assertions that you have presented to us. In accordance with its normal practice, the Department reserves the right to bring an enforcement action in the future if the actual activities of the Association or its members prove to be anticompetitive in any purpose or effect.

This statement is made in accordance with the Department's business review procedure, 28 C.F.R. § 50.6. Pursuant to its terms, your business review request and this letter will be made publicly available immediately, and any supporting data will be made publicly available within thirty days of the date of this letter, unless you request that any part of the material be withheld in accordance with Paragraph 10(c) of the business review procedure.

Sincerely,
/s/

Joel I. Klein
Assistant Attorney General